

PAN HONG PROPERTY GROUP LIMITED

(Incorporated in Bermuda on 20 December 2005)

(Registration No. : 37749)



汎港地產集團
PAN HONG PROPERTY GROUP

PROPOSED ISSUE OF WARRANTS

Introduction

The Board of Directors ("**Directors**") of Pan Hong Property Group Limited ("**Company**") wishes to announce that the Company will be undertaking a renounceable non-underwritten warrants issue ("**Warrants Issue**") of up to 172,831,342 free warrants ("**Warrants**") on the basis of one (1) free Warrant for every three (3) existing ordinary shares in the capital of the Company ("**Shares**") held by the shareholders of the Company ("**Shareholders**") as at a time and date to be determined by the Directors for the purpose of determining the Shareholders' entitlements under the Warrants Issue ("**Books Closure Date**"), fractional entitlements to be disregarded. Each Warrant will carry the right to subscribe for one (1) new ordinary share in the capital of the Company ("**New Share**") at an exercise price of S\$0.66 ("**Exercise Price**"), subject to the terms and conditions of the Warrants as set out in the deed poll to be executed by the Company for the purpose of constituting the Warrants ("**Deed Poll**").

The issue of the Warrants is based on the share issue mandate obtained from the Shareholders at the Company's annual general meeting held on 22 July 2009.

CIMB Bank Berhad, Singapore Branch has been appointed by the Company as the Manager for the Warrants Issue.

Principal Terms of the Proposed Warrants Issue

The Warrants Issue is proposed to be made on a renounceable non-underwritten basis to Shareholders whose registered addresses with the Company or The Central Depository (Pte) Limited ("**CDP**"), as the case may be, are in Singapore as at the Books Closure Date, or who have, at least five (5) market days prior to the Books Closure Date, provided to the Company or CDP, as the case may be, addresses in Singapore for the service of notices and documents ("**Entitled Shareholders**"). Fractional entitlements to the Warrants will be disregarded and will, together with the provisional allotments of Warrants which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for the Warrants (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company. In the allotment of excess Warrants, preference will be given to Shareholders for the rounding of odd lots, and substantial Shareholders and Directors will rank last in priority.

The Warrants will be issued in registered form and constituted by the Deed Poll which shall set out the terms and conditions of the Warrants and which may from time to time be amended, modified or supplemented. Each Warrant will, subject to the terms and conditions in the Deed Poll, carry the right to subscribe for one New Share at the Exercise Price during the exercise period, being the period commencing on and including the date of issue of the Warrants and expiring on the date immediately preceding the third (3rd) anniversary of the date of issue of the Warrants ("**Exercise Period**"), subject to the terms and conditions of the Warrants as set out in the Deed Poll. Upon exercise of the Warrants and payment of the Exercise Price under the terms and conditions as set out in the Deed Poll, the Warrant holders will be issued the New Shares. Any Warrant remaining unexercised at the end of the Exercise Period shall lapse and cease to be valid for all purposes.

The Exercise Price of S\$0.66 for each Warrant represents a premium of approximately 3.1% to the closing price of S\$0.64 per Share on the Official List of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 4 September 2009, being the last full market day prior to this announcement. The Exercise Price and the number of Warrants will be subject to adjustments under certain circumstances in accordance with the Deed Poll.

The New Shares, when issued and fully paid-up, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the New Shares. For this purpose, "**record date**" means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered in order to participate in such dividends, rights, allotments or other distributions.

For practical reasons and in order to avoid any violation of securities legislation applicable in countries other than Singapore, the Warrants will **NOT** be offered to Shareholders whose registered addresses with the Company or CDP, as the case may be, are outside Singapore as at the Books Closure Date and who have not, at least five (5) market days prior thereto, provided to the Company or CDP, as the case may be, with addresses in Singapore for the service of notices and documents (the "**Foreign Shareholders**"). If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Warrants which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil paid" on the SGX-ST as soon as practicable after dealings in the provisional allotments of Warrants commence and the net proceeds arising therefrom will be dealt with in accordance with the terms set out in the offer information statement to be issued by the Company in connection with the Warrants Issue ("**OIS**").

Entitled Shareholders will be at liberty to accept, decline, renounce or trade (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotments of Warrants and will be eligible to apply for additional Warrants in excess of their provisional allotments under the Warrants Issue.

Based on the Company's issued share capital of 518,494,024 Shares (excluding treasury shares and assuming that the 5,055,024 consideration shares pursuant to the acquisition of the entire interests in Pinghu Jiahai Warehousing Limited as announced on 30 June 2009 will be issued prior to the Books Closure Date) ("**Existing Issued Share Capital**"), up to 172,831,342 free Warrants will be issued pursuant to the Warrants Issue. Assuming that the Warrants are fully exercised and converted into New Shares, the issued share capital of the Company (excluding treasury shares) would increase by up to 172,831,342 Shares, representing approximately 33.3% of the Company's Existing Issued Share Capital.

The terms and conditions of the Warrants are subject to such changes as the Directors may, in consultation with the Manager, deem fit. The final terms and conditions of the Warrants will be contained in the OIS and the Deed Poll.

Purpose of the Warrants Issue and the Use of Proceeds

The Directors are proposing the Warrants Issue to reward Shareholders. The Directors also believe that the Warrants Issue will provide Shareholders with the opportunity to increase their equity participation in the Company and potentially increase the Company's capital base and strengthen its balance sheet. Assuming that the Warrants issued pursuant to the Warrants Issue are fully exercised and New Shares are issued, the estimated gross proceeds will amount to approximately S\$114.0 million ("**New Shares Proceeds**"). The Company intends to utilise the New Shares Proceeds for the expansion of the Company's property portfolio and/or general working capital purposes as the Directors may deem fit.

Pending the deployment of the New Shares Proceeds, these proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, as the Directors may deem appropriate in the interests of the Company and its subsidiaries. As and when any significant amount of the New Shares Proceeds is deployed, the Company will make the necessary announcements pursuant to Rule 704(28) of SGX-ST's Listing Manual.

Approvals

The Warrants Issue is subject to, *inter alia*, the following:

- (a) the approval in-principle of the SGX-ST for the listing and quotation of the Warrants and the New Shares on the SGX-ST; and
- (b) the lodgement by the Company of the OIS with the Monetary Authority of Singapore.

An application will be made to the SGX-ST for permission to deal in and for the listing and quotation of the Warrants and the New Shares on the SGX-ST. The listing of the Warrants on the SGX-ST will be subject to there being an adequate spread of holdings for the Warrants to provide an orderly market for the Warrants. The OIS will be lodged with the Monetary Authority of Singapore and despatched to the Entitled Shareholders in due course after the approval in-principle of the SGX-ST is obtained.

Responsibility Statement

The Directors of the Company (including those who may have been delegated detailed supervision for the preparation of this announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly.

BY ORDER OF THE BOARD

Wong Lam Ping
Executive Chairman
7 September 2009