



Pan Hong Secures RMB 108 million of Term Loans with a Major PRC Bank to Finance Property Development

The Board of Directors of Pan Hong Property Group Limited (“Pan Hong” or the “Group”) is pleased to announce that the Group has successfully secured two term loans with Bank of Communications Co., Ltd (“BCOM”) for an aggregate amount of RMB 108 million. Both of the term loans have a maturity period of 18 months.

The Group intends to deploy the proceeds of the term loans for the development of its property projects in Huzhou city and Hangzhou city (Zhejiang Province), namely the Hua Cui Ting Yuan and Hangzhou Liyang Yuan projects respectively.

The Group believes that its success in securing the term loans with a major PRC bank amid the current credit-tightening situation in the PRC underlines the confidence in Pan Hong’s prospects as well as the Group’s favourable credit standing and established relationships with the banks. Backed by sound financial management expertise, the Group believes it is well-positioned to weather the tighter conditions in the credit market.

On 12 May 2008, Huzhou Luzhou Housing and Landing Development Co., Ltd., a wholly-owned subsidiary of Pan Hong, has entered into an agreement with BCOM (Huzhou) for a 18-month term loan (with maturity on 11 November 2009) of RMB 58 million, which bears an official interest rate of 9.072% per annum. This loan is secured against the Group’s interests in the land parcels related to the Hua Cui Ting Yuan development which has a site area of approximately 133,423 square metres (“sq m”). The proceeds are earmarked as working capital for the development of Hua Cui Ting Yuan, a project that is presently planned for launch in the third quarter of 2008.

In addition, another wholly-owned subsidiary of Pan Hong, Hangzhou Liyang Housing and Landing Development Co., Ltd., has on 7 May 2008 entered into an agreement with BCOM (Hangzhou) for a 18-month term loan (with maturity on 7 November 2009) of RMB 50 million, which bears an official interest rate of 9.072% per annum. This loan is secured against the Group’s interests in the land parcels related to the Hangzhou Liyang Yuan development which has a site area of approximately 7,956 sq m. The proceeds are earmarked as working capital for the development of Hangzhou Liyang Yuan, a project that is presently planned for launch in the third quarter of 2008.

Construction is presently in progress for both the Hua Cui Ting Yuan and Hangzhou Liyang Yuan projects. While the Group will strive to implement and launch its projects as planned, the schedule is subject to change depending on business conditions and market climate. Sales of properties can only be recognised as revenue in the Group's profit and loss statements upon completion of handover of the units to the buyers.

By Order of the Board

Wong Lam Ping
Executive Chairman

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