

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

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

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**1<sup>ST</sup> QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
FOR THE THREE MONTHS ENDED 31 MARCH 2007**

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

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

	<b>The Group</b>		
	<b>Q1 2007 RMB'000</b>	<b>Q1 2006 RMB'000</b>	<b>% Change</b>
Revenue	<b>115,018</b>	8,605	1,237
Cost of sales	<b>(82,116)</b>	(1,390)	5,808
Gross profit	<b>32,902</b>	7,215	356
Other operating (expenses) income	<b>(764)</b>	151	N/M
General and administrative expenses	<b>(8,742)</b>	(2,461)	255
Selling and distribution expenses	<b>(2,282)</b>	(523)	336
Operating profit	<b>21,114</b>	4,382	382
Non-operating income	<b>467</b>	-	N/M
Release of negative goodwill	<b>1,058</b>	-	N/M
Finance costs	<b>(5,311)</b>	-	N/M
Profit before tax and IPO expenses	<b>17,328</b>	4,382	295
Income tax expense	<b>(9,854)</b>	(351)	2,707
Profit after tax but before IPO expenses	<b>7,474</b>	4,031	85
IPO expenses	<b>-</b>	(2,981)	N/M
Net profit for the period	<b>7,474</b>	1,050	612
Attributable to:			
Equity holders of the company	<b>5,293</b>	1,050	404
Minority interests	<b>2,181</b>	-	N/M
	<b>7,474</b>	1,050	612

*"% 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**

	<b>The Group</b>		
	<b>Q1</b>	<b>Q1</b>	
	<b>2007</b>	<b>2006</b>	<b>%</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>Change</b>
Profit before tax has been arrived at after charging/ (crediting):			
Amortisation of land use rights	<b>4</b>	5	(20)
Depreciation of property, plant and equipment	<b>413</b>	311	33
Foreign currency exchange gain	<b>(433)</b>	-	N/M
Interest income	<b>(205)</b>	(11)	1,764
Interest expenses	<b>5,311</b>	-	N/M
Loss on disposal of property, plant and equipment	<b>93</b>	-	N/M
	<b>=====</b>	<b>=====</b>	

*"% 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) A 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		
	31 March 2007 RMB'000	31 December 2006 RMB'000	% Change	31 March 2007 RMB'000	31 December 2006 RMB'000	% Change
<b>Non-current assets</b>						
Property, plant and equipment	9,771	9,733	-	-	-	-
Land use rights	560	564	(1)	-	-	-
Investment properties	381,350	381,350	-	-	-	-
Investments in subsidiaries	-	-	-	197,834	197,834	-
	<u>391,681</u>	<u>391,647</u>	-	<u>197,834</u>	<u>197,834</u>	-
<b>Current assets</b>						
Completed properties for sale	40,407	39,594	2	-	-	-
Properties under development for sale	552,045	442,335	25	-	-	-
Trade receivables	197,420	211,492	(7)	-	-	-
Prepayments and other receivables	513,150	450,461	14	100	100	-
Amounts due from subsidiaries	-	-	-	720,642	724,147	-
Amounts due from related party^	-	-	-	-	-	-
Pledged bank deposits	126,578	9,710	1,204	-	-	-
Bank balances and cash	138,629	280,493	(51)	551	1,233	(55)
	<u>1,568,229</u>	<u>1,434,085</u>	9	<u>721,293</u>	<u>725,480</u>	(1)
<b>Current liabilities</b>						
Trade payables	123,272	149,944	(18)	-	-	-
Sales deposits	33,693	62,371	(46)	-	-	-
Accruals and other payables	185,111	126,160	47	1,611	1,891	(15)
Amounts due to related party^	13,169	13,455	(2)	10,888	10,888	-
Income tax payables	149,602	150,428	(1)	-	-	-
Bank and other borrowings	147,600	30,000	392	-	-	-
	<u>652,447</u>	<u>532,358</u>	23	<u>12,499</u>	<u>12,779</u>	(2)
<b>Net current assets</b>	<u>915,782</u>	<u>901,727</u>	2	<u>708,794</u>	<u>712,701</u>	(1)
	<u>1,307,463</u>	<u>1,293,374</u>	1	<u>906,628</u>	<u>910,535</u>	-
<b>Capital and reserves</b>						
Issued capital	261,404	261,404	-	261,404	261,404	-
Share premium	204,521	204,521	-	204,521	204,521	-
Capital reserve	49,031	49,031	-	-	-	-
Bond reserve	39,485	39,485	-	39,485	39,485	-
Retained earnings	271,230	265,937	2	54,345	63,582	(15)
Equity attributable to equity holders of the company	825,671	820,378	1	559,755	568,992	(2)
Minority interests	52,896	48,450	9	-	-	-
Total equity	<u>878,567</u>	<u>868,828</u>	1	<u>559,755</u>	<u>568,992</u>	(2)
<b>Non-current liabilities</b>						
Bank and other borrowings	346,873	341,543	2	346,873	341,543	2
Deferred tax liabilities	82,023	83,003	(1)	-	-	-
	<u>428,896</u>	<u>424,546</u>	1	<u>346,873</u>	<u>341,543</u>	2
	<u>1,307,463</u>	<u>1,293,374</u>	1	<u>906,628</u>	<u>910,535</u>	-

"% 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 party are unsecured, interest-free and repayable on demand.

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

	As at 31 March 2007 RMB'000	As at 31 December 2006 RMB'000
Borrowings, secured	<u>494,473</u>	<u>371,543</u>
The borrowings are repayable:		
On demand or within one year*	147,600	30,000
More than one year**	<u>346,873</u>	<u>341,543</u>
	<u>494,473</u>	<u>371,543</u>
Less: Amount due for settlement within 12 months or on demand shown under current liabilities	<u>(147,600)</u>	<u>(30,000)</u>
Amounts due after one year	<u>346,873</u>	<u>341,543</u>

### Details of any collateral

\* The current borrowings (31 December 2006: RMB30,000,000), which carried fixed interest rates ranging from 5.022% to 8.683% (2006: 5.000% to 8.750%) per annum, are secured by the Group's certain bank deposits, investment properties and properties under development for sale.

\*\* The non-current borrowings comprised the following:

i) the amortised cost of the liability portion<sup>^</sup> of a 7% secured subordinated US\$32 million convertible bonds due 2011 (the "Convertible Bonds"). Please refer to note 1(d)(ii) for further details; and

ii) a 2-year credit facility of up to US\$18 million in aggregate principal amount at an annual interest rate of LIBOR plus 250 basis points. The borrowing is repayable in 2 equal instalments on 6 June 2008 and 6 December 2008 respectively.

Both (i) and (ii) are secured by a first fixed charge in respect of the Company's investment in its wholly-owned subsidiary, Elegant Jade Enterprises Limited ("Elegant Jade"), and a corporate guarantee by Elegant Jade. Elegant Jade is the holding company of all of the Group's operating subsidiaries.

<sup>^</sup> Under the International Financial Reporting Standard 32 ("IFRS 32"), the Convertible Bonds are accounted as a compound instrument, whereby the fair value of the liability component, included in the borrowings, was determined using a market interest rate of 11.27% for an equivalent non-convertible bonds. The remainder of the proceeds is allocated to the conversion option and included as bond reserve in the shareholders' equity.

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

	<b>The Group</b>	
	<b>Q1 2007 RMB'000</b>	<b>Q1 2006 RMB'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit before tax and IPO expenses	17,328	4,382
Adjustments for:		
Depreciation of property, plant and equipment	413	311
Loss on disposal of property, plant and equipment	93	-
Release of negative goodwill	(1,058)	-
Interest expenses	5,311	-
Interest income	(205)	(11)
Operating cash flows before movements in working capital	21,882	4,682
Completed properties for sale	(813)	(1,662)
Properties under development for sale	(104,220)	(18,885)
Land use rights	4	5
Trade receivables	14,072	58,444
Prepayments and other receivables	16,425	12,666
Trade payables	(26,674)	(61,481)
Sales deposits	(28,678)	13
Accruals and other payables	(11,130)	607
Cash used in operations	(119,132)	(5,611)
Income tax paid	(11,665)	(1,235)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(130,797)</b>	<b>(6,846)</b>
<b>INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(405)	(1,255)
Proceeds from disposal of property, plant and equipment	238	-
Acquisition of a subsidiary (Note 1)	(6,079)	-
(Increase) Decrease in pledged bank deposits	(116,868)	3,469
Interest received	205	11
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>	<b>(122,909)</b>	<b>2,225</b>
<b>FINANCING ACTIVITIES</b>		
Additional (Repayment of) bank and other borrowings	116,130	(1,000)
Interest paid	(4,002)	(1,205)
Proceeds from issue of shares	-	279,708
IPO expenses	-	(14,598)
(Decrease) Increase in amounts due to related parties	(286)	31,322
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>111,842</b>	<b>294,227</b>
<b>(DECREASE) INCREASE IN CASH AND BANK BALANCES</b>	<b>(141,864)</b>	<b>289,606</b>
<b>CASH AND BANK BALANCES AT BEGINNING OF PERIOD</b>	<b>280,493</b>	<b>18,105</b>
<b>CASH AND BANK BALANCES AT END OF PERIOD</b>	<b>138,629</b>	<b>307,711</b>

Note 1: Summary of cash flows arising from the acquisition of a subsidiary:

	<b>The Group</b>	
	<b>Q1 2007 RMB'000</b>	<b>Q1 2006 RMB'000</b>
Cash and bank balances	1,921	-
Other current assets	79,112	-
Non-current assets	377	-
Current liabilities	(70,087)	-
Minority interests	(2,265)	-
Net identifiable assets and liabilities acquired	9,058	-
Negative goodwill on consolidation	(1,058)	-
Purchase consideration	8,000	-
Less: cash and bank balances of a subsidiary acquired	(1,921)	-
Net cash flow from acquisition of a subsidiary	6,079	-

**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.**

	<b>The Group</b>							
	Share capital	Share premium	Capital reserve	Bond reserve	Retained earnings	Attributable to equity holders of the company	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2007	261,404	204,521	49,031	39,485	265,937	820,378	48,450	868,828
Acquisition of a subsidiary	-	-	-	-	-	-	2,265	2,265
Net profit for the period	-	-	-	-	5,293	5,293	2,181	7,474
<b>Balance at 31 March 2007</b>	<b>261,404</b>	<b>204,521</b>	<b>49,031</b>	<b>39,485</b>	<b>271,230</b>	<b>825,671</b>	<b>52,896</b>	<b>878,567</b>

	<b>The Group</b>							
	Share capital	Share premium	Capital reserve	Bond reserve	Retained earnings	Attributable to equity holders of the company	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2006	197,834	-	49,031	-	145,483	392,348	3,163	395,511
Issue of ordinary shares pursuant to IPO on SGX-ST	63,570	216,138	-	-	-	279,708	-	279,708
IPO expenses	-	(11,617)	-	-	-	(11,617)	-	(11,617)
Net profit for the period	-	-	-	-	1,050	1,050	-	1,050
<b>Balance at 31 March 2006</b>	<b>261,404</b>	<b>204,521</b>	<b>49,031</b>	<b>-</b>	<b>146,533</b>	<b>661,489</b>	<b>3,163</b>	<b>664,652</b>

	<b>The Company</b>				
	Share capital	Share premium	Bond reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2007	261,404	204,521	39,485	63,582	568,992
Net loss for the period	-	-	-	(9,237)	(9,237)
<b>Balance at 31 March 2007</b>	<b>261,404</b>	<b>204,521</b>	<b>39,485</b>	<b>54,345</b>	<b>559,755</b>

	<b>The Company</b>				
	Share capital	Share premium	Bond reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2006	197,834	-	-	33,534	231,368
Issue of ordinary shares pursuant to IPO on SGX-ST	63,570	216,138	-	-	279,708
IPO expenses	-	(11,617)	-	-	(11,617)
Net loss for the period	-	-	-	(3,706)	(3,706)
<b>Balance at 31 March 2006</b>	<b>261,404</b>	<b>204,521</b>	<b>-</b>	<b>29,828</b>	<b>495,753</b>

**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.**

There were no movements in the Company's share capital during the three months ended 31 March 2007.

Convertible Bond

On 5 December 2006, the Company issued a 7% secured subordinated US\$32 million convertible bond due 2011 ("Convertible Bond"). The Convertible Bond may be convertible into fully paid-up ordinary shares in the capital of the Company at the option of the holders, at any time on or after 6 December 2007 up to the close of business on 6 December 2011. Unless previously converted, or purchased and cancelled, the Convertible Bond shall be redeemed by the Company at 100% of their principal amount on 6 December 2011. The Convertible Bond principal will be redeemed in RMB at an agreed US\$/RMB currency conversion rate.

The conversion price for the Convertible Bond is S\$0.30 per share, subject to adjustment for, amongst other things, subdivision or consolidation of shares, bonus issues, rights issues and other dilutive events pursuant to the terms of the Convertible Bond. Based on the unadjusted initial conversion price of S\$0.30 per ordinary share, the Convertible Bond may be converted into 166,399,999 ordinary shares in the capital of the Company.

**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 2006 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	
	Q1 2007 RMB'000	Q1 2006 RMB'000
<b>Net profit attributable to shareholders</b>	<u>5,293</u>	<u>1,050</u>
<b>Earnings per share</b>		
Basic (Singapore cents)	<u>0.13 cents**</u>	<u>0.03 cents*</u>
Diluted (Singapore cents)	<u>0.14 cents***</u>	<u>0.03 cents*</u>

\* Based on weighted average number of 628,622,000 ordinary shares. Calculated based on pre-IPO issued share capital of 624,000,000 ordinary shares of S\$0.0625 each, and the issue of 208,000,000 additional ordinary shares of S\$0.0625 each during the Company's IPO on SGX-ST on 31 March 2006.

\*\* Based on issued share capital of 832,000,000 ordinary shares.

\*\*\* Based on 998,399,999 ordinary shares. Calculated based on the weighted average number of 832,000,000 ordinary shares, adjusted for the assumed conversion of the convertible bond.

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	
	31 March 2007 RMB'000	31 December 2006 RMB'000	31 March 2007 RMB'000	31 December 2006 RMB'000
Net asset value (net of minority interests) as at end of financial period/ year	<u>825,671</u>	<u>820,378</u>	<u>559,755</u>	<u>568,992</u>
Net asset value per ordinary share as at the end of financial period/ year (Singapore cents)	<u>19.8 cents*</u>	<u>19.5 cents*</u>	<u>13.5 cents*</u>	<u>13.5 cents*</u>

\* Based on issued share capital 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**

**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 Q1 2007 and Q1 2006 were as follow:

	<b>Q1 2007</b>	<b>Q1 2006</b>
	<b><u>RMB million</u></b>	<b><u>RMB million</u></b>
(1) Sales of developed properties (net of sales tax)	110.8	6.5
(2) Rental income from investment properties	3.3	1.6
(3) Property management income	0.9	0.5
	<b><u>115.0</u></b>	<b><u>8.6</u></b>

Our revenue increased significantly by 1,237% from RMB8.6 million in Q1 2006 to RMB115.0 million in Q1 2007. The increase in revenue was attributed mainly to the sales of developed properties from our current developments, Western Modern City and Sunlight City – Yi Yuan, located respectively in Zhengzhou City and Xinxiang City, Henan Province. Total GFA of our residential units in these projects completed and sold in Q1 2007 is approximately 45,000 square metres, as compared to approximately 1,000 square metres completed and sold in Q1 2006, which was derived mainly from the sales of commercial units in Sunlight City – Yi Yuan.

**Gross profit**

Our gross profit increased significantly by 356% from RMB7.2 million in Q1 2006 to RMB32.9 million in Q1 2007. This increase was attributed mainly to the increase in sales of units during the period under review.

Our gross profit margin decreased from 84% in Q1 2006 to 29% in Q1 2007 as we sold mainly residential properties in Q1 2007 compared to commercial properties in Q1 2006 which commanded higher margin.

**Operating profit**

Notwithstanding that our selling and administrative expenses increased from a combined RMB3.0 million in Q1 2006 to RMB11.0 million in Q1 2007 as a result of higher staff costs, office expenses, traveling expenses and marketing expenses, our operating profit increased by 382% from RMB4.4 million in Q1 2006 to RMB 21.1 million in Q1 2007.

**Non-operating income**

Non-operating income in Q1 2007 was attributed mainly to a foreign exchange gain as a result of exchange rates movements between RMB and foreign currencies during the period under review.

**Release of negative goodwill**

The negative goodwill in Q1 2007 arose from the acquisition of a subsidiary during the period under review. It represents the excess of the Group's interest in the fair value of the newly acquired subsidiary's identifiable assets, liabilities and contingent liabilities over cost, which had been fully released to our Group's consolidated profit and loss statement in Q1 2007.

**Finance costs**

Finance costs in Q1 2007 comprised mainly accrued interest from non-current borrowings and amortisation of ancillary costs incurred in connection with the arrangement of these borrowings. Finance costs, including approximately RMB4.2 million of interest expenses arising from the Convertible Bond and incurred for project development, were capitalised as part of our development costs during the period under review.

### **Income tax expenses**

Income tax expenses in Q1 2007 relate mainly to accrual of tax expenses from the operating profit generated from the sales of developed properties during the period under review. Excluding the administrative expenses of RMB8.7 million, attributed mainly to our non-income contributing subsidiaries, the effective income tax rate (computed based on the operating profit in Q1 2007) is approximately 33%.

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

A significant portion of the higher finance costs (arising from non-current borrowings) and operating expenses incurred in Q1 2007 was incurred in connection with the expansion of our land bank. Notwithstanding the higher finance costs and operating expenses recorded for the period under review, which was also consistent with the higher turnover generated in Q1 2007, our net profit attributable to equity holders of the company improved significantly by 404% from RMB1.1 million in Q1 2006 to RMB5.3 million in Q1 2007.

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

### **Non-current assets**

Our non-current assets increased marginally from RMB391.6 million as at 31 December 2006 to RMB391.7 million as at 31 March 2007. The increase in property, plant and equipment of RMB0.4 million during Q1 2007, was offset by the depreciation expenses of RMB0.4 million during the period under review.

### **Current assets**

Our current assets increased by RMB134.1 million or approximately 9%, from RMB1,434.1 million as at 31 December 2006 to RMB1,568.2 million as at 31 March 2007. This increase was attributed mainly to additional properties under development for sale of RMB109.7 million, and prepayments and deposits for lands of RMB62.7 million.

Pledged bank deposits were used to secure our additional short-term bank borrowings. Notwithstanding a 51% or RMB142.0 million decrease in our cash and bank balances as at 31 March 2007, our pledged bank deposits increased by 1,204% or RMB116.9 million over the periods under review.

### **Current liabilities**

Our current liabilities increased by RMB120.0 million or approximately 23%, from RMB532.4 million as at 31 December 2006 to RMB652.4 million as at 31 March 2007. This increase was attributed mainly to additional net bank borrowings of RMB116 million, and accruals and other payables of RMB59.0 million, offset by a decrease of RMB55.1 million arising from the settlement of trade payables and decrease in sales deposits during the period under review.

### **Non-current liabilities**

Our non-current liabilities increased marginally by RMB4.4 million or approximately 1%, from RMB424.5 million as at 31 December 2006 to RMB428.9 million as at 31 March 2007. This increase was attributed mainly to accrual of amortised interest of the convertible bond during the period under review.

## **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**

### **Our Short to Medium Term Strategies**

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 the People's Republic of China ("PRC") in the medium term. In Henan

Province (as well as other non tier-1 cities in PRC), the current 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.

As an award-winning real estate developer of residential and commercial properties operating primarily in Henan and strategically focusing on building affordable medium end quality housing in tier-2 and tier-3 cities which exhibit high rate of urbanization and strong end-user demand, we stand in good stead to ride on the continuous robust growth of the PRC economy, in particular Henan as well as the healthy development of its property market.

We have been actively preparing ourselves since 2005 towards realizing our goal to become one of the leading property developers with a nationally acclaimed brand in the PRC. To this end, a 2-prong approach has been adopted by us:-

1. **Further entrenching our strong position in Henan and springboarding therefrom to other provinces.** We have been and will continue to capitalise on our home-ground advantage as well as excellent relations with the provincial and local governments, and continue our focus on selected Henan cities in the development stage over the next two to three years. Subsequently, we aim to expand our business strategy to other high-growth provinces.
2. **Accumulation of land reserves.** A big thrust in this respect has been placed by us, particularly in recent months. Since last year, our Group has been actively expanding our land bank, and we target by end 2007 to accumulate land reserves of approximately 3 million square metres, comprising planned GFA of not less than 5.5 million square metres, through acquisitions, joint ventures or business alliances to maintain a sufficient pipeline of property projects lasting for at least 5 years. We aim to be a leading property developer in the central region of PRC with the largest accumulation of land bank.

Being the only Henan listed property company and the only property developer in Henan listed outside PRC, our ability to access many funding channels and alternatives, especially with regard to tapping international funding, greatly aids us in the realization of the above 2-prong strategies.

#### **Our Current Projects under Development**

<b>Name of project</b>	<b>Total GFA of entire projects (sqm)</b>	<b>Type</b>	<b>Current market selling prices of similar properties in the respective cities</b>	<b>Expected completion dates**</b>
Sunlight City – Yi Yuan*	265,500*	Res / Com	RMB 1,700-2,200/sqm (Res) RMB 5,000-6,000/sqm (Com)	2007
Western Modern City*	82,000*	Res / Com	RMB 3,000-3,500/sqm (Res) RMB 5,000-6,000/sqm (Com)	2007
Shining Holiday Shopping Centre II	40,400	Com	RMB 6,000-10,000/sqm	2007
Shangqiu Project	70,000****	Res / Com	RMB 1,700-2,200/sqm (Res) RMB 5,000-6,000/sqm (Com)	2007
Luoyang Project	150,000****	Res / Com	RMB 2,800-3,200/sqm (Res) RMB 5,000-7,000/sqm (Com)	2007/2008/ 2009
Zhengzhou Yuhua Project	240,000****	Res / Com	RMB 3,800-4,500/sqm (Res) RMB 5,000-6,000/sqm (Com)	2007/2008/ 2009
Zhoukou Project	360,000****	Res / Com	RMB 1,700-2,200/sqm (Res) RMB 4,000-6,000/sqm (Com)	2007/2008/ 2009/2010
Western Dist. of Xinxiang	800,736	Comp***	N/A***	2007/2008/ 2009

\* Ongoing projects brought forward from FY2006. Total GFA in the above table includes approximately 195,500 square metres of Sunlight City – Yi Yuan and 41,000 square metres of Western Modern City, completed and sold as of 31 December 2006 respectively.

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

\*\*\* Conversion of zoning for land usage from industrial to composite pending.

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

Our Group is expected to launch the marketing of five new projects (four mixed development and one commercial project) in FY2007: Shinning Holiday Shopping Centre Phase II, Shangqiu project, Luoyang project, Zhengzhou Yuhua project and Zhoukou project. Being a pure commercial project, the sale and completion of Shinning Holiday Shopping Centre Phase II is expected to contribute substantially to our revenue in FY2007.

With market conditions remaining buoyant and a healthy pipeline of new projects for sale, we continue to be optimistic of our prospects for FY2007.

## **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 three months ended 31 March 2007.

The final dividend of Singapore dollar 0.67660 cents per ordinary share and one-time dividend of Singapore dollar 0.33830 cents per ordinary share for the financial year ended 31 December 2006 has been approved by the shareholders at the Annual General Meeting held on 30 April 2007, and will be paid on 30 May 2007.

**BY ORDER OF THE BOARD**

**GUO YINGHUI**  
Chairman

**15 May 2007**

**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 three months ended 31 March 2007 to be false or misleading.

Signed for and behalf of the Board of Directors

(Signed)

Guo Yinghui  
Director

15 May 2007

(Signed)

Zhao Zhanmei  
Director