
UNAUDITED FIRST QUARTER (“Q1 2010”) FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2010 (“FY2010”)

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

1.(a)(i) An income statement (for the Group) for the 3-month period ended 31 March 2010 together with a comparative statement for the corresponding period of the immediate preceding financial year

Unaudited consolidated income statement of the Group for the first quarter period ended 31 March 2009 and 31 March 2010

	The Group		
	Q1 2010	Q1 2009	%
	RMB'000	RMB'000	Change
Revenue	34,572	11,105	211
Cost of sales	(26,064)	(10,753)	142
Gross profit	8,508	352	2,317
Other operating income	5,293	4,908	8
Changes in fair value of investment property	-	(1,816)	N/M
General and administrative expenses	(7,703)	(12,254)	(37)
Selling and distribution expenses	(1,589)	(2,219)	(28)
Finance costs	(1,800)	(42,036)	(96)
Profit/(loss) before tax	2,709	(53,065)	N/M
Income tax expense	(800)	(179)	347
Net profit/(loss) for the period	1,909	(53,244)	N/M

“Q1 2009” and “Q1 2010” denotes the first quarter period ended 31 March 2009 and 31 March 2010 respectively

“% Change” denotes increase/(decrease) in the relevant profit or loss item as compared with the comparative figure

“N/M” denotes “Not meaningful”

1.(a)(ii) The accompanying notes to the unaudited financial statements form an integral part of the financial statements

	The Group		
	Q1 2010	Q1 2009	%
	RMB'000	RMB'000	Change
Profit/(loss) before tax has been arrived at after charging/(crediting):			
Depreciation of property, plant and equipment	2,530	2,600	(3)
Foreign currency exchange (gain)/loss	(14)	1,453	N/M
Share-based payment	-	884	N/M
Amortization of land use rights	-	910	N/M
(Gain)/loss on disposal of property, plant and equipment	(33)	145	N/M
Written back on accrual	(4,977)	-	N/M
Changes in fair value of investment properties	-	1,816	N/M
Gain on disposal of subsidiaries	-	(5,249)	N/M
Interest income	(16)	(100)	(84)
Interest expenses	1,800	42,036	(96)

“Q1 2009” and “Q1 2010” denotes the first quarter period ended 31 March 2009 and 31 March 2010 respectively

“% Change” denotes increase/(decrease) in the relevant profit or loss item as compared with the comparative figure

“N/M” denotes “Not meaningful”.

1.(b)(i) A statements of financial position (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year

Statements of financial position of the Group and the Company as at 31 March 2010 and 31 December 2009

	The Group		The Company	
	31 March 2010 RMB'000	31 December 2009 RMB'000	31 March 2010 RMB'000	31 December 2009 RMB'000
Non-current assets				
Property, plant and equipment	85,999	88,255	7	8
Land use rights	66	66	-	-
Investment properties	183,500	183,500	-	-
Prepayments and other receivables	7,720	7,720	-	-
Investments in subsidiaries	-	-	213,738	213,738
Available-for-sale investments	-	1,400	-	-
	277,285	280,941	213,745	213,746
Current assets				
Completed properties for sale	338,790	367,088	-	-
Properties under development for sale	823,597	789,632	-	-
Trade receivables	8,798	8,959	-	-
Prepayments and other receivables	105,301	92,445	34	34
Amounts due from subsidiaries	-	-	440,634	585,100
Amounts due from related parties [^]	89,036	89,036	-	-
Income tax recoverable	14,245	13,178	-	-
Pledged bank deposits	9,341	9,261	-	-
Cash and bank balances	46,141	64,562	298	738
	1,435,249	1,434,161	440,966	585,872
Current liabilities				
Trade payables	112,150	149,120	-	-
Sales and rental deposits	234,566	199,713	-	-
Accruals and other payables	308,746	303,985	919	3,021
Amount due to subsidiaries	-	-	6,914	148,836
Amounts due to related parties [^]	24,979	22,745	10,888	10,888
Income tax payables	44,151	46,706	-	-
Bank and other borrowings	60,000	66,800	-	-
	784,592	789,069	18,721	162,745
Net current assets	650,657	645,092	422,245	423,127
	927,942	926,033	635,990	636,873
Capital and reserves				
Issued capital	305,888	305,888	305,888	305,888
Share premium	224,094	224,094	224,094	224,094
Capital reserve	49,031	49,031	-	-
Share option reserve	18,077	18,077	18,077	18,077
Retained earnings	232,863	230,783	87,931	88,814
Equity attributable to owners of the Company	829,953	827,873	635,990	636,873
Minority interests	84,029	84,200	-	-
Total equity	913,982	912,073	635,990	636,873
Non-current liabilities				
Deferred tax liabilities	13,960	13,960	-	-
	13,960	13,960	-	-
	927,942	926,033	635,990	636,873

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

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

	The Group	
	31 March 2010 RMB '000	31 December 2009 RMB '000
Borrowings, secured ⁽¹⁾	60,000	60,000
Borrowings, unsecured	-	6,800
	<u>60,000</u>	<u>66,800</u>
The borrowings are repayable:		
On demand or within one year	60,000	66,800
More than one year	-	-
	<u>60,000</u>	<u>66,800</u>

Note:

- (1) The borrowings are secured against certain investment properties and certain completed properties for sale of the Group.

1.(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year. Unaudited consolidated statement of cash flows of the Group for the first quarter periods ended 31 March 2009 and 31 March 2010.

	The Group	
	Q1 2010	Q1 2009
	RMB'000	RMB'000
OPERATING ACTIVITIES		
Profit/(loss) before tax	2,709	(53,065)
Adjustments for:		
Depreciation of property, plant and equipment	2,530	2,600
Foreign currency exchange (gain)/loss	(14)	1,453
Share-based payment	-	884
Amortization of land use rights	-	910
(Gain)/loss on disposal of property, plant and equipment	(33)	145
Written back on accrual	(4,977)	-
Changes in fair value of investment properties	-	1,816
Gain on disposal of subsidiaries	-	(5,249)
Interest income	(16)	(100)
Interest expenses	1,800	42,036
Operating cash flows before movements in working capital	1,999	(8,570)
Decrease in completed properties for sale	28,298	2,511
Increase in properties under development for sale	(33,899)	(53,401)
Decrease in inventories	-	3
Decrease/(increase) in trade receivables	161	(477)
Increase in prepayments and other receivables	(2,728)	(50,796)
(Decrease)/increase in trade payables	(36,970)	11,275
Increase in sales and rental deposits	34,853	27,318
Increase in accruals and other payables	7,551	57,501
Increase in amounts due to related parties	2,234	2,614
Cash generated from/(used in) operations	1,499	(12,022)
Income tax paid	(4,422)	(931)
NET CASH USED IN OPERATING ACTIVITIES	(2,923)	(12,953)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(34)	(599)
Proceeds from disposal of property, plant and equipment	-	289
Disposal of subsidiary	-	(457)
Increase in pledged bank deposits	(80)	(893)
Loan to third party	(10,000)	-
Amounts advanced to related parties	-	(22,652)
Refund of investment cost of available-for-sale investments	1,400	-
Interest received	16	100
NET CASH USED IN INVESTING ACTIVITIES	(8,698)	(24,212)
FINANCING ACTIVITIES		
Repayments of bank and other borrowings	(6,800)	(4,850)
Interest paid	-	(1,196)
NET CASH USED IN FINANCING ACTIVITIES	(6,800)	(6,046)
DECREASE IN CASH AND CASH EQUIVALENTS	(18,421)	(43,211)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	64,562	106,867
CASH AND CASH EQUIVALENTS AT END OF PERIOD	46,141	63,656

1.(d) A statements of comprehensive income (for the issuer and group), together with a comparative statement for the corresponding year of the immediately preceding financial period.

Unaudited consolidated statements of comprehensive income of the Group and the Company for the first quarter period ended 31 March 2009 and 31 March 2010

	The Group	
	Q1 2010	Q1 2009
	RMB'000	RMB'000
Profit/(loss) for the period	1,909	(53,244)
Other comprehensive income for the period	<u>-</u>	<u>-</u>
Total comprehensive income/(expense) for the period	<u>1,909</u>	<u>(53,244)</u>

Total comprehensive income/(expense) for the period attributable to:

Owners of the Company	2,080	(51,184)
Minority interests	<u>(171)</u>	<u>(2,060)</u>
	<u>1,909</u>	<u>(53,244)</u>

	The Company	
	Q1 2010	Q1 2009
	RMB'000	RMB'000
Loss for the period	(883)	(8,005)
Other comprehensive expense for the period	<u>-</u>	<u>-</u>
Total comprehensive expense for the period	<u>(883)</u>	<u>(8,005)</u>

Total comprehensive expense for the period attributable to:

Owners of the Company	(883)	(8,005)
Minority interests	<u>-</u>	<u>-</u>
	<u>(883)</u>	<u>(8,005)</u>

“Q1 2009” and “Q1 2010” denotes the first quarter period ended 31 March 2009 and 31 March 2010 respectively

1.(e)(i) A 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.

Unaudited consolidated statement of changes in equity of the Group for the 3-month period ended 31 March 2009 and 31 March 2010

	The Group									
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Share option reserve RMB'000	Revaluation reserve RMB'000	Bond reserve RMB'000	Retained earnings RMB'000	Attributable to owners of the Company RMB'000	Minority interests RMB'000	Total RMB'000
Balance at 1 January 2010	305,888	224,094	49,031	18,077	-	-	230,783	827,873	84,200	912,073
Comprehensive income/(expense) for the period	-	-	-	-	-	-	2,080	2,080	(171)	1,909
Balance at 31 March 2010	305,888	224,094	49,031	18,077	-	-	232,863	829,953	84,029	913,982

	The Group									
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Share option reserve RMB'000	Revaluation reserve RMB'000	Bond reserve RMB'000	Retained losses RMB'000	Attributable to owners of the Company RMB'000	Minority interests RMB'000	Total RMB'000
Balance at 1 January 2009	305,888	224,094	49,031	14,283	884	39,485	(13,835)	619,830	83,935	703,765
Recognition of share based payment	-	-	-	884	-	-	-	884	-	884
Comprehensive expense for the period	-	-	-	-	-	-	(51,184)	(51,184)	(2,060)	(53,244)
Balance at 31 March 2009	305,888	224,094	49,031	15,167	884	39,485	(65,019)	569,530	81,875	651,405

	The Company					
	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Bond Reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2010	305,888	224,094	18,077	-	88,814	636,873
Comprehensive expense for the period	-	-	-	-	(883)	(883)
Balance at 31 March 2010	305,888	224,094	18,077	-	87,931	635,990

	The Company					
	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Bond Reserve RMB'000	Retained losses RMB'000	Total RMB'000
Balance at 1 January 2009	305,888	224,094	14,283	39,485	(34,852)	548,898
Recognition of share-based payment	-	-	884	-	-	884
Comprehensive expense for the period	-	-	-	-	(8,005)	(8,005)
Balance at 31 March 2009	305,888	224,094	15,167	39,485	(42,857)	541,777

1.(e)(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 3-month periods ended 31 March 2010.

Sunshine Employee Share Option Scheme

Pursuant to the Sunshine Employee Share Option Scheme ("SESOS"), which was approved by the Company's shareholders at the Extraordinary General Meeting held on 30 April 2007, a total of 60,000,000 share options were granted to the eligible employees on 29 November 2007.

8,850,000 share options under the SESOS were cancelled due to staff resignation during the year ended 31 December 2008, and the number of ordinary shares that may be issued upon exercise of all share options outstanding as at 31 March 2009 was 51,150,000 (31 December 2009: 51,150,000).

1.(e)(iii) The total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	<u>As at 31 March 2010</u>	<u>As at 31 December 2009</u>
Total number of issued ordinary shares	978,000,000	978,000,000

1.(e)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company had no treasury shares as at 31 March 2010.

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).

The figures have not been audited or reviewed by the auditors.

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 financial year ended 31 December 2009 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.

There are no changes in the accounting policies and methods of computation, including any required by an accounting standard.

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.

Unaudited earnings/(losses) per ordinary shares of the Group for the 3-month periods ended 31 March 2009 and 31 March 2010

	<u>The Group</u>	
	<u>Q1 2010</u> RMB'000	<u>Q1 2009</u> RMB'000
Profit/(loss) attributable to owners of the Company	<u>2,080</u>	<u>(51,184)</u>
Basic (Singapore cents) ⁽¹⁾	<u>0.04 cents</u> ⁽²⁾	<u>(1.15) cents</u> ⁽²⁾
Diluted (Singapore cents) ⁽¹⁾	<u>0.04 cents</u> ⁽⁴⁾	<u>(1.15) cents</u> ⁽³⁾

Notes:

- (1) Calculated based on the average exchange rate of S\$1: RMB4.86 (Q1 2009: S\$1: RMB4.55)
- (2) Based on the issued share capital of 978,000,000 ordinary shares. No new shares are issued during the three months period ended 31 March 2010.
- (3) As the conversion of the convertible bond and exercise of all outstanding options pursuant to the SESOS will have an anti-dilutive effect on the loss per share, they are not taking into account in calculating the diluted loss per share
- (4) The computation of the diluted earnings per share does not take into account of the exercise of the Company's share options because the exercise price of these options was higher than the average market share price of the Company for the three month periods ended 31 March 2010.

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 financial period reported on and (b) immediately preceding financial year

	<u>The Group</u>		<u>The Company</u>	
	<u>31 March</u> <u>2010</u> RMB'000	<u>31 December</u> <u>2009</u> RMB'000	<u>31 March</u> <u>2010</u> RMB'000	<u>31 December</u> <u>2009</u> RMB'000
Net asset value (net of minority interests) as at end of financial period/ year	<u>829,953</u>	<u>827,873</u>	<u>635,990</u>	<u>636,873</u>
Net asset value per ordinary share as at the end of financial period/ year (Singapore cents) ⁽¹⁾	<u>17.43 cents</u>	<u>17.45 cents</u>	<u>13.35 cents</u>	<u>13.43 cents</u>

Note:

- (1) Calculated based on exchange rate of S\$1 : RMB4.87 as at 31 March 2010 (as at 31 December 2009: S\$1 : RMB4.85) and issued share capital of 978,000,000 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 earnings 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 consolidated statement of comprehensive income of the Group for Q1 2010 (relative to that for Q1 2009)

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 mainly located in Henan Province, PRC.

Revenue

The Group's revenues (net of sales tax) generated in Q1 2010 and Q1 2009 were as follow:

	Q1 2010		Q1 2009	
	RMB million	%	RMB million	%
(1) Sales of developed properties	23.1	67	2.6	23
(2) Rental income	10.3	30	7.0	63
(3) Property management income	1.2	3	1.5	14
	<u>34.6</u>	<u>100</u>	<u>11.1</u>	<u>100</u>

Our overall revenue increased by RMB23.5 million or more than 2-fold from RMB11.1 million in Q1 2009 to RMB34.6 million in Q1 2010.

The increased revenue was attributed mainly to the sales and delivery of completed units in respect of two developed properties, namely the Xinxiang Sunny Town Phase 1 Project (新乡阳光新城第一期项目) and Shangqiu Sunshine Shuixie Huadu Project (商丘阳光水榭花都项目).

Our rental income increased by RMB3.3 million or 47% from RMB7.0 million in Q1 2009 to RMB10.3 million in Q1 2010. The improved performance was attributed mainly to the sub-leasing of two Beijing hotels in Q1 2010 compared to one in Q1 2009.

Gross profit

Our gross profit increased by RMB8.1 million or by more than 23-fold from RMB0.4 million in Q1 2009 to RMB8.5 million in Q1 2010. With sales of developed properties constituting a greater proportion (relative to rental income) to the total revenue in Q1 2010 compared to Q1 2009, the Group registered a higher gross profit margin of 25% in Q1 2010 compared to that of 3% in Q1 2009, as revenue generated from our developed properties typically commands a much higher gross profit margin relative to that from our rental income.

Other operating income

Our other operating income increased by RMB0.4 million or 8% from RMB4.9 million in Q1 2009 to RMB5.3 million in Q1 2010. The bulk of the other operating income earned in Q1 2010 was attributed to the one-off write-back of an over-accrued expense while the other operating income earned in Q1 2009 comprised principally gain on disposal of subsidiaries and hotel management income generated by Beijing Chengguo Hotel Management Co., Ltd (北京成果酒店管理有限公司) (a former subsidiary which we disposed in Q1 2009) and Beijing Feng Bao Heng Investments Co., Ltd (北京丰宝恒投资有限公司) and net of exchange loss due to the unfavourable exchange rate movements between RMB and US dollars.

Changes in fair value of investment property

There was no significant fluctuation in the fair value of our investment properties in Q1 2010. In Q1 2009, there was a fair value impairment of RMB1.8 million in respect of an investment property held by one of our subsidiaries.

General and administrative expenses

Our general and administrative expenses decreased by RMB4.6 million or 37% from RMB12.3 million in Q1 2009 to RMB7.7 million in Q1 2010. The disposal of eight subsidiaries and five land parcels in 2009, with a view to expedite cash realisation in meeting the obligations due to the US\$120 million syndicate lenders and the US\$32 million convertible bond holder, had resulted in lower general and administration expenses, amortization of land use right and land appreciation tax being recorded in Q1 2010, not to mention that the share-based payment with regard to the employee share options granted by the Company in November 2007 pursuant to the SESOS had fully been amortised in 2009.

Selling and distribution expenses

The disposal of eight subsidiaries during 2009 has principally contributed to the decrease in our selling and distribution expenses by RMB0.6 million or 28% from RMB2.2 million in Q1 2009 to RMB1.6 million in Q1 2010.

Finance costs

Our finance costs decreased significantly by RMB40.2 million or 96% from RMB42.0 million in Q1 2009 to RMB1.8 million in Q1 2010 following the settlement of the US\$120 million syndicated loan and the US\$32 million convertible bond in Q4 2009.

Profit/(loss) before tax

With the higher gross profit and lower operating expenses, we reversed from a net loss before tax of RMB53.1 million in Q1 2009 to a net profit before tax of RMB2.7 million in Q1 2010.

Income tax expense

Our income tax expenses increased by RMB0.6 million from RMB0.2 million in Q1 2009 to RMB0.8 million in Q1 2010 due to the pre-tax profit recorded in Q1 2010 as contrast against a pre-tax loss in Q1 2009.

Net profit/(loss) attributable to owners of the Company

Accordingly, the amount attributable to the owners of the Company was a profit of RMB2.1 million in Q1 2010 compared to a loss of RMB51.2 million in Q1 2009.

Minority interests

Following the disposal of three non-fully owned subsidiaries in 2009, the remaining minority interests of the Group bore a lower share of loss of RMB0.2 million in Q1 2010 compared to that of RMB2.1 million in Q1 2009.

(b) Review of statements of financial position of the Group as at 31 March 2010 (relative to that as at 31 December 2009)

Non-current assets

Our non-current assets decreased by RMB3.6 million or 1.3% from RMB280.9 million as at 31 December 2009 to RMB277.3 million as at 31 March 2010. This was attributed mainly to a reduction in an available-for-sale investment following a refund of the investment cost in respect of the investment in Q1 2010.

Current assets

Our current assets increased by RMB1.0 million or 0.1% from RMB1,434.2 million as at 31 December 2009 to RMB1,435.2 million as at 31 March 2010. This was attributed mainly to (1) an increase in properties under development for sale of RMB34.0 million pursuant to the continuing construction activities at the Xinxiang Sunny Town Phase 1 Project (新乡阳光新城第一期项目) and Zhoukou Yangguang Peninsula City Project (周口阳光半岛城邦项目), and (2) an increase in prepayments and other receivables of RMB12.9 million. These collectively were offset by (1) a decrease in completed properties for sale of RMB28.3 million following the increased sales in Q1 2010, and (2) a decrease in cash and bank balances of RMB18.4 million due mainly to the payment of construction and operating costs.

Current liabilities

Our current liabilities decreased by RMB4.5 million or 0.6% from RMB789.1 million as at 31 December 2009 to RMB784.6 million as at 31 March 2010. This was attributed mainly to the repayments made in Q1 2010 which resulted in (1) a decrease in trade payables of RMB37.0 million, (2) a decrease in income tax payables of RMB2.6 million, and (3) a decrease in bank and other borrowings of RMB6.8 million. These collectively were offset by (1) an increase in sales and rental deposits of RMB34.9 million with the continued sales generated from the Xinxiang Sunny Town Phase 1 Project (新乡阳光新城第一期项目), Luoyang Sunshine Sungei Buluo Phase 1 and Phase 2 Project (洛阳阳光双溪布洛第一及第二期项目) and Zhoukou Yangguang Peninsula City Project (周口阳光半岛城邦项目), (2) an increase in amounts due to related parties of RMB2.2 million, principally in respect of purchase of construction-related supplies, and (3) an increase in accruals and other payables of RMB4.8 million, following a RMB1.5 million advance payment received from a third party for the purchase of a piece of land in respect of the Sunshine Sungei Buluo Phase 3 Project and a RMB2.4 million accrual of rental.

Following from the above, we maintained our working capital position at about RMB650 million for both the periods under consideration and kept our net gearing (defined as total borrowings less cash and cash equivalent expressed as percentage of total equity) as at 31 March 2010 at a low of 1.5%. As regards our cash from operations, we registered a net cash generated from operating activities of RMB1.5 million in Q1 2010 compared to a net cash used in operating activities of RMB12.0 million in Q1 2009.

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

Nil

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 buoyancy of the property market scene in the Henan Province had seen the province achieved a record sale of 6.3 million square metres (“sqm”) of residential units in Q1 2010, representing a year-on-year increase of 48.2%. The series of property cooling-off measures introduced by the Chinese government in April 2010 targets mainly the first and second-tier cities to curb speculation. Some of these measures, such as the ban on mortgage financing for property owners buying a third unit, are not applicable to the Henan Province. The rapid rate of urbanization in the Henan Province is expected to continue to sustain the medium to long-term demand for residential properties in the province. Regardless, the Group will remain vigilant of the macro changes affecting the property market scene in Henan and adopt appropriate actions within its means to counter them.

Against the above background, the Group’s average selling price for residential units increased by RMB601 per square metre (“psm”) or 46% from RMB1,316 psm in Q1 2009 to RMB1,917 psm in Q1 2010 with the total sales area increased by 9,487 sqm or 96% from 9,883 sqm to 19,370 sqm over the same periods under consideration.

As at 31 March 2010:

- 1) Our properties under development for sale comprising the Xinxiang Sunny Town Phase 1 Project (新乡阳光新城第一期项目) and the Zhoukou Yangguang Peninsula City Project (周口阳光半岛城邦项目) have an estimated total gross area of about 727,307 sqm;
- 2) Our land available for development, comprising the Hainan Sunshine Westcoast Project (海南阳光西海岸项目), has an estimated land total area of about 78,642 sqm; and
- 3) Our completed properties available for sale, comprising the Luoyang Sungei Buluo Project (洛阳阳光双溪布洛第一及第二期项目), Shangqiu Sunshine Shuixie Huadu Project (商丘阳光水榭花都项目), Zhengzhou Yuhua Wenguiyuan Project (郑州裕华文桂园项目), Xinxiang Sunny Town Phase 1 Project (新乡阳光新城第一期项目) and Xinxiang Shining Holiday Shopping Centre Phase II Project (新乡阳光假日生活广场项目), have an estimated total gross floor area of about 122,594 sqm.

For FY2010, our Group will continue with our development and marketing efforts for the Xinxiang Sunny Town Phase 1 Project (新乡阳光新城第一期项目) and the Zhoukou Yangguang Peninsula City Project (周口阳光半岛城邦项目) currently under development. At the same time, we will also explore various financing options to increase our land bank reserve and seek potential strategic partners to co-develop our land in the Hainan Island. We will keep shareholders informed of the progress once the plans have been firmed up.

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

Not 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 31 March 2010.

BY ORDER OF THE BOARD

Mr Guo Yinghui
Chairman and CEO

14 May 2010



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 of the Group and the Company for the three months ended 31 March 2010 to be false or misleading in any material aspect.

Signed for and on behalf of the Board of Directors

Ms Zhao Zhanmei
Deputy Chairwoman

Mr Li Bin
Director

14 May 2010