

## NEWS RELEASE

### **SUNSHINE HOLDINGS TERMINATES ZHENGZHOU YUHUA PROJECT JOINT VENTURE DUE TO RE-ZONING**

- Part of ongoing drive to review project portfolio to enhance liquidity and maintain a healthy cashflow
- Assets valued at approximately RMB 199.44 million to be transferred to Sunshine in lieu of share of investment
- Target to complete development and sale of said assets within 2 years

*Singapore, November 14, 2008* – Sunshine Holdings Limited (“Sunshine” or the “Group”), an award-winning Henan-based developer of residential and commercial properties, today announced that its wholly owned subsidiary, Meiji Henan Real Estate Co., Ltd, (“Meiji”) has terminated the Zhengzhou Yuhua Project (the “Project”) – a joint venture with Henan Yuhua Real Estate Co., Ltd, (“Yuhua”)

The Project, a proposed high-end residential development, is located in a site in the Huiji District of Zhengzhou city, Henan Province, which was originally zoned for commercial and residential development. However, local authorities recently re-zoned it for commercial use with plans to construct a road running across the site. Owing to this change, the Project may be subjected to various factors such as project delays and a substantial increase in the investment required.

Said Mr Guo Yinghui, Chairman of Sunshine Holdings: “After due consideration of the challenges involved, we decided to terminate the Zhengzhou Yuhua Project. This is in

line with the Group's strategy to enhance our product mix, manage pace of project development and marketing activities to maintain a healthy cashflow."

Under the terms of the termination agreement, the Project's joint venture partner Yuhua will transfer the following assets in lieu of Meiji's share of investment of RMB182.0 million:

- Land zoned for residential use situated in Zhumadian city (驻马店市), Henan Province, with a site area of approximately 41,250 sq m and land use rights of 70 years and appraised value of RMB 34.8 million.
- Land zoned for commercial use in the business district of Zhengzhou City with a site area of 28,432 sq m and properties on site valued at RMB 54.6 million in total.
- Two commercial units located in Zhengzhou's City's "Wengguiyuan" district (文桂园小区) and "Dijiucheng" district (第九城小区), with saleable GFA of 6,357 sq. m and 7,891.2 m respectively, valued at RMB 110.04 million.

The above stated transactions will be completed within one to six months following the termination of the contract. The Group is targetting to complete the development and sales of these properties and land in two years.

Mr Guo said: "The Group's fundamental growth drivers remain intact in the long term. Given the rapid urbanization in the PRC, the demand for affordable housing remains strong, especially in the second and third tier cities. The Group believes in the growth potential of this segment of the property market, which remains at reasonable levels in terms of pricing.

The PRC government's credit tightening measures and uncertain economic outlook has impacted the property market, resulting in genuine home buyers adopting a wait-and-see attitude. The Group will continue to monitor the situation closely and adapt to

market conditions. We are committed to maintaining a prudent financial policy, which will lay the foundation for our ability to seize future growth opportunities.”

The termination of the Project is not expected to have any material impact on the consolidated net tangible assets per share and earnings per share for the Group’s financial performance for FY2008.

### **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 and tier-three cities in the People’s Republic of China (“PRC”) 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 8 years, the Group developed an impressive aggregate GFA of more than 1 million square metres of properties in the PRC.