

DISPOSAL OF TWO BEIJING SUBSIDIARIES

1. The Disposal

As part of the cost containment measures in conserving resources for other investment opportunities and with a view to further streamline the operations of Sunshine Holdings Limited (the “Company”) and its subsidiaries (the “Group”), the Board of Directors of the Company hereby announces that the Company, via its two wholly-owned subsidiaries, Henan Sunshine Elegant Jade Real Estate Co., Ltd (河南阳光美基置业有限公司) (“Henan Sunshine”) and Xinxiang Huilong Real Estate Co., Ltd (新乡辉龙置业有限公司) (“Xinxiang Huilong”), had entered into a sale and purchase agreement to dispose its entire equity interest in the following two subsidiaries (the “Disposal”), which have been loss-making for the past years, to two unrelated third parties for cash of RMB8.0 million determined on a ‘willing-buyer-willing-seller’ basis (the “Disposal Consideration”):

- Beijing Sunshine Elegant Jade Real Estate Co., Ltd (the “Beijing Elegant Jade”) (北京阳光美基置业有限公司), which, prior to the Disposal, was 70%-owned by Henan Sunshine”) and 30%-owned by Xinxiang Huilong; and
- Beijing Feng Bao Heng Investments Co., Ltd (北京丰宝恒投资有限公司) (the “Beijing Fengbaoheng”), which is 63%-owned by Beijing Elegant Jade,

(collectively, the Beijing Elegant Jade Group”).

Subsequent to the Disposal, Beijing Elegant Jade and Beijing Fengbaoheng ceased to be the subsidiaries of the Company.

2. Financial Effects of the Disposal

Loss on Disposal

Based on the management accounts of the Group, the Disposal will result in a loss on Disposal of approximately RMB10.5 million

Proforma Financial Effects

The proforma financial effects of the Disposal set out below, computed based on the audited financial statements of the Group for the financial year ended 31 December 2010 and the following assumptions, are intended for illustration purposes only; they are neither indicative of the actual financial effects of the Disposal on the consolidated net tangible asset (“NTA”) and consolidated earnings per share (“EPS”) of the Group nor reflective of the future financial position and performance of the Group:

- (a) For the purpose of the consolidated profit and loss account, the Disposal had been completed on 1 January 2010; and

- (b) For the purpose of the consolidated balance sheet, the Disposal had been completed on 31 December 2010.

Share capital

The Disposal has no effect on the issued share capital of the Company.

NTA

The Disposal would have reduced the NTA per share of the Company from 17.7 Singapore cents each to 17.5 Singapore cents each, a decrease of about 0.2 Singapore cents for each share of the Company as illustrated below:

	Before the Disposal RMB'000	After the Disposal RMB'000
NTA of the Group (net of non-controlling interests) as at 31 December 2010	<u>881,775</u>	<u>871,259</u>
NTA per share of the Company as at 31 December 2010 (Singapore cents) ⁽¹⁾	<u>17.7 cents</u>	<u>17.5 cents</u>

Note:

- (1) Calculated based on the exchange rate of S\$1:RMB5.09 and issued share capital of 978,000,000 ordinary shares of the Company as at 31 December 2010.

EPS

The Disposal would have reduced the EPS of the Company from 0.5 Singapore cents each to 0.3 Singapore cents each, a decrease of approximately 0.2 Singapore cents for each share of the Company as illustrated below:

	Before the Disposal RMB'000	After the Disposal RMB'000
Profit of the Group (after tax and minority interests) attributable to equity holders of the Company	<u>25,978</u>	<u>15,462</u>
EPS (Singapore cents) ⁽¹⁾	<u>0.5 cents</u>	<u>0.3 cents</u>

Note:

- (1) Calculated based on the average exchange rate of S\$1: RMB4.97 for the financial year ended 31 December 2010 and based on the issue share capital of 978,000,000 ordinary shares of the Company as at 31 December 2010.

3. Relative figures under Rule 1006

The Disposal is governed by the rules in Chapter 10 of the Listing Manual of the Singapore Securities Trading Limited ("SGX-ST Listing Manual"). Based on the audited financial statements of the Group for the financial year ended 31 December 2010, the relative figures for the Disposal computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual are as follows:

(a)	Rule 1006(a) – the net assets value (net of non-controlling interests) of the Beijing Elegant Jade Group, compared with the Group's net asset value (net of non-controlling interests) as at 31 December 2010	0.1%
-----	---	------

(b)	Rule 1006(b) – the profit before income tax and minority interests attributable to the Beijing Elegant Jade Group compared with the Group's profit before tax and minority interests for the financial year ended 31 December 2010	12.3%
(c)	Rule 1006(c) – the Disposal Consideration compared with the Company's market capitalisation	2.6% ⁽¹⁾⁽²⁾
(d)	Rule 1006(d) – the number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	N.A.

Notes:

(1) Based on the closing share price of S\$0.06 of the Company as at 27 May 2011 and 978,000,000 issued shares of the Company as at 27 May 2011.

(2) Based on the exchange rate of RMB1: S\$5.16 as at 27 May 2011.

None of the Directors or substantial shareholders of the Company has any interest, directly or indirectly, in the Disposal (other than their interests held, directly or indirectly, through shares in the Company).

BY ORDER OF THE BOARD

Mr Guo Yinghui
Chairman and CEO

31 May 2011