SUNSHINE HOLDINGS LIMITED
阳 光 控 股 有 限 公 司

Company Registration No. CT-140095

AUDIT ADJUSTMENTS BY THE AUDITORS IN RESPECT OF THE FINANCIAL RESULTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010 ("FY2010") (THE "AUDIT ADJUSTMENTS")

Unless otherwise stated, all capitalized terms herein shall have the same meanings as that ascribed in the announcement made by Sunshine Holdings Limited (the "Company") on 7 March 2011 (the "Announcement")

The Board of Directors of the Company (the "Board") would like to inform that, following the audit carried out by the auditors of the Company (the "Auditors") subsequent to the announcement of the unaudited financial results of the Company and its subsidiaries (the "Group") for FY2010 on 1 March 2011 (the "Unaudited Announced Results"), the Auditors had proposed the Audit Adjustments (the details of which are elaborated below) which the Board had agreed and accepted.

It shall be highlighted that the Audit Adjustments, which relate solely to compliance with the International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS"), do not arise due to shortcoming in the book keeping of accounts of the Group.

The Audit Adjustments stamp mainly from the following:

<u>In respect of the Statement of Comprehensive Income of the Group for FY2010</u>

1. Pursuant to paragraph 43 of IAS 39, the need to fair value the amounts of RMB100.0 million and RMB95.3 million due respectively from the Related Party and Associated Companies respectively as disclosed in the Announcement and RMB33.0 million due from a third party (collectively, the "Receivables") in view that portions of the Receivables are non-current in nature as they relate to receivables beyond the next 12 months from 31 December 2010 (the "Non-Current Receivables"). The fair value adjustment of the Non-Current Receivables, measured as the difference between the carrying amount of the Non-Current Receivables and the present value of the estimated future cash flows discounted at the effective interest rate of the Non-Current Receivables, results in a charge of approximately RMB27.9 million to the consolidated income statement of the Group for FY2010 (the "Fair Value Adjustment");

2. Pursuant to paragraph 18 of IAS 27, the need for Group to absorb the share of losses of the non-controlling interests in respect of losses incurred by the non-wholly-owned subsidiaries of the Group. The under recognition results in a charge of approximately RMB2.4 million to the income statement of the Group for FY2010; and

<u>In respect of the Statement of Financial Position of the Group as at 31 December 2010</u>

3. Pursuant to the Fair Value Adjustment, a reclassification of the non-current portions of the fair value of the Receivables from current assets to non-current assets.

Consequence to the above, the financial results of the Group for FY2010, after taking into account the Audit Adjustments, would have resulted in the following financial effects:

<u>In respect of the Statement of Comprehensive Income of the Group for FY2010</u>

1. A reduction in the post-tax profit of the Group as disclosed in the Unaudited Announced Results by approximately RMB30.3 million from approximately RMB53.5 million to approximately RMB23.2 million;

<u>In respect of the Statement of Financial Position of the Group as at 31 December 2010</u>

2. A reduction in the current assets of the Group as disclosed in the Unaudited Announced Results by

approximately RMB143.8 million from approximately RMB1,382.7 million to approximately RMB1,238.9 million;

3. A reduction in the net current assets of the Group as disclosed in the Unaudited Announced Results by approximately RMB267.6 million from approximately RMB598.0 million to approximately RMB865.6million;

4. An increase in the non-current assets of the Group as disclosed in the Unaudited Announced Results by approximately RMB117.0 million from approximately RMB323.0 million to approximately RMB440.0 million;

In respect of the Statement of Cash Flows of the Group for FY2010

5. The net cash used in operating activities by the Group of approximately RMB31.6 million as disclosed in the Unaudited Announced Results being reversed to a net cash generated from operating activities of approximately RMB32.6 million;

6. The net cash generated from investing activities by the Group of approximately RMB69.9 million as disclosed in the Unaudited Announced Results being reduced by approximately RMB42.0 million to approximately RMB27.9 million; and

7. The net cash used in financing activities by the Group of approximately RMB43.2 million as disclosed in the Unaudited Announced Results being increased by approximately RMB22.3 million to approximately RMB65.5 million.

BY ORDER OF THE BOARD

Mr Guo Yinghui
Chairman & CEO

6 April 2011