

# SUNSHINE HOLDINGS LIMITED

Company Registration No. CT-140095

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## THE GROUP'S MID TERM DEVELOPMENT PLANS

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In early September 2006, the Chinese government introduced some macro-control policies to tighten the supply of land. This is aimed at curtailing speculative activities and regulating the overall China property market. These new policies include:

- (1) Increase in land use fee for new construction projects;
- (2) Increase in taxes associated with land sales; and
- (3) Revenue from land sales to be incorporated into local government's budgets to allow supervision from central government.

Before the implementation of the above policies, Sunshine Holdings Limited (the "Company") and its subsidiaries (the "Group"), which operates mainly in Henan Province ("Henan"), has decided to speed up the expansion of its current land bank and development projects in various cities in Henan through the following approaches:

- (a) Acquiring companies that have land reserves or viable ongoing property projects;
- (b) Direct joint venture investment with an equity partner; and
- (c) Acquiring land directly from government land bureau.

This is consistent with the Group's plan to maintain a sufficient pipeline of property projects through acquisitions, joint ventures or business alliances as stated in the section entitled "Prospects, Business Strategies and Future Plans" of the Company's prospectus dated 24 March 2006.

In recent months, the Group has appraised a few new parcels of land which are strategically located in certain major cities in Henan and is currently in negotiations with various parties for likely acquisitions or joint venture investments, to further strengthen the position of the Company as one of Henan's leading property developer. The descriptions of the land parcels currently being appraised by the Group are as follows:

- (i) A piece of land located in Zhengzhou City, Henan and zoned for mixed development. The planned gross floor area ("GFA") is approximately between 300,000 and 350,000 square metres;

- (ii) Two pieces of land located in Zhengzhou City, Henan and zoned for mixed development. The total planned GFA for the development is approximately between 550,000 and 600,000 square metres;
- (iii) A piece of land located in Xinxiang City, Henan and zoned for mixed development. The planned GFA is approximately between 100,000 and 150,000 square metres;
- (iv) A piece of land located in Jiaozuo City, Henan and zoned for mixed development. The planned GFA is approximately between 200,000 and 250,000 square metres;
- (v) Three pieces of land located in Ping Ding Shan City, Henan and zoned for mixed development. The total planned GFA for the development is approximately between 800,000 and 900,000 square metres; and
- (vi) A piece of land located in Changzi City, Shanxi and zoned for commercial development. The planned GFA is approximately between 50,000 and 60,000 square metres.

The Group is in discussions with respective vendors of these properties. There is no guarantee that any or all negotiations in connection with the above appraised properties will be concluded by the Group. Any purchases will be subject to government approvals and terms to be mutually agreed upon. The Group will continue to keep shareholders informed of further developments in this area.

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