

The Initial Public Offering of the Company's share was sponsored by UOB Asia Limited.

**3RD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
 FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2006**

**PART1 INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), FULL YEAR RESULTS**

1.(a) A profit and loss statement for the group together with a comparative statement for the corresponding period of the immediate preceding financial year

	The Group		% Change
	Q3 2006 RMB'000	Q3 2005 RMB'000	
Revenue	142,635	128,918	11
Cost of sales	(78,041)	(92,744)	(16)
Gross profit	64,594	36,174	79
Other operating income	714	173	313
General and administrative expenses	(6,237)	(1,960)	218
Selling and distribution expenses	(1,228)	(911)	35
Operating profit	57,843	33,476	73
Non-operating expenses	(2,383)	-	N/M
Release of negative goodwill	17,597	-	N/M
Finance costs	-	-	-
Profit before tax	73,057	33,476	118
Income tax expense	(21,885)	(11,542)	90
Net profit for the period	51,172	21,934	133
Attributable to:			
Equity holders of the parent	46,667	21,868	113
Minority interests	4,505	66	6,726
	51,172	21,934	133

"% Change" denotes increase/(decrease) in the relevant profit or loss item as compared with the comparative figure and "N/M" denotes "Not meaningful".

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

	The Group		
	Q3 2006 RMB'000	Q3 2005 RMB'000	% Change
Profit before tax has been arrived at after charging/ (crediting):			
Amortisation of land use rights	4	5	(20)
Interest income	(523)	(16)	3,169
Depreciation of property, plant and equipment	86	257	(67)
Foreign currency loss	2,350	-	N/M
	=====	=====	

\*% Change" denotes increase/(decrease) in the relevant profit or loss item as compared with the comparative figure and "N/M" denotes "Not meaningful".

1.(b)(i) An balance sheet (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year

	The Group			The Company		
	30 September 2006 RMB'000	31 December 2005 RMB'000	% Change	30 September 2006 RMB'000	31 December 2005 RMB'000	% Change
<b>Non-current assets</b>						
Property, plant and equipment	10,459	5,951	76	-	-	-
Land use rights	568	683	(17)	-	-	-
Investment properties	378,850	247,050	53	-	-	-
Investments in subsidiaries	-	-	-	197,834	197,834	-
	<u>389,877</u>	<u>253,684</u>	54	<u>197,834</u>	<u>197,834</u>	-
<b>Current assets</b>						
Completed properties for sale	19,476	5,305	267	-	-	-
Properties under development for sale	535,252	333,348	61	-	-	-
Trade receivables	193,313	204,423	(5)	-	-	-
Prepayments and other receivables	225,088	19,311	N/M	100	44,445	(100)
Amounts due from subsidiaries	-	-	-	279,547	-	N/M
Amounts due from related parties*	3,154	28,354	(89)	-	-	-
Pledged bank deposits	9,789	8,385	17	-	-	-
Bank balances and cash	46,098	18,105	155	134	-	N/M
	<u>1,032,170</u>	<u>617,231</u>	67	<u>279,781</u>	<u>44,445</u>	529
<b>Current liabilities</b>						
Trade payables	156,347	198,499	(21)	-	-	-
Sales deposits	129,140	1,035	N/M	-	-	-
Accruals and other payables	154,531	69,909	121	552	844	(35)
Amounts due to related parties*	-	-	-	10,920	10,067	8
Tax payables	110,371	91,538	21	-	-	-
Bank borrowings	54,982	68,200	(19)	-	-	-
	<u>605,371</u>	<u>429,181</u>	41	<u>11,472</u>	<u>10,911</u>	5
<b>Net current assets</b>	<u>426,799</u>	<u>188,050</u>	127	<u>268,309</u>	<u>33,534</u>	700
	<u>816,676</u>	<u>441,734</u>	85	<u>466,143</u>	<u>231,368</u>	101
<b>Capital and reserves</b>						
Share capital	261,404	197,834	32	261,404	197,834	32
Share premium	204,521	-	N/M	204,521	-	N/M
Capital reserves	49,031	49,031	-	-	-	-
Retained earnings	179,297	145,483	23	218	33,534	(99)
Equity attributable to equity holders of the parent	694,253	392,348	77	466,143	231,368	101
Minority interests	27,424	3,163	767	-	-	-
<b>Total equity</b>	<u>721,677</u>	<u>395,511</u>	82	<u>466,143</u>	<u>231,368</u>	101
<b>Non-current liabilities</b>						
Deferred tax liabilities	94,999	46,223	106	-	-	-
	<u>94,999</u>	<u>46,223</u>	106	<u>-</u>	<u>-</u>	-
	<u>816,676</u>	<u>441,734</u>	85	<u>466,143</u>	<u>231,368</u>	101

\*% Change" denotes increase/(decrease) in the relevant balance sheet item as compared with the comparative figure and "N/M" denotes "Not meaningful".

\* Amounts due from/to related parties are unsecured, interest-free and repayable on demand.

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

	As at 30 September 2006 RMB'000	As at 31 December 2005 RMB'000
Bank loans, secured (repayable on demand or within one year)	<u>54,982</u>	<u>68,200</u>

**Details of any collateral**

The bank loans (31 December 2005: RMB 68,200,000), which carried fixed interest rates ranging from 5.400% to 7.812% (2005: 6.588% to 7.812%) per annum, are secured by the Group's certain bank deposits, investment properties and properties under development for sale.

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

	The Group	
	Q3 2006 RMB'000	Q3 2005 RMB'000
<b>OPERATING ACTIVITIES</b>		
Profit before tax	73,057	33,476
Adjustments for:		
Depreciation of property, plant and equipment	86	257
Amortisation of land use rights	4	5
Release of negative goodwill	(17,597)	-
Interest income	(523)	(16)
Operating cash flows before movements in working capital	55,027	33,722
Completed properties for sale	-	(9,232)
Properties under development for sale	(35,716)	103,293
Trade receivables	(46,165)	(72,087)
Prepayments and other receivables	(100,810)	3,701
Trade payables	42,372	(66,934)
Sales deposits	11,545	(32,305)
Accruals and other payables	4,952	68,748
Cash (used in)/generated from operations	(68,795)	28,906
Dividends paid	(29,536)	-
Income tax paid	(2,759)	(13,440)
<b>NET CASH (USED IN)/ FROM OPERATING ACTIVITIES</b>	<b>(101,090)</b>	<b>15,466</b>
<b>INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(19)	(275)
Acquisition of subsidiaries (Note 1)	(58,218)	-
Increase in pledged bank deposits	128,601	10,267
Interest received	523	16
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>70,887</b>	<b>10,008</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of bank loans	(137,153)	(6,000)
Increase (Decrease) in amounts due to related parties	22,793	(19,083)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(114,360)</b>	<b>(25,083)</b>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(144,563)</b>	<b>391</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>190,661</b>	<b>9,372</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>46,098</b>	<b>9,763</b>

Note 1: Summary of cash flows arising from the acquisition of subsidiaries:

	The Group	
	Q3	Q3
	2006	2005
	RMB'000	RMB'000
Cash and bank balances	1,670	-
Other current assets	242,735	-
Non-current assets	128,798	-
Current liabilities	(235,628)	-
Non-current liabilities	(42,143)	-
Minority interests	(17,947)	-
Net identifiable assets and liabilities acquired	77,485	-
Negative goodwill on consolidation	(17,597)	-
Purchase consideration	59,888	-
Less: cash and bank balances of subsidiaries acquired	(1,670)	-
Net cash flow from acquisition of subsidiaries	58,218	-

1.(d)(i) 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.

THE GROUP

	Share capital	Share premium	Capital reserve	Retained earnings	Attributable to equity holders of the parent	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 July 2006	261,404	204,521	49,031	162,166	677,122	4,972	682,094
Acquisition of subsidiaries	-	-	-	-	-	17,947	17,947
Dividends paid	-	-	-	(29,536)	(29,536)	-	(29,536)
Net profit for the period	-	-	-	46,667	46,667	4,505	51,172
At 30 September 2006	261,404	204,521	49,031	179,297	694,253	27,424	721,677

THE GROUP

	Share capital	Share premium	Capital reserve	Retained earnings	Attributable to equity holders of the parent	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 July 2005	197,834	-	49,031	13,688	260,553	3,070	263,623
Net profit for the period	-	-	-	21,868	21,868	66	21,934
At 30 September 2005	197,834	-	49,031	35,556	282,421	3,136	285,557

THE COMPANY

	Share capital	Share premium	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 July 2006	261,404	204,521	29,653	495,578
Dividends paid	-	-	(29,536)	(29,536)
Net profit for the period	-	-	101	101
At 30 September 2006	261,404	204,521	218	466,143

THE COMPANY

	Share capital	Share premium	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 July 2005 and 30 September 2005	197,834	-	-	197,834

1.(d)(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.

Nil

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).

Not applicable

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 year ended 31 December 2005 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.

Not applicable



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.

	The Group	
	Q3 2006 RMB'000	Q3 2005 RMB'000
<b>Net profit attributable to shareholders</b>	<u>46,667</u>	<u>21,868</u>
<b>Earnings per share</b>		
Basic (Singapore cents)	<u>1.11 cents**</u>	<u>0.72 cents*</u>
Diluted (Singapore cents)	<u>1.11 cents**</u>	<u>0.72 cents*</u>

\* Based on pre-invitation share capital of 624,000,000 ordinary shares

\*\* Based on issued share capital (post IPO) of 832,000,000 ordinary shares

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 period reported on and (b) immediately.

	The Group		The Company	
	30 September 2006 RMB'000	31 December 2005 RMB'000	30 September 2006 RMB'000	31 December 2005 RMB'000
Net asset value (net of minority interests) as at end of financial period/ year	<u>694,253</u>	<u>392,348</u>	<u>466,143</u>	<u>231,368</u>
Net asset value per ordinary share as at the end of financial period/ year (Singapore cents)	<u>16.5 cents**</u>	<u>12.9 cents*</u>	<u>11.1 cents**</u>	<u>7.6 cents*</u>

\* Based on pre-invitation share capital of 624,000,000 ordinary shares

\*\* Based on issued share capital (post IPO) of 832,000,000 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 earning 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 profit and loss statement of the group**

**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 which exhibit high rate of urbanization and strong end-user demand.

**Revenue**

In accordance with the International Financial Reporting Standards, we adopt the completion method of revenue recognition. In contrast to percentage of completion method, we only recognize revenue arising from the sale of properties when the property is delivered and the completion certificate is issued by the relevant government authorities. As a result, even though we may have pre-sold our development properties, the sale will not be booked as revenue if the above conditions are not met. Hence, our revenue and profit can be lumpy on a quarter-to-quarter basis.

The Group's revenue in Q3 2006 and Q3 2005 are as follow:

		<b>Q3 2006 RMB million</b>	<b>Q3 2005 RMB million</b>
(1)	Sales of development properties (net of sales tax)	141.5	127.3
(2)	Rental income from investment properties	1.0	1.3
(3)	Property management income	0.1	0.3
		<b>142.6</b>	<b>128.9</b>

Our revenue increased by 11% from RMB 128.9 million in Q3 2005 to RMB 142.6 million in Q3 2006. The revenue during the period under consideration was derived mainly from the sale of newly completed residential units in Sunlight City – Yi Yuan project (approximately 31,000 sqm sold at an average price of about RMB 1,600 per sqm), and the commercial units of the Changzhi project (approximately 15,000 sqm sold at an average price of about RMB 6,600). In comparison, the revenue in Q3 2005 comprised sales of completed residential and commercial units in Sunlight City – Ming Yuan project.

**Gross profit**

Our gross profit increased by 79% from RMB 36.2 million in Q3 2005 to RMB 64.6 million in Q3 2006, and the gross profit margin increased from 28% in Q3 2005 to 45% in Q3 2006. This is attributed mainly to the sales of more commercial properties (which command higher margin than residential properties) during the period under consideration, as compared to those sold in Q3 2005.

**Other operating income**

Our other operating income increased from RMB 0.2 million in Q3 2005 to RMB 0.7 million in Q3 2006. This is attributed mainly to the RMB 0.5 million interest income derived from bank balances and deposits during the period under consideration.

**Operating profit**

Our operating profit also increased by 73% from RMB 33.5 million in Q3 2005 to RMB 57.8 million in Q3 2006. This increase is attributed mainly to the sales of more commercial properties during the period under consideration, offset by an increase in general and administrative expenses in Q3 2006, as compared to the

previous corresponding period. The 218% increase in general and administrative expenses in Q3 2006, attributed mainly to the higher staff costs, office expenses and traveling expenses incurred, is in line with the higher business activities generated during the period under consideration.

#### **Non-operating expenses**

Non-operating expenses in Q3 2006 comprise mainly a loss in foreign exchange. This is attributed to exchange rates movements between RMB and foreign currencies during the period under consideration.

#### **Release of negative goodwill**

The negative goodwill in Q3 2006 arises from the acquisition of subsidiaries during the period under consideration. It represents the excess of the Group's interest in the fair value of the newly acquired subsidiaries' identifiable assets, liabilities and contingent liabilities over cost, which has been fully released to the Group's profit and loss statement in Q3 2006. The fair value of the properties of the subsidiaries has been determined based on a separate valuation done by an independent professional valuer, subsequent to the Company's announcement dated 26 September 2006 in connection with the acquisition of subsidiaries.

#### **Finance costs**

No finance costs were recognised in the Group's profit and loss statement in Q3 2006 as these were capitalized as part of our development costs.

#### **Net profit attributable to equity holders of the parent**

As a result of higher revenue and expanded profit margin, net profit attributable to equity holders of the parent increased by 113% from RMB 21.9 million in Q3 2005 to RMB 46.7 million in Q3 2006. Net profit margin also improved to 33% in Q3 2006 compared to 17% in Q3 2005.

#### **(b) Review of balance sheet of the Group**

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

Our non-current assets increased by RMB 136.2 million or approximately 54%, from RMB 253.7 million as at 31 December 2005 to RMB 389.9 million as at 30 September 2006. This is attributed mainly to the additional property, plant and equipment of RMB 3.0 million and investment properties of RMB127.0 million arising from acquisition of subsidiaries during the current year.

##### **Current assets**

Our current assets increased by RMB 415.0 million or approximately 67%, from RMB 617.2 million as at 31 December 2005 to RMB 1,032.2 million as at 30 September 2006. This increase is attributed mainly to prepayments for land use rights, advances made to subcontractors and, arising from acquisition of subsidiaries during the current year, additional properties under development of RMB 202 million and completed properties for sale of RMB 16 million.

##### **Current liabilities**

Our current liabilities increased by RMB 176.2 million or approximately 41%, from RMB 429.2 million as at 31 December 2005 to RMB 605.4 million as at 30 September 2006. This increase is attributed mainly to additional accruals and other payables of RMB 85 million and increase in sales deposits of RMB 128 million in Q3 2006, offset by a decrease of RMB 40 million arising from the settlement of trade payables.

##### **Non-current liabilities**

Our deferred tax liabilities of RMB 46.2 million as at 31 December 2005 relate mainly to the deferred tax liabilities arising from the increase in fair value of the Group's investment properties. As at 30 September 2006, our deferred tax liabilities of RMB 95.0 million shows a net increase of approximately 106% or RMB 48.8 million. This

increase is attributed mainly to deferred tax liabilities arising from the fair value adjustment on the properties under development and investment properties held by the subsidiaries acquired during the current year.

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

Not applicable

**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 property measures taken by the authorities to largely curb speculation of higher end properties in key tier-1 cities will contribute to a healthy and orderly property market in China. In Henan Province, the rapid urbanization rate, strong economic growth and rising disposable income of urban residents give rise to strong end user demand for residential and commercial properties. These factors underpin good prospects for the Group.

**Projects with Q4 2006 contribution**

A further portion of the Sunlight City – Ming Yuan and Yi Yuan project, and the balance of the Changzhi project will be recognized in Q4 2006. The Group's two new projects, namely Cuizu Yuan (翠竹苑, "CY") and Western Modern City (西现代城, "WMC"), are currently under development, with CY substantially sold and WMC about 60% sold to date. Details of these projects are provided in the table below.

Projects with Q4 2006 contribution	Estimated remaining GFA (sqm)	Type	Projected revenue range to be realised in Q4 2006/ FY2007*	Expected completion date*
Sunlight City – Ming Yuan	8,000	Res / Com	RMB 8-10m	Q4 2006
Sunlight City – Yi Yuan	74,000	Res / Com	RMB 120-150m	Q4 2006/ FY2007
Changzhi project	41,500	Res / Com	RMB 110-130m	Q4 2006
Cuizu Yuan	64,000	Res / Com	RMB 120-150m	Q4 2006
Western Modern City	82,000	Res / Com	RMB 280-320m	Q4 2006/ FY2007

\* Barring unforeseen circumstances and changes in the regulatory environment.

With the current pipeline of projects expected to be completed by end 2006, Q4 2006 revenue is expected to comfortably exceed the cumulative revenue recorded for the first 9 months of FY2006.

**Projects with contribution after FY2006**

In addition to the remaining portions of revenue from Sunlight City – Yi Yuan project and WMC falling into FY2007, there are presently four more projects with revenue contributions expected in FY2007 and beyond. Brief details of these projects are tabulated below.

Projects with contribution after FY2006	Estimated GFA (sqm)	Type	Projected selling price range*	Expected completion date*
Shining Holiday Shopping Center II	40,400	Com	RMB 7,000-10,000/sqm	FY2007
Luoyang Project	148,000***	Res / Com	RMB 2,800-3,200/sqm (Res) RMB 8,000-10,000/sqm (Com)	FY2007/2008
Shangqiu Project	77,000***	Res / Com	RMB 1,800-2,200/sqm (Res) RMB 6,000-8,000/sqm (Com)	FY2007
Western Dist. of Xinxiang	800,736	Comp**	N/A**	FY2007/2008/ 2009

\* Barring unforeseen circumstances and changes in the regulatory environment.

\*\* Conversion of zoning for land usage from industrial to composite use in progress

\*\*\* Subject to detailed project planning at a later date, approximately 90% of the project will be allocated for residential and 10% for commercial use

Shining Holiday Shopping Centre II is currently under construction with completion expected in FY2007 and the Group has taken a decision to sell the project completely in FY2007. Being a pure retail project with an estimated pretax operating profit margin of about 60%, it is expected to contribute substantially to FY2007 profitability.

#### Projects under consideration

The Group has been actively expanding its land bank through acquisition of companies with land bank as well as land purchases from the government land bureaus. Recently, the Group announced that it is considering the acquisition of land with a total GFA of approximately 2 million sqm. It is possible that some of these land parcels may be jointly developed with business partners and, pending the acquisition progress, may contribute to FY2007.

Projects under consideration			
Province	City	Estimated GFA (sqm)	Zoning
Henan	Zhengzhou	300,000	Res / Com
Henan	Zhengzhou	550,000	Res / Com
Henan	Xinxiang	100,000	Res / Com
Henan	Jiaozuo	200,000	Res / Com
Henan	Ping Ding Shan	800,000	Res / Com
Shanxi	Changzhi	50,000	Com
<b>TOTAL</b>		<b>2,000,000</b>	

#### 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

No applicable

##### (d) Books closure date

No applicable

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

No dividend has been declared or recommended for the 3rd quarter ended 30 September 2006.

The final dividend of Singapore 0.71 cents per ordinary share for the financial year ended 31 December 2005 has been approved by the shareholders at the Annual General Meeting held on 12 June 2006, and were paid on 12 July 2006.

#### BY ORDER OF THE BOARD

**GUO YINGHUI**  
Chairman

13 November 2006

**SUNSHINE HOLDINGS LIMITED**  
**Company Registration No. CT-140095**

**CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(4) 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 for the third quarter ended 30 September 2006 to be false or misleading.

Signed for and behalf of the Board of Directors

(Signed)

Guo Yinghui  
Director

(Signed)

Zhao Zhanmei  
Director

13 November 2006