SUNSHINE HOLDINGS LIMITED
阳 光 控 股 有 限 公 司

Company Registration No. CT-140095

RESPONSE TO QUERY FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") ON THE DISPOSAL OF THREE SUBSIDIARIES

The Board of Directors of Sunshine Holdings Limited (the "Company") wishes to provide further details on the disposal of three subsidiaries as follows:

A) Sunshine announced that "Henan Ding Sheng Real Estate Co., Ltd ("Ding Sheng") and Henan Zhong Cheng Jia Sheng Property Management Co., Ltd ("Zhong Cheng Jia Sheng") were disposed at a consideration of zero yuan each". With respect to these disposals, please provide details on the following:-

1) The amount Sunshine invested into these disposed subsidiaries (to include capital injection, loans and advances).

The Company, through its wholly-owned subsidiary Anyang Huilong Real Estate Co., Ltd, had invested RMB38.7 million in Ding Sheng and Zhong Cheng Jia Sheng (the "Disposed Subsidiaries") in 2006, which was equivalent to an 80% equity interest in the Disposed Subsidiaries. Over the next two consecutive years in 2007 and 2008, the Disposed Subsidiaries reported operating losses before tax. On the date of the disposal, the Disposed Subsidiaries had a combined net liabilities value of approximately RMB10.81 million. As at end of 2008, the investment value of the Disposed Subsidiaries had declined to zero.

Prior to the disposal, the Disposed Subsidiaries owed a net amount of RMB39 million to the Group. With the disposal of the two subsidiaries with a combined net liabilities value of approximately RMB10.81 million, the Company has waived RMB8.65 million, which is equivalent to the 80% share of the combined liabilities value of approximately RMB10.81 million. In return, the Buyer has agreed to repay the balance amount of approximately RMB30 million which is equivalent to the net liabilities owed to the Group by December 31, 2009.

2) The rationale for the disposals and the date of the disposals.

The Company's main rationale for the disposal of the two subsidiaries was to reduce cash outflow. Both companies' main business and assets are related to the "International Commercial City Retail Mall Block B" (国际小商品城B座) located in Zhengzhou city, Henan Province.

Ding Sheng's main asset comprises 315 units with a total GFA of 8,152 sq m in levels one to four of the 24-storey "International Commercial City Retail Mall Block B". Ding Sheng's assets in the "International Commercial City Retail Mall Block B" is an investment property generating rental income for Ding Sheng. Zhong Cheng Jia Sheng's main business is the management of Ding Sheng's assets in the "International Commercial City Retail Mall Block B", which includes the provision of property management services to tenants and the collection of related fees.

Due to the current difficult economic environment, the buyers of other units have indicated their intention to return their units to Ding Sheng. Should the requests be confirmed and the trend continues, Ding Sheng's cashflow will be affected. In addition, the International Commercial City Retail Mall Block B's fire safety system is due for upgrading and improvement works. Faced with the prospect of falling cash inflow as well as increasing cash outflow from ongoing maintenance and investments in the fire safety system, the Company has deemed it not viable to continue its investment in Ding Sheng in the circumstances.

The agreement to dispose of Ding Sheng and Zhong Cheng Jia Sheng was signed on March 6, 2009 and completed in middle of March 2009.

3) The profit and loss impact of the disposals on the Sunshine group.

The Disposed Subsidiaries had a combined net liabilities value of approximately RMB10.81 million. Hence, the Company's 80% share of the combined net liabilities value was RMB8.64 million. With the disposal of both companies at zero yuan each, the Company would have registered a gain of RMB8.64 million. Upon the waiver of RMB8.64 million as part of the Company's net loan to the Disposed Subsidiaries, the Company would register a loss of the same value. As a result, no gain or loss would be realized from the disposal of Disposed Subsidiaries at the Group level.

4) Sunshine said that "Zhong Cheng Jia Sheng's main business is the management of the property under the ownership of Ding Sheng". Please provide details of this "property" and the stage of development of this property to date.

Please refer to answer to A-2

5) Sunshine recorded that "Ding Sheng and Zhong Cheng Jia Sheng had a combined net liabilities value of approximately RMB10.81m which was equivalent to the valuation arrived at by Henan Tian Heng Assets Valuation Service Company" and "the Buyers have agreed to repay the balance amount of approximately RMB30 million which is equivalent to the net liabilities owed to the Group by December 31, 2009".

i) Please provide the basis and assumptions of the valuation, and the date of the valuation report.

Henan Tian Heng Assets Valuation Service Company **河南天衡资产评估事务所，an** independent asset valuer, issued a valuation report on the Disposed Subsidiaries on March 5, 2009. The valuation report was prepared on the basis that the valuer is independent and objective. It also took into consideration the principles of supply and demand, open market conditions, the lowest value of the asset whichever is applicable, the sustainability of the asset and excluding exceptional transactions and circumstances.

In preparing the valuation report, it was also assumed that the information provided is true, complete, legal and in effect. The valuation was carried out in renminbi, without consideration of any extraordinary transactions that may affect the value of the assets.

ii) Please provide the nature of these liabilities (the RMB10.81 million and RMB30 million) and the use of the proceeds

Please refer to answers to iii) below for the nature of the liabilities. There was no sales proceeds collected from the disposal and hence no use of the proceeds.

iii) How were the net liabilities as at 31 December 2008 calculated?

As at 31 December 2008, the Disposed Subsidiaries had a combined total asset value of 129.30 million, and a combined total liability value of approximately RMB140.11 million. Therefore the Disposed Subsidiaries' net liabilities were RMB10.81 million as at 31 December 2008.

The total liability consisted mainly of trade payables, rental deposit collected from tenants, intercompany payables, bank borrowings and accruals and other payables.

7) Why there is "no gain or loss realised from the disposal" when these subsidiaries' combined net liabilities value of RMB8.65m will be waived.

Please refer to answers to A-3

B) Sunshine also announced that Beijing Chengguo Hotel Management Co., Ltd ("Beijing Chengguo") was disposed at RMB37,300. Beijing Chengguo's "net asset value was RMB 87,300 which was equivalent to the valuation arrived at by Henan Jiu Ding Assets Valuation Co. Ltd". With respect to this disposal, please provide details on the following:-

1) The amount Sunshine invested into Beijing Chengguo (to include capital injection, loans and advances).

The Company, through its wholly owned subsidiary, Beijing Sunshine Elegant Jade Real Estates Co., Ltd (北京阳光美基置业有限公司), invested RMB10.5 million for the acquisition of a 63% equity stake in Beijing Feng Bao Heng Investment Co., Ltd (北京丰宝恒投资有限公司) ("Feng Bao Heng"), including its wholly owned subsidiary Beijing Chengguo Hotel Management Co., Ltd. Of the total investment of RMB10.5 million, RMB0.86 million was allocated to Beijing Chengguo as a purchase consideration based on the fair value of the net assets acquired from Beijing Feng Bao Heng, including Beijing Chengguo.

There were no loans or advances provided to Beijing Chengguo.

2) The rationale for the disposal and the date of the disposal.

Beijing Chengguo's main business was the management and operations of serviced apartments located in Min Zu Yuan. The serviced apartments consist of three levels of guest rooms and a reception area in the ground floor. As Beijing Chengguo has been operating at a loss so far, the Company has therefore decided to lease out the serviced apartments to a third party (the "Lessee"). To ensure continuous operation and minimize loss, the Company had decided to dispose of Beijing Chengguo to the Lessee.

The agreement to dispose of Beijing Chengguo was signed on February 11, 2009. However, the buyer had raised certain minor details for further negotiations following the signing of the agreement, which was subsequently not accepted by the Company. The completion of the agreement was in middle of March 2009.

3) The profit and loss impact of the disposal on Sunshine group.

The sale consideration of Beijing Chengguo RMB87,300 is equivalent to the net asset value disposed of. Hence, there is no profit and loss impact of the disposal on Sunshine group.

4) The business of Beijing Chengguo and the details of the properties managed by Beijing Chengguo. If these properties are still under development to provide the stage of development of these properties to date.

Please refer to answers to B-2

5) The basis and assumptions of the valuation, and the date of the valuation report.

The valuation report was dated February 18, 2009. Henan Jiu Ding Assets Valuation Co., Ltd an independent asset valuer, had prepared the valuation report on the basis that the valuer adheres to the requisite PRC regulatory requirements and valuation standards, review of necessary documents and information and consideration of market information available.

In preparing the valuation report, it was also assumed that the information provided is true, complete, legal and in effect and the asset is sustainable for continuous operation.

By Order of the Board

Mr. Guo Yinghui
Chairman
30 March 2009