

SUNSHINE HOLDINGS LIMITED

(Incorporated in the Cayman Islands)
(Company registration number: CT-140095)

IN-PRINCIPLE APPROVAL FOR LISTING OF NEW SHARES TO BE ISSUED ON CONVERSION OF US\$32 MILLION OF SECURED, SUBORDINATED 7% CONVERTIBLE BONDS DUE 2011 AND ISSUE OF CONVERTIBLE BONDS

The Board of Directors of Sunshine Holdings Limited (the “**Company**”) refers to the announcement dated 13 November 2006 in relation to the proposed issue of US\$32 million in aggregate principal amount of secured, subordinated convertible bonds due 2011 (the “**Convertible Bonds**”), which are convertible into fully paid-up new ordinary shares (the “**New Shares**”) in the capital of the Company.

The Board of Directors wishes to announce that the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) has on 5 December 2006 given its in-principle approval for the listing and quotation of an aggregate of 166,399,999 New Shares in the capital of the Company and such other shares as may be required to be issued pursuant to the terms of the Bonds (based on the unadjusted initial conversion price of S\$0.30 per New Share (the “**Conversion Price**”).

The in-principle approval from SGX-ST is subject to, *inter alia*, the following:

- (a) an undertaking from the Company to make periodic announcements on the use of the proceeds from the issue and conversion of the Bonds as and when the funds are materially disbursed;
- (b) an undertaking from the Company to provide a status report on the use of the proceeds in its annual report; and
- (c) disclosure of the principal terms and conditions of the Convertible Bonds and the circumstances that will result in anti-dilutive adjustments to the Conversion Price.

It should be noted that the approval in-principle granted by SGX-ST for the listing and quotation of the New Shares is not to be taken as an indication of the merits of the Convertible Bonds or the New Shares.

PRINCIPAL TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS

Issue instrument	7% secured, subordinated Convertible Bonds due 2011
Principal size of the proposed issue	US\$32 million in aggregate principal amount
Issue price	100% of the principal amount of the Convertible Bonds
Maturity date	6 December 2011
Method of issue	The Company has agreed to issue to, and Forum Asian Realty Income II, L.P. (“ Forum ”) has agreed to subscribe and pay for the Convertible Bonds. No offering circular or information memorandum will be issued by the Company for the proposed issue of the Convertible Bonds.
Form and denomination	The Bonds will be in registered form and will have minimum denominations of US\$250,000.

Conversion terms	<p>The holders of the Convertible Bonds shall be entitled to convert the Convertible Bonds at any time on and after 6 December 2007 up to the close of business in Singapore 2 bank business days prior to the Maturity Date (the “Conversion Period”) into duly authorised, validly issued, fully paid and unencumbered shares in the Company (the “New Shares”).</p> <p>The number of New Shares to be issued on conversion of a Convertible Bond is determined by dividing the principal amount of the Convertible Bond (translated into Singapore dollars at the currency conversion rate of US\$1.00 = S\$1.55999999) by the Conversion Price (as defined below) in effect on the date of conversion.</p>
Conversion price	<p>The Conversion Price will initially be S\$0.30 per New Share, but will be subject to anti-dilutive adjustments based on an agreed formula set out in the terms and conditions of the Convertible Bonds.</p>
Circumstances leading to anti-dilutive adjustments	<ol style="list-style-type: none"> 1. Where there is a share split, consolidation or reclassification; 2. Where the Company grants, issues or offers to its shareholders or to third parties rights or warrants entitling them to subscribe for or purchase shares in the Company or securities convertible into such shares at a consideration per share which is less than the then current market price per share or the then prevailing Conversion Price (as the case may be); 3. Where the Company distributes to its shareholders assets (excluding dividends) or rights or warrants to subscribe for or purchase securities (other than those rights and warrants referred to in paragraph 2 above); 4. Where the Company issues any securities convertible into shares and the consideration per share is less than the then current market price per share or the then prevailing Conversion Price (as the case may be); 5. Where the Company issue any shares (other than pursuant to a merger) and the consideration per share is less than the then current market price per share or the then prevailing Conversion Price (as the case may be); and 6. Where the Company makes a capital distribution.
Security	<p>The payment and other obligations of the Company under the Convertible Bonds are secured by:</p> <ol style="list-style-type: none"> (a) a first fixed charge in respect of all the issued shares in Elegant Jade Enterprises Limited (a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company (“EJE”)) and all dividends and other income and distributions relating thereto (the “EJE Charge”); and (b) an unconditional and irrevocable guarantee by EJE of the due and punctual payment of all sums from time to time payable by the Company in respect of the Convertible Bonds, (collectively, the “EJE securities”).

The EJE Securities have also been created to secure the Senior Debt (as defined below) and the claims of the Bondholders.

Negative pledge

Save for the EJE Charge, so long as any of the Convertible Bonds remains outstanding, the Company shall not create or permit to subsist any mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect over any of its assets.

For the avoidance of doubt, nothing in the terms and conditions of the Convertible Bonds prohibits the creation by any of the Company's subsidiaries of any security interest over any of its assets.

Status of the Convertible Bonds and New Shares

The Convertible Bonds constitute direct, unconditional, secured and subordinated obligations of the Company, and rank *pari passu* and rateably without any preference among themselves.

The rights of bondholders to payment of any amount under or in respect of the Convertible Bonds shall be subordinated to the prior payment in full of senior debt (the "**Senior Debt**") owing by the Company and EJE under a facility agreement entered into between the Company, as borrower, and Forum, as purchaser, arranger, agent and security agent.

The New Shares to be issued upon conversion of the Convertible Bonds when allotted and issued will rank *pari passu* in all respects with the existing ordinary shares of the Company.

Redemption

The Convertible Bonds which are not converted will be redeemed by the Company at 100% of their principal amount on the Maturity Date.

Purchase / Cancellation

Not applicable

Listing

The Convertible Bonds will not be listed on any stock exchange.

Governing Law

Singapore Law

The Company and Forum had agreed to extend the completion date of the issue of the Convertible Bonds from 30 November 2006 and, following the receipt of the in-principle approval from SGX-ST, the issue of the Bonds will be completed on 6 December 2006.

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

About Sunshine Holdings Limited

Listed on the SGX Mainboard in March 2006, Sunshine Holdings Limited is an award winning Henan-based developer of residential and commercial properties.

The Group strategically focuses on selected tier-two cities with strong urbanization of population and a property market at the budding stage of development. This focused approach since its establishment in 1999 has enabled the Group to build a strong and reputable property development brand name "Huilong". Over a span of 6 years, the Group developed an impressive aggregate GFA of more than 400,000 square metres of properties.

Various awards and accolades attest to the Group's performance. In 2004, the Group clinched the coveted "PRC Leading Property Developer" award by the Construction Cultural Centre of the PRC Building Department. It has also been awarded Certificate of Credit Rating Grade AAA by the Xinxiang City Capital Credit Rating Committee for five consecutive years since 2001. In 2003, the Group was awarded the Certificate of Honour for the top 50 developers in Henan for 2002 by the Henan Building Authority and Henan Statistical Bureau.

About Forum Asian Realty Income II, L.P.

Forum Asian Realty Income II, LP is managed by Forum Partners, a global real estate investment management firm with over USD 1.2 billion of capital under management on behalf of institutional and individual investors worldwide. Forum Partners specializes in investments in leading and emerging listed and private real estate companies. Since its founding in 2002, Forum Partners has managed investments in over 40 companies in 16 countries in Asia, Europe and North America. Forum has over thirty investment professionals based in offices in London, Singapore, Hong Kong, Beijing, Santa Fe, New Mexico and Stamford, Connecticut.