

**SUNSHINE HOLDINGS LIMITED**  
(Incorporated in the Cayman Islands)  
Company Registration No. CT-140095

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**SUNSHINE HOLDINGS SECURES US REAL ESTATE FUND MANAGEMENT  
GROUP AS STRATEGIC INVESTOR**

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The Board of Directors of Sunshine Holdings Limited (the "Company") is pleased to announce that the Company had on 12 November 2006 entered into a conditional subscription agreement (the "Subscription Agreement") with Forum Asian Realty Income II, L.P. ("Forum"). Forum, a US-based real estate fund, is managed by the real estate investment management firm, Forum Partners.

**Salient Terms of the Subscription Agreement**

Pursuant to the terms of the Subscription Agreement, the Company has agreed to issue, and Forum has agreed to subscribe and pay for, or procure subscription and payment for, up to US\$32 million in aggregate principal amount of a 5-year secured convertible bond facility due in 2011 (the "Convertible Bonds") (the "Subscription").

Conversion Terms

The Convertible Bonds, which will be issued at 100% of the principal amount thereof, may be converted in whole or in part at the discretion of Forum at any time after the first anniversary of the issue of Convertible Bond (subject to earlier exercise in certain circumstances), up to November 2011 at a conversion price, subject to anti-dilution adjustments equivalent to S\$0.30 per share of the Company (the "Conversion Price"), into fully paid-up new ordinary shares of the Company (the "New Shares"). The New Shares into which the Convertible Bonds are converted will rank *pari passu* in all respects with the existing ordinary shares of the Company. The Conversion Price of S\$0.30 per share of the Company represents a discount of 6.04% to the weighted average traded share price of the Company of S\$0.3193 on 10 November 2006.

Coupon Rate

Prior to conversion, the Convertible Bonds bear a coupon rate of 7% per annum, which is compounded and payable semi-annually in arrears.

Security

The Convertible Bonds will be secured by a charge of all the Company's outstanding equity interests in its wholly owned subsidiary, Elegant Jade Enterprises Limited ("Elegant Jade") and against a guarantee to be issued by Elegant Jade. Elegant Jade is the holding company of all of the Company's operating subsidiaries.

Conditions Precedent

Among the conditions precedent to the drawdown of the Convertible Bonds:-

- (i) Both the Company and Forum shall sign a secured credit facility agreement (the "Facility Agreement"), whereby Forum shall provide the Company 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 payable quarterly in arrears and secured by a charge of all the Company's outstanding equity interests in Elegant Jade and against a guarantee to be issued by Elegant Jade;
- (ii) Approval in-principle by the Stock Exchange Securities Trading Limited ("SGX-ST") being obtained for the listing and quotation of the New Shares; and
- (iii) Forum being satisfied with the results of its due diligence investigations on the Company and its subsidiaries.

#### Completion Date

The completion date for the Subscription of the Convertible Bonds is 30 November 2006 (the "Completion Date"). In the event that any of the conditions precedent is/are not fulfilled by the Completion Date, the Subscription Agreement may be terminated.

#### **Mandate for the Issue of the Convertible Bonds**

The Convertible Bonds will be issued pursuant to the authority under the mandate approved by the shareholders at the annual general meeting held on 12 June 2006 for the Company to issue shares and securities.

#### **Financial Effects of the Subscription**

Strictly for illustration purposes only and assuming that the US\$18 million credit facility granted under the Facility Agreement is fully disbursed at the beginning of the financial year ended 31 December 2005 with the US\$32 million Convertible Bonds fully converted (the "Conversion"), the dilution effects of the Conversion on substantial shareholders' interests, and the financial effects of the Conversion on the share capital, net assets and earnings of the Company and its subsidiaries (collectively, the "Group"), based on the audited financial statements of the Group as at 31 December 2005, are tabulated as follows:-

1. Dilution effects of the Conversion on substantial shareholders' interests

<b>Name of Substantial Shareholder</b>	<b>% Interests before Conversion (as at the date of this announcement)</b>	<b>% Interests after Conversion (assuming Conversion Price of S\$0.30)</b>
<b><i>Direct Interests</i></b>		
Guo Yinghui <sup>N1</sup>	24.3%	20.2%
Feng Li	14.0%	11.6%
China Focus International Ltd	17.0%	14.2%
Thousand Rainbow Ltd	10.0%	8.3%

Name of Substantial Shareholder	% Interests before Conversion (as at the date of this announcement)	% Interests after Conversion (assuming Conversion Price of S\$0.30)
<b>Deemed Interests</b>		
Guo Yinghui <sup>N2</sup>	31.0%	25.8%
Feng Li <sup>N3</sup>	41.3%	34.4%
Guo Xinqiang <sup>N4</sup>	10.0%	8.3%
Liu Jiajiang <sup>N4</sup>	10.0%	8.3%

**Notes:**

<sup>N1</sup> - 202,120,000 Shares were held by Mr Guo Yinghui, the Chairman and a controlling shareholder of the Company.

<sup>N2</sup> - Mr Guo Yinghui is deemed to be interested in the 116,480,000 shares held by his spouse, Ms Feng Li and 141,440,000 shares held by China Focus Intl Ltd.

<sup>N3</sup> - Ms Feng Li is deemed to be interested in the 202,120,000 shares held by her spouse, Mr Guo Yinghui and 141,440,000 shares held by China Focus Intl Ltd.

<sup>N4</sup> - Mr Guo Xinqiang and Mr Liu Jiajiang are deemed to be interested in the 83,200,000 shares held by Thousand Rainbow Ltd as the Trustees for the Dragon Light Employee Trust.

2. Financial effects of the Conversion on the share capital of the Company

	Before Conversion ('000)	After Conversion ('000)
Issued and fully paid-up ordinary shares as at 31 December 2005	832,000*	998,400**

\* Based on the post-IPO share capital of 832,000,000 ordinary shares

\*\* Assuming that the Conversion results in the issue of 166,399,999 New Shares at 31 December 2005

3. Financial effects of the Conversion on the net asset of the Group

	Before issue of Convertible Bonds	After issue of Convertible Bonds but before Conversion	After Conversion
Net assets of the Group as at 31 December 2005 (RMB'000)	392,348	401,248 <sup>^</sup>	640,348 <sup>^^</sup>
Net assets of the Group per ordinary share as at 31 December 2005 (Singapore cents)	9.7*	9.9*	13.1**

\* Based on the post-IPO share capital of 832,000,000 ordinary shares

\*\* Based on post-Conversion share capital of 998,399,999 ordinary shares pursuant to Conversion, which results in the issue of 166,399,999 New Shares at 31 December 2005

<sup>^</sup> Assuming that the Convertible Bonds were issued at 31 December 2005, with the net assets adjusted to include the recording the estimated fair value of the conversion rights of approximately RMB8.9 million upon the issuance of the Convertible Bonds.

<sup>^^</sup> Assuming that the Conversion results in the issue of 166,399,999 New Shares had taken place on 31 December 2005, based on net proceeds of approximately RMB248 million and 998,399,999 shares in issue as at 31 December 2005.

#### 4. Financial effects of the Conversion on the earnings of the Group

	Before issue of Convertible Bonds	After issue of Convertible Bonds But before Conversion	After Conversion
Net profit attributable to shareholders (RMB'000)	145,483	116,283 <sup>^</sup>	134,183 <sup>^^</sup>
Weighted average number of shares ('000)	832,000 <sup>*</sup>	832,000 <sup>*</sup>	998,400 <sup>**</sup>
Earnings per ordinary share as at 31 December 2005 (Singapore cents)	3.6	2.9	2.8

<sup>\*</sup> Based on the post-IPO share capital of 832,000,000 ordinary shares

<sup>\*\*</sup> Assuming that the Conversion results in the issue of 166,399,999 New Shares had taken place at the beginning of the financial year ended 31 December 2005

<sup>^</sup> Assuming that the Convertible Bonds were issued at the beginning of the financial year ended 31 December 2005, with the earnings adjusted to include the coupon interest of 7% per annum (or approximately RMB17.9 million) for the Convertible Bonds and the interest of 7.5%-8% per annum (or approximately RMB11.3 million) for the full credit facility of US\$18 million under the Facility Agreement

<sup>^^</sup> Assuming that the Conversion taken place at the beginning of the financial year ended 31 December 2005, with the earnings adjusted to include the estimated interest of 7.5%-8% per annum (or approximately RMB11.3 million) for the full credit facility of US\$18 million granted under the Facility Agreement

#### Use of Proceeds

The proceeds from the above financing arrangements pursuant to the Subscription and the Facility Agreement will be used to fund the Group's acquisitions and property developments in the ordinary course of business in the People's Republic of China and for working capital purposes.

None of the Directors or any of the substantial shareholders of the Company has any interest, direct or indirect, in the above transactions.

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

### **About Sunshine Holdings Limited**

Listed on the SGX Mainboard in March 2006, Sunshine Holdings Limited is an award winning Henan-based developer of residential and commercial properties.

The Group strategically focuses on selected tier-two cities with strong urbanization of population and a property market at the budding stage of development. This focused approach since its establishment in 1999 has enabled the Group to build a strong and reputable property development brand name "Huilong". Over a span of 6 years, the Group developed an impressive aggregate GFA of more than 400,000 square metres of properties.

Various awards and accolades attest to the Group's performance. In 2004, the Group clinched the coveted "PRC Leading Property Developer" award by the Construction Cultural Centre of the PRC Building Department. It has also been awarded Certificate of Credit Rating Grade AAA by the Xinxiang City Capital Credit Rating Committee for five consecutive years since 2001. In 2003, the Group was awarded the Certificate of Honour for the top 50 developers in Henan for 2002 by the Henan Building Authority and Henan Statistical Bureau.

### **About Forum Asian Realty Income II, L.P.**

Forum Asian Realty Income II, LP is managed by Forum Partners, a global real estate investment management firm with over USD 1.2 billion of capital under management on behalf of institutional and individual investors worldwide. Forum Partners specializes in investments in leading and emerging listed and private real estate companies. Since its founding in 2002, Forum Partners has managed investments in over 40 companies in 16 countries in Asia, Europe and North America. Forum has over thirty investment professionals based in offices in London, Singapore, Hong Kong, Beijing, Santa Fe, New Mexico and Stamford, Connecticut.