

Incorporated in the Cayman Islands
Company Registration No. CT-140095

ARBITRATION PROCEEDINGS IN RELATION TO THE ZHENGZHOU EASTERN DISTRICT PROJECT (郑州东区项目)

Introduction

The Board of Directors (the “**Board**”) of Sunshine Holdings Limited (the “**Company**”) refers to the announcement made by the Company on 15 January 2009 (the “**Announcement**”) in connection with the arbitration proceedings applied by its wholly-owned subsidiary, Henan Sunshine Elegant Jade Real Estate Co., Ltd (河南阳光美基置业有限公司) (the “**Sunshine Elegant Jade**”), against the initial respondent cited in the Announcement, namely, Zhengzhou Ke Shu Property Co., Ltd (郑州客属房地产有限公司) (the “**Zhengzhou Keshu**”) and a subsequently added respondent, namely, Shijie Keshu Chamber of Commerce (世界客属总商会) (the “**Keshu Chamber of Commerce**”) on its Yangguan Gongyuan Dao Project (阳光.公园道项目) (the “**Zhengzhou Eastern District Project**”)

1) Update on the arbitration proceeding in relation to the Zhengzhou Eastern District Project

The Board pleased to announce that the Arbitration Tribunal has concluded the arbitration proceedings for the Zhengzhou Eastern District Project on 11 September 2009, and Sunshine Elegant Jade has entered and signed the settlement agreement (the “**Settlement Agreement**”) with Zhengzhou Keshu and Keshu Chamber of Commerce on 11 September 2009 (the “**Effective Date**”). At the same date, Sunshine Elegant Jade and Zhengzhou Keshu also entered into another Settlement Agreement (the “**Settlement Agreement II**”). The salient terms of the Settlement Agreement and Settlement Agreement II are as follows:-

- (a) From the Effective Date, Sunshine Elegant Jade or its nominees shall have the total ownership of the Zhengzhou Eastern District Project;
- (b) Within 15 working days from the Effective Date, Sunshine Elegant Jade shall pay RMB 20 million to Keshu Chamber of Commerce in exchange for the surrender of all of Keshu Chamber of Commerce’s rights and interest in Zhengzhou Eastern District Project (including but not limited to the land use rights, construction-in-progress and advance receipts) to Sunshine Elegant Jade and/or its nominees. Keshu Chamber of Commerce shall thereafter be discharged from all obligations and responsibilities in relation to the Zhengzhou Eastern District Project. As at the date of this announcement, the aforesaid amount has been paid in full.
- (c) All the debts/ administrative penalties arising from Zhengzhou Eastern District Project in the past and/or future, including the debts/administrative penalties incurred in the name of Zhengzhou Keshu Zhengzhou Branch (“Keshu Zhengzhou Branch”), shall be borne by Sunshine Elegant Jade. If the interest in Zhengzhou Eastern District Project is transferred to its nominee, the liabilities shall be borne jointly and severally by Sunshine Elegant Jade and its nominee;

- (d) From the Effective Date, Sunshine Elegant Jade or its nominee shall take over all the interests and assume all the liabilities of the transactions entered under the name of Zhengzhou Keshu and Keshu Zhengzhou branch in relation to the Zhengzhou Eastern District Project Sunshine Elegant Jade (and its nominee, if any) will bear all the expenses, including any penalties and compensation in relation to the above. If Zhengzhou Keshu was involved in any legal or arbitration proceedings for the above matters, Sunshine Elegant Jade (and its nominee, if any) shall bear all the reasonable fees incurred, including but not limited to any litigation/arbitration fees;
- (e) From the Effective Date, Sunshine Elegant Jade (and its nominee, if any) shall fully co-operate with Zhengzhou Keshu to de-register Zhengzhou Keshu's Zhengzhou Branch and will bear all the cost arising from the aforesaid;
- (f) Zhengzhou Keshu shall fully co-operate with Sunshine Elegant Jade (and its nominee, if any) in completing all the transfer procedures in relation to the Zhengzhou Eastern District Project, including the transfer of the land use rights to Sunshine Elegant Jade or its nominees. Sunshine Elegant Jade will bear all the taxes and expenses incurred for the above title and land use rights transfers and will also bear all the expenses, obligations and liabilities in connection with the development of the Zhengzhou Eastern District Project. As at the date of this announcement, the application for the transfer of the aforesaid land use rights to Sunshine Elegant Jade has been submitted to the relevant government authority and is expected to be approved in the next few weeks;
- (g) Zhengzhou Keshu agrees to apply Working Permit on Construction Works for Zhengzhou Eastern District Project under its name and Sunshine Elegant Jade (and its nominee, if any) will bear all the costs from the aforesaid; and
- (h) The Arbitration Proceedings had incurred costs amounting in aggregate to RMB 1.804 million which comprised RMB 1.5 million of arbitral costs and RMB 0.304 million of appraisal costs. [Under the terms of the [Settlement Agreement,] Sunshine Elegant Jade, Zhengzhou Keshu and Keshu Chamber of Commerce shall bear RMB 0.904 million, RMB 0.3 million and RMB 0.6 million, respectively. As Sunshine Elegant Jade has already prepaid RMB 1.8 million and Zhengzhou Keshu has prepaid RMB 4,000, Zhengzhou Keshu and Keshu Chamber of Commerce shall pay Sunshine Elegant Jade RMB 0.296 million and RMB 0.6 million, respectively within 15 days from the Effective Date of the Settlement Agreement. As at the date of this announcement, the aforesaid amounts of RMB 0.6 million due from Keshu Chamber of Commerce has been received in full but the RMB 0.296 million due from Zhengzhou Keshu remains outstanding.

(2) Financial Effects of the Settlement Agreement

The Settlement Agreement is not expected to have a material impact on the earnings and net tangible assets per share of the Company for the current financial year ending 31 December 2009.

By Order of the Board

Guo Yinghui
Chairman

20 October 2009