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

Acquisition of Interests in PRC Company – Jiahai Company

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 the Company, through its wholly-owned subsidiaries, Pan Hong Investment Limited ("**PHIL**") and Huzhou Hongjin Market Construction and Development Co., Ltd. ("**Huzhou Hongjin**"), has entered into agreements to acquire the entire interests in Pinghu Jiahai Warehousing Limited (平湖嘉海仓储有限公司) ("**Jiahai Company**") (the "**Acquisition**").

2. Background of Jiahai Company

Jiahai Company is incorporated in the PRC with a registered share capital of US$29.9 million. The principle activities of Jiahai Company are to build and operate warehousing facilities.

Jiahai Company currently has plans to develop a warehousing centre which is estimated to have storage facilities that can accommodate a throughput of around 1.5 million tons of fuel and petrochemicals per annum. The plan is to build this project on land parcels that have a total site area of approximately 226,102.5 square metres. These land parcels are strategically located in Dushan Port area in Pinghu city, Zhejiang Province (浙江省平湖市独山港区), north of Hangzhou Bay (杭州湾). Jiahai Company owns the rights to purchase the aforesaid land parcels directly from the respective government agency.

The project is envisaged to have storage tanks of varying capacities - two tanks with capacity of 20,000 cubic metres, six tanks with capacity of 10,000 cubic metres and 10 tanks with capacity of 5,000 cubic metres. The project plans also include a logistics centre, repair centre, car parks, office building, repair centre, electrical rooms, fire control command centre, among other facilities.

Strategically located at the Dushan port area and adjacent to Jinshan Port (金山港区), which is Shanghai's largest oil and petrochemical port, the project benefits from a deep-water coastline that enables the smooth transfer and transportation of goods in the region.

3. Rationale for the Acquisition

The Directors of the Company believe that the Acquisition is in the interests of shareholders as it has potential to generate future benefits to the Group due to the following factors:

(i) The planned project development of Jiahai Company is in line with the direction of the country's industrial policy. Based on the amendments to 2007 Foreign Investment Guidelines 《外商投资产业指导目录（2007 年修订）》released by the National Development and Reform Commission, and the Ministry of Commerce on 31 October 2007, activities related to "construction and operation of port terminals, oil (and gas) pipelines, and fuel storage" are among the projects that are supported by the government.

(ii) The planned project is also in line with the "State Council views on accelerating the development of Shanghai's services and manufacturing industries, and turning the city into international financial and shipping centres" 《国务院关于推进上海加快发展现代服务业和先进制造业建设国际金融中心和国际航运中心的意见》issued by the State Council in April 2009. The overall goal is to build an international shipping hub with comprehensive shipping services, conducive operating environment, and efficient logistics to serve global maritime businesses by 2020. With Shanghai earmarked as the centre, the development of an international shipping hub with large-scale, modern and efficient shipping system will require the concerted collaborative efforts of other ports in the country. As such, the Group believes that the Dushan port is poised to ride on the development of Shanghai as a major shipping centre. This makes it an opportune time for the Group to carry out the Acquisition to capitalise on potential business prospects.

(iii) The Acquisition presents the Group with an opportunity to enhance its asset portfolio, diversify its business and develop a new growth driver in the longer term. In line with its intention to increase the stability of its revenue streams, the potential addition of warehousing and logistics properties should enable the Group to achieve an improved mix of commercial and residential properties in its asset portfolio. In addition, the Acquisition is also expected to create an additional source of recurring income in future, and diversify business risks associated with property development.

3. Structure of the Acquisition

Jiahai Company is jointly owned by Modern China Holdings Limited (新昌华集团有限公司) ("**Modern China**") and Guangzhou Port Investment Limited (广州海港投资有限公司) ("**Guangzhou Port Company**"), which hold interests of 70% and 30% respectively.

Modern China is incorporated in Hong Kong with an issued share capital of HK$1,000. The shareholding of Modern China is held by Madam Chung Fo Chi (钟课枝), Mr Wu Rong Kai (吴荣凯) and Mr Wong Lam Ping (汪林冰) (collectively, the "**Vendors Group A**") in the proportion of 30%, 30% and 40% respectively. Other than its 70% interest in Jiahai Company, Modern China is not engaged in any other business activities. Mr Wong Lam Ping is Executive Chairman and Director of the Company. Madam Chung Fo Chi is the wife of Mr Wu Kai Ming.

Guangzhou Port Company is incorporated in the PRC with a registered share capital of RMB 10 million. The shareholding of Guangzhou Port is held by Mr Wu Kai Ming (吴凯明), Mr Wu Rong Kai (吴荣凯) and Mr Wong Lam Ping (汪林冰) (collectively, the "**Vendors Group B**") in the proportion of 30%, 30% and 40% respectively. Other than its 30% interest in Jiahai Company, Guangzhou Port Company is not engaged in any other business activities. Mr Wu Kai Ming is the husband of Madam Chung Fo Chi.

Under the structure of the Acquisition, PHIL shall enter into a share transfer agreement with Vendors Group A to acquire the entire shareholding of Modern China while Huzhou Hongjin shall enter into a share transfer agreement with Vendors Group B to acquire the entire shareholding of Guangzhou Port Company. The resultant effect of the above transactions shall be the acquisition of the entire interests in Jiahai Company by the Group.

To-date, both Modern China and Guangzhou Port Company have not injected any capital into Jiahai Company. In accordance with the respective share transfer agreements and upon the completion of transfer of shareholdings of Modern China and Guangzhou Port Company, PHIL and Huzhou Hongjin will assume any requirements for capital investment in Jiahai Company.

PHIL and Huzhou Hongjin have plans to fulfill 20% of the registered share capital of Jiahai Company after the necessary share transfer approvals and administrative procedures are completed. Payment of the remaining 80% of the registered share capital is expected be made in the following year.

4. Purchase Consideration

The aggregate consideration for the Acquisition is RMB 10 million, to be satisfied by the allotment and issue of 5.0 million new ordinary shares, credited as fully paid, of par value of HK$0.60 each in the capital of the Company (the "New Shares") to Vendors Group A. Vendors Group B have agreed not to receive any consideration for the transfer of their respective shareholdings in Guangzhou Port Company to Huzhou Hongjin.

The purchase consideration was arrived at on a “willing-buyer, willing-seller basis” and after taking into consideration, inter alia, the net book value of assets of the respective companies.

The New Shares will be priced at a **15% premium** to the weighted average closing price during the five (5) market days preceding the share transfer agreement completion date.

The New Shares, when issued and fully paid, will rank pari passu in all respects with the Company’s issued ordinary shares of par value of S$0.60 each existing at the time of issue of the New Shares except for any dividends, distributions or entitlements the record date of which falls on or before such date of issue.

5. Salient Terms

The Acquisition is conditional upon, inter alia, the completion of the transfer of shareholdings in Modern China and Guangzhou Port Company to PHIL and Huzhou Hongjin respectively.

The Company will be making an application to the SGX-ST for the listing and quotation of the New Shares. The issue of the New Shares to Vendors Group A is therefore conditional upon, inter alia, the approval in-principle being obtained from the SGX-ST for the listing and quotation of the New Shares on the Mainboard of the SGX-ST.

PHIL shall gain effective ownership of Modern China upon the signing of the share transfer agreement with Vendors Group A on 28th June 2009. The transfer of shareholding of Guangzhou Port Company from Vendors Group B to Huzhou Hongjin shall take effect after the approval of the share transfer agreement by the respective authorities in PRC.

Save as disclosed above, there are no other material conditions (including put or call option) attaching to this transaction.

6. 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 of RMB 10 million (S$ 2.1 million based on exchange rate of S$1.00 : RMB 4.7) represents approximately 1.2% of the Company’s market capitalisation of S$178.85 million as at 29 June 2009.
Rule 1006 (d) Equity Securities	Based on the weighted average closing price of the shares of the Company between 22 and 26 June 2009 of S$0.366, the number of equity securities to be issued as consideration will be approximately 5.0 million or 1.0% of the total issued share capital of 490 million shares.

Based on the above computation, the Acquisition is classified as a “non-discloseable transaction” under Rule 1006 and Rule 1008 of the Listing Manual.

7. Financial Effects

The pro forma unaudited financial effects of the Acquisition are purely for illustrative purposes and are neither indicative of the actual financial effects of the Acquisition on the net asset value for the Group ("NAV") and earnings/(loss) per share ("EPS") of the Group, nor indicative of the financial performance of the Group for the financial year ending 31 March 2010 ("FY2010").

The effects of the Acquisition on the EPS for the 15 months ended 31 March 2009 ("FP2009") and the NAV per share of the Group as at 31 March 2009 (assuming that the Acquisition had been effected on 1 January 2008) are illustrated below. The figures below are based on the assumption that approximately 5.0 million new shares are issued as consideration for the Acquisition.

	Before Acquisition	After Acquisition
No. of Shares Outstanding ('000)	490,000	495,000
Loss per share (RMB cents)	7.55	7.47
Net Asset Value (RMB million)	745.1	753.8
Net Asset Value per Share (RMB cents)	152.06	152.28

8. Interests of Directors and Controlling Shareholders

As Mr Wong Lam Ping is the Executive Chairman and Director of the Company, the Acquisition is an Interested Party Transaction within the meaning of Chapter 9 of the Listing Manual of the SGX-ST. The value of the transaction, being the aggregate purchase consideration of RMB 10 million, is less than 3% of the Group's latest audited net tangible assets.

Save as disclosed, none of the other 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

30 June 2009

Media and Investor Relations Contact :

OCTANT CONSULTING tel (65) 6220 2842

Herman Phua (9664 7582) or Lisa Heng (9090 9887)
herman@octant.com.sg lisa@octant.com.sg