

SUNSHINE HOLDINGS LIMITED
Company Registration No. CT-140095

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

2ND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 30 JUNE 2007

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 | | % Change |
|---|-----------------------|-----------------------|-------------|
| | Q2 2007 RMB'000 | Q2 2006 RMB'000 | |
| Revenue | 85,910 | 30,802 | 179 |
| Cost of sales | (51,418) | (21,614) | 138 |
| Gross profit | 34,492 | 9,188 | 275 |
| Other operating income | 1,660 | 3,701 | (55) |
| Increase in fair value of investment properties | 10,950 | 5,350 | 105 |
| General and administrative expenses | (5,224) | (1,423) | 267 |
| Selling and distribution expenses | (3,269) | (1,029) | 218 |
| Operating profit | 38,609 | 15,787 | 145 |
| Non-operating income | 910 | 3,738 | (76) |
| Release of negative goodwill | - | 7,006 | N/M |
| Finance costs | (3,291) | - | N/M |
| Profit before tax and IPO expenses | 36,228 | 26,531 | 37 |
| Income tax expense | (18,028) | (6,675) | 170 |
| Profit after tax but before IPO expenses | 18,200 | 19,856 | (8) |
| IPO expenses | - | (4,223) | N/M |
| Net profit for the period | 18,200 | 15,633 | 16 |
| Attributable to: | | | |
| Equity holders of the company | 19,586 | 15,633 | 25 |
| Minority interests | (1,386) | - | N/M |
| | 18,200 | 15,633 | 16 |

"% 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 2007 RMB'000 | Q2 2006 RMB'000 | % Change |
| Profit before tax and IPO expenses has been arrived at after charging/ (crediting): | | | |
| Amortisation of land use rights | 4 | 4 | - |
| Depreciation of property, plant and equipment | 491 | 174 | 182 |
| Foreign currency exchange gain | (1,042) | (3,315) | (69) |
| Gain on disposal of a subsidiary | - | (423) | N/M |
| Interest income | (1,015) | (257) | 295 |
| Interest expenses | 3,291 | - | 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) An 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 2007 RMB'000 | 31 December 2006 RMB'000 | % Change | 30 June 2007 RMB'000 | 31 December 2006 RMB'000 | % Change |
| Non-current assets | | | | | | |
| Property, plant and equipment | 10,198 | 9,733 | 5 | - | - | - |
| Land use rights | 555 | 564 | (2) | - | - | - |
| Investment properties | 392,300 | 381,350 | 3 | - | - | - |
| Investments in subsidiaries | - | - | - | 197,834 | 197,834 | - |
| | <u>403,053</u> | <u>391,647</u> | 3 | <u>197,834</u> | <u>197,834</u> | - |
| Current assets | | | | | | |
| Completed properties for sale | 28,883 | 39,594 | (27) | - | - | - |
| Properties under development for sale | 646,417 | 442,335 | 46 | - | - | - |
| Trade receivables | 173,539 | 211,492 | (18) | - | - | - |
| Prepayments and other receivables | 571,230 | 450,461 | 27 | 278 | 100 | 178 |
| Amounts due from subsidiaries | - | - | - | 664,885 | 724,147 | (8) |
| Pledged bank deposits | 13,038 | 9,710 | 34 | - | - | - |
| Bank balances and cash | 46,477 | 280,493 | (83) | 198 | 1,233 | (84) |
| | <u>1,479,584</u> | <u>1,434,085</u> | 3 | <u>665,361</u> | <u>725,480</u> | (8) |
| Current liabilities | | | | | | |
| Trade payables | 95,368 | 149,944 | (36) | - | - | - |
| Sales deposits | 75,815 | 62,371 | 22 | - | - | - |
| Accruals and other payables | 193,214 | 126,160 | 53 | 1,197 | 1,891 | (37) |
| Amounts due to related party [^] | 31,050 | 13,455 | 131 | 10,888 | 10,888 | - |
| Income tax payables | 156,590 | 150,428 | 4 | - | - | - |
| Bank and other borrowings | 115,960 | 30,000 | 287 | 67,960 | - | N/M |
| | <u>667,997</u> | <u>532,358</u> | 25 | <u>80,045</u> | <u>12,779</u> | 526 |
| Net current assets | <u>811,587</u> | <u>901,727</u> | (10) | <u>585,316</u> | <u>712,701</u> | (18) |
| | <u>1,214,640</u> | <u>1,293,374</u> | (6) | <u>783,150</u> | <u>910,535</u> | (14) |
| 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 | - |
| Retained earnings | 248,174 | 265,937 | (7) | 2,972 | 63,582 | (95) |
| Equity attributable to equity holders of the company | 802,615 | 820,378 | (2) | 508,382 | 568,992 | (11) |
| Minority interests | 51,510 | 48,450 | 6 | - | - | - |
| Total equity | <u>854,125</u> | <u>868,828</u> | (2) | <u>508,382</u> | <u>568,992</u> | (11) |
| Non-current liabilities | | | | | | |
| Bank and other borrowings | 274,768 | 341,543 | (20) | 274,768 | 341,543 | (20) |
| Deferred tax liabilities | 85,747 | 83,003 | 3 | - | - | - |
| | <u>360,515</u> | <u>424,546</u> | (15) | <u>274,768</u> | <u>341,543</u> | (20) |
| | <u>1,214,640</u> | <u>1,293,374</u> | (6) | <u>783,150</u> | <u>910,535</u> | (14) |

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

[^] Amounts due to related party 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 2007 RMB'000 | As at 31 December 2006 RMB'000 |
|--|-------------------------------------|---|
| Borrowings, secured | <u>390,728</u> | <u>371,543</u> |
| The borrowings are repayable: | | |
| On demand or within one year ^(a) | 115,960 | 30,000 |
| More than one year ^(b) | <u>274,768</u> | <u>341,543</u> |
| | 390,728 | 371,543 |
| Less: Amount due for settlement within 12 months or on demand shown under current liabilities | <u>(115,960)</u> | <u>(30,000)</u> |
| Amounts due after one year | <u>274,768</u> | <u>341,543</u> |

Details of any collateral

^(a) The current borrowings comprised the following:

i) short term bank loans of RMB48,000,000 (31 December 2006: RMB30,000,000), which carried fixed interest rates ranging from 7.200% to 8.683% (2006: 5.000% to 8.750%) per annum, are secured by the Group's certain bank deposits, investment properties and properties under development for sale; and

ii) the current portion of the 2-year credit facility of up to US\$18 million, payable on 6 June 2008. See details per (b)(ii) below.

^(b) The non-current borrowings comprised the following:

i) the amortised cost of the liability portion[^] of a 7% secured subordinated US\$32 million convertible bonds due 2011 (the "Convertible Bonds"). Please refer to note 1(d)(ii) for further details; and

ii) the non-current portion of 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. The borrowing is repayable in 2 equal instalments on 6 June 2008 and 6 December 2008 respectively.

Both borrowings as disclosed in (b)(i) and (b)(ii) above are secured by 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.

[^] Under the International Financial Reporting Standard 32 ("IFRS 32"), the Convertible Bonds are accounted as a compound instrument, whereby the fair value of the liability component, included in the borrowings, was determined using a market interest rate of 11.27% for an equivalent non-convertible bonds. The remainder of the proceeds is allocated to the conversion option and included as bond reserve in the shareholders' equity.

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 2007 RMB'000 | Q2 2006 RMB'000 |
| OPERATING ACTIVITIES | | |
| Profit before tax and IPO expenses | 36,228 | 26,531 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 491 | 174 |
| Release of negative goodwill | - | (7,006) |
| Gain on disposal of a subsidiary | - | (423) |
| Increase in fair value of investment properties | (10,950) | (5,350) |
| Interest income | (1,015) | (257) |
| Interest expenses | 3,291 | - |
| Operating cash flows before movements in working capital | 28,045 | 13,669 |
| Completed properties for sale | 11,524 | 1,662 |
| Properties under development for sale | (86,508) | 19,430 |
| Land use rights | 4 | 4 |
| Trade receivables | 23,881 | 17,622 |
| Prepayments and other receivables | (58,079) | (82,661) |
| Trade payables | (27,904) | (65,300) |
| Sales deposits | 42,122 | 942 |
| Accruals and other payables | 8,104 | (10,355) |
| Cash used in operations | (58,811) | (104,987) |
| Income tax paid | (7,317) | (8,112) |
| NET CASH USED IN OPERATING ACTIVITIES | (66,128) | (113,099) |
| INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (918) | (1,751) |
| Acquisition of a subsidiary (Note 1) | - | (15,877) |
| Disposal of a subsidiary (Note 2) | - | 22,212 |
| Decrease (Increase) in pledged bank deposits | 113,540 | (131,346) |
| Interest received | 1,015 | 257 |
| NET CASH FROM (USED IN) INVESTING ACTIVITIES | 113,637 | (126,505) |
| FINANCING ACTIVITIES | | |
| (Repayment of) Additional bank and other borrowings | (101,722) | 93,935 |
| Interest paid | (13,178) | - |
| Dividends paid | (42,642) | - |
| Increase in amounts due to related party | 17,881 | 32,842 |
| IPO expenses incurred | - | (4,223) |
| NET CASH (USED IN) FROM FINANCING ACTIVITIES | (139,661) | 122,554 |
| DECREASE IN CASH AND CASH EQUIVALENTS | (92,152) | (117,050) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 138,629 | 307,711 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 46,477 | 190,661 |

Note 1: Summary of cash flows arising from the acquisition of a subsidiary:

| | The Group | |
|---|------------------|----------------|
| | Q2 | Q2 |
| | 2007 | 2006 |
| | RMB'000 | RMB'000 |
| Cash and bank balances | - | 10,473 |
| Other current assets | - | 102,912 |
| Non-current assets | - | 200 |
| Current liabilities | - | (63,862) |
| Non-current liabilities | - | (11,395) |
| Minority interests | - | (4,972) |
| Net identifiable assets and liabilities acquired | - | 33,356 |
| Negative goodwill on consolidation | - | (7,006) |
| Purchase consideration | - | 26,350 |
| Less: cash and bank balances of subsidiary acquired | - | (10,473) |
| Net cash flow from acquisition of subsidiary | - | 15,877 |

Note 2: Summary of cash flows arising from the disposal of a subsidiary:

| | The Group | |
|---|------------------|----------------|
| | Q2 | Q2 |
| | 2007 | 2006 |
| | RMB'000 | RMB'000 |
| Cash and bank balances | - | 2,448 |
| Other current assets | - | 46,798 |
| Non-current assets | - | 595 |
| Current liabilities | - | (18,709) |
| Non-current liabilities | - | (3,732) |
| Minority interests | - | (3,163) |
| Net identifiable assets and liabilities disposed | - | 24,237 |
| Gain on disposal of subsidiary | - | 423 |
| Proceeds from disposal of subsidiary | - | 24,660 |
| Less: cash and bank balances of subsidiary disposed | - | (2,448) |
| Net cash flow from disposal of subsidiary | - | 22,212 |

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.

| | <u>The Group</u> | | | | | | | |
|--------------------------------|------------------|----------------|-----------------|---------------|-------------------|---|--------------------|----------------|
| | 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 |
| Dividends 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 |

| | <u>The Group</u> | | | | | | | |
|--------------------------------|------------------|----------------|-----------------|--------------|-------------------|---|--------------------|----------------|
| | 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 2006 | 261,404 | 204,521 | 49,031 | - | 146,533 | 661,489 | 3,163 | 664,652 |
| Disposal of a subsidiary | - | - | - | - | - | - | (3,163) | (3,163) |
| Acquisition of a subsidiary | - | - | - | - | - | - | 4,972 | 4,972 |
| Net profit for the period | - | - | - | - | 15,633 | 15,633 | - | 15,633 |
| Balance at 30 June 2006 | 261,404 | 204,521 | 49,031 | - | 162,166 | 677,122 | 4,972 | 682,094 |

| | <u>The Company</u> | | | | |
|--------------------------------|--------------------|----------------|---------------|-------------------|----------------|
| | 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 |

| | <u>The Company</u> | | | | |
|--------------------------------|--------------------|----------------|--------------|-------------------|----------------|
| | Share capital | Share premium | Bond Reserve | Retained earnings | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Balance at 1 April 2006 | 261,404 | 204,521 | - | 29,828 | 495,753 |
| Net loss for the period | - | - | - | (175) | (175) |
| Balance at 30 June 2006 | 261,404 | 204,521 | - | 29,653 | 495,578 |

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 2007.

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 holders, at any time on or after 6 December 2007 up to the close of business on 6 December 2011. 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.

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 Bond. 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.

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 by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

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 year ended 31 December 2006 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.

Not applicable.

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 2007 | Q2 2006 |
| | RMB'000 | RMB'000 |
| Net profit attributable to shareholders | <u>19,586</u> | <u>15,633</u> |
| Earnings per share | | |
| Basic (Singapore cents) | <u>0.47 cents*</u> | <u>0.37 cents*</u> |
| Diluted (Singapore cents) | <u>0.39 cents**</u> | <u>0.37 cents*</u> |

* Based on issued share capital of 832,000,000 ordinary shares.

** Based on 998,399,999 ordinary shares. Calculated based on the weighted average number of 832,000,000 ordinary shares, adjusted for the assumed conversion of the convertible bond.

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 period reported on and (b) immediately.

| | The Group | | The Company | |
|--|--------------------|---------------------|--------------------|---------------------|
| | 30 June 2007 | 31 December 2006 | 30 June 2007 | 31 December 2006 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Net asset value (net of minority interests) as at end of financial period/ year | <u>802,615</u> | <u>820,378</u> | <u>508,382</u> | <u>568,992</u> |
| Net asset value per ordinary share as at the end of financial period/ year (Singapore cents) | <u>19.4 cents*</u> | <u>19.5 cents*</u> | <u>12.3 cents*</u> | <u>13.5 cents*</u> |

* Based on issued share capital of 832,000,000 ordinary shares

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.

Revenue

In accordance with the International Financial Reporting Standards, 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.

The Group's revenue in Q2 2007 and Q2 2006 were as follow:

| | Q2 2007 RMB million | Q2 2006 RMB million |
|--|--------------------------------------|--------------------------------------|
| (1) Sales of developed properties (net of sales tax) | 81.2 | 28.7 |
| (2) Rental income from investment properties | 3.5 | 1.8 |
| (3) Property management income | 1.2 | 0.3 |
| | <u>85.9</u> | <u>30.8</u> |

Our revenue increased significantly by 179% from RMB30.8 million in Q2 2006 to RMB85.9 million in Q2 2007. The increase in revenue was attributed mainly to the sales of commercial properties in Q2 2007, derived from our current project, Shining Holiday Shopping Centre Phase II, located in Xinxiang City, Henan Province. As a pure commercial project, the retail units in Shining Holiday Shopping Centre Phase II commands a higher selling price than the residential units sold in Q2 2006, which were mainly from Sunlight City – Ming Yuan Project, also located in Xinxiang City

Gross Profit

In line with the higher turnover recorded during the period under review, our gross profit increased significantly by 275% from RMB9.2 million in Q2 2006 to RMB34.5 million in Q2 2007. Our gross profit margin also went up from 30% in Q2 2006 to 40% in Q2 2007. This is attributed mainly to the sales of more commercial properties in Q2 2007, which are of a higher profit margin, as compared to those sold in Q2 2006.

Other operating income

Our other operating income decreased from RMB3.7 million in Q2 2006 to RMB1.7 million in Q2 2007. This is attributed mainly to the RMB3.0 million advertising income derived from rental of bulletin boards to third parties for their display of promotional posters and advertisements in Q2 2006.

Operating Profit

Notwithstanding that our selling and administrative expenses increased from a combined RMB2.5 million in Q2 2006 to RMB8.5 million in Q2 2007 as a result of higher staff costs, office expenses, traveling expenses and marketing expenses, our operating profit increased by 145% from RMB15.8 million in Q2 2006 to RMB38.6 million in Q2 2007. This is attributed mainly to the higher surplus on fair value changes in our Group's investment properties of RMB11.0 million recorded in Q2 2007, as compared to RMB5.4 million in Q2 2006.

Non-operating income

Non-operating income in Q2 2007 was attributed mainly to a foreign exchange gain as a result of exchange rates movements between RMB and foreign currencies during the period under review.

Release of Negative Goodwill

The negative goodwill in Q2 2006 arose from the acquisition of a subsidiary during the period under review. It represents the excess of the Group's interest in the fair value of the newly acquired subsidiary's identifiable assets, liabilities and contingent liabilities over cost, which has been fully released to our Group's profit and loss statement in Q2 2006.

Finance Costs

Finance costs in Q2 2007 comprised mainly accrued interest from our Group's borrowings and amortisation of ancillary costs incurred in connection with the arrangement of these borrowings. Finance costs, including approximately RMB5.9 million of interest expenses arising from the Convertible Bond and incurred for project development, were capitalised as under development for sale during the period under review.

IPO Expenses

IPO expenses represent expenses incurred in relation to the Company's IPO on the Singapore Exchange (SGX-ST) on 31 March 2006. Our IPO expenses in Q2 2006 comprise mainly professional fees and miscellaneous IPO expenses and were expensed to our Group's profit and loss statement during the period under review.

Income tax expenses

Income tax expenses in Q2 2007 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 during the period under review. Initial losses due to expenses incurred by our newly established subsidiaries which had yet to market their properties led to a higher overall tax rate.

Net profit attributable to equity holders of the company

A significant portion of the higher finance costs (arising from our Group's borrowings) and operating expenses incurred in Q2 2007 was incurred in connection with the expansion of our land bank. Notwithstanding the higher finance costs and operating expenses recorded for the period under review, which was also consistent with the higher turnover generated in Q2 2007, our net profit attributable to equity holders of the company improved by 25% from RMB15.6 million in Q2 2006 to RMB19.6 million in Q2 2007.

(b) Review of balance sheet of the Group

Non-current assets

Our non-current assets increased by RMB11.5 million or approximately 3%, from RMB391.6 million as at 31 December 2006 to RMB403.1 million as at 30 June 2007. This increase was attributed mainly to the surplus on fair value changes in our Group's investment properties of RMB11.0 million, and addition of property, plant and equipment, net of depreciation expenses during the period under review.

Current assets

Our current assets increased by RMB45.5 million or approximately 3%, from RMB1,434.1 million as at 31 December 2006 to RMB1,479.6 million as at 30 June 2007. This increase was attributed mainly to additional properties under development for sale of RMB204.1 million, and prepayments and deposits for lands of RMB120.8 million, offset by a decrease in our cash and bank balances of RMB234.0 million during the period under review.

Current liabilities

Our current liabilities increased by RMB135.6 million or approximately 25%, from RMB532.4 million as at 31 December 2006 to RMB668.0 million as at 30 June 2007. This increase was attributed mainly to reclassification of borrowings of approximately RMB68.0 million (being current portion of a 2-year credit facility) from non-current liabilities to current liabilities, an additional net bank borrowings of RMB18.0 million, and accruals and other payables of RMB67.1 million, offset by a decrease of RMB54.6 million arising from the settlement of trade payables during the period under review.

Non-current liabilities

Our non-current liabilities decreased by RMB64.0 million or approximately 15%, from RMB424.5 million as at 31 December 2006 to RMB360.5 million as at 30 June 2007. This decrease was attributed mainly to reclassification of borrowings of approximately RMB68.0 million (being current portion of a 2-year credit facility) from non-current liabilities to current liabilities as at 30 June 2007.

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

Not applicable.

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

Industry Outlook

For the first six months in 2007, GDP of the Henan province grew 14.7% while per capita disposable income of its urban population rose 17.9%. Buoyed by the strong economic growth and rising affluence, the Henan property market benefited as GFA of properties sold and total sales increased 45.8% and 69.1% respectively over the same period last year.

Prospects are expected to remain good for the rest of 2007. We will continue our effort to enhance profitability and expand our land bank to capitalize on the favourable business conditions.

Projects under Development

Shining Holiday Shopping Centre Phase II had been the main revenue contributor in Q2 2007. With the strong buying interest generated by the success of Shining Holiday Shopping Centre Phase I, we have sold over 30% of the total GFA of Phase II within a short period from its launch. We are confident of selling the remaining retail space in Phase II at higher prices and better gross margins, as these units are sited in better locations.

In addition, the sale of the remaining residential units in Sunlight City – Yi Yuan and Western Modern City, totalling approximately 73,000 sqm in GFA, will also contribute to group revenue for the rest of the financial year. During the past few months, our Group has commenced construction for four mixed development projects in the various cities of Shangqiu, Luoyang, Zhengzhou and Zhoukou. Of these, the Shangqiu Project is scheduled for full completion in end-2007 whereas for the other three projects, their phase 1 of these projects will be completed by end 2007. The sale of these four new projects is expected to begin in H2 FY2007 and some revenue contributions can be expected in FY2007.

A summary of our projects under development is as follow:

| Name of Projects | Zoning for Land Usage | Est. GFA Sold in H1 FY2007 (sqm) | Est. Remaining GFA (sqm) | Current market selling prices of similar properties in the respective cities (RMB/sqm) | Expected Completion [#] |
|------------------------------------|-----------------------|----------------------------------|--------------------------|--|----------------------------------|
| Sunlight City – Yi Yuan | Res/Com | 20,000 | 50,000 | (Res) 1,700 – 2,200 (Com) 5,000 – 6,000 | Q3 FY2007 |
| Western Modern City | Res/Com | 17,000 | 23,000 | (Res) 3,000 – 3,500 (Com) 5,000 – 6,000 | Q3 FY2007 |
| Shining Holiday Shopping Centre II | Com | 16,000 | 24,400 | 6,000 – 10,000 | Q4 FY2007 |
| Shangqiu Project | Res/Com | - | 70,000 | (Res) 1,700 – 2,200 (Com) 5,000 – 6,000 | Q4 FY2007 |
| Luoyang Project | Res/Com | - | 150,000 | (Res) 2,800 – 3,200 (Com) 5,000 – 7,000 | FY2007/ 2008/2009 |
| Zhengzhou Yuhua Project | Res/Com | - | 240,000 | (Res) 4,000 – 4,500 (Com) 5,000 – 7,000 | FY2007/ 2008/2009 |
| Zhoukou Project | Res/Com | - | 360,000 | (Res) 1,700 – 2,200 (Com) 4,000 – 6,000 | FY2007/2008 /2009/2010 |
| Western District of Xinxiang | Res/Com | - | 800,736* | (Res) 1,300 – 1,500 (Com) 3,000 – 3,300 | After FY2007 |

Barring unforeseen circumstances and changes in the regulatory environment and market conditions.

* We have successfully obtained conversion of approximately 300,000 sqm of land in planned GFA to residential/commercial usage. The remaining portion of the land will, subject to the prevailing market conditions, be developed according to the strategic requirements of our Group.

Projects for Future Development

Coming up in the pipeline, Western District of Xinxiang Project - Phase I and Phase II will soon be the added growth drivers for our Group. Pre-developmental works for both phases had been fully completed. With planned GFA of approximately 100,000 sqm for Phase I and 200,000 sqm for Phase II, constructions are scheduled to commence in H2 FY2007. Upon completion, the project will provide quality affordable homes to the middle-income population in Xinxiang.

To support further growth, we will continue to actively expand our land bank to at least 5.5 million sqm in GFA through acquisitions, joint ventures or business alliances. This will ensure a strong pipeline of property projects for at least the next three to five years. Currently, we are also carrying out in-depth property market research in various parts of central provinces of PRC. We aim to be a leading property developer with a nationally acclaimed brand in the PRC.

Barring unforeseen circumstances, our Group expects better performance in the seasonally stronger second half of 2007.

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

No 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 2007.

The final dividend of Singapore dollar 0.67660 cents per ordinary share and one-time dividend of Singapore dollar 0.33830 cents per ordinary share for the financial year ended 31 December 2006 has been approved by the shareholders at the Annual General Meeting held on 30 April 2007, and were paid on 30 May 2007.

BY ORDER OF THE BOARD

GUO YINGHUI
Chairman

14 August 2007

SUNSHINE HOLDINGS LIMITED
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 for the three months ended 30 June 2007 to be false or misleading.

Signed for and behalf of the Board of Directors

(Signed)

Guo Yinghui
Director

14 August 2007

(Signed)

Zhao Zhanmei
Director