

PAN HONG PROPERTY GROUP LIMITED
(Incorporated in Bermuda)
(Registration Number: 37749)

UPDATE ON USE OF IPO PROCEEDS

The Board of Directors of Pan Hong Property Group Limited (the "Company") refers to the issue of 120,000,000 new shares at HK\$0.60 each in the capital of the Company pursuant to an initial public offering of its shares ("IPO").

The Company wishes to provide an update on the use of net proceeds raised from the IPO as follow:

| | Amount *(RMB million) | Amount *(S\$ million) |
|---|-----------------------------|-----------------------------|
| Amount of IPO Proceeds raised | 214.2 | 42.0 |
| Less : Listing Expenses | 21.5 | 4.2 |
| Net IPO Proceeds | 192.7 | 37.8 |
| Less : net IPO Proceeds Utilised for - | | |
| (a) Capital injection to Hangzhou Liyang | 69.7 | 13.6 |
| (b) Capital injection to Huzhou Luzhou | 16.5 | 3.2 |
| (c) Deposit to acquire 90% equity interests in Ever Sure Industrial Ltd which held a land in Beihai | 30.0 | 5.9 |
| (d) Capital injection to acquire 51% interests in Leping City Fenghuang Jincheng Holdings Ltd which held a land in Leping City | 12.5 | 2.5 |
| (e) Capital injection to acquire 50% interests in Jiangxi Ganghong Investment Co., Ltd which held a land in Yichun City | 30.0 | 5.9 |
| (f) Increase of registered capital to USD25 million and capital injection to Jiangxi Asia City and capital injection to acquire 75% interests in Jiangmen Pan Hong Kaixuan Co., Ltd in Jiangmen City by Jiangxi Asia City | 34.0 | 6.7 |
| Balance | - | - |

* Based on the exchange rates of RMB:HKD=1:1 and SGD:RMB=1:5.1

BY ORDER OF THE BOARD

Wong Lam Ping
Executive Chairman

19 October 2007

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