

SUNSHINE HOLDINGS LIMITED
Company Registration No. CT-140095

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

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR YEAR ENDED 31 DECEMBER 2006

PART1 INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), FULL YEAR RESULTS

1.(a) 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		
	2006	2005	%
	RMB'000	RMB'000	Change
Revenue	592,316	626,625	(5)
Cost of sales	(352,004)	(397,760)	(12)
Gross profit	240,312	228,865	5
Other operating income	1,672	680	146
Increase in fair value of investment properties	7,850	7,863	(0)
Loss on disposal of investment properties	-	(451)	N/M
Selling and distribution expenses	(5,260)	(5,135)	2
General and administrative expenses	(22,147)	(13,335)	66
Operating profit	222,427	218,487	2
Non-operating income	3,513	-	N/M
Release of negative goodwill	20,589	-	N/M
Finance costs	(2,444)	(71)	N/M
Profit before tax and IPO expenses	244,085	218,416	12
Income tax expense	(60,356)	(64,995)	(7)
Profit after tax and before IPO expenses	183,729	153,421	20
IPO expenses	(7,205)	(7,708)	(7)
Profit for the year	176,524	145,713	21
Attributable to:			
Equity holders of the parent	149,990	145,483	3
Minority interests	26,534	230	N/M
	176,524	145,713	21

"% 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		
	2006	2005	%
	RMB'000	RMB'000	Change
Profit before tax and IPO expenses have been arrived at after charging/ (crediting):			
Amortisation of land use rights	17	19	(11)
Depreciation of property, plant and equipment	1,221	871	40
Foreign currency exchange gain	(3,789)	(145)	2,513
Loss (Gain) on disposal of property, plant and equipment	29	(121)	N/M
Gain on disposal of a subsidiary	(423)	-	N/M
Interest income	(1,342)	(60)	2,137
Interest expenses	2,444	71	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) A 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		
	31	31	%	31	31	%
	December	December		December	December	
2006	2005	RMB'000	2006	2005	RMB'000	
Non-current assets						
Property, plant and equipment	9,733	5,951	64	-	-	-
Land use rights	564	683	(17)	-	-	-
Investment properties	381,350	247,050	54	-	-	-
Investments in subsidiaries	-	-	-	197,834	197,834	-
	<u>391,647</u>	<u>253,684</u>	54	<u>197,834</u>	<u>197,834</u>	-
Current assets						
Completed properties for sale	39,594	5,305	646	-	-	-
Properties under development for sale	442,335	333,348	33	-	-	-
Trade receivables	211,492	204,423	3	-	-	-
Prepayments and other receivables	450,461	19,311	2,233	100	44,445	(100)
Amounts due from subsidiaries	-	-	-	724,147	-	N/M
Amounts due from related parties [^]	-	28,354	(100)	-	-	-
Pledged bank deposits	9,710	8,385	16	-	-	-
Bank balances and cash	280,493	18,105	1,449	1,233	-	N/M
	<u>1,434,085</u>	<u>617,231</u>	132	<u>725,480</u>	<u>44,445</u>	1,532
Current liabilities						
Trade payables	149,944	198,499	(24)	-	-	-
Sales deposits	62,371	1,035	5,926	-	-	-
Accruals and other payables	126,160	69,909	80	1,891	844	124
Amounts due to related parties [^]	13,455	-	N/M	10,888	10,067	8
Tax payables	150,428	91,538	64	-	-	-
Borrowings	30,000	68,200	(56)	-	-	-
	<u>532,358</u>	<u>429,181</u>	24	<u>12,779</u>	<u>10,911</u>	17
Net current assets	<u>901,727</u>	<u>188,050</u>	380	<u>712,701</u>	<u>33,534</u>	2,025
	<u>1,293,374</u>	<u>441,734</u>	193	<u>910,535</u>	<u>231,368</u>	294
Capital and reserves						
Share capital	261,404	197,834	32	261,404	197,834	32
Share premium	204,521	-	N/M	204,521	-	N/M
Capital reserve	49,031	49,031	-	-	-	-
Bond reserve	39,485	-	N/M	39,485	-	N/M
Retained earnings	265,937	145,483	83	63,582	33,534	90
Equity attributable to equity holders of the parent	820,378	392,348	109	568,992	231,368	146
Minority interests	48,450	3,163	1,432	-	-	-
Total equity	<u>868,828</u>	<u>395,511</u>	120	<u>568,992</u>	<u>231,368</u>	146
Non-current liabilities						
Borrowings	341,543	-	N/M	341,543	-	N/M
Deferred tax liabilities	83,003	46,223	80	-	-	-
	<u>424,546</u>	<u>46,223</u>	818	<u>341,543</u>	<u>-</u>	N/M
	<u>1,293,374</u>	<u>441,734</u>	193	<u>910,535</u>	<u>231,368</u>	294

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

[^] Amounts due from/to related parties are unsecured, interest-free and repayable on demand.

1.(b)(ii) Aggregate amount of borrowings and debts securities for the Group.

	As at 31 December 2006 RMB '000	As at 31 December 2005 RMB '000
Borrowings, secured	<u>371,543</u>	<u>68,200</u>
The borrowings are repayable:		
On demand or within one year*	30,000	68,200
More than one year**	<u>341,543</u>	-
	<u>371,543</u>	<u>68,200</u>
Less: Amount due for settlement within 12 months or on demand shown under current liabilities	<u>(30,000)</u>	<u>(68,200)</u>
Amounts due after one year	<u>341,543</u>	-

Details of any collateral

* The current borrowings (31 December 2005: RMB 68,200,000), which carried fixed interest rates ranging from 5.000% to 8.750% (2005: 6.588% to 7.812%) per annum, are secured by the Group's certain bank deposits, investment properties and properties under development for sale.

** The non-current borrowings comprised the following:

i) 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) 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 (i) and (ii) 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 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. The Company has engaged an independent profession valuer to determine the fair value of the liability component of the Convertible Bonds. The valuation is currently in progress and accordingly the fair value of the Convertible Bonds has yet to be finalised. The determination of the fair value of the Convertible Bonds has no impact on our Group's consolidated profit and loss statement.

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	
	2006	2005
	RMB'000	RMB'000
OPERATING ACTIVITIES		
Profit before tax and IPO expenses	244,085	218,416
Adjustments for:		
Depreciation of property, plant and equipment	1,221	871
Amortisation of land use rights	17	19
Loss (Gain) on disposal of property, plant and equipment	29	(121)
Increase in fair value of investment properties	(7,850)	(7,863)
Loss on disposal of investment properties	-	451
Gain on disposal of a subsidiary	(423)	-
Release of negative goodwill	(20,589)	-
Interest income	(1,342)	(60)
Interest expenses	2,444	71
Operating cash flows before movements in working capital	217,592	211,784
Completed properties for sale	(20,118)	27,810
Properties under development for sale	62,875	(13,916)
Trade receivables	11,723	(30,268)
Prepayments and other receivables	(335,367)	(12,819)
Trade payables	(90,812)	37,141
Sales deposits	(54,269)	(94,163)
Accruals and other payables	(39,312)	5,609
Cash (used in) generated from operations	(247,688)	131,178
Income tax paid	(17,785)	(13,866)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(265,473)	117,312
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(3,458)	(296)
Proceeds from the disposal of property, plant and equipment	480	355
Proceeds from the disposal of investment properties	-	992
Acquisition of subsidiaries (Note 1)	(74,095)	-
Disposal of a subsidiary (Note 2)	22,212	-
Increase in pledged bank deposits	803	(2,019)
Interest received	1,342	60
NET CASH USED IN INVESTING ACTIVITIES	(52,716)	(908)
FINANCING ACTIVITIES		
Bank loans and other borrowings raised	379,506	4,000
Issue of shares pursuant to IPO	279,708	-
Interest paid	(6,334)	(7,500)
Dividends paid	(29,536)	-
Injection of capital	-	31
Repayment of bank loans	(68,200)	(57,800)
Increase (Decrease) in amounts due to related parties	41,810	(50,939)
IPO costs incurred	(16,377)	(10,153)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	580,577	(122,361)
INCREASE (DECREASE) IN CASH AND BANK BALANCES	262,388	(5,957)
CASH AND BANK BALANCES AT BEGINNING OF YEAR	18,105	24,062
CASH AND BANK BALANCES AT END OF YEAR	280,493	18,105

Note 1: Summary of cash flows arising from the acquisition of subsidiaries:

	The Group	
	2006	2005
	RMB'000	RMB'000
Cash and bank balances	12,143	-
Other current assets	345,647	-
Non-current assets	128,998	-
Current liabilities	(302,212)	-
Non-current liabilities	(55,833)	-
Minority interests	(21,916)	-
Net identifiable assets and liabilities acquired	106,827	-
Negative goodwill on consolidation	(20,589)	-
Purchase consideration	86,238	-
Less: cash and bank balances of subsidiaries acquired	(12,143)	-
Net cash flow from acquisition of subsidiaries	74,095	-

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

	The Group	
	2006	2005
	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 parent	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2005	197,834	-	-	-	-	197,834	2,933	200,767
Capitalisation of amount due to a director and substantial shareholder by Elegant Jade Enterprises Limited	-	-	49,031	-	-	49,031	-	49,031
Profit for the year	-	-	-	-	145,483	145,483	230	145,713
Balance at 31 December 2005	197,834	-	49,031	-	145,483	392,348	3,163	395,511
Issue of ordinary shares pursuant to IPO on SGX-ST	63,570	216,138	-	-	-	279,708	-	279,708
IPO expenses	-	(11,617)	-	-	-	(11,617)	-	(11,617)
Issue of convertible bonds	-	-	-	39,485	-	39,485	-	39,485
Disposal of a subsidiary	-	-	-	-	-	-	(3,163)	(3,163)
Acquisition of subsidiaries	-	-	-	-	-	-	21,916	21,916
Dividends paid	-	-	-	-	(29,536)	(29,536)	-	(29,536)
Profit for the year	-	-	-	-	149,990	149,990	26,534	176,524
Balance at 31 December 2006	261,404	204,521	49,031	39,485	265,937	820,378	48,450	868,828

	<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 January 2005	197,834	-	-	-	197,834
Profit for the year	-	-	-	33,534	33,534
Balance at 31 December 2005	197,834	-	-	33,534	231,368
Issue of ordinary shares pursuant to IPO on SGX-ST	63,570	216,138	-	-	279,708
IPO expenses	-	(11,617)	-	-	(11,617)
Issue of convertible bonds	-	-	39,485	-	39,485
Dividends paid	-	-	-	(29,536)	(29,536)
Profit for the year	-	-	-	59,584	59,584
Balance at 31 December 2006	261,404	204,521	39,485	63,582	568,992

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.

Details of the movement of the number of issued ordinary shares of the Company are as follows:

	<u>The Group and The Company</u>			
	2006	2006	2005	2005
	Number of ordinary share of <u>S\$0.0625 each**</u>	<u>RMB'000</u>	Number of ordinary share of <u>S\$0.10 each</u>	<u>RMB'000</u>
Authorised:	<u>8,000,000,000**</u>	<u>2,536,333</u>	<u>5,000,000,000</u>	<u>2,536,333</u>
Issued and fully paid:				
At beginning of year	624,000,000**	197,834	-	-
Issue of new shares pursuant to the Restructuring Exercise*	-	-	390,000,000	197,834
Issue of new shares pursuant to the IPO***	<u>208,000,000</u>	<u>63,570</u>	<u>-</u>	<u>-</u>
At end of year	<u>832,000,000</u>	<u>261,404</u>	<u>390,000,000</u>	<u>197,834</u>

* New shares issued pursuant to the Restructuring Exercise as disclosed in our annual report for the year ended 31 December 2005.

** The authorised and issued capital of the Company at the beginning of the year is adjusted for the consolidation of five ordinary share of S\$0.10 each into one share of S\$0.50 each and the sub-division of every ordinary share of S\$0.50 each into eight ordinary shares of S\$0.0625 each.

*** New shares issued pursuant to the Company's IPO on SGX-ST, where the Company issued 208,000,000 new ordinary shares of S\$0.0625 each at S\$0.275 per share for cash on 31 March 2006.

Apart from the above, there were no movements in the Company's share capital during the year ended 31 December 2006.

Convertible Bonds

On 5 December 2006, the Company issued a 7% secured subordinated US\$32 million convertible bonds due 2011 ("Convertible Bonds"). The Convertible Bonds 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.

The conversion price for the Convertible Bonds 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 Bonds. Based on the unadjusted initial conversion price of S\$0.30 per ordinary share, the Convertible Bonds may be converted into 166,399,999 ordinary shares in the capital of the Company.

Unless previously converted, or purchased and cancelled, the Convertible Bonds shall be redeemed by the Company at 100% of their principal amount on 6 December 2011. The Convertible Bonds principal will be redeemed in RMB at an agreed US\$/RMB currency conversion rate.

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 2005 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.

	<u>The Group</u>	
	2006	2005
	RMB'000	RMB'000
Net profit attributable to shareholders	<u>149,990</u>	<u>145,483</u>
Earnings per share		
Basic (Singapore cents)	<u>3.81 cents**</u>	<u>4.77 cents*</u>
Diluted (Singapore cents)	<u>3.79 cents***</u>	<u>4.77 cents*</u>

* Based on pre-invitation share capital of 624,000,000 ordinary shares.

** Based on the weighted average number of 780,000,000 ordinary shares. Calculated based on pre-IPO issued share capital of 624,000,000 ordinary shares of S\$0.0625 each, and the issue of 208,000,000 additional ordinary shares of S\$0.0625 each during the Company's IPO on SGX-ST on 31 March 2006.

*** Based on 791,182,796 ordinary shares. Calculated based on the weighted average number of 780,000,000 ordinary shares, adjusted for the assumed conversion of the convertible bonds.

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.

	<u>The Group</u>		<u>The Company</u>	
	31 December	31 December	31 December	31 December
	2006	2005	2006	2005
	RMB'000	RMB'000	RMB'000	RMB'000
Net asset value (net of minority interests) as at end of financial year	<u>820,378</u>	<u>392,348</u>	<u>568,992</u>	<u>231,368</u>
Net asset value per ordinary share as at the end of financial year (Singapore cents)	<u>19.5 cents^^</u>	<u>12.9 cents^</u>	<u>13.5 cents^^</u>	<u>7.6 cents^</u>

^ Based on pre-invitation share capital of 624,000,000 ordinary shares.

^^ Based on issued share capital (post IPO) 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. We strategically focus on building affordable medium end quality housing in tier-2 cities which exhibit high rate of urbanization and strong end-user demand.

Revenue

The Group's revenue in 2006 and 2005 were as follow:

	<u>2006</u> <u>RMB million</u>	<u>2005</u> <u>RMB million</u>
(1) Sales of developed properties (net of sales tax)	578.7	616.6
(2) Rental income from investment properties	11.7	8.9
(3) Property management income	1.9	1.1
	<u>592.3</u>	<u>626.6</u>

Despite the deferment of the physical completion and sale of our commercial property, Shining Holiday Shopping Centre II, located in Xinxiang City, Henan to 2007 (as mentioned in an earlier announcement dated on 26 September 2006), our revenue decreased marginally by 5% from RMB 626.6 million in 2005 to RMB 592.3 million in 2006. The decrease in sales of developed properties was moderated by higher rental income from investment properties and higher property management income.

Our two recently acquired developments in Zhengzhou City, namely Western Modern City and Cuizhu Yuan, had contributed significantly to our revenue in 2006. The remaining revenue for 2006 was derived from the sales of newly completed units at our Changzhi Project and Sunlight City – Yi Yuan Project, which are located in the Changzhi City and Xinxiang City respectively. Our revenue for 2005 was derived mainly from the sales of units in Sunlight City – Ming Yuan and Yi Yuan Projects in Xinxiang City.

Gross profit

Notwithstanding the marginal decrease in our revenue, our gross profit increased by 5% from RMB 228.9 million in 2005 to RMB 240.3 million in 2006, with the gross profit margin increased from 37% in 2005 to 41% in 2006. The increase in gross profit was attributed mainly to the sales of units at our new projects in the cities of Changzhi and Zhengzhou, which commanded higher margin as compared to those units sold in the Xinxiang City in 2005.

Other operating income

Our other operating income increased from RMB 0.7 million in 2005 to RMB 1.7 million in 2006. This was attributed mainly to the RMB 1.3 million interest income derived from bank balances and deposits in 2006.

Operating profit

Notwithstanding that our general and administrative expenses increased from RMB 13.3m in 2005 to RMB 22.1m in 2006 due to higher staff costs, office expenses and traveling expenses, our operating profit increased by 2% from RMB 218.5 million in 2005 to RMB 222.4 million in 2006.

Non-operating income

Non-operating income in 2006 was attributed mainly to a foreign exchange gain as a result of exchange rates movements between RMB and foreign currencies during the year under consideration.

Release of negative goodwill

The negative goodwill in 2006 arose from the acquisition of subsidiaries during the year under consideration. It represents the excess of the Group's interest in the fair value of the newly acquired subsidiaries' identifiable assets, liabilities and contingent liabilities over cost, which had been fully released to our Group's consolidated profit and loss statement in 2006. The fair value

of the properties of the subsidiaries has been determined based on a separate valuation done by an independent professional valuer.

Finance costs

Our finance costs in 2006 comprised mainly accrued interest from non-current borrowings and amortisation of ancillary costs incurred in connection with the arrangement of these borrowings. Finance costs incurred for project development were capitalised as part of our development costs.

Net profit attributable to equity holders of the parent

Our net profit attributable to equity holders of the parent increased by 3% from RMB 145.5 million in 2005 to RMB 150.0 million in 2006, with net profit margin improved from 23% to 25% over the same periods under consideration.

(b) Review of balance sheet of the Group

Non-current assets

Our non-current assets increased by RMB 138.0 million or approximately 54%, from RMB 253.7 million as at 31 December 2005 to RMB 391.7 million as at 31 December 2006. This was attributed mainly to the accumulation of additional property, plant and equipment of RMB 3.5 million and investment properties of RMB 126.0 million, both as a result of the acquisition of subsidiaries in 2006.

Current assets

Our current assets increased by RMB 816.9 million or approximately 132%, from RMB 617.2 million as at 31 December 2005 to RMB 1,434.1 million as at 31 December 2006. This increase was attributed mainly to additional prepayments and deposits for lands of RMB 222.0 million, advances made to subcontractors for our current projects of RMB 186.0 million and cash and bank balances of RMB 280.0 million.

Current liabilities

Our current liabilities increased by RMB 103.2 million or approximately 24%, from RMB 429.2 million as at 31 December 2005 to RMB 532.4 million as at 31 December 2006. This increase was attributed mainly to additional sales deposits of RMB 61.3 million, accruals and other payables of RMB 56.3 million and tax payables of RMB 58.9 million, offset by a decrease of RMB 86.8 million arising from the settlement of trade payables and repayment of current borrowings in 2006.

Non-current liabilities

Our non-current liabilities increased by RMB 378.3 million or approximately 818% from RMB 46.2 million as at 31 December 2005 to RMB 424.5 million as at 31 December 2006. This increase was attributed mainly to non-current borrowings of approximately RMB 341.5 million pursuant to the recent issue of convertible bonds and drawdown of loan facility in December 2006 (as detailed in note 1(b)(ii) above) as well as the deferred tax liabilities attributed to the fair value adjustment on the properties under development and investment properties held by the new subsidiaries acquired in 2006.

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

The property measures taken by the authorities to largely curb speculation of higher end properties in key tier-1 cities will contribute to a healthy and orderly property market in the People's Republic of China ("PRC"). In Henan Province, the rapid urbanization rate, strong economic growth and rising disposable income of urban residents give rise to strong end user demand for residential and commercial properties. These factors continue to underpin good prospects for our Group.

Clarification on land appreciation tax ("LAT")

According to the tax circulars on LAT issued by the PRC State Administration of Taxation ("LAT Tax Circulars") on 28 December 2006 and 16 January 2007, real estate developers in PRC are required, with effect from 1 February 2007, to compute and settle the final LAT payments in respect of their development projects that meet certain criteria, and detailed execution and implementation of the regulations mentioned in the LAT Tax Circulars will be determined by the respective local provincial tax authorities. In response to this, the tax authority in Henan Province had on 30 January 2007 issued a relevant notice with regard to the interpretation and implementation of the LAT Tax Circulars in Henan Province ("LAT Notice").

Our Group had been in compliance with the LAT Notice in respect of our LAT provisions of RMB 6.1 million for 2005 and RMB 5.5 million for 2006.

Projects in 2007

Name of project	Total GFA of projects (sqm)	Estimated GFA to be booked in 2007(sqm)**	Type	Current market selling prices of similar properties in the respective cities	Expected completion dates**
Sunlight City – Yi Yuan*	265,500	65,000-70,000	Res / Com	RMB 1,700-2,000/sqm (Res) RMB 4,000-6,000/sqm (Com)	2007
Western Modern City*	82,000	36,000-40,000	Res / Com	RMB 3,000-3,500/sqm (Res) RMB 5,000-6,000/sqm (Com)	2007
Shining Holiday Shopping Center II	40,400	40,000-40,400	Com	RMB 6,000-10,000/sqm	2007
Shangqiu Project	70,000****	50,000-70,000	Res / Com	RMB 1,700-2,000/sqm (Res) RMB 5,000-6,000/sqm (Com)	2007
Luoyang Project	150,000****	10,000-15,000	Res / Com	RMB 2,800-3,000/sqm (Res) RMB 5,000-6,000/sqm (Com)	2007/2008
Zhengzhou Yuhua Project	240,000****	50,000-80,000	Res / Com	RMB 3,800-4,400/sqm (Res) RMB 5,000-6,000/sqm (Com)	2007/2008/ 2009
Zhoukou Project	360,000****	50,000-70,000	Res / Com	RMB 1,700-2,000/sqm (Res) RMB 4,000-4,500/sqm (Com)	2007/2008/ 2009
Western Dist. of Xinxiang	800,736	-	Comp***	N/A***	2007/2008/ 2009

* Ongoing projects brought forward from 2006 and before.

** Barring unforeseen circumstances and changes in the regulatory environment.

*** Conversion of zoning for land usage from industrial to composite pending.

**** Subject to detailed project planning at a later date, approximately 90% of the project will be allocated for residential and 10% for commercial use

In addition to the two existing projects, Sunlight City – Yi Yuan and Western Modern City, carried over from 2006, our Group is expected to launch the marketing of five new projects in 2007: Shinning Holiday Shopping Center II, Shangqiu project, Luoyang project, Zhengzhou Yuhua project and Zhoukou project. Being a pure commercial project, the sale and completion of Shinning Holiday Shopping Center II is expected to contribute substantially to our Group revenue in 2007. Pending the finalisation of zoning for the Western District of Xinxiang project, this project as well as other projects that could be acquired in 2007 could have a partial contribution to our Group revenue in 2007.

Over the next two to three years, our Group targets to accumulate land reserves of not less than 3 million square metres through acquisitions, joint ventures or business alliances, to maintain a sufficient pipeline of property projects.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Our directors propose that a final dividend of Singapore dollar 0.67660 cents (2005: 0.71000 cents) per ordinary share will be paid to shareholders. The total estimated final dividend to be paid is approximately RMB 28.4 million. This represents approximately 20% of net distributable earnings for 2006, which is consistent with the dividend policy stated in our Prospectus dated 24 March 2006.

In addition to the final dividend, our directors are proposing to pay a one-time special dividend to shareholders, the quantum and details of which are to be advised at a later date. Payment of the final and special dividends will be subject to the approval by shareholders at the forthcoming Annual General Meeting and have not been included as a liability as at 31 December 2006.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

(c) Date payable

30 May 2007

(d) Books closure date

17 May 2007

12. If no dividend has been declared / recommended, a statement to that effect.

No applicable.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1 ,Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Geographical segments

The Group's operations and its identifiable assets are solely located in the PRC and accordingly, no geographical segmental analysis is presented.

Business segments

(a) The Group

	Commercial and residential property <u>development</u> RMB' 000	Investment <u>properties</u> RMB' 000	Property <u>management</u> RMB' 000	<u>Total</u> RMB' 000
<u>2006</u>				
REVENUE	<u>578,643</u>	<u>11,730</u>	<u>1,943</u>	<u>592,316</u>
RESULT				
Segment result	<u>236,732</u>	<u>11,771</u>	<u>(731)</u>	247,772
Unallocated expenses				(4,756)
Non-operating income				3,513
Finance costs				<u>(2,444)</u>
Profit before tax and IPO expenses				244,085
Income tax expense				<u>(60,356)</u>
Profit after tax but before IPO expenses				183,729
IPO expenses				<u>(7,205)</u>
Profit for the year				<u>176,524</u>

Attributable to:	
Equity holders of the parent	149,990
Minority interests	<u>26,534</u>
	<u>176,524</u>

(b) The Group

2005	Commercial and residential property development RMB' 000	Investment properties RMB' 000	Property management RMB' 000	Total RMB' 000
REVENUE	<u>616,661</u>	<u>8,873</u>	<u>1,091</u>	<u>626,625</u>
RESULT				
Segment result	<u>209,858</u>	<u>11,149</u>	<u>(171)</u>	220,836
Unallocated expenses				(2,349)
Finance costs				<u>(71)</u>
Profit before tax and IPO expenses				218,416
Income tax expense				<u>(64,995)</u>
Profit after tax but before IPO expenses				153,421
IPO expenses				<u>(7,708)</u>
Profit for the year				<u>145,713</u>
Attributable to:				
Equity holders of the parent				145,483
Minority interests				<u>230</u>
				<u>145,713</u>

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earning by the business of geographical segments.

Please refer to note 8 above.

15. Breakdown of sales

	The Group	
	2006 RMB' 000	2005 RMB' 000
(i) Turnover reported for:		
First half year ended 30 June	39,407	59,079
Second half year ended 31 December	<u>552,909</u>	<u>567,546</u>
	<u>592,316</u>	<u>626,625</u>
(ii) Net profit for the year reported for:		
First half year ended 30 June	16,683	13,825
Second half year ended 31 December	<u>159,841</u>	<u>131,888</u>
	<u>176,524</u>	<u>145,713</u>

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest Full Year 2006 RMB' 000	Previous Full Year 2005 RMB' 000
Ordinary Share: Final dividend	<u>28,428</u>	<u>29,536</u>
Special dividend	<u>To be advised</u>	<u>-</u>

Our directors have proposed the above final dividend (Singapore dollar 0.67660 cents) and special dividend (the quantum and details of which are to be advised at a later date) per ordinary share for the year ended 31 December 2006. Payment of the final and special dividends will be subject to the approval by shareholders at the forthcoming Annual General Meeting and have not been included as a liability as at 31 December 2006.

BY ORDER OF THE BOARD

GUO YINGHUI
Chairman

28 February 2007