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**UNAUDITED SECOND QUARTER (“Q2 2010”) FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2010 (“FY2010”)**

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**PART 1 INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), FULL YEAR RESULTS**

**1.(a)(i) An income statement (for the Group), for the 3-month periods ended 30 June 2010 together with a comparative statement for the corresponding period of the immediate preceding financial year**

**Consolidated income statements of the Group for the 3-month periods ended 30 June 2010 and 30 June 2009**

	The Group		
	Q2 2010	Q2 2009	%
	RMB'000	RMB'000	Change
Revenue	11,366	59,205	(81)
Cost of sales	(8,232)	(49,081)	(83)
Gross profit	3,134	10,124	(69)
Other operating income	13,718	279	4,817
General and administrative expenses	(7,386)	(15,219)	(51)
Selling and distribution expenses	(2,112)	(13,297)	(84)
Finance costs	(1,678)	(41,096)	(96)
Profit/(loss) before tax	5,676	(59,209)	N/M
Income tax expense	(2,117)	(8)	26,363
Net profit/(loss) for the period	<u>3,559</u>	<u>(59,217)</u>	N/M

*“Q2 2009” and “Q2 2010” denotes the second quarter period ended 30 June 2009 and 30 June 2010 respectively*

*“% Change” denotes increase/(decrease) in the relevant profit or loss item as compared with the comparative figure*

*“N/M” denotes “Not meaningful”*

**1.(a)(ii) The accompanying notes to the financial statements form an integral part of the financial statements**

**Accompanying notes to the income statements of the Group for the 3-month periods ended 30 June 2010 and 30 June 2009**

	The Group		
	Q2 2010 RMB'000	Q2 2009 RMB'000	% Change
Profit/(loss) before tax has been arrived at after charging/(crediting):			
Depreciation of property, plant and equipment	705	2,551	(72)
Foreign currency exchange gain	(106)	(492)	(78)
Share-based payment	-	884	N/M
Amortization of land use rights	1	1,186	(99)
Loss on disposal of property, plant and equipment	197	95	107
Gain on written back of accruals	(15,023)	-	N/M
Bad debt written off	1,097	-	N/M
Interest income	-	(95)	N/M
Interest expenses	1,608	41,096	(96)

*"Q2 2009" and "Q2 2010" denotes the second quarter period ended 30 June 2009 and 30 June 2010 respectively*

*"% Change" denotes increase/(decrease) in the relevant profit or loss item as compared with the comparative figure*

*"N/M" denotes "Not meaningful".*

**1.(b)(i) A statements of financial position (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year**

**Statements of financial position of the Group and the Company as at 30 June 2010 and 31 December 2009**

	<b>The Group</b>		<b>The Company</b>	
	<b>30 June 2010 RMB'000</b>	<b>31 December 2009 RMB'000</b>	<b>30 June 2010 RMB'000</b>	<b>31 December 2009 RMB'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	83,237	88,255	7	8
Land use rights	65	66	-	-
Investment properties	183,500	183,500	-	-
Prepayments and other receivables	8,719	7,720	-	-
Investments in subsidiaries	-	-	213,738	213,738
Available-for-sale investments	-	1,400	-	-
	<b>275,521</b>	<b>280,941</b>	<b>213,745</b>	<b>213,746</b>
<b>Current assets</b>				
Completed properties for sale	338,790	367,088	-	-
Properties under development for sale	849,140	789,632	-	-
Trade receivables	9,197	8,959	-	-
Prepayments and other receivables	102,431	92,445	34	34
Amounts due from subsidiaries	-	-	439,655	585,100
Amounts due from related parties <sup>^</sup>	89,310	89,036	-	-
Income tax recoverable	17,882	13,178	-	-
Pledged bank deposits	9,871	9,261	-	-
Cash and bank balances	34,123	64,562	1,520	738
	<b>1,450,744</b>	<b>1,434,161</b>	<b>441,209</b>	<b>585,872</b>
<b>Current liabilities</b>				
Trade payables	93,714	149,120	-	-
Sales and rental deposits	299,534	199,713	-	-
Accruals and other payables	304,580	303,985	781	3,021
Amount due to subsidiaries	-	-	7,602	148,836
Amounts due to related parties <sup>^</sup>	20,480	22,745	10,888	10,888
Income tax payables	47,087	46,706	-	-
Bank and other borrowings	29,369	66,800	-	-
	<b>794,764</b>	<b>789,069</b>	<b>19,271</b>	<b>162,745</b>
<b>Net current assets</b>	<b>655,980</b>	<b>645,092</b>	<b>421,938</b>	<b>423,127</b>
	<b>931,501</b>	<b>926,033</b>	<b>635,683</b>	<b>636,873</b>
<b>Capital and reserves</b>				
Issued capital	305,888	305,888	305,888	305,888
Share premium	224,094	224,094	224,094	224,094
Capital reserve	49,031	49,031	-	-
Share option reserve	15,674	18,077	15,674	18,077
Retained earnings	239,140	230,783	90,027	88,814
Equity attributable to owners of the Company	833,827	827,873	635,683	636,873
Minority interests	83,714	84,200	-	-
Total equity	917,541	912,073	635,683	636,873
<b>Non-current liabilities</b>				
Deferred tax liabilities	13,960	13,960	-	-
	<b>13,960</b>	<b>13,960</b>	<b>-</b>	<b>-</b>
	<b>931,501</b>	<b>926,033</b>	<b>635,683</b>	<b>636,873</b>

<sup>^</sup> Amounts due from/to related parties are unsecured, interest-free and repayable on demand.

**1.(b)(ii) Aggregate amount of borrowings and debt securities for the Group.**

**Borrowings and debt securities of the Group**

	<b>The Group</b>	
	<b>30 June</b>	31 December
	<b>2010</b>	2009
	<b>RMB'000</b>	RMB'000
Borrowings, secured	<b>29,369<sup>(2)</sup></b>	60,000 <sup>(1)</sup>
Borrowings, unsecured	-	6,800
	<b>29,369</b>	<b>66,800</b>
The borrowings are repayable:		
On demand or within one year	<b>29,369</b>	66,800
More than one year	-	-
	<b>29,369</b>	<b>66,800</b>

**Notes:**

- (1) The borrowings are secured against certain investment properties and certain completed properties for sale of the Group.
- (2) The borrowings are secured against certain investment properties of the Group.

**1.(c) A statements of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Consolidated statements of cash flows of the Group for the 3-month periods ended 30 June 2010 and 30 June 2009**

	<b>The Group</b>	
	<b>Q2 2010</b> <b>RMB'000</b>	<b>Q2 2009</b> <b>RMB'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit/(loss) before tax	5,676	(59,209)
Adjustments for:		
Depreciation of property, plant and equipment	705	2,551
Foreign currency exchange gain	(106)	(492)
Share-based payment	-	884
Amortization of land use rights	1	1,186
Loss on disposal of property, plant and equipment	197	95
Gain on written back of accrual	(15,023)	-
Bad debt written off	1,097	-
Interest income	-	(95)
Interest expenses	1,608	41,096
Operating cash flows before movements in working capital	(5,845)	(13,984)
Decrease in completed properties for sale	-	(110,516)
(Increase)/decrease in properties under development for sale	(23,693)	73,952
Decrease in inventories	-	30
(Increase)/decrease in trade receivables	(399)	1,447
Increase in prepayments and other receivables	(10,937)	(5,119)
(Decrease)/increase in trade payables	(18,436)	30,685
Increase in sales deposits	64,968	36,202
Increase/(decrease) in accruals and other payables	9,355	(1,161)
Cash generated from operations	15,013	11,536
Income tax paid	(2,818)	(2,391)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>12,195</b>	<b>9,145</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(9)	(1,548)
Sales proceed from disposal of property, plant and equipment	19	8
Interest received	-	95
<b>NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES</b>	<b>10</b>	<b>(1,445)</b>
<b>FINANCING ACTIVITIES</b>		
Increase in bank and other borrowings	29,369	-
Repayment of bank borrowings	(60,000)	(22,410)
Repayment of borrowings from third party	11,711	-
(Increase)/decrease in pledged bank deposits	(530)	35,493
Interest paid	-	(33,466)
Amount advanced from related parties	-	656
Amount advanced to a director	(274)	-
Amount repaid to a related party	(4,499)	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(24,223)</b>	<b>(19,727)</b>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(12,018)</b>	<b>(12,027)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>46,141</b>	<b>63,656</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>34,123</b>	<b>51,629</b>

**1.(d) A statements of comprehensive income (for the issuer and group), together with a comparative statement for the corresponding period of the corresponding period of the immediately preceding financial year.**

**Consolidated statements of comprehensive income of the Group and the Company for the 3-month periods ended 30 June 2010 and 30 June 2009**

	<b>The Group</b>		<b>The Company</b>	
	<b>Q2 2010</b> <b>RMB'000</b>	<b>Q2 2009</b> <b>RMB'000</b>	<b>Q2 2010</b> <b>RMB'000</b>	<b>Q2 2009</b> <b>RMB'000</b>
Profit/(loss) for the period	<b>3,559</b>	(59,217)	<b>(307)</b>	(8,051)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income/(expense) for the period	<b>3,559</b>	(59,217)	<b>(307)</b>	(8,051)
Total comprehensive income/(expense) attributable to:				
Equity holders of the Company	<b>3,874</b>	(57,836)	<b>(307)</b>	(8,051)
Non-controlling interests	<b>(315)</b>	(1,381)	-	-
	<b>3,559</b>	(59,217)	<b>(307)</b>	(8,051)

1.(e)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Consolidated statements of changes in equity of the Group for the 3-month periods ended 30 June 2010 and 30 June 2009**

	<b>The Group</b>									
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Share option reserve RMB'000	Revaluation reserve RMB'000	Bond reserve RMB'000	Retained earnings RMB'000	Attributable to owners of the Company RMB'000	Minority interests RMB'000	Total RMB'000
Balance at 1 January 2010	305,888	224,094	49,031	18,077	-	-	230,783	827,873	84,200	912,073
Comprehensive income/(expense) for the period	-	-	-	-	-	-	2,080	2,080	(171)	1,909
Balance at 31 March 2010	305,888	224,094	49,031	18,077	-	-	232,863	829,953	84,029	913,982
Comprehensive income for the period	-	-	-	-	-	-	3,874	3,874	(315)	3,559
Surrender of share options	-	-	-	(2,403)	-	-	2,403	-	-	-
<b>Balance at 30 June 2010</b>	<b>305,888</b>	<b>224,094</b>	<b>49,031</b>	<b>15,674</b>	<b>-</b>	<b>-</b>	<b>239,140</b>	<b>833,827</b>	<b>83,714</b>	<b>917,541</b>

	<b>The Group</b>									
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Share option reserve RMB'000	Revaluation reserve RMB'000	Bond reserve RMB'000	Retained losses RMB'000	Attributable to owners of the Company RMB'000	Minority interests RMB'000	Total RMB'000
Balance at 1 January 2009	305,888	224,094	49,031	14,283	884	39,485	(13,835)	619,830	83,935	703,765
Recognition of share based payment	-	-	-	884	-	-	-	884	-	884
Comprehensive expense for the period	-	-	-	-	-	-	(51,184)	(51,184)	(2,060)	(53,244)
Balance at 31 March 2009	305,888	224,094	49,031	15,167	884	39,485	(65,019)	569,530	81,875	651,405
Recognition of share based payment	-	-	-	884	-	-	-	884	-	884
Comprehensive expense for the period	-	-	-	-	-	-	(57,836)	(57,836)	(1,381)	(59,217)
Balance at 30 June 2009	305,888	224,094	49,031	16,051	884	39,485	(122,855)	512,578	80,494	593,072

**Consolidated statements of changes in equity of the Company for the 3-month periods ended 30 June 2010 and 30 June 2009**

	<b>The Company</b>					
	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Bond Reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2010	305,888	224,094	18,077	-	88,814	636,873
Comprehensive expense for the period	-	-	-	-	(883)	(883)
Balance at 31 March 2010	305,888	224,094	18,077	-	87,931	635,990
Comprehensive expense for the period	-	-	-	-	(307)	(307)
Surrender of share options	-	-	(2,403)	-	2,403	-
<b>Balance at 30 June 2010</b>	<b>305,888</b>	<b>224,094</b>	<b>15,674</b>	<b>-</b>	<b>90,027</b>	<b>635,683</b>

	<b>The Company</b>					
	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Bond Reserve RMB'000	Retained losses RMB'000	Total RMB'000
Balance at 1 January 2009	305,888	224,094	14,283	39,485	(34,852)	548,898
Recognition of share-based payment	-	-	884	-	-	884
Comprehensive expense for the period	-	-	-	-	(8,005)	(8,005)
Balance at 31 March 2009	305,888	224,094	15,167	39,485	(42,857)	541,777
Recognition of share-based payment	-	-	884	-	-	884
Comprehensive expense for the period	-	-	-	-	(8,051)	(8,051)
Balance at 30 June 2009	305,888	224,094	16,051	39,485	(50,908)	534,610



**1.(e)(ii) Details of any changes in company's share capital arising from rights issue, bonus issue, share buy backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Sunshine Employee Share Option Scheme

Pursuant to the Sunshine Employee Share Option Scheme ("SESOS"), which was approved by the Company's shareholders at the Extraordinary General Meeting held on 30 April 2007, a total of 60,000,000 share options were granted to the eligible employees on 29 November 2007.

8,850,000 and 6,800,000 share options under the SESOS were cancelled due to staff resignation during the year ended 31 December 2008 and Q2 2010 respectively. The number of ordinary shares that may be issued upon exercise of all share options outstanding as at 30 June 2010 was 44,350,000 (31 December 2009: 51,150,000).

**1.(e)(iii) The total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<u>As at 30 Jun 2010</u>	<u>As at 31 Dec 2009</u>
Total number of issued ordinary shares (excluding treasury shares)	978,000,000	978,000,000

**1.(e)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The Company had no treasury shares as at 30 June 2010.

**2. Whether the figures have been audited, or reviewed in accordance with which standard (eg. The Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard.**

The figures have not been audited or reviewed by the auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

The figures have not been audited or reviewed by the auditors.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The same accounting policies and methods of computation adopted by the Group in the audited financial statements for the financial year ended 31 December 2009 have been consistently applied by the Group for the periods presented.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

There are no changes in the accounting policies and methods of computation, including any required by an accounting standard.

**6. Earnings per ordinary shares of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<u>The Group</u>	
	<u>Q2 2010</u> RMB'000	<u>Q2 2009</u> RMB'000
<b>Profit/(loss) attributable to owners of the Company</b>	<b>3,874</b>	<b>(57,836)</b>
Basic (Singapore cents) <sup>(1)</sup>	<b>0.08 cents<sup>(2)</sup></b>	<b>(1.25) cents<sup>(2)</sup></b>
Diluted (Singapore cents) <sup>(1)</sup>	<b>0.08 cents<sup>(4)</sup></b>	<b>(1.25) cents<sup>(3)</sup></b>

**Notes:**

- (1) Calculated based on the average exchange rate of S\$1:RMB4.90 for the 3-month period ended 30 June 2010 (3-month period ended 30 June 2009: S\$1:RMB4.73)
- (2) Based on the issued share capital of 978,000,000 ordinary shares as at 30 June 2010 and 30 June 2009. No new shares are issued during the 3-month periods ended 30 June 2010 and 30 June 2009.
- (3) As the conversion of the convertible bond and exercise of all outstanding options pursuant to the SESOS will have an anti-dilutive effect on the loss per share, they are not taking into account in calculating the diluted loss per share.
- (4) The computation of the diluted earnings per share does not take into account of the exercise of the Company's share options because the exercise price of these options was higher than the average market share price of the Company for the 3-month period ended 30 June 2010.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year**

	<u>The Group</u>		<u>The Company</u>	
	<u>30 June</u> 2010 RMB'000	<u>31 December</u> 2009 RMB'000	<u>30 June</u> 2010 RMB'000	<u>31 December</u> 2009 RMB'000
Net asset value (net of non-controlling interests) as at end of financial period/ year	<b>833,827</b>	827,873	<b>635,683</b>	636,873
Net asset value per ordinary share as at the end of financial period/ year (Singapore cents) <sup>(1)</sup>	<b>17.62 cents</b>	17.45 cents	<b>13.43 cents</b>	13.43 cents

**Note:**

- (1) Calculated based on exchange rate of S\$1:RMB4.84 as at 30 June 2010 (as at 31 December 2009: S\$1:RMB4.85) and issued share capital of 978,000,000 ordinary shares.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period report on.**

**(a) Review of income statement of the Group for Q2 2010 (relative to that for Q2 2009)**

**Overview**

Sunshine Holdings Limited is an award-winning Henan-based developer of residential and commercial properties. We strategically focus on building affordable medium end quality housing in tier-2 cities mainly located in Henan Province, PRC.

**Revenue**

The Group's revenues (net of sales tax) generated in Q2 2010 and Q2 2009 were as follow:

	<b>Q2 2010</b> <b>RMB million</b>	<b>Q2 2009</b> <b>RMB million</b>
(1) Sales of developed properties	-	50.0
(2) Rental income	<b>10.3</b>	8.2
(3) Property management income	<b>1.1</b>	1.0
	<b><u>11.4</u></b>	<b><u>59.2</u></b>

Our overall revenue decreased by RMB47.8 million or 81% from RMB59.2 million in Q2 2009 to RMB11.4 million in Q2 2010.

While sales deposits aggregating RMB299.5 million were collected as at 30 June 2010 in connection with the on going sales of property units at the various developed properties, namely the Xinxiang Sunny Town Project - Phase 1 and 2 (新乡阳光新城项目 - 第一期及二期), Zhoukou Yangguang Peninsula City Project - Phase 1 and 2 (周口阳光半岛城邦项目 - 第一及二期), Shangqiu Sunshine Shuixie Huidu Project (商丘阳光水榭花都) and Luoyang Sunshine Shuangxi Buluo Project - Phase 1 and 2 (洛阳阳光双溪布洛项目 - 第一及二期) (collectively, the "Developed Projects"), in view that the customers concerned for these units had yet to complete the mortgage financing process for these units and hence had yet to fully pay up for the units or that these units had yet to be completed, no sales of developed properties were recorded in Q2 2010.

Our rental income increased by RMB2.1 million or 26% from RMB8.2 million in Q2 2009 to RMB10.3 million in Q2 2010. The improved performance was attributed mainly to the sub-leasing of two hotels in Beijing in Q2 2010 compared to one in Q2 2009.

**Gross profit**

In line with the lower revenue registered, our gross profit decreased by RMB7.0 million or 69% from RMB10.1 million in Q2 2009 to RMB3.1 million in Q2 2010. With rental income and property management income constituting the entire revenue stream in Q2 2010 (as contrast against that in Q2 2009 which also included the sales of developed properties as part of the revenue stream), the Group registered a higher gross profit margin of 28% in Q2 2010 compared to that of 17% in Q2 2009, as the rental income generated from the sub-leasing of the two hotels in Beijing at limited costs commands a much higher gross profit margin relative to that generated from our developed properties.

**Other operating income**

Our other operating income increased by RMB13.4 million or more than 49-fold from RMB0.3 million in Q2 2009 to RMB13.7 million in Q2 2010.

The other operating income earned in Q2 2010 of RMB13.7 million was attributed mainly to the gain of RMB15.0 million resulting from the write-back of provision for retention monies (the "Retention Monies"), net of bad debts of RMB1.1 million. The Retention Monies relate to the following matters (collectively, the "Outstanding Issues):

1. RMB8.9 million for relocation costs in connection with the Yan Ming Hu Project (雁鸣湖项目); and
2. RMB6.1 million for land compensation fee in connection with the Zhongmu Project (中牟新县城项目).

Both the Yan Ming Hu Project and Zhongmu Project were owned by Henan Jinjiang Real Estate Co., Ltd (河南锦江置业有限公司) ("Henan Jinjiang"), a former wholly-owned subsidiary of the Company. In FY2009, the Group disposed its entire equity interest in Henan Jinjinag to a third party (the "Purchaser") for cash (the "Transfer"), with the Retention Monies being withheld by the Purchaser pending the final settlement of the Outstanding Issues. Subsequent to the settlement of the Outstanding Issues and legal completion of the Transfer, the Retention Monies had since been released by the Purchaser to the Group in Q2 2010.

The other operating income earned in Q2 2009 of RMB279,000 was attributed mainly to a foreign exchange gain of RMB492,000, advertising income of RMB102,000 and interest income of RMB95,000, net largely of a loss on disposal of property, plant and equipment of RMB95,000 and business and surcharge tax of RMB246,000.

#### **General and administrative expenses figure**

Our general and administrative expenses decreased by RMB7.8 million or 51% from RMB15.2 million in Q2 2009 to RMB7.4 million in Q2 2010. The disposal of eight subsidiaries and five land parcels in FY2009, with a view to expedite cash realisation in meeting the obligations due to the US\$120 million syndicate lenders and the US\$32 million convertible bond holder, had resulted in lower general and administration expenses, amortization of land use right and land appreciation tax being recorded in Q2 2010, not to mention that the share-based payment with regard to the employee share options granted by the Company in November 2007 pursuant to the SESOS had fully been amortised in FY2009.

#### **Selling and distribution expenses**

The disposal of eight subsidiaries during FY2009 has principally contributed to the decrease in our selling and distribution expenses by RMB11.2 million or 84% from RMB13.3 million in Q2 2009 to RMB2.1 million in Q2 2010.

#### **Finance costs**

Our finance costs decreased significantly by RMB39.4 million or 96% from RMB41.1 million in Q2 2009 to RMB1.7 million in Q2 2010, following the settlement of the US\$120 million syndicated loan and the US\$32 million convertible bond in Q4 2009.

#### **Profit/(loss) before tax**

Following from the above, we reversed from a net loss before tax of RMB59.2 million in Q2 2009 to a net profit before tax of RMB5.7 million in Q2 2010.

#### **Income tax expense**

With the pre-tax profit recorded in Q2 2010 vis-à-vis a pre-tax loss recorded in Q2 2009, our income tax expenses increased by RMB2.1 million or more than 264-fold from RMB8,000 in Q2 2009 to RMB2.1 million in Q2 2010.

#### **Net profit/(loss) attributable to owners of the Company**

Accordingly, the amount attributable to the owners of the Company reversed from a loss of RMB57.8 million in Q2 2009 to a profit of RMB3.9 million in Q2 2010.

#### **Minority interests**

Following the disposal of three non-fully owned subsidiaries in FY2009, the remaining minority interests of the Group bore a lower share of loss of RMB0.3 million in Q2 2010 compared to that of RMB1.4 million in Q2 2009.

#### **(b) Review of statements of financial position of the Group as at 30 June 2010 (relative to that as at 31 December 2009)**

##### **Non-current assets**

Our non-current assets decreased by RMB5.4 million or 1.9% from RMB280.9 million as at 31 December 2009 to RMB275.5 million as at 30 June 2010. This was attributed mainly to a reduction in an available-for-sale investment following a refund of the investment cost in respect of the investment.

##### **Current assets**

Our properties under development for sale increased by RMB59.5 million or 8% pursuant to the continuing construction activities at the Xinxiang Sunny Town Project - Phase 1 (新乡阳光新城项目 - 第一期) and Zhoukou Yangguang Peninsula City Project (周口阳光半岛城邦项目).

The increases in prepayments and other receivables by RMB10.0 million or 11% was attributed mainly to increased business and surcharge taxes paid in advance and computed based on sales deposits collected.

The increases in income tax recoverable by RMB4.7 million or 36% was attributed mainly to increased income tax paid in advance for corporate income tax and land appreciation tax computed based on sales deposits collected.

The decrease in cash and bank balances by RMB30.4 million or 47% was due mainly to the payment of loans and operating expenses.

Taken as a whole, our current assets increased by RMB16.6 million or 1% from RMB1.4 billion as at 31 December 2009 to RMB1.5 billion as at 30 June 2010.

## Current liabilities

Our current liabilities increased by RMB5.7 million or 1% from RMB789.1 million as at 31 December 2009 to RMB794.8 million as at 30 June 2010. This was attributed mainly to increased collection in sales and rental deposits of RMB99.8 million with the continuing sales generated from the Xinxiang Sunny Town Project - Phase 1 and 2 (新乡阳光新城项目 - 第一期及二期), Zhoukou Yangguang Peninsula City Project - Phase 1 and 2 (周口阳光半岛城邦项目 - 第一期及二期), Shangqiu Sunshine Shuixie Huidu Project (商丘阳光水榭花都) and Luoyang Sunshine Shuangxi Buluo Project - Phase 1 and 2 (洛阳阳光双溪布洛项目 - 第一期及二期), offset by repayments which led to (1) a decrease in trade payables of RMB55.4 million; (2) a decrease in bank and other borrowings of RMB37.4 million; and (3) a decrease in amount due to related parties of RMB2.3 million.

Following from the above, we maintained our working capital position at about RMB650 million for both the financial period and year-end under consideration and drastically reduced our net gearing (defined as total interest bearing borrowings expressed as percentage of total equity) from 7.3% as at 31 December 2009 to 3.2% as at 30 June 2010.

As regards our net cash generated from operations, it increased by RMB3.1 million or 33% from RMB9.1 million in Q2 2009 to RMB12.2 million in Q2 2010.

## 9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Nil

## 10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The series of cooling-off measures continually introduced by the Chinese government in checking property prices and curbing speculation has resulted in varying degree of effects among the Chinese cities.

With its GDP for the first half of 2010 registering more than RMB1 trillion at a GDP growth rate of 13.5% fueled by continued rapid urbanization, the Henan Province has seen its total year-on-year sale of residential and commercial units in terms of gross floor area and sales quantum growing at 30.7% and 47.4% respectively.

Against the above backdrop, a total gross floor area of about 24,656 square metre was sold by the Group in Q2 2010 at a maintainable prices, accounting for the increase in collection of sales and rental deposits of more than RMB299 million as at 30 June 2010 relative to that as at 31 December 2009. The sale in Q2 2010 was mainly contributed by the on going sales of property units at the following developed properties:

- 1) Xinxiang Sunny Town Project - Phase 1 and 2 (新乡阳光新城项目 - 第一期及二期);
- 2) Zhoukou Yangguang Peninsula City Project - Phase 1 and 2 (周口阳光半岛城邦项目 - 第一期及二期);
- 3) Shangqiu Sunshine Shuixie Huidu Project (商丘阳光水榭花都); and
- 4) Luoyang Sunshine Shuangxi Buluo Project - Phase 1 and 2 (洛阳阳光双溪布洛项目 - 第一期及二期)

For the second half of FY2010, we will continue with our development and marketing efforts for the above projects, particularly the Xinxiang Sunny Town Phase 1 Project (新乡阳光新城第一期项目) and the Zhoukou Yangguang Peninsula City Project (周口阳光半岛城邦项目). At the same time, we will also continue to explore various financing options to increase our land bank reserve and seek potential strategic partners to co-develop our land in the Hainan Island. We will keep shareholders informed of the progress once the plans have been firmed up.

*Some of the statements in this release constitute "forward-looking statements" that do not directly or exclusively relate to historical facts. These forward-looking statements reflect our current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future, undue reliance must not be placed on these statements.*

## 11. Dividend

### (a) Current Financial Period Reported On

**Any dividend declared for the current financial period reported on?**

No

### (b) Corresponding Period of the Immediately Preceding Financial Year

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

No

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared / recommended, a statement to that effect.**

No dividend has been declared or recommended for the period under review.

**BY ORDER OF THE BOARD**

**Guo Yinghui  
Chairman and CEO**

13 August 2010



**Company Registration No. CT-140095**

**CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements of the Group and the Company for the 3-month period ended 30 June 2010 to be false or misleading in any material aspect.

Signed for and on behalf of the Board of Directors

**Zhao Zhanmei**  
**Deputy Chairperson**

**Li Bin**  
**Executive Director**

13 August 2010