

PAN HONG PROPERTY GROUP LIMITED

(Incorporated in Bermuda)
(Registration Number: 37749)



汎港地產集團
PAN HONG PROPERTY GROUP

BORROWINGS

The Board of Directors of Pan Hong Property Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Group’s subsidiary, Huzhou Pan Hong Runyuan Housing and Land Development Company Limited (湖州汎港潤源房地產開發有限公司) (“**Huzhou Runyuan**”) had obtained borrowings amounting to RMB54.6 million (“**Borrowings**”) from Zhejiang Tianli Construction Group Company Limited (浙江天力建設集團有限公司) (the “**Lender**”) for the purposes of the development of Huzhou Run Yuan Project (湖州潤源項目).

The Lender is the construction company for the development of Huzhou Run Yuan Project and is not related to any Director, Chief Executive Officer, or controlling shareholder, or an associate of any such Director, Chief Executive Officer, or controlling shareholder.

In respect of the Borrowings from the Lender, the Group was required to provide the following collateral in favour of PingAn Bank Co., Ltd. (平安銀行股份有限公司) (“**PingAn Bank**”) for the Lender to obtain a bank loan amounting to RMB90.0 million from PingAn Bank:-

- (a) Corporate guarantee from the Group’s subsidiary, Pan Hong Investment Limited (汎港投資有限公司) (“**Pan Hong Investment**”); and
- (b) The land use rights of the Group’s subsidiary, Huzhou Luzhou Housing and Landing Development Co., Ltd. (湖州綠洲房地產開發有限公司) (“**Huzhou Luzhou**”), at book value of RMB15.0 million. (collectively the “**Collateral**”)

Under the loan agreement (“**Agreement**”) entered into between the Company’s subsidiaries, (i) Huzhou Runyuan, (ii) Huzhou Luzhou and (iii) Pan Hong Investment of the one part and (iv) the Lender of the other part, the Lender agreed to use the construction costs owing by Huzhou Runyuan to the Lender in respect of Huzhou Run Yuan Project as indemnity security should there be any loss or liability suffered or incurred by Huzhou Luzhou as a result of Huzhou Luzhou providing its Collateral to PingAn Bank pursuant to the terms of the Agreement. The Group presently owes construction costs amounting to approximately RMB56.0 million to the Lender.

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect in the above transactions.

By Order of the Board

Wong Lam Ping
Executive Chairman
31 December 2014