

2ND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THREE MONTHS' PERIOD ENDED 30 JUNE 2008

PART1 INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), FULL YEAR RESULTS

1.(a)(i) A profit and loss statement for the group together with a comparative statement for the corresponding period of the immediate preceding financial year

	The Group		
	Q2 2008 RMB'000	Q2 2007 RMB'000	% Change
Revenue	100,657	85,910	17
Cost of sales	<u>(73,304)</u>	<u>(51,418)</u>	43
Gross profit	27,353	34,492	(21)
Other income	66,146	2,570	2,474
Increase in fair value of investment properties	424	10,950	(96)
General and administrative expenses	(12,143)	(5,224)	132
Selling and distribution expenses	(4,662)	(3,269)	43
Finance costs	<u>(21,762)</u>	<u>(3,291)</u>	561
Profit before tax	55,356	36,228	53
Income tax expense	<u>(14,154)</u>	<u>(18,028)</u>	(21)
Net profit for the period	<u>41,202</u>	<u>18,200</u>	126
Attributable to:			
Equity holders of the company	42,381	19,586	116
Minority interests	<u>(1,179)</u>	<u>(1,386)</u>	(15)
	<u>41,202</u>	<u>18,200</u>	126

"% Change" denotes increase/(decrease) in the relevant profit or loss item as compared with the comparative figure and "N/M" denotes "Not meaningful".

1.(a)(ii) The accompanying notes to the financial statements form an integral part of the financial statements

	The Group		
	Q2 2008 RMB'000	Q2 2007 RMB'000	% Change
Profit before tax has been arrived at after charging/(crediting):			
Amortization of land use rights	4	4	-
Depreciation of property, plant and equipment	527	491	7
Foreign currency exchange gain	(30,450)	(1,042)	2,822
Interest income	(500)	(1,015)	(51)
Interest expenses	21,762	3,291	561
Gain on disposal of subsidiaries	(35,729)	-	N/M

"% Change" denotes increase/(decrease) in the relevant profit or loss item as compared with the comparative figure and "N/M" denotes "Not meaningful".

1.(b)(i) A balance sheet (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year

	The Group		The Company	
	30 June 2008 RMB'000	31 December 2007 RMB'000	30 June 2008 RMB'000	31 December 2007 RMB'000
Non-current assets				
Property, plant and equipment	11,103	9,726	12	13
Land use rights	538	547	-	-
Investment properties	374,740	397,740	-	-
Deposit for investment property renovation	37,274	55,000	-	-
Investments in subsidiaries	-	-	197,834	197,834
Available-for-sale investments	89,415	89,415	-	-
	513,070	552,428	197,846	197,847
Current assets				
Completed properties for sale	24,385	31,937	-	-
Properties under development for sale	1,210,407	1,157,508	-	-
Trade receivables	14,457	31,701	-	-
Prepayments and other receivables	405,398	109,918	206	182
Amounts due from subsidiaries	-	-	523,007	521,938
Amounts due from related parties [^]	33,868	19,781	7	-
Pledged bank deposits	68,514	74,799	-	-
Bank balances and cash	344,651	509,559	100	303
	2,101,680	1,935,203	523,320	522,423
Current liabilities				
Trade payables	31,863	26,065	-	-
Sales deposits	119,952	115,719	-	-
Accruals and other payables	253,294	179,090	466	2,474
Amount due to subsidiaries	-	-	5,968	3,307
Amounts due to related party [^]	33,927	20,622	10,888	10,888
Income tax payables	50,207	87,031	-	-
Convertible bond	214,668	210,499	214,668	210,499
Bank and other borrowings	809,234	862,886	-	-
	1,513,145	1,501,912	231,990	227,168
Net current assets	588,535	433,291	291,330	295,255
	1,101,605	985,719	489,176	493,102
Capital and reserves				
Issued capital	261,404	261,404	261,404	261,404
Share premium	204,521	204,521	204,521	204,521
Capital reserve	49,031	49,031	-	-
Bond reserve	39,485	39,485	39,485	39,485
Share option reserve	3,236	462	3,236	462
Retained earnings/(Accumulated losses)	391,240	279,309	(19,470)	(12,770)
Equity attributable to equity holders of the company	948,917	834,212	489,176	493,102
Minority interests	16,383	47,453	-	-
Total equity	965,300	881,665	489,176	493,102
Non-current liabilities				
Bank and other borrowings	59,630	20,000	-	-
Deferred tax liabilities	76,675	84,054	-	-
	136,304	104,054	-	-
	1,101,605	985,719	489,176	493,102

[^] Amounts due from/to related parties are unsecured, interest-free and repayable on demand.

1.(b)(ii) Aggregate amount of borrowings and debts securities for the Group.

	As at 30 June 2008 RMB '000	As at 31 December 2007 RMB '000
Borrowings, secured	<u>1,083,532</u>	<u>1,093,385</u>
The borrowings are repayable:		
On demand or within one year*	1,023,902**	1,073,385**
More than one year*	<u>59,630</u>	<u>20,000</u>
	<u>1,083,532</u>	<u>1,093,385</u>

Details of any collateral

* The above borrowings are secured against:

- (a) a first fixed charge in respect of the Company's investment in its wholly-owned subsidiary, Elegant Jade Enterprises Limited ("Elegant Jade") and a corporate guarantee by Elegant Jade. Elegant Jade is the holding company of all of the Group's operating subsidiaries.
- (b) the Group's investment properties;
- (c) a pledge over Elegant Jade's equity interests in all its direct subsidiaries;
- (d) a charge over the assets of Elegant Jade;
- (e) an assignment over certain shareholder loans from Elegant Jade to its direct subsidiaries; and
- (f) the Group's properties under development for sale.

** As the Group has as at 31 December 2007 breached the interest cover and leverage ratios of the financial covenants of the convertible bond and term loan facility which it procured, these convertible bond and term loan had been reclassified as repayable on demand as at 31 December 2007. The breach arose mainly from the Group's decision to defer the sale of certain completed properties and properties under development and the deferment of completion of properties under development in 2007. As discussions with the relevant lenders for obtaining a waiver on the compliance of these financial covenants are still in progress, these borrowings remain as repayable on demand as at 30 June 2008.

1.(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group	
	Q2 2008 RMB'000	Q2 2007 RMB'000
OPERATING ACTIVITIES		
Profit before tax	55,356	36,228
Adjustments for:		
Depreciation of property, plant and equipment	527	491
Increase in fair value of investment properties	(424)	(10,950)
Gain on disposal of subsidiary	(35,729)	-
Foreign currency exchange gain	(33,300)	-
Share-based payment	1,387	-
Interest income	(500)	(1,015)
Interest expenses	21,762	3,291
Operating cash flows before movements in working capital	9,079	28,045
Completed properties for sale	-	11,524
Properties under development for sale	(3,102)	(86,508)
Land use rights	4	4
Trade receivables	12,095	23,881
Prepayments and other receivables	(131,150)	(58,079)
Trade payables	4,215	(27,904)
Sales deposits	6,194	42,122
Accruals and other payables	121,054	8,104
Cash generated from operations	18,389	(58,811)
Income tax paid	(12,106)	(7,317)
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	6,283	(66,128)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,627)	(918)
Disposal of subsidiaries (Note 1)	52,835	-
Increase in amounts due from related parties	(14,856)	-
Acquisition of minority interests	(3,000)	-
Decrease in pledged bank deposits	672	113,540
Interest received	500	1,015
NET CASH FROM INVESTING ACTIVITIES	34,524	113,637
FINANCING ACTIVITIES		
Increase in bank and other borrowings	64,000	-
Repayment of bank borrowings	(8,370)	(101,722)
Interest paid	(45,335)	(13,178)
Dividends paid	-	(42,642)
Increase in amounts due to related parties	10,238	17,881
NET CASH FROM (USED IN) FINANCING ACTIVITIES	20,533	(139,661)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	61,340	(92,152)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	283,311	138,629
CASH AND CASH EQUIVALENTS AT END OF PERIOD	344,651	46,477

Note 1:

Summary of cash flows arising from the disposal of subsidiaries:

	The Group	
	Q2	Q2
	2008	2007
	RMB'000	RMB'000
Book value of net assets disposed		
Cash and bank balances	525	-
Other current assets	46,782	-
Non-current assets	24,099	-
Current liabilities	(42,186)	-
Non-current liabilities	(7,485)	-
Minority interests	(4,104)	-
Net identifiable assets and liabilities disposed	17,631	-
Gain on disposal	35,729	-
Proceeds from disposal	53,360	-
Less: cash and bank balances disposed	(525)	-
Net cash inflow from disposal of subsidiaries	52,835	-

1.(d)(i) 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 period of the immediately preceding financial year.

	The Group								
	Share capital	Share premium	Capital reserve	Share option reserve	Bond reserve	Retained earnings	Attributable to equity holders of the Company	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 April 2008	261,404	204,521	49,031	1,849	39,485	348,859	905,149	24,666	929,815
Dividend paid	-	-	-	-	-	-	-	-	-
Disposal of subsidiary	-	-	-	-	-	-	-	(4,104)	(4,104)
Acquisition of minority interest	-	-	-	-	-	-	-	(3,000)	(3,000)
Recognition of share-based Payment	-	-	-	1,387	-	-	1,387	-	1,387
Net profit for the period	-	-	-	-	-	42,381	42,381	(1,179)	41,202
Balance at 30 June 2008	261,404	204,521	49,031	3,236	39,485	391,240	948,917	16,383	965,300

	The Group								
	Share capital	Share premium	Capital reserve	Bond reserve	Retained earnings	Attributable to equity holders of the Company	Minority interests	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 April 2007	261,404	204,521	49,031	39,485	271,230	825,671	52,896	878,567	
Dividend paid	-	-	-	-	(42,642)	(42,642)	-	(42,642)	
Net profit for the period	-	-	-	-	19,586	19,586	(1,386)	18,200	
Balance at 30 June 2007	261,404	204,521	49,031	39,485	248,174	802,615	51,510	854,125	

	The Company							
	Share capital	Share premium	Share option reserve	Bond reserve	Accumulated losses	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
Balance at 1 April 2008			261,404	204,521	1,849	39,485	(16,145)	491,114
Recognition of share-based Payment			-	-	1,387	-	-	1,387
Net loss for the period			-	-	-	-	(3,325)	(3,325)
Balance at 30 June 2008			261,404	204,521	3,236	39,485	(19,470)	489,176

	The Company						
	Share capital	Share premium	Bond reserve	Retained earnings	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
Balance at 1 April 2007			261,404	204,521	39,485	54,345	559,755
Dividends paid			-	-	-	(42,642)	(42,642)
Net loss for the period			-	-	-	(8,731)	(8,731)
Balance at 30 June 2007			261,404	204,521	39,485	2,972	508,382

1.(d)(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 period 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 period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no movements in the Company's share capital during the three months ended 30 June 2008.

Convertible Bond

On 5 December 2006, the Company issued a 7% secured subordinated US\$32 million convertible bond due 2011 ("Convertible Bond"). The Convertible Bond may be convertible into fully paid-up ordinary shares in the capital of the Company at the option of the holder, at any time on or after 6 December 2007 up to the close of business on 6 December 2011.

The conversion price for the Convertible Bond is S\$0.30 per share, subject to adjustment for, amongst other things, subdivision or consolidation of shares, bonus issues, rights issues and other dilutive events pursuant to the terms of the Convertible Bonds. Based on the unadjusted initial conversion price of S\$0.30 per ordinary share, the Convertible Bond may be converted into 166,399,999 ordinary shares in the capital of the Company (the "Conversion Shares").

Unless previously converted, or purchased and cancelled, the Convertible Bond shall be redeemed by the Company at 100% of their principal amount on 6 December 2011. The Convertible Bond principal will be redeemed in RMB at an agreed US\$/RMB currency conversion rate.

Sunshine Employee Share Option Scheme ("SESOS")

Pursuant to the 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 number of ordinary shares that may be issued upon exercise of all employee share options outstanding as at 30 June 2008 was 60,000,000 (30 June 2007: Nil).

1.(d)(iii) The total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	<u>As at 30 June 2008</u>	<u>As at 31 December 2007</u>
Total number of issued ordinary shares (excluding treasury shares)	832,000,000	832,000,000

1.(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company had no treasury shares as at 30 June 2008.

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 in accordance with any Auditing Standard.

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 2007 have been consistently applied by the Group for the periods 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 period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	The Group	
	Q2	Q2
	2008	2007
	RMB'000	RMB'000
Net profit attributable to shareholders	42,381	19,586
Earnings per share		
Basic (Singapore cents)	1.03 cents*	0.47 cents*
Diluted (Singapore cents)	0.82 cents**	0.39 cents***

* Based on the issued share capital of 832,000,000 ordinary shares (the "Issued Shares").

** Based on 1,058,399,999 ordinary shares, being the sum of the Issued Shares, the Conversion Shares and the SESOS Shares

*** Based on 998,399,999 ordinary shares, being the sum of the Issued Shares and the Conversion Shares.

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 period reported on and (b) immediately preceding financial year

	The Group		The Company	
	30 June	31 December	30 June	31 December
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Net asset value (net of minority interests) as at end of financial period/ year	948,917	834,212	489,176	493,102
Net asset value per ordinary share as at the end of financial period/ year (Singapore cents)	23.0 cents	19.8 cents	11.9 cents	11.7 cents

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 earning of the group for the current financial period 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 period report on.

(a) Review of profit and loss statement of the group

Overview

Sunshine Holdings Limited is an award-winning Henan-based developer of residential and commercial properties. Our Group strategically focuses on building affordable quality housing for the general public in tier-2 and 3 cities which exhibit high rate of urbanization and strong end-user demand.

In accordance with the International Financial Reporting Standards ("IFRSs"), we adopt the completion method of revenue recognition. In contrast to percentage of completion method, we only recognize revenue arising from the sale of properties when the property is delivered and the completion certificate is issued by the relevant government authorities. As a result,

even though we may have pre-sold our development properties, the sale will not be recorded as revenue if the above conditions are not met. Hence, our revenue and profit can be lumpy on a quarter-to-quarter basis.

Since 2007, we also carried out part of our property development activities through participation in property development projects with third parties forged through contracts. While we supervise the progress of the property development activities jointly with the relevant third party concerned, we do not influence the operating and financing operations of the projects. We expect such investments to offer the Group the opportunity for return through investment income. In accordance with IFRSs, the investments injected into such collaborations are classified as “available-for-sale investment” in the balance sheet while the investment income derived from such available-for-sale investments are recognised in the profit and loss statement as “Investment income from available-for-sale investments” when the Group’s right to receive such payments is established.

In respect of remaining unsold units for the completed properties, when opportunities arise, we may at times in the ordinary course of business dispose them as a package through the divestment of the relevant subsidiary owning the property that holds the unsold units. Accordingly, we may at times derive profit from our property development activities via disposal gain of our operating property development subsidiaries (“Disposal Gain of Subsidiaries”).

The Group’s income from property development activities in Q2 2008 and Q2 2007 were as follow:

	Q2 2008 RMB million	Q2 2007 RMB million
(1) Sales of developed properties (net of sales tax)	92.8	81.2
(2) Rental income from investment properties	4.4	3.5
(3) Property management income	3.5	1.2
Total revenue	<u>100.7</u>	<u>85.9</u>
Gross profit	27.4	34.5
Add: Disposal Gain of Subsidiaries	35.7	-
Total income from property development activities	<u>63.1</u>	<u>34.5</u>

Revenue

Our revenue increased by 17% from RMB85.9 million in Q2 2007 to RMB100.7 million in Q2 2008. The increase was attributed mainly from our residential project, Yangguang Shuangxi Buluo (Luoyang), in Q2 2008.

Our property management income increased by 192% from RMB1.2 million in Q2 2007 to RMB3.5 million in Q2 2008 due to increase in the number of properties under our management.

Gross profit

Our gross profit decreased by 21% from RMB34.5 million in Q2 2007 to RMB27.4 million in Q2 2008. This was attributed mainly to the fact that only residential properties (which command lower margin relative to commercial properties) were sold in Q2 2008 compared to Q2 2007 when more commercial properties were sold. Higher construction cost due to inflation in Q2 2008 relative to Q2 2007 also affected our gross profit.

Our gross profit margin decreased from 40% in Q2 2007 to 27% in Q2 2008 mainly as a result of more commercial units with higher pricing and profit margin being sold in Q2 2007 compared to Q2 2008 when only residential units with lower profit margin were sold.

Other income

Our other income increased from RMB2.6 million in Q2 2007 to RMB6.1 million in Q2 2008. The significant increase was attributed mainly to foreign exchange gain of RMB30.5 million on US\$-denominated loans as a result of RMB appreciation and weakened US\$ during Q2 2008 and an aggregate Disposal Gain of Subsidiaries of RMB35.7 million from the disposal of one property development subsidiary (the “Disposed Subsidiary”) in Q2 2008.

Finance costs

Finance costs in Q2 2008 increased by RMB18.5 million from RMB3.3 million in Q2 2007 to RMB21.8 million in Q2 2008 mainly as a result of higher bank borrowings obtained for financing project developments and working capital. Financing costs incurred for project developments were capitalized as part of the development costs.

Profit before tax

Our profit before tax increased from RMB36.2 million in Q2 2007 to RMB55.4 million in Q2 2008. The improvement was attributed mainly to the contributions from our residential project - Yangguan Shuangxi Buluo (Luoyang), gain on foreign currency exchange and Disposal Gain of Subsidiary.

Income tax expenses

Income tax expenses in Q2 2008 relate mainly to accrual of tax expenses (including land appreciation tax, which is computed based on the applicable rates promulgated by the local provincial tax authorities) from the operating profit generated from the sales of developed properties and Disposal Gain of Subsidiaries during the period under review.

Net profit attributable to equity holders of the company

With the contributions from Yangguang Shuangxi Buluo (Luoyang) project, foreign currency exchange gain and Disposal Gain of Subsidiaries, our net profit attributable to our shareholders increased by 116% from RMB19.6 million in Q2 2007 to RMB42.4 million in Q2 2008.

(b) Review of balance sheet of the Group

Non-current assets

Our non-current assets decreased mainly due to the Disposed Subsidiary, which also owned investment properties and held deposit for investment property renovation which had been refunded since the disposal.

Current assets

Completed properties for sales decreased with units sold and project revenue recognised. Trade receivables decreased mainly due to better debt collection and pursuant to the Disposed Subsidiary in Q2 2008.

As a result of prepayments made to secure additional land use rights in Q2 2008, we recorded higher prepayments and other receivables and a decrease in bank balances and cash.

Current liabilities

Trade payables increased mainly due to the commencement of construction of certain projects in Q2 2008 while increase in accruals and other payables was attributed mainly to interest-free working capital procured from third parties.

Netting off the amounts due from related parties, being entities with common direct or indirect shareholders and/or directors, the net amount due to related parties as at 30 June 2008 was RMB59,000 compared to that of RMB841,000 as at 30 June 2007. The amounts due to/due from related parties are non-trade in nature and are unsecured, non-interest bearing and repayable on demand.

Income tax payables decreased mainly due to the Disposed Subsidiary in Q2 2008.

The convertible bond as well as the bank and other borrowings include the liability components of the 5-Year US\$32 million Convertible Bond and the 3-Year US\$120 million Term Loan. These amounts will be reclassified as non-current liabilities once the waiver in respect to the compliance with certain financial covenants is granted by the relevant lenders. Currently, discussion on the grant of the waiver is still in progress and relevant update of the discussion will be provided accordingly.

Non-current liabilities

Our non-current liabilities increased mainly due to additional bank borrowings which were partially offset by the slight decrease in deferred tax liabilities pursuant to the Disposed Subsidiary.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed to shareholders.

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

A summary of the projects currently under development by the Group is as follow:-

Name of Projects	Zoning for Land Usage	Est. Remaining GFA (sqm)	Expected selling price (RMB/sqm)	Expected Completion
Shinning Holiday Shopping Centre II – Block B	Com	24,400	(Com) 7,000 – 12,000	FY2008 ⁽¹⁾
Sunlight City – Shuixie Huadu (Shangqiu Project)	Res/Com	15,110	(Res) 2,100 – 2,700 (Com) 5,000 – 7,200	FY2008
Yangguang Shuangxi Buluo (Luoyang Project)	Res/Com	120,000	(Res) 3,000 – 4,000 (Com) 6,000 – 8,400	FY2008/09
Zhengzhou Yuhua Mingzhucheng (Zhengzhou Yuhua Project)*	Res/Com	430,000	(Res) 4,500 – 5,500 (Com) 6,800 – 8,000	FY2009/10/11
Yangguang Peninsula City (Zhoukou Project)*	Res/Com	488,000	(Res) 2,100 – 2,600 (Com) 4,800 – 7,000	FY2008/09/10
Yangguang Xincheng (Western District of Xinxiang phase I & II ⁽²⁾)*	Res/Com	300,000	(Res) 1,500 – 1,800 (Com) 2,700 – 4,000	FY2008/09
Yangguang Yujing Huating (Zhong Mou New Town)*	Res/Com	109,000	(Res) 1,700 – 1,900 (Com) 3,000 – 4,400	FY2009
Yan Ming Hu*	Res	274,000	(Res)9,000-13,000	FY2009/10

*The design and layout of these development projects are still at the conceptualisation stage and may be modified and tailored to prevailing market demands and preferences, with the expected selling price and expected completion date revised accordingly.

Notes:-

- (1) We are in negotiation with a leading retailer in China on a partnership for this project as well as for the Group's other commercial property development projects. Both parties are currently exploring the feasibility of using this property through a leasing arrangement as an integrated hyper-mart as well as other viable options.
- (2) Development of the rest of Western District of Xinxiang with an aggregate GFA of about 500,000 sqm will be scheduled subsequently and accordingly to maximize yields.

Our cumulative profit attributable to shareholders of RMB111.9 million for Q1 and Q2 2008 (compared to that of RMB24.9 million for Q1 and Q2 2007) nearly doubled that of our full year performance of RMB56.0 million for FY2007. Barring unforeseen circumstances and riding on our projects currently under development, we remain optimistic about our performance for the financial year ending 31 December 2008.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period 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

No applicable.

12. If no dividend has been declared / recommended, a statement to that effect.

No dividend has been declared or recommended for the three months ended 30 June 2008.

BY ORDER OF THE BOARD

Zhao Zhanmei
Deputy Chairman

14 Aug 2008



Company Registration No. CT-140095

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(4) OF THE LISTING MANUAL

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements of the Group and the Company for the three months ended 30 June 2008 to be false or misleading in any material aspect.

Signed for and on behalf of the Board of Directors

Zhao Zhanmei
Deputy Chairman

Li Bin
Director

14 Aug 2008