



汎港地產集團
PAN HONG PROPERTY GROUP

News Release

PAN HONG TO PLACE OUT 10 MILLION NEW SHARES AT S\$0.81 EACH

- Real estate and insurance group **Hwa Hong Corporation** to become a substantial shareholder of Pan Hong after the placement
- Pan Hong and Hwa Hong to forge strategic alliance to develop properties in China
- Proceeds from the share placement will enable Pan Hong to accelerate its property developments to ride on China's buoyant property market

Singapore, 18 October 2007 – **Pan Hong Property Group Limited** (汎港地產集團有限公司) ("Pan Hong" or the "Group"), a niche property developer that focuses primarily on the second and third-tier cities in PRC, today announced that it has entered into a placement agreement to issue and allot up to 10 million new ordinary shares (the "Placement Shares") at S\$0.81 per share (the "Placement"). The proposed Placement Shares (assuming all 10 million are subscribed for) represent approximately 2.1% of Pan Hong's existing share capital.

Upon completion of the Placement, SGX-listed real estate and insurance group **Hwa Hong Corporation Limited** ("Hwa Hong") will emerge as a substantial shareholder of Pan Hong with a shareholding of 5.2% based on the enlarged share capital of 490 million shares. Hwa Hong will be allotted 3.8 million Placement Shares, while the remaining 6.2 million Placement Shares are expected to be issued to other institutional / sophisticated investors.

In conjunction with the Placement, Pan Hong has also entered into a memorandum of understanding with Hwa Hong to forge a strategic alliance to jointly develop properties in China. The proposed strategic alliance will enable Pan Hong and Hwa Hong to tap on their combined financial strengths, technical knowledge and expertise to pursue larger scale property development projects in China.

Said Mr Wong Lam Ping, Executive Chairman of Pan Hong, "Given Hwa Hong's established reputation, track record and experience in Singapore's property sector, Hwa Hong can add value to Pan Hong. We believe Hwa Hong's further investment in Pan Hong is a signal of its confidence in Pan Hong's growth potential."

CIMB-GK Securities Pte Ltd ("CIMB-GK") is the placement agent for Pan Hong's private placement. The placement price of S\$0.81 for each Placement Share represents a discount

of approximately 1.85% to the volume-weighted average price of S\$0.8253 of the shares traded on the SGX-ST on 17 October 2007 and up to 12.30 p.m. on 18 October 2007, being the preceding market day and the half day morning session up to the time the Placement Agreement was signed.

Pan Hong expects to raise an aggregate of approximately S\$8 million in net proceeds (assuming all 10 million Placement Shares are subscribed for), which will be deployed as working capital. The Group has a sizeable land bank for development over the next few years, comprising strategically located land parcels in developing cities in China, such as Huzhou, Hangzhou, Nanchang and Jiangmen.

Added Mr Wong, "This is an opportune time for Pan Hong to execute our fund-raising exercise. The placement proceeds will place us in a stronger position to accelerate the development of our property projects and take advantage of the present booming market conditions in China, especially in the lower-tier cities with good growth potential which are our target markets. With the placement proceeds and the strategic alliance with Hwa Hong, we will have additional financial muscle to acquire new land parcels in strategic locations with growth potential, when opportunities arise."

Backed by a strong and experienced management team, Pan Hong is one of the earliest property development companies in China to enter the property markets of the second- and third-tier cities. In line with the recent government measures to drive urbanization in China, the Group believes the second- and third-tier cities in China have relatively higher growth potential.

The strong take-up rate for Pan Hong's property development in Nanchang City underlines the property's prime location and the thriving demand for property in the second and third-tier cities in China.

Completion of the Placement is conditional upon, *inter alia*, the approval in-principle being obtained from the SGX-ST for the listing and quotation of the Placement Shares.

The Initial Public Offering of Pan Hong was sponsored by CIMB-GK Securities Pte. Ltd.

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About Pan Hong Property Group Limited

Pan Hong Property Group Limited is a niche property developer that focuses primarily on developing high quality residential and commercial properties in the second and third-tier cities in China.

With more than 20 years of experience in China's property development industry, the Group has established its presence in Hangzhou and Huzhou cities in Zhejiang Province, and Nanchang city in Jiangxi Province. Among its projects are notable property developments, such as Hangzhou Yazhoucheng Garden, Huzhou Jinqian Garden and Nanxun Yazhoucheng Garden. As a testament to its quality developments, Pan Hong was awarded the "Huzhou City Outstanding Property Development" in 2003 and the "China IACE International Habitat Award" in 2005 for the Nanchang Honggu Kaixuan project.

Pan Hong was listed on the Singapore Exchange on 20 September 2006.

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