

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 2007**

**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**

	<b>The Group</b>		
	<b>2007</b>	<b>2006</b>	<b>%</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>Change</b>
Revenue	<b>310,191</b>	592,316	(48)
Cost of sales	<b>(218,597)</b>	(352,004)	(38)
Gross profit	<b>91,594</b>	240,312	(62)
Other operating income	<b>32,954</b>	1,672	1871
Increase in fair value of investment properties	<b>16,390</b>	7,850	109
Selling and distribution expenses	<b>(20,250)</b>	(5,260)	285
General and administrative expenses	<b>(39,918)</b>	(22,147)	80
Operating profit	<b>80,770</b>	222,427	(64)
Non-operating income	<b>34,894</b>	3,513	893
Release of negative goodwill	-	20,589	N/M
Finance costs	<b>(31,049)</b>	(2,444)	1170
Profit before tax and IPO expenses	<b>84,615</b>	244,085	(65)
Income tax expense	<b>(22,469)</b>	(60,356)	(63)
Profit after tax and before IPO expenses	<b>62,146</b>	183,729	(66)
IPO expenses	-	(7,205)	N/M
Profit for the year	<b>62,146</b>	176,524	(65)
Attributable to:			
Equity holders of the company	<b>56,014</b>	149,990	(63)
Minority interests	<b>6,132</b>	26,534	(76)
	<b>62,146</b>	176,524	(65)

"% 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**

	<b>The Group</b>		
	<b>2007</b>	2006	%
	<b>RMB'000</b>	RMB'000	Change
Profit before tax and IPO expenses have been arrived at after charging/ (crediting):			
Amortisation of land use rights	<b>17</b>	17	-
Depreciation of property, plant and equipment	<b>2,178</b>	1,221	78
Foreign currency exchange gain	<b>(14,504)</b>	(3,789)	283
(Gain)/Loss on disposal of property, plant and equipment	<b>(26)</b>	29	N/M
Gain on disposal of subsidiaries	<b>(20,194)</b>	(423)	4674
Gain on disposal of financial assets at fair value through profit and loss	<b>(3,374)</b>	-	N/M
Income from available for sales investment	<b>25,436</b>	-	N/M
Interest income	<b>(3,288)</b>	(1,342)	145
Interest expenses	<b>31,049</b>	2,444	1170
	=====	=====	

*"% 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 December 2007 RMB'000	31 December 2006 RMB'000	% Change	31 December 2007 RMB'000	31 December 2006 RMB'000	% Change
<b>Non-current assets</b>						
Property, plant and equipment	9,726	9,733	-	13	-	N/M
Land use rights	547	564	(3)	-	-	-
Investment properties	397,740	381,350	4	-	-	-
Investments in subsidiaries	-	-	-	197,834	197,834	-
Renovation deposit for investment properties	55,000	-	N/M	-	-	-
Available for sales investment	89,415	-	N/M	-	-	-
	<b>552,428</b>	<b>391,647</b>	<b>41</b>	<b>197,847</b>	<b>197,834</b>	<b>-</b>
<b>Current assets</b>						
Completed properties for sale	31,937	39,594	(19)	-	-	-
Properties under development for sale	1,157,508	442,335	162	-	-	-
Trade receivables	31,701	211,492	(85)	-	-	-
Prepayments and other receivables	109,918	450,461	(76)	182	100	82
Amounts due from subsidiaries	-	-	-	521,938	724,147	(28)
Amounts due from related parties <sup>^</sup>	19,781	-	N/M	-	-	-
Pledged bank deposits	74,799	9,710	670	-	-	-
Cash and bank balances	509,559	280,493	82	303	1,233	(75)
	<b>1,935,203</b>	<b>1,434,085</b>	<b>35</b>	<b>522,423</b>	<b>725,480</b>	<b>(28)</b>
<b>Current liabilities</b>						
Trade payables	26,065	149,944	(83)	-	-	-
Sales deposits	115,719	62,371	86	-	-	-
Accruals and other payables	179,090	126,160	42	2,474	1,891	31
Amounts due to subsidiaries	-	-	-	3,307	-	N/M
Amounts due to related parties <sup>^</sup>	20,622	13,455	53	10,888	10,888	-
Income Tax payables	87,031	150,428	(42)	-	-	-
Bank and other borrowings	862,886	30,000	2776	-	-	-
	<b>1,291,413</b>	<b>532,358</b>	<b>143</b>	<b>16,669</b>	<b>12,779</b>	<b>30</b>
<b>Net current assets</b>	<b>643,790</b>	<b>901,727</b>	<b>(29)</b>	<b>505,754</b>	<b>712,701</b>	<b>(29)</b>
	<b>1,196,218</b>	<b>1,293,374</b>	<b>(8)</b>	<b>703,601</b>	<b>910,535</b>	<b>(23)</b>
<b>Capital and reserves</b>						
Share capital	261,404	261,404	-	261,404	261,404	-
Share premium	204,521	204,521	-	204,521	204,521	-
Capital reserve	49,031	49,031	-	-	-	-
Share option reserve	462	-	-	462	-	N/M
Bond reserve	39,485	39,485	-	39,485	39,485	-
Retained earnings (Accumulated losses)	279,309	265,937	5	(12,770)	63,582	N/M
Equity attributable to equity holders of the company	834,212	820,378	2	493,102	568,992	(13)
Minority interests	47,453	48,450	2	-	-	-
Total equity	<b>881,665</b>	<b>868,828</b>	<b>1</b>	<b>493,102</b>	<b>568,992</b>	<b>(13)</b>

**Non-current liabilities**

Bank and other borrowings	<b>20,000</b>	139,061	(86)	-	139,061	N/M
Convertible bond	<b>210,499</b>	202,482	4	<b>210,499</b>	202,482	4
Deferred tax liabilities	<b>84,054</b>	83,003	1	-	-	-
	<b>314,553</b>	424,546	(26)	<b>210,499</b>	341,543	38
	<b>1,196,218</b>	1,293,374	(8)	<b>703,601</b>	910,535	(23)

"% 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.**

	<b>As at 31 December 2007 RMB '000</b>	As at 31 December 2006 RMB '000
Borrowings, secured	<b>1,093,385</b>	371,543
The borrowings are repayable:		
On demand or within one year*	<b>862,886</b>	30,000
More than one year**	<b>230,499</b>	341,543
	<b>1,093,385</b>	371,543

**Details of any collateral**

\* The above borrowings are secured against:

i. 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.

ii. the Group's investment properties;

iii. a pledge over Elegant Jade's equity interests in all its direct subsidiaries

iv. a charge over the assets of Elegant Jade

v. an assignment over certain shareholder loans from Elegant Jade to its direct subsidiaries and

vi. the Group's properties under development for sale.

**1.(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	<b>The Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit before tax and IPO expenses	<b>84,615</b>	244,085
Adjustments for:		
Depreciation of property, plant and equipment	<b>2,178</b>	1,221
Amortisation of land use rights	<b>17</b>	17
(Gain) Loss on disposal of property, plant and equipment	<b>(26)</b>	29
Increase in fair value of investment properties	<b>(16,390)</b>	(7,850)
Gain on disposal of subsidiaries	<b>(20,194)</b>	(423)
Gain on disposal of financial assets at fair value through profit and loss	<b>(3,374)</b>	-
Foreign currency exchange gain	<b>(14,504)</b>	-
Employee share option expenses	<b>462</b>	-
Interest income	<b>(3,288)</b>	(1,342)
Interest expenses	<b>31,049</b>	2,444
Release of negative goodwill	<b>-</b>	(20,589)
Operating cash flows before movements in working capital	<b>(1,553)</b>	217,592
Completed properties for sale	<b>(22,243)</b>	(20,118)
Properties under development for sale	<b>(800,217)</b>	62,875
Trade receivables	<b>119,833</b>	11,723
Prepayments and other receivables	<b>400,693</b>	(335,367)
Deposit for land	<b>(90,000)</b>	-
Trade payables	<b>(58,849)</b>	(90,812)
Sales deposits	<b>102,132</b>	(54,269)
Accruals and other payables	<b>72,520</b>	(39,312)
Cash used in operations	<b>(277,684)</b>	(247,688)
Income tax paid	<b>(5,620)</b>	(17,785)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(283,304)</b>	<b>(265,473)</b>
<b>INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	<b>(3,987)</b>	(3,458)
Proceeds from the disposal of property, plant and equipment	<b>698</b>	480
Acquisition of assets and liabilities (Note 1)	<b>(55,710)</b>	-
Acquisition of subsidiaries (Note 2)	<b>-</b>	(74,095)
Disposal of subsidiaries (Note 3)	<b>48,902</b>	22,212
Available for sale investment	<b>(5,000)</b>	-
Investment on financial assets at fair value through profit and loss	<b>(91,000)</b>	-
Proceeds from disposal of financial assets at fair value through profit and loss	<b>94,374</b>	-
Investment income from available for sales investments	<b>25,436</b>	-
Renovation deposit for investment properties	<b>(50,000)</b>	-
Increase in pledged bank deposits	<b>(68,380)</b>	803
Interest received	<b>3,288</b>	1,342
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(101,379)</b>	<b>(52,716)</b>
<b>FINANCING ACTIVITIES</b>		
Increase in (Repayment of) bank loans and other borrowings	<b>762,369</b>	311,306
Issue of shares pursuant to IPO	<b>-</b>	279,708
Interest paid	<b>(48,090)</b>	(6,334)
Dividends paid	<b>(49,058)</b>	(29,536)
Increase (Decrease) in amounts due to related parties	<b>(11,852)</b>	41,810
Loan financing expenses	<b>(39,620)</b>	-
IPO costs incurred	<b>-</b>	(16,377)
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>	<b>613,749</b>	<b>580,577</b>
<b>INCREASE (DECREASE) IN CASH AND BANK BALANCES</b>	<b>229,066</b>	<b>262,388</b>

CASH AND BANK BALANCES AT BEGINNING OF YEAR	<u>280,493</u>	<u>18,105</u>
CASH AND BANK BALANCES AT END OF YEAR	<u>509,559</u>	<u>280,493</u>

**Note 1: Summary of cash flows arising from the acquisition of underlying assets and liabilities of the entities:**

	<u>The Group</u>	
	<u>2007</u>	<u>2006</u>
	<u>RMB'000</u>	<u>RMB'000</u>
Cash and bank balances	19,290	-
Other current assets	92,848	-
Non-current assets	111,905	-
Current liabilities	(129,570)	-
Non-current liabilities	<u>(22,184)</u>	<u>-</u>
Net identifiable assets and liabilities acquired	72,289	-
Allocation of excess of consideration over the net assets acquired	<u>2,711</u>	<u>-</u>
Purchase consideration	75,000	-
Less: cash and bank balances of acquired	<u>(19,290)</u>	<u>-</u>
Net cash outflow from acquisition of underlying assets and liabilities	<u>55,710</u>	<u>-</u>

**Note 2: Summary of cash flows arising from the acquisition of subsidiaries:**

	<u>The Group</u>	
	<u>2007</u>	<u>2006</u>
	<u>RMB'000</u>	<u>RMB'000</u>
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	<u>-</u>	<u>(21,916)</u>
Net identifiable assets and liabilities acquired	-	106,827
Negative goodwill on consolidation	<u>-</u>	<u>(20,589)</u>
Purchase consideration	-	86,238
Less: cash and bank balances of subsidiaries acquired	<u>-</u>	<u>(12,143)</u>
Net cash outflow from acquisition of subsidiaries	<u>-</u>	<u>74,095</u>

**Note 3: Summary of cash flows arising from the disposal of subsidiaries:**

	<u>The Group</u>	
	<u>2007</u>	<u>2006</u>
	<u>RMB'000</u>	<u>RMB'000</u>
Cash and bank balances	51,298	2,448
Other current assets	446,592	46,798
Non-current assets	1,780	595
Current liabilities	(404,037)	(18,709)
Non-current liabilities	(12,381)	(3,732)
Minority interests	<u>(3,246)</u>	<u>(3,163)</u>
Net identifiable assets and liabilities disposed	80,006	24,237
Gain on disposal of subsidiary	<u>20,194</u>	<u>423</u>
Proceeds from disposal of subsidiaries	100,200	24,660
Less: cash and bank balances of subsidiaries disposed	<u>(51,298)</u>	<u>(2,448)</u>

Net cash inflow from disposal of subsidiaries

48,902

22,212

**1.(d)(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.**

	<b><u>The Group</u></b>								
	Share capital	Share premium	Capital reserve	Share option reserve	Bond reserve	Retained earnings	Attributable to equity holders of the company	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2006	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
Disposal of a subsidiary	-	-	-	-	-	-	-	(3,246)	(3,246)
Incorporation of subsidiaries	-	-	-	-	-	-	-	2,500	2,500
Acquisition of additional interest in assets & liabilities of a subsidiary	-	-	-	-	-	-	-	33	33
Issue of share options	-	-	-	462	-	-	462	-	462
Dividends paid	-	-	-	-	-	(42,642)	(42,642)	(6,416)	(49,058)
Profit for the year	-	-	-	-	-	56,014	56,014	6,132	62,146
<b>Balance at 31 December 2007</b>	<b>261,404</b>	<b>204,521</b>	<b>49,031</b>	<b>462</b>	<b>39,485</b>	<b>279,309</b>	<b>834,212</b>	<b>47,453</b>	<b>881,665</b>

	<b><u>The Company</u></b>						
	Share capital	Share premium	Share option reserve	Bond reserve	Retained earnings	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2006	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	

Issue of share options	-	-	462	-	462	462
Dividends paid	-	-	-	-	(42,642)	(42,642)
Loss for the year	-	-	-	-	(33,710)	(33,710)
<b>Balance at 31 December 2007</b>	<b>261,404</b>	<b>204,521</b>	<b>462</b>	<b>39,485</b>	<b>(12,770)</b>	<b>493,102</b>

**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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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:

	<b>The Group and The Company</b>			
	2007	2007	2006	2006
	Number of ordinary share of S\$0.0625 each	RMB'000	Number of ordinary share of S\$0.0625 each	RMB'000
Authorised:	8,000,000,000	2,536,333	8,000,000,000	2,536,333
Issued and fully paid:				
At beginning of year	832,000,000	261,404	624,000,000	197,834
Issue of new shares pursuant to the IPO	-	-	208,000,000	63,570
At end of year	832,000,000	261,404	832,000,000	261,404

There were no movements in the Company's share capital during the year ended 31 December 2007.

#### 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.

#### Sunshine Employee Share Option Scheme

Pursuant to the Sunshine Employee Share Option Scheme, 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.

The number of ordinary shares that may be issued upon exercise of all share options outstanding as at 31 December 2007 was 60,000,000 (31 December 2006: Nil)



**1.(d)(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.**

Please refer the table shown in 1d(ii) above.

**1.(d)(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 December 2007.

**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 2006 have been consistently applied by the Group for the periods presented except as disclosed in paragraph 5.

**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.**

The Group has adopted all the new/revised International Financial Reporting Standards ("IFRS") that are mandatory for the financial period on or after 1 January 2007. The adoption of the above IFRS did not result in material changes to the Group and Company's results.

**6. Earnings per ordinary shares of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<u>The Group</u>	
	2007	2006
	RMB'000	RMB'000
<b>Net profit attributable to shareholders</b>	<u>56,014</u>	<u>149,990</u>
<b>Earnings per share</b>		
Basic (Singapore cents)	<u>1.33 cents***</u>	<u>3.81 cents*</u>
Fully diluted (Singapore cents)	<u>1.12cents****</u>	<u>3.79 cents**</u>

\* 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.

\*\*\* Based on the ordinary shares of 832,000,000 in issue during the financial year.

\*\*\*\* Based on 1,003,733,332 ordinary shares. Calculated based on the number of 832,000,000 ordinary shares, adjusted for the assumed conversion of the convertible bonds and exercise of all the share options.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury shares of the issues 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 December 2007</u> RMB'000	31 December 2006 RMB'000	<u>31 December 2007</u> RMB'000	31 December 2006 RMB'000
Net asset value (net of minority interests) as at end of financial year	<u>834,212</u>	<u>820,378</u>	<u>493,102</u>	<u>568,992</u>
Net asset value per ordinary share as at the end of financial year (Singapore cents)	<u>19.8 cents</u>	<u>19.5 cents</u>	<u>11.7 cents</u>	<u>13.5 cents</u>

**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 include a discussion of 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 2007 and 2006 were as follow:

	<u>2007</u> <u>RMB million</u>	<u>2006</u> <u>RMB million</u>
(1) Sales of developed properties (net of sales tax)	289.0	578.7
(2) Rental income from investment properties	14.1	11.7
(3) Property management income	7.1	1.9
	<u>310.2</u>	<u>592.3</u>

Our overall revenue decreased by 48% from RMB 592.3 million in 2006 to RMB 310.2 million in 2007. The decrease was attributed mainly to our decision of suspending the sales of commercial properties at Shining Holiday Shopping Centre II – Block B as we reviewed and compared the options of leasing the units vis-à-vis selling them in compliance with the accounting standards, of the treating the income from projects forged with third parties through contract as other operating income instead of revenue to the Group.

The increase in both rental income and property management income was mainly contributed by our subsidiaries namely Henan Ding Sheng Real Estate Co. Ltd and Henan Zhong Cheng Jia Sheng Property Management Co., Ltd with full year operation at International Commercial City Retail Mall in 2007. Both companies were acquired by us in 4Q of 2006.

**Gross profit**

In line with lower sales achieved as explained above, our gross profit decreased by 62% from RMB 240.3 million in 2006 to

RMB 91.6 million in 2007. The gross profit margin declined by 11% from 41% in 2006 to 30% in 2007 mainly due to less commercial units which command higher margins relative to residential units being sold in 2007.

#### **Other operating income**

Our other operating income increased from RMB 1.7 million in 2006 to RMB 32.5 million in 2007. This was attributed mainly to the investment income of RMB 25.4 million from our share on gain of sales of properties in arrangement forged through contract, RMB 3.3 million interest income derived from bank balances and deposits as well as sundry administrative income of RMB3.1 million derived from the management of International Commercial City Retail Mall.

#### **Operating profit**

Our operating profit correspondingly reduced by 64% due to lower sales and higher staff cost and office expense following the full year operation of two subsidiaries acquired in 4<sup>th</sup> quarter of 2006 and acquisition of two additional subsidiaries in 2007 as well as higher travelling and marketing expense incurred in promoting the launch of new projects at Louyang, Shangqiu and Zhoukou.

#### **Non-operating income**

Non-operating income in 2007 was attributed mainly to a foreign exchange gain as a result of favorable exchange rates movements between RMB and US dollars as well as gain from disposal of subsidiaries and disposal of financial assets at fair value through profit and loss.

#### **Finance costs**

Our finance costs in 2007 increased significantly mainly due to higher bank borrowings. Finance costs incurred for project development were capitalised as part of our development costs.

#### **Net profit attributable to equity holders of the company**

Our net profit attributable to equity holders of the parent decreased by 63% from RMB 150.0 million in 2006 to RMB 56.0 million in 2007, with net profit margin declined from 30% to 20% over the same periods under consideration.

### **(b) Review of balance sheet of the Group**

#### **Non-current assets**

Our non-current assets increased by RMB 160.8 million or approximately 41%, from RMB 391.6 million as at 31 December 2006 to RMB 552.4 million as at 31 December 2007. This was attributed mainly to our investment in a property development project which is classified as an available for sales investment and in line with International Accounting Standard No. 39, renovation deposit for our investment properties and increase in fair value of our investment properties.

#### **Current assets**

Our current assets increased by RMB 501.1 million or approximately 35%, from RMB 1,434 million as at 31 December 2006 to RMB 1,935.2 million as at 31 December 2007. This increase was attributed mainly to increase in properties under development for sales and increase in pledged bank deposit, cash and bank balances.

#### **Current liabilities**

Our current liabilities increased by RMB 759.1 million or approximately 143%, from RMB 532.4 million as at 31 December 2006 to RMB 1291.4 million as at 31 December 2007. The increase was attributed mainly to the increase in bank and other borrowings.

#### **Non-current liabilities**

Our non-current liabilities decreased by RMB 110 million or approximately 26% from RMB 424.5 million as at 31 December 2006 to RMB 314.6 million as at 31 December 2007. The decrease was attributed mainly to the reduction of non-current bank and other borrowings.

**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 significant trends and 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.**

In 2007, demand for properties continued to exceed supply in China's real estate industry. During the year, the total area of properties sold and total area completed amounted to 590 million square metres and 470 million square metres respectively. In addition, total consumers' financial assets in China grew 31% to RMB 2.5 trillion, supporting the trend of increasing purchasing power of consumers. The ratio of housing mortgage over financial assets had also declined from 12.6% in 2004 to 11.2% in 2007. Together with an appreciating renminbi, the long-term growth prospect of the real estate industry in China is well-supported.

With the implementation of government policies to standardize the real estate industry and regulate the liquidity in the economy, the ability to raise funds and speed of property development have become key factors in the competition among property developers in China. As a Singapore Exchange listed company, we have access to the international capital markets and have successfully completed several rounds of fund raising activities since our listing. In 2H FY2007, the company focused on the strategy of speeding up project development and completion, as well as accelerating the acquisition of land. We expect the benefits of this strategy to be realised in the near future and will enable us to achieve sustainable rapid growth.

**Project Updates**

Name of Projects	Zoning for Land Usage	Est. Remaining GFA (sqm)	Current market selling prices of similar properties in the respective cities (RMB/sqm)	Expected Completion#
Shining Holiday Shopping Centre II – Block B	Com	24,400	(Res)7,000-12,000	*
Shangqiu Project	Res/Com	70,000	(Res) 2,100 – 2,700 (Com) 6,000 – 7,200	FY2008
Luoyang Project	Res/Com	150,000	(Res) 3,400 – 3,900 (Com) 6,000 – 8,400	FY2008/2009
Zhengzhou Yuhua Project	Res/Com	240,000	(Res) 8,400 – 12,000 (Com) 6,000 – 8,000	FY2009/2010/2011
Zhoukou Project	Res/Com	360,000	(Res) 2,100 – 2,600 (Com) 4,800 – 7,000	FY2008/2009
Western District of Xinxiang phase I & II**	Res/Com	300,000	(Res) 1,500 – 1,800 (Com) 3,600 – 4,000	FY2008/2009
Zhong Mou New Town	Res/Com	97,415	(Res) 3,000 – 3,500 (Com) 3,300 – 4,000	FY2008/2009
Yan Ming Hu	Res	27,400	(Res)9,000-13,000	FY2008/2009/2010

\* The Company is in negotiation with a leading retailer in China on partnership for this project as well as for the Company's other commercial property development projects. Both parties are currently exploring the feasibility of using this property as an integrated hyper-mart as well as other viable options.

\*\* The completion of Phase I and II, with a total GFA of 300,000 sqm, can be expected in 2008-2009. Development of the rest of Western District of Xinxiang will be at scheduled accordingly to maximize yields.

**11. Dividend**

**(a) Current Financial Period Reported On  
Any dividend declared for the current financial period reported on?**

Nil

**(b) Corresponding Period of the Immediately Preceding Financial Year**  
**Any dividend declared for the corresponding period of the immediately preceding financial year?**

Final dividend of Singapore dollar 0.67660 cents per ordinary share and one-time special dividend of Singapore dollar 0.33830 cents per ordinary share.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

The directors recommend no dividend for the current financial period reported on.

**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 development RMB' 000	Investment properties RMB' 000	Property management RMB' 000	Total RMB' 000
<u>2007</u>				
REVENUE	<u>288,974</u>	<u>14,132</u>	<u>7,085</u>	<u>310,191</u>
RESULT				
Segment result	<u>79,545</u>	<u>12,017</u>	<u>72</u>	91,634
Unallocated expenses				(10,864)
Non-operating income				34,894
Finance costs				<u>(31,049)</u>
Profit before tax				84,165
Income tax expense				<u>(22,469)</u>
Profit for the year				<u>62,146</u>
Attributable to:				
Equity holders of the company				56,014
Minority interests				<u>6,132</u>
				<u>62,146</u>

(b) The Group

<u>2006</u>	Commercial and residential property development RMB' 000	Investment properties RMB' 000	Property management RMB' 000	Total RMB' 000
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 company				149,990
Minority interests				<u>26,534</u>
				<u>176,524</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**

	<u>The Group</u>	
	2007	2006
	RMB' 000	RMB' 000
(i) Turnover reported for:		
First half year ended 30 June	<b>200,928</b>	<b>39,407</b>
Second half year ended 31 December	<b>109,263</b>	<b>552,909</b>
	<u><b>310,191</b></u>	<u><b>592,316</b></u>
(ii) Net profit for the year reported for:		
First half year ended 30 June	<b>25,674</b>	<b>16,683</b>
Second half year ended 31 December	<b>36,472</b>	<b>159,841</b>
	<u><b>62,146</b></u>	<u><b>176,524</b></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 2007 RMB' 000	Previous Full Year 2006 RMB' 000
Ordinary Share:		
Final dividend	<u>Nil</u>	<u>28,428</u>
Special dividend	<u>Nil</u>	<u>14,214</u>

**BY ORDER OF THE BOARD**

**GUO YINGHUI**  
Chairman

**29 February 2008**