

UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010 (“FY2010”)

PART1 INFORMATION REQUIRED FOR ANNOUNCEMENT OF FULL YEAR RESULTS

1.(a)(i) An income statement (for the Group), for the year ended 31 December 2010 together with a comparative statement for the corresponding year of the immediate preceding financial year

Unaudited income statements of the Group for the year ended 31 December 2009 and 31 December 2010

	The Group		
	FY2010 RMB'000	FY2009 RMB'000	% Change
Revenue	241,105	324,403	(26)
Cost of sales	(188,133)	(284,488)	(34)
Gross profit	52,972	39,915	33
Other operating income/(expense), net	21,147	(12,105)	N.M.
Impairment loss on:			
Properties under development for sale	-	(39,163)	N.M.
Available-for-sale Investments	-	(6,655)	N.M.
Completed properties for sale	(11,540)	(11,760)	(2)
Write-back of impairment on:			
Properties under development for sale	63,609	-	N.M.
Changes in fair value of investment properties	150	(29,358)	N.M.
Gain on final settlement of convertible bond	-	99,657	N.M.
Gain on final settlement of bank borrowings	-	295,268	N.M.
Selling and distribution expenses	(10,562)	(23,004)	(54)
General and administrative expenses	(32,857)	(75,548)	(57)
Finance costs	(5,901)	(44,897)	(87)
Profit before tax	77,018	192,350	(60)
Income tax (expenses)/credit	(23,508)	4,500	N.M.
Profit for the year	53,510	196,850	(73)

“FY2009” and “FY 2010” denotes the 12 financial months of financial year ended 31 December 2009 and 31 December 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 unaudited financial statements form an integral part of the financial statements

	The Group		
	FY2010	FY2009	%
	RMB'000	RMB'000	Change
Profit before tax has been arrived at after charging/(crediting):			
Allowance for doubtful trade receivables	-	163	N.M.
Allowance for doubtful other receivables	-	3,002	N.M.
Amortization of land use rights	2	3,904	(100)
Depreciation of property, plant and equipment	9,642	10,317	(7)
Exchange (gains)/losses	(500)	1,228	N.M.
Loss on disposal of property, plant and equipment	208	560	(63)
Loss on disposal of land use rights	-	3,953	N.M.
Loss on termination of asset transfer agreement	-	35,993	N.M.
Gain on disposal of subsidiaries	-	(27,080)	N.M.
Gain on dilution of equity interests in a subsidiary	(14,366)	-	N.M.
Share-based payments	-	3,794	N.M.
Share of associate losses	318	-	N.M.
Interest income	(265)	(514)	(48)
Finance costs	5,901	44,897	(87)

"FY2009" and "FY2010" denotes the 12 financial months of financial year ended 31 December 2009 and 31 December 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 statement 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 positions of the Group and the Company as at 31 December 2009 and 31 December 2010

	The Group		The Company	
	As at 31 December 2010 RMB'000 (Unaudited)	As at 31 December 2009 RMB'000 (Audited)	As at 31 December 2010 RMB'000 (Unaudited)	As at 31 December 2009 RMB'000 (Audited)
Non-current assets				
Property, plant and equipment	76,472	88,255	5	8
Land use rights	64	66	-	-
Investment properties	183,650	183,500	-	-
Prepayments and other receivables	6,322	7,720	-	-
Investments in subsidiaries	-	-	213,738	213,738
Investments in associate companies	56,532	-	-	-
Available-for-sale investments	-	1,400	-	-
	323,040	280,941	213,743	213,746
Current assets				
Completed properties for sale	369,664	367,088	-	-
Properties under development for sale	635,212	789,632	-	-
Trade receivables	4,946	8,959	-	-
Prepayments and other receivables	65,272	92,445	36	34
Amounts due from subsidiaries	-	-	442,403	585,100
Amounts due from related parties [^]	119,827	89,036	-	-
Amounts due from associate companies	101,469	-	-	-
Income tax recoverable	15,333	13,178	-	-
Pledged bank deposits	11,360	9,261	-	-
Cash and bank balances	59,670	64,562	804	738
	1,382,753	1,434,161	443,243	585,872
Current liabilities				
Trade payables	85,287	149,120	-	-
Sales and rental deposits	253,917	199,713	-	-
Accruals and other payables	343,501	303,985	652	3,021
Amounts due to subsidiaries	-	-	7,876	148,836
Amounts due to related parties [^]	22,273	22,745	10,888	10,888
Amounts due to associate companies	6,156	-	-	-
Income tax payables	44,626	46,706	-	-
Bank and other borrowings	29,000	66,800	-	-
	784,760	789,069	19,416	162,745
Net current assets	597,993	645,092	423,827	423,127
	921,033	926,033	637,570	636,873
Capital and reserves				
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	-	-
Revaluation reserve	-	-	-	-
Bond reserve	-	-	-	-
Share option reserve	-	18,077	-	18,077
Retained earnings	302,762	230,783	107,588	88,814
Equity attributable to owners of the Company	881,775	827,873	637,570	636,873
Minority interests	11,775	84,200	-	-
Total equity	893,550	912,073	637,570	636,873
Non-current liabilities				
Deferred tax liabilities	27,483	13,960	-	-
	27,483	13,960	-	-
	921,033	926,033	637,570	636,873

[^] 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.

	As at 31 December 2010 RMB '000 (Unaudited)	As at 31 December 2009 RMB '000 (Audited)
Borrowings, secured	29,000 ⁽²⁾	60,000 ⁽¹⁾
Borrowings, unsecured	-	6,800
	<u>29,000</u>	<u>66,800</u>
The borrowings are repayable:		
On demand or within one year	29,000	66,800
More than one year	-	-
	<u>29,000</u>	<u>66,800</u>

Details of any collateral

- (1) The borrowings as at 31 December 2009 are secured against certain investment properties and certain completed properties for sale of the Group.
- (2) The borrowings as at 31 December 2010 are secured against certain completed properties for sales of the Group.

1.(c) A statements of cash flow (for the group), together with a comparative statement for the corresponding year of the immediately preceding financial year. Unaudited consolidated statements of cash flows of the Group for the year ended 31 December 2009 and 31 December 2010

	The Group	
	FY2010	FY2009
	RMB'000	RMB'000
OPERATING ACTIVITIES		
Profit before tax	77,018	192,350
Adjustments for:		
Gain on final settlement of convertible bond	-	(99,657)
Gain on final settlement of bank borrowings	-	(295,268)
Allowance for doubtful trade receivables	-	163
Allowance for doubtful other receivables	-	3,002
Amortization of land use rights	2	3,904
Depreciation of property, plant and equipment	9,642	10,317
Impairment loss on available-for-sale investments	-	6,655
Impairment loss on properties under development for sale	-	39,163
Written back of impairment loss on properties under development for sale	(63,609)	-
Impairment loss on completed properties for sale	11,540	11,760
Exchange difference	(500)	1,228
Loss on disposal of property, plant and equipment	208	560
Loss on disposal of land use rights	-	3,953
Loss on termination of asset transfer agreement	-	35,993
Gain on disposal of subsidiaries	-	(27,080)
Gain on dilution of equity interests in a subsidiary	(14,366)	-
Changes in fair value of investment properties	(150)	29,358
Share-based payments	-	3,794
Share of associate losses	318	-
Interest income	(265)	(514)
Finance costs	5,901	44,897
Operating cash flows before movements in working capital	<u>25,739</u>	<u>(35,422)</u>
Completed properties for sale	(14,116)	(294,164)
Properties under development for sale	43,633	271,194
Inventories	-	118
Trade receivables	4,013	(65)
Prepayments and other receivables	(53,674)	84,102
Trade payables	(63,806)	54,447
Sales and rental deposits	54,204	(23,324)
Accruals and other payables	83,574	45,159
Amounts due to associate company	6,156	-
Amounts due from associate company	(101,469)	-
Amounts due from related parties	(791)	-
Amounts due to related parties	(472)	-
Cash (used in)/generated from operations	(17,009)	122,045
Income tax paid	(14,593)	(10,272)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	<u>(31,602)</u>	<u>111,773</u>
INVESTING ACTIVITIES		
Proceeds from disposal of subsidiaries and projects in prior year	29,610	187,898
Refund of investment cost of available-for-sale investments	1,400	24,720
Amounts repaid from related parties	-	10,000
Proceeds from disposal of investment properties	-	5,282
Proceeds from disposal of property, plant and equipment	29	558
Interest received	265	514
Purchase of property, plant and equipment	(60)	(2,571)
Purchase of remaining interest in a jointly controlled operation	-	(20,000)
Pledged bank deposits	(2,099)	34,166
Dilution of equity interest in a subsidiary	(1,246)	-
Proceeds from termination of asset transfer agreement	-	65,650
Deposit received in respect of properties under development for sale	42,000	187,000
NET CASH GENERATED FROM INVESTING ACTIVITIES	<u>69,899</u>	<u>493,217</u>

	The Group	
	FY2010	FY2009
	RMB'000	RMB'000
FINANCING ACTIVITIES		
Repayment of bank loans and other borrowings	(96,800)	(663,116)
Repayment of convertible bond	-	(120,760)
Interest paid	(5,389)	(35,302)
Amounts repaid to related parties	-	(3,549)
Amounts advanced from related parties	-	732
New bank and other borrowings raised	59,000	167,300
Capital injection from a minority shareholder	-	7,400
	<u>(43,189)</u>	<u>(647,295)</u>
NET CASH USED IN FINANCING ACTIVITIES		
NET DECREASE IN CASH AND BANK BALANCES	(4,892)	(42,305)
CASH AND BANK BALANCES AT THE BEGINNING OF THE YEAR	64,562	106,867
CASH AND BANK BALANCES AT THE END OF THE YEAR	<u>59,670</u>	<u>64,562</u>

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

Unaudited consolidated statements of comprehensive income of the Group and the Company for the year ended 31 December 2009 and 31 December 2010

	The Group	
	FY2010 RMB'000	FY2009 RMB'000
Profit for the year	53,510	196,850
Other comprehensive income for the year	-	295
	<u>53,510</u>	<u>197,145</u>

Profit for the year attributable to:

Owners of the Company	53,902	203,954
Minority interests	(392)	(7,104)
	<u>53,510</u>	<u>196,850</u>

Total comprehensive income for the year attributable to:

Owners of the Company	53,902	204,249
Minority interests*	(392)	(7,104)
	<u>53,510</u>	<u>197,145</u>

	The Company	
	FY2010 RMB'000	FY2009 RMB'000
Profit for the year attributable to:		
Profit for the year	697	84,181
Other comprehensive income for the year	-	-
	<u>697</u>	<u>84,181</u>

Total comprehensive income for the year attributable to:

Owners of the Company	697	84,181
Minority interests	-	-
	<u>697</u>	<u>84,181</u>

*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 RMB0.2 million in FY2010 compared to that of RMB7.1 million in FY2009.

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 year of the immediately preceding financial year.

Unaudited consolidated statements of changes in equity of the Group for the year ended 31 December 2009 and 31 December 2010

	The Group									
	Issued capital	Share premium	Capital reserve	Share option reserve	Revalua- tion reserve	Bond reserve	Retained (losses)/ earnings	Attributable to owners of the Company	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2009	305,888	224,094	49,031	14,283	884	39,485	(13,835)	619,830	83,935	703,765
Profit for the year	-	-	-	-	-	-	203,954	203,954	(7,104)	196,850
Other comprehensive income for the year	-	-	-	-	295	-	-	295	-	295
Total comprehensive income for the year	-	-	-	-	295	-	203,954	204,249	(7,104)	197,145
Disposal of subsidiaries Released upon final settlement of convertible bond	-	-	-	-	-	-	-	-	(31)	(31)
Released upon disposal of investment properties	-	-	-	-	(1,179)	-	1,179	-	-	-
Recognition of share-based payments	-	-	-	3,794	-	-	-	3,794	-	3,794
Additional capital contribution	-	-	-	-	-	-	-	-	7,400	7,400
At 31 December 2009	305,888	224,094	49,031	18,077	-	-	230,783	827,873	84,200	912,073
Comprehensive income for the year	-	-	-	-	-	-	53,902	53,902	(392)	53,510
Dilution of equity interest in a former subsidiary	-	-	-	-	-	-	-	-	(72,033)	(72,033)
Surrender of share options	-	-	-	(18,077)	-	-	18,077	-	-	-
At 31 December 2010	305,888	224,094	49,031	-	-	-	302,762	881,775	11,775	893,550

Unaudited statements of changes in equity of the Company for the year ended 31 December 2009 and 31 December 2010

	The Company					Total
	Issued capital	Share premium	Share option reserve	Bond Reserve	Retained earnings/ (losses)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2009	305,888	224,094	14,283	39,485	(34,852)	548,898
Total comprehensive income for the year	-	-	-	-	84,181	84,181
Released upon final settlement of convertible bond	-	-	-	(39,485)	39,485	-
Recognition of share-based payments	-	-	3,794	-	-	3,794
At 31 December 2009	305,888	224,094	18,077	-	88,814	636,873
Total comprehensive income for the year	-	-	-	-	697	697
Surrender of share options	-	-	(18,077)	-	18,077	-
At 31 December 2010	305,888	224,094	-	-	107,588	637,570

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 year 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 year reported on and as at the end of the corresponding year of the immediately preceding financial year.

There were no movements in the Company's share capital during the year ended 31 December 2010.

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 (the "Granted SESOS Options").

Of the Granted SESOS Options, 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 second quarter period ended 30 June 2010 respectively. The balance 44,350,000 share options have been voluntarily surrendered by the remaining eligible employees during the third quarter period ended 30 September 2010. Accordingly, the number of ordinary shares that may be issued upon exercise of all share options outstanding as at 31 December 2010 was nil (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 year and as at the end of the immediately preceding year.

	<u>31 December 2010</u>	<u>31 December 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 year reported on.

The Company had no treasury shares as at 31 December 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 year 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 year reported on and the corresponding year of the immediately preceding financial year, after deducting any provision for preference dividends.

	The Group	
	FY2010 RMB'000 (Unaudited)	FY2009 RMB'000 (Audited)
Profit/(loss) attributable to equity holders of the Company	53,902	203,954
Basic (Singapore cents) ⁽¹⁾	1.1 cents⁽²⁾	4.4 cents⁽²⁾
Diluted (Singapore cents) ⁽¹⁾	1.1 cents⁽⁴⁾	1.9 cents⁽³⁾

Notes:

- (1) Calculated based on the average exchange rate of S\$1: RMB4.97 (2009: S\$1: RMB4.71)
- (2) Based on the issue share capital of 978,000,000 ordinary shares as at 31 December 2009 and 31 December 2010
- (3) The computation of the diluted earnings per share for the year ended 31 December 2009 assumed that the US\$32 million convertible bond (the "Convertible Bond") was fully converted on 1 January 2009 and excluded any interest paid on the Convertible Bond and gain realised on the final settlement of the Convertible Bond towards end of 2009, while at the same time not taking into account of the exercise of the Company's share options issued pursuant to the SESOS as the exercise price of these share options was higher than the average market share price of the Company for 2009
- (4) The computation of the diluted earnings per share for the year ended 31 December 2010 does not take into account of the Company's share options pursuant to the SESOS as none was outstanding as at 31 December 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 year reported on and (b) immediately preceding financial year

	The Group		The Company	
	As at 31 December 2010 RMB'000 (Unaudited)	As at 31 December 2009 RMB'000 (Audited)	As at 31 December 2010 RMB'000 (Unaudited)	As at 31 December 2009 RMB'000 (Audited)
Net asset value (net of minority interests) as at end of the reporting year	881,775	827,873	637,570	636,873
Net asset value per ordinary share as at end of the reporting year (Singapore cents) ⁽¹⁾	17.7 cents	17.5 cents	12.8 cents	13.4 cents

Note:

- (1) Calculated based on the exchange rate of S\$1: RMB5.09 as at 31 December 2010 (As at 31 December 2009: S\$1: RMB4.85) and the issue 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 year 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 year report on.

(a) Review of income statement of the Group for FY2010 (relative to that for FY2009)

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-two and three cities mainly located in the Henan Province, PRC.

Revenue

The Group's revenues (net of sales tax) generated for FY2010 and FY2009 were as follow:

	FY2010		FY2009	
	RMB million	%	RMB million	%
(1) Sales of developed properties	195.2	81	284.4	88
(2) Rental income	41.0	17	34.6	11
(3) Property management income	4.9	2	5.4	1
	241.1	100	324.4	100

Our overall revenue decreased by RMB83.3 million or 25.7% from RMB324.4 million in FY2009 to RMB241.1 million in FY2010.

The sales of developed properties in FY2010 was mainly attributed to the completion and delivery of units at the Xinxiang Sunny Town Project - Phase 1 and 2 (新乡阳光新城项目 - 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 - 第一及二期) and Zhoukou Yangguang Peninsula City Project - Phase 1 and 2 (周口阳光半岛城邦项目 - 第一及二期). As the 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) were in their respective last phases of project completion in Q3 2010 with a reduced pool of units available for sale, lower sales of developed properties of RMB195.2 million were generated in FY2010 relative to that of RMB284.4 million in FY2009.

Gross profit

Albeit the lower revenue registered in FY2010 compared to FY2009, our gross profit increased by RMB13.1 million or 32.7% from RMB39.9 million in FY2009 to RMB52.9 million in FY2010 and at a higher gross profit margin of 21.9% in FY2010 compared to that of 12.3% in FY2009. The improved gross profit margin in FY2010 was due principally to the fact that units sold in FY2010 comprised mainly commercial properties and high-rise residential units, which command higher gross profit margins relative to that of FY2009, which comprised mainly low-rise residential units. Further, the disposal of certain of our properties in FY2009 at prices to expedite cash realization (the "Expedite Sales"), with a view to meeting the obligations due to the US\$120 million syndicate lenders and the Convertible Bond holder (collectively, the "Off-Shore Debts"), contributed to the lower gross profit margin registered in FY2009.

Other operating (expense)/income, net

We registered an other operating income of RMB21.1 million in FY2010 vis-à-vis an other operating expense of RMB12.1 million in FY2009.

The other operating income attained in FY2010 was attributed principally to a net gain on the partial disposal of equity interest in a former subsidiary of the Group (the "Former Subsidiary"), which subsequent to the disposal became the associate company of the Group.

The other operating expense of the Group incurred in FY2009 was attributed mainly to a net loss on disposal of certain properties and subsidiaries of the Group to partially meet the obligations due under the Off-Shore Debts Settlement.

Impairment loss on completed properties for sale

Subsequent to 31 December 2010, the Group, with a view to rationalize its assets holdings, disposed all units for a certain completed property available for sale through an en bloc arrangement below book value. Against such a hindsight knowledge, an impairment was carried out on the property concerned as at 31 December 2010.

Write-back of impairment on properties under development for sale

Despite the cooling-off measures introduced by the Chinese government in FY2009, the buoyancy of the Henan Province, fueled mainly by continued rapid urbanization, witnessed an improvement in the property market sentiments of the province in FY2010 which led to an enhancement in the valuation of the Group's properties under development for sale and consequently a write-back of impairment of RMB63.6 million in FY2010.

Increase in fair value of investment properties

The increase in the fair value of our investment properties, comprising mainly commercial units, was attributed principally to improved market sentiments in FY2010 as explained above.

General and administrative expenses

Our general and administrative expenses decreased by RMB42.7 million or 56.5% from RMB75.5 million in FY2009 to RMB32.9 million in FY2010. The disposal of eight subsidiaries and five land parcels in FY2009, with a view to expedite cash realisation in meeting the Off-Shore Debts, had resulted in lower general and administration expenses, amortization of land use right and land appreciation tax being recorded in FY2010, 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 had principally contributed to the decrease in our selling and distribution expenses by RMB12.4 million or 54.1% from RMB23.0 million in FY2009 to RMB10.6 million in FY2010.

Finance costs

Our finance costs, which comprised principally interest expense, decreased significantly by RMB38.9 million or 86.9% from RMB44.9 million in FY2009 to RMB5.9 million in FY2010, following the settlement of the Off-Shore Debts in FY2009.

Profit before tax

As a result of the above, we attained a net profit before tax of RMB77.0 million in FY2010 compared to a net profit before tax of RMB192.4 million in FY2009. For FY2009, the high net profit attained included an one-off gain of US\$392 million pursuant to the settlement of the Off-Shore Debts.

Income tax expense/credit

We registered an income tax expense of RMB23.5 million in FY2010 vis-à-vis an income tax credit of RMB4.5 million in FY2009.

The income tax expense incurred in FY2010 was attributed to the write-back of deferred tax assets of RMB12.7 million as a result of the write-back of impairment on properties under development for sale as explained above, in addition to income tax expenses provided for FY2010.

The income tax credit recorded in FY2009 was attributed to the write-back of deferred tax liabilities, previously provided for the increase in the fair value of certain properties (the "Enhanced Properties"), following the disposal of these Enhanced Properties in FY2009 which more than offset the income tax expense provided for FY2009.

Net profit attributable to owners of the Company

Following from the above, the net profit attributable to owners of the Company decreased by RMB150.1 million or 73.6% from a net profit of RMB203.9 million in FY2009 to a net profit of RMB53.9 million in FY2010.

(b) Review of statement of financial position of the Group as at 31 December 2010 (relative to that as at 31 December 2009)

Non-current assets

Our non-current assets increased by RMB42.1 million or 14.9% from RMB280.9 million as at 31 December 2009 to RMB323.0 million as at 31 December 2010. This was attributed mainly to an increase in investment in an associate company, which came into being as a result of the partial disposal of equity interests in the Former Subsidiary in FY2010.

Current assets

Our properties under development for sale decreased by RMB154.4 million or 19.6% as the 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) were in their respective last phases of project completion in Q3 2010 and were re-classified as completed properties following their completion as at 31 December 2010. The re-classification also contributed to the increase in completed properties for sale over the two financial years under review.

The decreases in trade receivables by RMB4.0 million or 44.8% was attributed mainly to continued improved collection in FY2010.

The decreases in prepayments and other receivables by RMB27.2 million or 29.4% was attributed mainly to collection of proceeds in FY2010 for properties sold in FY2009.

The decrease in cash and bank balances by RMB4.9 million or 7.6% was due mainly to payment of loans and operating expenses in FY2010.

The increases in amounts due from related parties by RMB30.8 million or 34.6% was attributed mainly to the increase in amounts due from an existing substantial shareholder of the Group in respect of the disposal consideration in connection with the Group's partial disposal of equity interests in the Former Subsidiary.

The amounts due from associate company of RMB101.5 million in FY2010 was for amounts due from the Former Subsidiaries.

The increase in tax recoverable by RMB2.2 million or 16.4% was attributed mainly to excess taxes paid on income tax and land appreciate tax computed based on sales deposits collected.

The increases in pledged bank deposits by RMB2.1 million or 22.7% was mainly attributed to increase in pledged deposits placed with banks to secure the grant of mortgage loans to the buyers of the Group's properties (the "Buyers"); these pledged deposits will be released upon the transfer of property titles to the Buyers concerned.

Taken as a whole, our current assets decreased by RMB50.5 million or 3.5% from RMB1.43 billion as at 31 December 2009 to RMB1.38 billion as at 31 December 2010.

Current liabilities

Our current liabilities decreased by RMB4.3 million or 0.5% from RMB789.1 million as at 31 December 2009 to RMB784.8 million as at 31 December 2010, due mainly to (i) a decrease in trade payables of RMB63.8 million; and (ii) a decrease in bank and other borrowings of RMB37.8 million, as a result of repayments, albeit (i) increased collection in sales and rental deposits of RMB54.2 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); and (ii) an increase in accruals and other payables of RMB39.5 million attributed principally to deposits of RMB42.0 million collected for the sale of units for the Zhengzhou Eastern District Project.

The marginal improvement in our current liabilities over the two financial year under review was more than outstripped by the decrease in our current assets over the same financial years under consideration, resulting in a decrease in our working capital.

Gearing

Following from the above, our net gearing (defined as total interest bearing borrowings expressed as percentage of total equity) reduced from 7.3% as at 31 December 2009 to 3.2% as at 31 December 2010.

Minority Interests

The minority interests decreased by RMB72.4 million or 86.0% from RMB84.2 million in FY2009 to RMB11.8 million in FY2010 after the Former Subsidiary became an associate company of the Group.

Non-current liabilities

Our non-current liabilities comprised deferred tax liabilities which increased by RMB13.5 million or 96.9% from RMB14.0 million as at 31 December 2009 to RMB27.5 million as at 31 December 2010, following principally the write-back of deferred tax assets resulted from the write-back of impairment on properties under development for sale in FY2010.

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 increase tightening of measures by the Chinese government in curbing soaring property prices coupled with the ever rising prices of land have prompted the Group to focus on developing its existing properties

Having fully settled the Off-Shore Debts in 2009 with the Group's debt burdens considerably reduced, the Group is currently conserving its resources while exploring with the various relevant personnel and authorities to diversify into other ventures, including but not limited to resource-related businesses. We will keep shareholders informed of the outcome once they are successfully 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 Year Reported On

Any dividend declared for the current financial year reported on?

No

(b) Corresponding Year 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 year under review.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1 ,Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Geographical segments

The Group's operations and its identifiable assets are solely located in China and accordingly, no geographical segmental analysis is presented.

Business segments

FY2010	Commercial and residential property development	Others	Total
	RMB'000	RMB'000	RMB'000
SEGMENT REVENUE	195,728	45,377	241,105
SEGMENT PROFIT	54,830	14,492	69,322
Central administrative costs and directors' salaries			(7,328)
Other income			3,949
Other gain and losses			17,293
Finance costs			(5,901)
Share of associates loss			(317)
Profit before tax			77,018
Income tax credit			(23,508)
Profit for the year			53,510

FY2009	Commercial and residential property development	Others	Total
	RMB'000	RMB'000	RMB'000
SEGMENT REVENUE	284,403	40,000	324,403
SEGMENT LOSS	(86,166)	(28,692)	(114,858)
Central administrative costs and directors' salaries			(24,060)
Impairment loss on available-for-sale investments			(6,655)
Gain on final settlement of convertible bond			99,657
Gain on final settlement of bank borrowings			295,268
Other income			3,069
Other gain and losses			(15,174)
Finance costs			(44,897)
Profit before tax			192,350
Income tax credit			4,500
Profit for the year			196,850

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earning by the business or geographical segments.

Please refer to note 8 above for a review of our performance by business segments.

15. Breakdown of sales

	The Group	
	2010	2009
	RMB'000	RMB'000
(i) Turnover reported for:		
First half year ended 30 June	45,938	70,310
Second half year ended 31 December	195,167	254,093
	241,105	324,403
(ii) Net (loss)/profit for the year reported for:		
First half year ended 30 June	5,468	(112,461)
Second half year ended 31 December	48,042	309,311
	53,510	196,850

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest Full Year 2010 RMB'000	Previous Full Year 2009 RMB'000
Ordinary Share:		
Final dividend	<u>Nil</u>	<u>Nil</u>
Special dividend	<u>Nil</u>	<u>Nil</u>

**BY ORDER OF THE BOARD
Mr Guo Yinghui
Chairman and CEO**

1 March 2011