

# PAN HONG PROPERTY GROUP LIMITED

(Incorporated in Bermuda)  
(Registration Number: 37749)



汎港地產集團  
PAN HONG PROPERTY GROUP

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## Pan Hong Signs Letter of Intent for the Proposed Disposal of Six Parcels of Land

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### 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 subsidiary, Huzhou Jiangnan Hailian Construction Co., Ltd (“Huzhou Hailian”) (湖州江南海联建设有限公司) and Huzhou Economic – Technological Development Area Management Committee (湖州经济技术开发区管理委员会) have entered into a Letter of Intent to sell and transfer six parcels of land (the “Land Parcels”) located at Jiashanyang, Zhonggong Village, Daochang Town in Huzhou City, Zhejiang Province (浙江省湖州市道场乡中庚村夹山漾鱼场), the PRC (“**Proposed Disposal**”). The Proposed Disposal arose from the acquisition of the Land Parcels by the relevant PRC authorities.

### 2. Information on Huzhou Hailian and the Land Parcels

Huzhou Hailian was incorporated in December 2004 with a registered and paid-up capital of US\$8,000,000. The Group’s wholly-owned subsidiary, Pan Hong Investment Limited holds a 80% interest in the registered capital of Huzhou Hailian while the remaining 20% equity stake was held by a third party, Jiangnan Gongmao Group. The Land Parcels are owned by Huzhou Hailian and have a total site area of approximately 221,000 square metres.

### 3. Rationale for the Proposed Disposal

The Proposed Disposal arose from acquisition of the Land Parcels by the relevant PRC authorities.

Besides the Land Parcels, the Group presently holds interests in several land parcels located in Huzhou Province for future property developments. The Proposed Disposal will facilitate the Group to focus its energies and resources on the development of other plots in its current land bank. The Proposed Disposal does not constitute a substantial disposal of part of the Group’s core business or assets and hence, will not result in a material change to the nature of the business of the Group.

### 4. Sale Consideration and the value of the Land Parcels

The total sale consideration for the Proposed Disposal is approximately RMB234.4 million (“**Sale Consideration**”) and was arrived at on a willing buyer and willing-seller basis, after taking into account the following commercial factors:-

- (i) the location of the Land Parcels; and
- (ii) the recent transacted prices in the vicinity of the Land Parcels.

The net book value of the Land Parcels was RMB123.5 million as at 30 September 2011. The gross gain from the Proposed Disposal over the net book value of the Land Parcels is approximately RMB110.9 million.

The proceeds from the Proposed Disposal of approximately RMB234.4 million would be used for general working capital purposes.

## 5. Financial Effects

For illustrative purposes only, based on the latest audited consolidated financial statements of the Group for the financial year ended 31 March 2011:

- (i) assuming that the Proposed Disposal had been effected at the end of the Group's financial year ended 31 March 2011, the net tangible assets per share of the Group as at 31 March 2011 would have increased from 221.06 to 238.28 RMB cents; and
- (ii) assuming that the Proposed Disposal had been effected at the beginning of the Group's financial year ended 31 March 2011 (i.e. on 1 April 2010), the earnings per share of the Group for the financial year ended 31 March 2011 would have increased from 45.62 to 62.82 RMB cents.

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

<b>Rule 1006 (a)</b> Net Asset Value	Net asset value of the assets to be disposed attributable to the Group (based on 80% equity interest) was RMB98.8 million as at 30 September 2011. This represents approximately 8.2% of the Group's net asset value of RMB1.2 billion as at 30 September 2011.
<b>Rule 1006 (b)</b> Net Profits	Not applicable as there are no profits from Land Parcel for the six months ended 30 September 2011.
<b>Rule 1006 (c)</b> Market Capitalisation	The Sale Consideration attributable to the Group of approximately RMB234.4 million (or approximately S\$48.0 million based on exchange rate of S\$1.00 : RMB 4.88) represents approximately 30.0% of the Company's market capitalisation of S\$159.8 million as at 25 November 2011.
<b>Rule 1006 (d)</b> Equity Securities	Not applicable as no equity securities issued.

As the relative figure under Rule 1006(c) of the Listing Manual exceeds 20%, the Proposed Disposal is classified as a major transaction for the purposes of Chapter 10 of the Listing Manual. Accordingly, the Company is required to seek the approval of its shareholders for the Proposed Disposal at a special general meeting to be convened. The Company is of the view that the Proposed Disposal was entered into in the ordinary course of its business and shareholders' approval will not be required. Nonetheless, the Company will be seeking clarification of its position from the SGX-ST and further announcement will be made by the Company in due course.

**7. Interests of Directors and Controlling Shareholders**

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).

**8. Documents for Inspection**

A copy of the Letter of Intent is available for inspection at the office of the Company's Singapore Share Transfer Agent, B.A.C.S. Private Limited, at 63 Cantonment Road, Singapore 089758 during normal business hours for three months from the date of this Announcement.

**By Order of the Board**

**Wong Lam Ping**  
**Executive Chairman**

28 November 2011

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