

**UNAUDITED SECOND QUARTER (“Q2 2009”) FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE FINANCIAL YEAR ENDING 30 DECEMBER 2009 (“FY2009”)**

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

1.(a)(i) An income statement (for the Group), for the period ended 30 June 2009 together with a comparative statement for the corresponding period of the immediate preceding financial year

Unaudited income statements of the Group for the 6-month periods ended 30 June 2009

	The Group		
	Q2 2009 RMB'000	Q2 2008 RMB'000	% Change
Revenue	59,205	100,657	(41)
Cost of sales	(49,081)	(73,304)	(33)
Gross profit	10,124	27,353	(63)
Other operating income	279	66,146	(100)
Increase in fair value of investment properties	-	424	(100)
General and administrative expenses	(15,219)	(12,143)	25
Selling and distribution expenses	(13,297)	(4,662)	185
Finance costs	(41,096)	(21,762)	89
(Loss)/Profit before tax	(59,209)	55,356	N/M
Income tax expense	(8)	(14,154)	(100)
(Loss)/profit for the period	(59,217)	41,202	N/M

“Q2 2008” denotes the second financial quarter of the financial year ended 31 December 2008 (“FY2008”)

“% 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 financial statements form an integral part of the financial statements

	The Group		%
	Q2 2009	Q2 2008	
	RMB'000	RMB'000	
	(Unaudited)	(Unaudited)	
(Loss)/Profit before tax has been arrived at after charging/(crediting):			
Amortization of land use rights	1,186	4	296
Depreciation of property, plant and equipment	2,551	527	384
Foreign currency exchange gain	(492)	(30,450)	(98)
Interest income	(95)	(500)	(81)
Interest expenses	41,096	21,762	89
Share-based payment	884	1,387	(36)
Loss on disposal of property, plant and equipment	95	-	N/M
Gain on disposal of subsidiaries	-	(35,729)	N/M

"Q2 2008" denotes the second financial quarter of the financial year ended 31 December 2008 ("FY2008")

"% 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 statement 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 30 June 2009 and 31 December 2008

	The Group		The Company	
	As at 30 Jun 2009 RMB'000 (Unaudited)	As at 31 Dec 2008 RMB'000 (Audited)	As at 30 Jun 2009 RMB'000 (Unaudited)	As at 31 Dec 2008 RMB'000 (Audited)
Non-current assets				
Property, plant and equipment	98,232	98,753	9	11
Land use rights	522	530	-	-
Investment properties	216,324	301,517	-	-
Prepayments and other receivables	3,247	7,840	-	-
Investments in subsidiaries	-	-	210,330	210,330
Available-for-sale investments	32,775	32,775	-	-
	<u>351,100</u>	<u>441,415</u>	<u>210,339</u>	<u>210,341</u>
Current assets				
Land use rights	169,451	170,905	-	-
Completed properties for sale	192,687	85,250	-	-
Properties under development for sale	1,082,620	1,102,253	-	-
Inventories	85	118	-	-
Trade receivables	7,592	9,127	-	-
Prepayments and other receivables	360,487	315,561	772	630
Amounts due from subsidiaries	-	-	571,761	574,627
Amounts due from related parties [^]	114,249	99,036	-	-
Pledged bank deposits	8,924	43,909	-	-
Bank balances and cash	51,629	106,867	177	624
	<u>1,987,724</u>	<u>1,933,026</u>	<u>572,710</u>	<u>575,881</u>
Current liabilities				
Trade payables	138,091	114,869	-	-
Sales deposits	286,526	231,729	-	-
Accruals and other payables	126,768	124,953	321	1,346
Amount due to subsidiaries	-	-	6,384	6,152
Amounts due to related party [^]	42,411	29,158	10,888	10,888
Income tax payable	46,385	36,787	-	-
Convertible bond	230,846	218,938	230,846	218,938
Bank and other borrowings	808,015	824,040	-	-
	<u>1,679,042</u>	<u>1,580,474</u>	<u>248,439</u>	<u>237,324</u>
Net current assets	<u>308,682</u>	<u>352,552</u>	<u>324,271</u>	<u>338,557</u>
	<u>659,782</u>	<u>793,967</u>	<u>534,610</u>	<u>548,898</u>
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	-	-
Revaluation reserve	884	884	-	-
Bond reserve	39,485	39,485	39,485	39,485
Share option reserve	16,051	14,283	16,051	14,283
Accumulated losses	(122,855)	(13,835)	(50,908)	(34,852)
Equity attributable to equity holders of the Company	512,578	619,830	534,610	548,898
Non-controlling interests	80,494	83,935	-	-
Total equity	<u>593,072</u>	<u>703,765</u>	<u>534,610</u>	<u>548,898</u>
Non-current liabilities				
Bank and other borrowings	18,860	42,500	-	-
Deferred tax liabilities	47,850	47,702	-	-
	<u>66,710</u>	<u>90,202</u>	<u>-</u>	<u>-</u>
	<u>659,782</u>	<u>793,967</u>	<u>534,610</u>	<u>548,898</u>

[^] 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.

	As at 30 Jun 2009 RMB '000 (Unaudited)	As at 31 Dec 2008 RMB '000 (Audited)
Borrowings, secured	<u>1,057,721</u>	<u>1,085,478</u>
The borrowings are repayable:		
On demand or within one year	1,038,861	1,042,978
More than one year	<u>18,860</u>	<u>42,500</u>
	<u>1,057,721</u>	<u>1,085,478</u>

Details of any collateral

The above borrowings are secured against:

- (a) 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;
- (b) certain investment properties and certain properties under development for sales of the Group;
- (c) a pledge over Elegant Jade's equity interest in certain subsidiaries;
- (d) a charge over the assets of Elegant Jade; an assignment over certain shareholders loans from Elegant Jade to its subsidiaries; and
- (e) certain pledged bank deposits.

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

Unaudited consolidated statements of cash flows of the Group for the 6-month periods ended 30 June 2009 and 30 June 2008

	The Group	
	Q2 2009	Q2 2008
	RMB'000	RMB'000
OPERATING ACTIVITIES		
(Loss)/Profit before tax	(59,209)	55,356
Adjustments for:		
Depreciation of property, plant and equipment	2,551	527
Foreign currency exchange gain	(492)	(30,450)
Share-based payment	884	1,387
Amortization of land use rights	1,186	4
Loss on disposal of property, plant and equipment	95	-
Changes in fair value of investment properties	-	(424)
Gain on disposal of subsidiaries	-	(35,729)
Interest income	(95)	(500)
Interest expenses	41,096	21,762
Operating cash flows before movements in working capital	(13,984)	11,933
Completed properties for sale	(110,516)	-
Properties under development for sale	73,952	(3,102)
Inventories	30	-
Trade receivables	1,447	12,095
Prepayments and other receivables	(5,119)	(131,150)
Trade payables	30,685	4,215
Sales deposits	36,202	6,194
Accruals and other payables	(1,161)	118,204
Cash generated from operations	11,536	18,389
Income tax paid	(2,391)	(12,106)
NET CASH GENERATED FROM OPERATING ACTIVITIES	9,145	6,283
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,548)	(1,627)
Sales proceed from disposal of property, plant and equipment	8	-
Disposal of subsidiaries	-	52,835
Increase in amounts due from related parties	(15,213)	(14,856)
Acquisition of non-controlling interests	-	(3,000)
Interest received	95	500
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(16,658)	33,852
FINANCING ACTIVITIES		
Increase in bank and other borrowings	-	64,000
Repayment of bank borrowings	(22,410)	(8,370)
Decrease in pledged bank deposits	35,493	672
Interest paid	(33,466)	(45,335)
Increase in amounts due to related parties	15,869	10,238
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(4,514)	21,205
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(12,027)	61,340
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	63,656	283,311
CASH AND CASH EQUIVALENTS AT END OF PERIOD	51,629	344,651

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

Unaudited Consolidated Statements of comprehensive income of the Group and the Company for the 6-month periods ended 30 June 2009 and 30 June 2008

	The Group		The Company	
	Q2 2009 RMB'000	Q2 2008 RMB'000	Q2 2009 RMB'000	Q2 2008 RMB'000
(Loss)/profit for the period	(59,217)	41,202	(8,051)	(3,325)
Other comprehensive income for the period	-	-	-	-
Total comprehensive (expense)/income for the period	<u>(59,217)</u>	<u>41,202</u>	<u>(8,051)</u>	<u>(3,325)</u>
Total comprehensive (expense)/income attributable to:				
Equity holders of the Company	(57,836)	42,381	(8,051)	(3,325)
Non-controlling interests	<u>(1,381)</u>	<u>(1,179)</u>	-	-
	<u>(59,217)</u>	<u>41,202</u>	<u>(8,051)</u>	<u>(3,325)</u>

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 statements of changes in equity of the Group for the 6-month periods ended 30 June 2009 and 30 June 2008

	The Group									
	Share capital	Share premium	Capital reserve	Share option reserve	Revaluation reserve	Bond reserve	Accumulated losses	Attributable to equity holders of the Company	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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
Recognition of share-based payment	-	-	-	884	-	-	-	884	-	884
Comprehensive expense for the period	-	-	-	-	-	-	(57,836)	(57,836)	(1,381)	(59,217)
Balance at 30 June 2009	305,888	224,094	49,031	16,051	884	39,485	(122,855)	512,578	80,494	593,072

	The Group									
	Share capital	Share premium	Capital reserve	Share option reserve	Bond reserve	Retained earnings	Attributable to equity holders of the Company	Non-controlling interests	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2008	261,404	204,521	49,031	462	39,485	279,309	834,212	47,453	881,665	
Dividend paid	-	-	-	-	-	-	-	(25,479)	(25,479)	
Incorporation of a subsidiary	-	-	-	-	-	-	-	3,000	3,000	
Recognition of share-based payment	-	-	-	1,387	-	-	1,387	-	1,387	
Comprehensive income for the period	-	-	-	-	-	69,549	69,549	(307)	69,242	
Balance at 31 March 2008	261,404	204,521	49,031	1,849	39,485	348,858	905,148	24,667	929,815	
Dividend paid	-	-	-	-	-	-	-	-	-	
Disposal of a subsidiary	-	-	-	-	-	-	-	(4,104)	(4,104)	
Acquisition of Non-controlling interest	-	-	-	-	-	-	-	(3,000)	(3,000)	
Recognition of share-based payment	-	-	-	1,387	-	-	1,387	-	1,387	
Comprehensive income for the period	-	-	-	-	-	42,381	42,381	(1,179)	41,202	
Balance at 30 June 2008	261,404	204,521	49,031	3,236	39,485	391,239	948,916	16,384	965,300	

Unaudited statements of changes in equity of the Company for the 6-month periods ended 30 June 2009 and 30 June 2008

	The Company					
	Share capital	Share premium	Share option reserve	Bond Reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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
Recognition of share-based payment	-	-	884	-	-	884
Comprehensive expense for the period	-	-	-	-	(8,051)	(8,051)
Balance at 30 June 2009	<u>305,888</u>	<u>224,094</u>	<u>16,051</u>	<u>39,485</u>	<u>(50,908)</u>	<u>534,610</u>

	The Company					
	Share capital	Share premium	Share option reserve	Bond reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2008	261,404	204,521	462	39,485	(12,770)	493,102
Recognition of share-based payment	-	-	1,387	-	-	1,387
Comprehensive expense for the period	-	-	-	-	(3,375)	(3,375)
Balance at 31 March 2008	261,404	204,521	1,849	39,485	(16,145)	491,114
Recognition of share-based payment	-	-	1,387	-	-	1,387
Comprehensive expense for the period	-	-	-	-	(3,325)	(3,325)
Balance at 30 June 2008	<u>261,404</u>	<u>204,521</u>	<u>3,236</u>	<u>39,485</u>	<u>(19,470)</u>	<u>489,176</u>

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 three months ended 30 June 2009.

Convertible Bond

On 6 December 2006, the Company issued a 7% secured subordinated US\$32 million convertible bond due 2011 ("Convertible Bond"). The Convertible Bond may be convertible into fully paid-up ordinary shares in the capital of the Company at the option of the holder, at any time on or after 6 December 2007 up to the close of business on 6 December 2011.

Due to an issuance of new ordinary shares during the year ended 31 December 2008, the conversion price for the Convertible Bonds was adjusted from S\$0.30 per share to S\$0.27226 per share pursuant to the terms of the Convertible Bond. Based on the adjusted conversion price of S\$0.27226 per ordinary share, the Convertible Bond may be converted into 183,354,146 ordinary shares in the capital of the Company.

Unless previously converted, purchased or cancelled, the Convertible Bond shall be redeemed by the Company at 100% of their principal amount on 6 December 2011.

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 30 June 2009 was 51,150,000 (30 June 2008: 60,000,000).

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 30 June 2009</u>	<u>As at 31 Dec 2008</u>
Total number of issued ordinary shares (excluding treasury 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 30 June 2009.

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 2008 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.

In the current year, the Group adopted the new/revised Financial Reporting Standards (“FRS”) and Interpretations of FRS (“INT FRS”) that are effective for annual periods beginning on or after 1 January 2009. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS that are relevant to the Group:

FRS 1 (Revised) Presentation of Financial Statements
FRS 23 (Revised) Borrowing Costs
FRS 108 Operating Segments

The adoption of the above FRS did not result in any substantial change to the Group’s accounting policies nor any significant impact on the financial statements.

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>	
	<u>Q2 2009</u> <u>RMB’000</u> <u>(Unaudited)</u>	<u>Q2 2008</u> <u>RMB’000</u> <u>(Unaudited)</u>
(Loss)/profit attributable to equity holders of the Company	<u>(57,836)</u>	<u>42,381</u>
(Loss)/Earnings per share		
Basic (Singapore cents)	<u>(1.25) cents***</u>	<u>1.03 cents*</u>
Diluted (Singapore cents)	<u>(1.25) cents****</u>	<u>0.82 cents**</u>

* Based on the issued share capital of 832,000,000 ordinary shares (the “Issued Shares”)

** Based on 998,399,999 ordinary shares, being the sum of the Issued Shares and the Conversion Shares.

*** Based on the issue share capital of 978,000,000 ordinary shares

**** 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

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>As at</u> <u>30 Jun 2009</u> <u>RMB’000</u> <u>(Unaudited)</u>	<u>As at</u> <u>31 Dec 2008</u> <u>RMB’000</u> <u>(Audited)</u>	<u>As at</u> <u>30 Jun 2009</u> <u>RMB’000</u> <u>(Unaudited)</u>	<u>As at</u> <u>31 Dec 2008</u> <u>RMB’000</u> <u>(Audited)</u>
Net asset value (net of non-controlling interests) as at end of financial period/ year	<u>512,578</u>	<u>619,830</u>	<u>534,610</u>	<u>548,898</u>
Net asset value per ordinary share as at the end of financial period/ year (Singapore cents)	<u>11.1 cents</u>	<u>12.9 cents</u>	<u>11.6 cents</u>	<u>11.4 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 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 income statement of the Group for Q2 2009 (relative to that for Q2 2008)

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 Q2 2009 and Q2 2008 were as follow:

	Q2 2009 RMB million (Unaudited)	Q2 2008 RMB million (Unaudited)
(1) Sales of developed properties	50.0	92.8
(2) Rental income	8.2	4.4
(3) Property management income	1.0	3.5
	<u>59.2</u>	<u>100.7</u>

Our overall revenue decreased by 41% from RMB 100.7 million in Q2 2008 to RMB 59.2 million in Q2 2009.

Notwithstanding sales deposits aggregating RMB 286.5 million collected as at 30 June 2009, our sales of developed properties in Q2 2009 were 46% lower compared to Q2 2008 as many of the development projects concerned were either not due for completion as at 30 June 2009 or had their completion delayed following the Group's decision to suspend/halt their development in response to the extreme adverse macro and micro conditions faced by the Group in late 2008 (the "Suspension/Halt").

Our sales of developed properties in Q2 2009 were mainly attributed to the improved sales in the Xinxiang Sunshine New Town phase 1 and 2 (新乡阳光新城第一及第二期) and Luoyang Sunshine Shuangxi Buluo phase 1 (洛阳阳光双溪布洛第一期).

Our rental income increased by 86% from RMB 4.4 million in Q2 2008 to RMB 8.2 million in Q2 2009. The improved performance was mainly contributed by our subsidiary, Beijing Feng Bao Heng Investments Co. Ltd ("FBH"), which we acquired in Q4 2008.

We registered a lower property management income of RMB1.0 million in Q2 2009 compared to that of RMB 3.5 million in Q2 2008 following the disposal of two property management subsidiaries in Q2 2008 and Q1 2009.

Gross profit

Our gross profit decreased from RMB 27.4 million in Q2 2008 to RMB 10.1 million in Q2 2009 with the gross profit margin decreased from 27% to 17% over the same periods under consideration mainly due to increased development costs.

Other operating income

Our other operating income decreased significantly from RMB 66.1 million in Q2 2008 to RMB 0.3 million in Q2 2009. This was attributed mainly to an exchange gain of RMB 30.5 million and a disposal gain of subsidiaries of RMB 35.7 million in Q2 2008, with no disposal of subsidiary in Q2 2009 and *vis-à-vis* a comparatively much lower exchange gain of RMB 492,000 recorded in Q2 2009.

General and administrative expenses

Our general and administrative expenses increased by 25% from RMB 12.1 million in Q2 2008 to RMB 15.2 million in Q2 2009. The increase was mainly attributed to higher amortization of land use right, following the acquisition of more land parcels, and a one-time dismantle and renovation expenses incurred when the Company relocated to a new office at a lower rental rate following the expiry of the operating leases at its previous premises.

Selling and distribution expenses

Selling and distribution expenses increased by 185% from RMB 4.7 million in Q2 2008 to RMB 13.3 million in Q2 2009. The increase was mainly attributed to the increased marketing and advertising activities in Q2 2009 for the Xinxiang Sunshine New Town Project phase 1 and 2 (新乡阳光新城第一及第二期) and Luoyang Sunshine Shuangxi Buluo Project Phase 1 (洛阳阳光双溪布洛第一期).

Finance costs

Our finance costs increased by 89% from RMB 21.8 million in Q2 2008 to RMB 41.1 million in Q2 2009 as a substantial amount of the interest incurred ceased to be capitalized following the Suspension/Halt.

Loss before tax

In line with the low gross profit and higher operating expenses, we incurred a net loss before tax of RMB 59.2 million in Q2 2009 as compared to a net profit before tax of RMB 55.4 million in Q2 2008.

Income tax (credit)/expense

Our income tax expenses decreased significantly from RMB 14.1 million in Q2 2008 to RMB 0.008 million in Q2 2009, with Q2 2009 in a taxable loss position *vis-à-vis* that of a taxable profit position in Q2 2008.

Net loss attributable to equity holders of the company

In line with the operating loss incurred, the amount attributable to equity holders of the Company was a loss of RMB 57.8 million in Q2 2009 as compared to a profit of RMB 42.4 million in Q2 2008.

Non-controlling interests

With a net loss attributed to the equity holders of the Company, the minority interests of the Group similarly bore a higher loss of RMB 1.4 million in Q2 2009 compared to a loss of RMB 1.2 million in Q2 2008.

(b) Review of statement of financial position of the Group as at 30 June 2009 (relative to that as at 31 December 2008)

Non-current assets

Non-current assets decreased by RMB 90.3 million or 20.5% from RMB 441.4 million as at 31 December 2008 to RMB 351.1 million as at 30 June 2009. This was mainly attributed to a decrease of investment properties following the disposal of a subsidiary in Q1 2009 which held an investment property.

Current assets

Current assets increased by RMB 54.7 million or 2.8% from RMB 1,933 million as at 31 December 2008 to RMB 1,988 million as at 30 June 2009. The increase was mainly due to the completed properties held for sales, comprising mainly completed properties at (i) Luoyang Sunshine Shuangxi Buluo phase 1 No.3 buildings (洛阳阳光双溪布洛一期三号楼竣工), (ii) Shangqi Shuixie Huidu phase 1 (商丘阳光水榭花一期竣工) and (iii) Xinxiang Sunshine New Town phase 1 (新乡阳光新城一期竣工).

The above increase was offsetted by a decrease of RMB 35 million in pledged deposits and RMB 55.2 million bank balances and cash. The pledged bank deposits had been reduced following repayment of interest and principal in respect of the offshore loan in Q2 2009. The decrease in the bank balances was attributed mainly to payment of loan and interest and daily operating expenses.

Current liabilities

Current liabilities increased by RMB 98.6 million or 6.2% from RMB 1,580.5 million as at 31 December 2008 to RMB 1,679.0 million as at 30 June 2009. The increase was attributed mainly to sales deposit, generated from the pre-sales of properties in the Xinxiang Sunshine New Town phase 1 and 2 project (新乡阳光新城第一及第二期) and the Luoyang Sunshine Shuangxi Buluo phase 1 project (洛阳阳光双溪布洛第一期), as well as trade payables following construction activities for a few projects during Q2 2009. However, the Suspension/Halt may result in the Group having to refund the sales deposit should the buyers concerned decide to withdraw their purchases or the Group incurring certain additional costs for not having delivered the relevant purchased units on time. Both the maximum refund and the quantum of the additional costs, which cannot be quantified at the present moment as no concrete decision has yet been made by the relevant buyers, are not expected to be significant relative to the sales deposits collected or to be collected and the operating costs incurred or to be incurred in respect of each of the relevant projects respectively.

The above increase was offsetted by decreases in bank borrowings due to the disposal of a subsidiary in Q1 2009 which carried a bank borrowing.

Accordingly, the working capital of the Group decreased by RMB 43.8 million or 12.4% from RMB 352.6 million as at 31 December 2008 to RMB 308.7 million as at 30 June 2009.

Non-current liabilities

Non-current liabilities decreased by RMB 23.5 million or 26% from RMB 90.2 million as at 31 December 2008 to RMB 66.7 million as at 30 June 2009. The decrease was attributed mainly to the retired of bank borrowing in Q2 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

Despite China's economy entered into rougher waters late last year, the property scene in China has staged a rebound in Q2 2009. In the light of which, the Group has gradually resumed the development of the following projects which were previously suspended/halted:

- 1) the Zhoukou Sunshine Peninsula phase 1 project (周口阳光半岛城邦第一期) and
- 2) the Xinxiang Sunshine New Town phase 1 project (新乡阳光新城第一期).

Coupled with the sales to be generated from the above projects, the Group expects sales to be generated from the following on going development projects to contribute significantly to its performance for the rest of FY2009:

- 1) the Luoyang Sunshine Shuangxi Buluo phase 1 and 2 (洛阳阳光双溪布洛第一及二期) and
- 2) the Shangqiu Sunshine Shuixie Huidu project (商丘阳光水榭花都).

With regard to the negotiation with the syndicated banks (the "Lenders") on the possible restructuring of the US\$ 120 million syndicated loan, the Company has recently presented to the Lenders a debt restructuring plan and active negotiations are ongoing.

Some of the statements in this release constitute "forward-looking statements" that do not directly or exclusively relate to historical facts. These forward-looking statements reflect our current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future, undue reliance must not be placed on these statements.

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

Not applicable.

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

No dividend has been declared or recommended for the period under review.

BY ORDER OF THE BOARD

Guo Yinghui

Chairman

12 August 2009



Company Registration No. CT-140095

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) 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 period ended 30 June 2009 to be false or misleading in any material aspect.

Signed for and on behalf of the Board of Directors

Zhao Zhanmei
Deputy Chairman

Li Bin
Director

12 August 2009