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**PROPOSED SUBSCRIPTION OF 195,600,000 SHARES IN SUNSHINE HOLDINGS LIMITED  
 ("THE SUBSCRIPTION")**

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**1. Introduction**

- 1.1 The Board of Directors of Sunshine Holdings Limited ("**Company**") wishes to announce that it has on 30 September 2011 entered into two conditional subscription agreements (collectively "**Subscription Agreements**") with two subscribers (collectively the "**Subscribers**" and each a "**Subscriber**") for the subscription of an aggregate number of 195,600,000 new ordinary shares (collectively the "**New Shares**" and each a "**New Share**") in the capital of the Company at S\$0.0396 per New Share ("**Subscription Price**") (the "**Subscription**"). The New Shares when issued and fully paid will rank *pari passu* in all respects with the existing ordinary shares (the "**Shares**") in the capital of the Company, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date of completion of the Subscription.
- 1.2 The Subscription Price represents a discount of 10.0% to the weighted average price of S\$0.044 for trades done on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 28 September 2011, which is the last full market day on which the Shares were traded before the Subscription Agreements were entered into.
- 1.3 The New Shares represents 20.0% of the existing issued share capital and approximately 16.7% of the enlarged issued capital of the Company and are intended to be issued pursuant to the general mandate obtained at the annual general meeting of the Company held on 28 April 2011 ("**AGM**"). The general mandate obtained at the AGM authorised and empowered the Directors of the Company to, *inter alia*, issue Shares in the Company not exceeding 50% of the total number of issued Shares (excluding treasury shares) of which the aggregate number of Shares to be issued other than on a pro rata basis to existing shareholders shall not exceed 20% of the total number of issued Shares (excluding treasury shares) ("**General Mandate**"). The proposed issue and allotment of the New Shares to the Subscribers at the Subscription Price are within the limits of the General Mandate obtained at the AGM.

Number of Shares issued as at the date of AGM	978,000,000
No. of Shares that may be issued other than on a pro-rata basis to existing shareholders pursuant to the General Mandate	195,600,000 (being 20% of 978,000,000)
No. of New Shares proposed to be allotted and issued to the Subscribers	195,600,000 (being 20% of 978,000,000)
Balance no. of Shares that may be issued other than on a pro-rata basis to existing shareholders pursuant to the General Mandate	Nil

## 2. About the Subscribers

2.1 The details of the Subscribers, how the Subscribers were identified and the rationale for the placement to the Subscribers are as below.

Subscriber	Passport Number	No. of New Shares	Details on how the Subscriber was identified	Rationale for placing to the Subscriber
Han Yong	G39248737	145,600,000	The Subscriber approached the Company out of his own accord.	To allow the Company to raise funds. The Company intends to utilise the funds raised for expansion of business and/or working capital.
Li Weiyi	G40740984	50,000,000	The Subscriber approached the Company out of his own accord.	To allow the Company to raise funds. The Company intends to utilise the funds raised for expansion of business and/or working capital.
<b>Total</b>		<b>195,600,000</b>		

## 3. Use of Proceeds and Rationale for the Placement to the Subscribers

3.1 When allotted and issued in full, the gross proceeds (the “**Proceeds**”) from the Subscription is expected to be S\$7,745,760 (the “**Subscription Sum**”) (approximately RMB38,109,139.20, based on the average exchange rate at S\$1.00 : RMB4.92 as at 30 September 2011). The Subscription Sum shall be paid in its Renminbi denominated equivalent in immediately available funds to a bank account in the People’s Republic of China, as notified by the Company to the Subscribers, on the date of completion of the Subscription.

3.2 The rationale for the placement to the Subscribers is to allow the Company to raise funds. The Company intends to utilise the Proceeds for expansion of business and/or working capital.

3.3 Pending utilisation, the Proceeds may be deposited with banks and/or financial institutions or invested in short-term money markets and/or marketable securities, as the Directors may deem appropriate in the interests of the Company in their sole discretion.

- 3.4 The Company will make periodic announcements on the use of the Proceeds as and when the proceeds are materially disbursed, and provide a status report on the use of the Proceeds in the Company's annual report.

#### **4. Conditions Precedent**

- 4.1. The completion of the Subscription is conditional, *inter alia*, upon:-
- (a) approval in-principle for the listing and quotation of the New Shares on the Official List of the SGX-ST being obtained from the SGX-ST and not revoked or amended as at the Completion Date and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Subscriber;
  - (b) the General Mandate being valid, subsisting and adequate for the purposes of the issue of the New as at the date of completion of the Subscription; and
  - (c) the issue and subscription of the New Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of this Agreement by any applicable legislative, executive or regulatory body or authority of Singapore.

#### **5. Financial Effects of the Subscription**

- 5.1 The proforma financial effects of the Subscription is 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 Subscription on the consolidated net tangible asset ("NTA") per Share and consolidated earnings per Share ("EPS") of the Company nor are they reflective of the future financial position and performance of the Group:-
- (a) For the purpose of the consolidated statement of comprehensive income, the Subscription had been completed on 1 January 2010; and
  - (b) For the purpose of the consolidated balance sheet, the Subscription had been completed on 31 December 2010.

##### Share Capital

As at 31 December 2010, the issued and paid up capital of the Company comprised 978,000,000 Shares. If and when the New Shares are allotted and issued in full, the existing issued and paid-up share capital of the Company will comprise 1,173,600,000 Shares.

## NTA

The Subscription would have decreased the NTA per Share of the Company from 17.1 Singapore cents to 14.9 Singapore cents, a decrease of approximately 2.2 Singapore cents per Share of the Company as illustrated below:

	<b>Before the Subscription RMB'000</b>	<b>After the Subscription RMB'000</b>
NTA of the Group (net of non-controlling interests) as at 31 December 2010	<u>853,851</u>	<u>891,960</u>
NTA per Share of the Company as at 31 December 2010 (Singapore cents) <sup>(1)</sup>	<u>17.1 cents</u>	<u>14.9 cents</u>

**Note:**

- (1) Calculated based on the exchange rate of S\$1:RMB5.09 and issued share capital of 978,000,000 Shares of the Company as at 31 December 2010 before the completion of the Subscription and 1,173,600,000 Shares of the Company after the completion of the Subscription.

## EPS

The Subscription would have decreased the EPS of the Company from 0.5 Singapore cents to 0.4 Singapore cents, a decrease of approximately 0.1 Singapore cents per Share of the Company as illustrated below:

	<b>Before the Subscription RMB'000</b>	<b>After the Subscription RMB'000</b>
Profit of the Group (after tax and minority interests) attributable to equity holders of the Company	<u>25,978</u>	<u>25,978</u>
EPS of the Company (Singapore cents) <sup>(1)</sup>	<u>0.5 cents</u>	<u>0.4 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 Shares of the Company as at 31 December 2010 before the Subscription and 1,173,600,000 Shares of the Company as at 31 December 2010 after the Subscription.

## **6. General**

- 6.1 None of the New Shares will be placed with any person or groups of persons as set out under Rule 812 the Listing Manual of the SGX-ST.
- 6.2 None of the Directors of the Company have (i) any interest, direct or indirect in the Subscription; and (ii) any connection (including any business relationship) with any of the Subscribers

- 6.3 The Directors are not aware of any substantial shareholder of the Company having (i) any interest, direct or indirect, in the Subscription; and (ii) any connection (including any business relationship) with any of the Subscribers, and has not received any notification of (i) any interest in this transaction; or (ii) any such connection to any of the Subscribers from any substantial shareholder.
- 6.4 The Subscription would not result in any transfer of controlling interest in the Company.
- 6.5 The Company will be submitting an application to the SGX-ST for the listing and quotation of the New Shares.
- 6.6 Further announcements will be made on this matter as and when appropriate.

## **7. Directors' Responsibility Statement**

- 7.1 The Directors (including those who may have been delegated detailed supervision of the Subscription) have individually and collectively reviewed and approved the issue of this announcement, and have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate in all material aspects and that no material facts have been omitted from this announcement which would make any statement in this announcement misleading, and they jointly and severally accept responsibility accordingly.
- 7.2 Where any information contained in this announcement has been extracted from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources.

## **BY ORDER OF THE BOARD**

Mr Guo Yinghui  
Chairman and CEO  
30 September 2011