

SUNSHINE HOLDINGS LIMITED

THE PROPOSED ADOPTION OF THE EMPLOYEE SHARE OPTION SCHEME TO BE CALLED THE SUNSHINE EMPLOYEE SHARE OPTION SCHEME

The Directors of Sunshine Holdings Limited (the "**Company**"), together with its subsidiaries (the "**Group**"), are pleased to announce a proposal to adopt the employee share option scheme to be called the Sunshine Employee Share Option Scheme (the "**Scheme**"), subject to the approval of the Company's shareholders at an extraordinary general meeting to be convened.

The Scheme is intended to help the Group to attract and retain the services of appropriate, qualified and experienced employees who would be able to contribute to the Company's business and operations. Additionally, the Scheme will provide an opportunity for selected employees and directors, who satisfy the respective eligibility criteria as set out and who have contributed significantly to the growth and performance of the Group, to participate in the equity of the Company.

The Scheme is primarily a share option scheme. It recognises the fact that the services of employees and Directors are important to the success and continued well-being of the Group. Implementation of the Scheme will enable the Company to recognise the contributions made by such employees and Directors. At the same time, it will give such employees and Directors an opportunity to obtain a direct interest in the Company and will also help to achieve the following positive objectives:

- (i) to motivate such employees and Directors to maintain a high level of performance in and contribution to the Group;
- (ii) to attract and retain a group of key employees whose contributions are important to the long term growth and profitability of the Group;
- (iii) to instil loyalty to, and a stronger identification by employees with the long-term prosperity of, the Group; and
- (iv) to attract potential employees with relevant skills to contribute to the Group and to create value for Shareholders.

It is proposed that the Scheme be extended to non-executive directors who, although not employed by the Company, work closely with the Company and by reason of their relationships with the Company, are in a position to give input and contribute their experience, knowledge and expertise to the development and prosperity of the Group. The extension of the Scheme to non-executive directors will also enable the Company to continue to attract capable individuals to sit on the Board.

It is further proposed that the Scheme includes the participation of controlling shareholders and their associates (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") who have actively contributed to the progress and success of the Group. The Company acknowledges that the services and contributions of employees and directors who are controlling shareholders or their associates are important to the continuing development and success of the Group. Extending the Scheme to controlling shareholders and their associates allows the Company to have a fair and equitable system to reward employees and directors who have made and continue to make important contributions to the long-term growth of the Group, notwithstanding that they are controlling shareholders or their associates.

The Company will be making an application to the SGX-ST for the listing and quotation of the new shares to be issued pursuant to the Scheme shortly.

A circular setting out further information on the Scheme and the proposal to allow the participation of controlling shareholders of the Company and their associates in the Scheme will be dispatched to shareholders in due course.

By Order of the Board

Guo Yinghui
Chairman

27 February 2007