
Increase in Equity Interest in Huzhou Delong Real Estate Co., Ltd.

1. Introduction

The Board of Directors of Pan Hong Property Group Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce that its wholly-owned subsidiary, Huzhou Luzhou Housing and Landing Development Co., Ltd (湖州绿洲房地产开发有限公司) (“**Huzhou Luzhou**”) had entered into an agreement (the “**Agreement**”) with Vitoria (Huzhou) Garment Co., Ltd. (维多利(湖州)时装有限公司) (“**Vitoria**”) to acquire an additional 34% equity interest in the Group’s associated company, Huzhou Delong Real Estate Co., Ltd. (湖州德隆置业有限公司) (“**Huzhou Delong**”) (the “**Acquisition**”). Following the execution of the Agreement, the Group’s equity interest in the capital of Huzhou Delong had increased from 30% to 64%. Accordingly, Huzhou Delong has become a subsidiary of the Group.

2. Background of Huzhou Delong

Huzhou Delong was incorporated in the People’s Republic of China (the “**PRC**”) in 2010 with a registered share capital of RMB20.0 million. The principal activities of Huzhou Delong are property development and property management services. Huzhou Delong owns a land parcel with site area of 54,452 square meters. The book value of the land parcel amounted RMB104.7 million. The land parcel is located at the tourist destination of Taihu Meixi, Huzhou Development Zone, Zhejiang Province, the PRC (浙江省湖州市旅游区太湖梅西).

3. Rationale for the Acquisition

With the Acquisition, Huzhou Delong has become a subsidiary of the Group and hence provides the Group with the opportunity to gain better control of Huzhou Delong. The Group presently holds interests in several land parcels located in Zhejiang Province, PRC for future property developments. The Group will continue to seek opportunities to acquire land parcels to increase its land bank. The Group believes that the Acquisition will allow the Group to have the flexibility and efficiency for future developments.

4. Principal Terms

Pursuant to the terms of the Agreement, Huzhou Luzhou had acquired an additional 34% equity stake in Huzhou Delong for a cash consideration of RMB6.80 million. In addition, Huzhou Luzhou had undertaken and repaid the amounts owing by Huzhou Delong of RMB30.27 million to Vitoria in cash. Accordingly, the total consideration was RMB37.07 million (“**Purchase Consideration**”). The Purchase Consideration was arrived on a willing buyer and willing seller basis after taking into consideration, *inter alia*, the development potential of the land parcels that are held by Huzhou Delong and the net book value of Huzhou Delong. The Purchase Consideration was funded by the Group’s internal resources.

5. Relative Figures Computed Pursuant to Rule 1006 of the Listing Manual of the SGX

Rule 1006 (a) Net Asset Value	Not applicable as this transaction is not a disposal of assets.
Rule 1006 (b) Net Profits	Not applicable as there are no profits attributable from the Acquisition.
Rule 1006 (c) Market Capitalisation	The Purchase Consideration attributable to the Group of RMB37.07 million (S\$7.60 million equivalent based on exchange rate of S\$1.00: RMB4.88) represents approximately 4.68% of the Company's market capitalization of S\$162.27 million as at 18 September 2013.
Rule 1006 (d) Equity Securities	Not applicable as the consideration is to be fulfilled by cash payment

As the relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST did not exceed 5%, the Acquisition is considered a "Non-Discloseable Transaction" under Rule 1008 of the Listing Manual of the SGX-ST. This Announcement is pursuant to Rule 704(17) of the SGX-ST Listing Manual.

6. Further Information

The above transaction is not expected to have any material impact on the Group's earnings per share or net tangible assets for the current financial year ending 31 March 2014. None of the Directors or controlling shareholders of the Company has any direct or indirect interest in the above transaction (other than their shareholdings in the Company).

By Order of the Board

Wong Lam Ping
Executive Chairman

19 September 2013