

Company Registration No. CT-140095

REPLIES TO THE QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) WITH REGARD TO THE ANNOUNCEMENT MADE BY SUNSHINE HOLDINGS LIMITED (THE “COMPANY”) ON 13 SEPTEMBER 2011 CONCERNING THE DISPOSAL OF A SUBSIDIARY (THE “ANNOUNCEMENT”)

Unless otherwise stated, all capitalized terms herein shall have the same meanings as that ascribed in the Announcement.

We append below our replies to the following queries from the SGX-ST concerning the Announcement.

The SGX-ST’s query 1

Who are the two unrelated third parties who are purchasing Zhoukou Xin Shi Jia Real Estate Co. Ltd (“Zhoukou” or “Zhoukou Company”)? Please provide the background of these purchasers

The Company’s reply

The two unrelated third-party buyers are Zhoukou Jinsui Real Estate Co., Ltd (周口金穗置业有限公司) and Henan Kangyuan Real Estate Co., Ltd (河南省康元置业有限公司), both are principally engaged in property development in China.

The SGX-ST’s query 2

Please note that the disposal is not in the ordinary course of business of the company. This disposal must comply with Chapter 10 of the Listing Manual. To provide the Listing Rule 1006 ratios and disclosures required under Listing Rule 1010.

A. Relative figures under Rule 1006

The Company’s reply

The Disposal is governed by the rules in Chapter 10 of the Listing Manual of the Singapore Securities Trading Limited (“SGX-ST Listing Manual”). Based on the audited financial statements of the Group for the financial year ended 31 December 2010, the relative figures for the Disposal computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual are as follows:

(a)	Rule 1006(a) – the net liability value (net of non-controlling interests) of the Zhoukou Company of RMB14.8 million, compared with the Group’s net asset value (net of non-controlling interests) as at 31 December 2010 of RMB853.8 million	N/M
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(b)	Rule 1006(b) – the loss before income tax and minority interests attributable to the Zhoukou Company of RMB8.5 million, compared with the Group's profit before tax and minority interests for the financial year ended 31 December 2010 of RMB49.5 million	N/M
(c)	Rule 1006(c) – the Disposal Consideration compared with the Company's market capitalisation	8.5% ⁽¹⁾⁽²⁾
(d)	Rule 1006(d) – the number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	N.A.

Notes:

- (1) Based on the closing share price of S\$0.049 of the Company as at 8 September 2011 and 977,908,000 issued shares (excluding treasury share) of the Company as at 8 September 2011.
(2) Based on the exchange rate of approximately RMB1: S\$5.3 as at 8 September 2011.

N/M denotes Not Meaningful

B. Disclosures Required under Listing Rule 1010

i) Rule 1010(2) – Description of trade carried on by the subsidiary to be disposed;

The Company's reply

Zhoukou Company has no subsidiary. It is a property development company which engages in the development of commercial and residential property in the Zhoukou City of Henan Province.

ii) Rule 1010(3) – Factors taken into account in arriving at the consideration amount, how it will be satisfied and the terms of payment.

The Company's reply

The Disposal Consideration was arrived at based on an arm's length basis and on normal commercial terms, after taking into account of the following:

1. The Disposal Consideration being in cash and not in kind;
2. Some of the properties comprised in the Disposal were at various stages of construction-in-progress;
3. The Disposal Consideration representing a reasonable discount of approximately 9.1% to the appraised NTA of Zhoukou Company; and
4. The speedy settlement of the Settlement Consideration, comprising the Disposal Consideration and the Sum Due.

The Settlement Consideration had been fully received by the Group as at the date of the Announcement.

iii) Rule 1010(4) – Whether there are any material conditions attached to the transaction;

The Company's reply

There are no material conditions attached to the Disposal.

iv) Rule 1010(5) – Value of assets to be disposed, any whether any valuation was done; and

The Company's reply

As stated in item 3 of the Announcement, the appraised NTA of the disposed Zhoukou Company was approximately RMB23.8 million, arrived at based on the valuation carried out by Henan Hua Tong Asset Valuation Co., Ltd (河南华通资产评估有限公司) (the "Valuer"), an independent professional asset valuation company..

v) Rule 1010(6) – Use of proceed from the disposal

The Company's reply

As stated in item 2 of the Announcement, the proceeds from the Settlement Consideration will principally be utilized for funding prospective investment opportunities which the Group may undertake, including but not limited to resource-related business, commercial and properties.

The SGX-ST's query 3

What are the properties held or under development by Zhoukou? To also disclose the value of these assets.

The Company's reply

The following properties were held by Zhoukou Company as at 30 June 2011:

Property and address	Description	Tenure	Expected completion date	Estimated gross floor area (square metre)	Book value (RMB' million)
Yangguang Peninsula City located at Zhongzhou Road North West, Zhoukou City, Henan Province, PRC	Commercial and Residential	Up to 70 years expiring in 2077	December 2015	523,978	321.1

The SGX-ST's query 4

What is the business activity of Zhoukou?

The Company's reply

Kindly refer to the Company's reply above to Query 2 B(i) from the SGX-ST.

The SGX-ST's query 5

Following this disposal, what is the balance projects or properties under development for sale and their respective values?

The Company's reply

Following this disposal, the balance properties under development for sale and completed properties for sales of the Group comprised:

A. Property under development for sale (as at 30 June 2011):

Property and address	Description	Tenure	Expected completion date	Estimated gross floor area (square metre)	Book value (RMB' million)
Sunny Town located at Xinxiang New District, Western District of Xinxiang, Henan Province, PRC	Residential	Up to 70 years expiring in 2077	Up to December 2012	126,175	61.6

B. Completed Properties for sale (as at 30 June 2011):

Property and address	Description	Tenure	Estimated gross floor area (square metre)	Book value (RMB' million)
Sunny Town located at Xinxiang New District, Western District of Xinxiang, Henan Province, PRC	Residential	Up to 70 years expiring in 2077	60,973	67.8
Various units of Sunshine Sungei Buluo located at junction of Binhe Road and Gucheng Road, Luoyang, Henan Province, PRC	Commercial and Residential	Residential: 70 years expiring 2077 Commercial: 40 years expiring in 2047	13,306	35.9
Various units of Sunlight City – Shuxie Huadu located between Xianjun Road and Guide Toad, Shangqiu City, Henan Province, PRC	Commercial and Residential	Residential: 70 years expiring 2077 Commercial: 40 years expiring in 2047	2,723	4.5
Shining Holiday Shopping Centre (Phase II) Block B, No. 31 Jiankang Road, Xinxiang City, Henan Province, PRC	Commercial	40 years expiring in 2046	23,728	129.7

The SGX-ST's query 6

What is the rationale for the discount of 9.1% to the NTA of Zhoukou given by Sunshine to the Purchasers?

The Company's reply

The discount of 9.1% to the appraised NTA of Zhoukou Company was arrived at on a willing-buyer willing-seller basis, taking into account the factors mentioned in the Company's reply above to Query 2 B(ii) from the SGX-ST.

The SGX-ST's query 7

What is the basis for the valuation of the Zhoukou?

The Company's reply

The basis for the valuation of Zhoukou Company was guided by that provided by the Valuer as follows:

Categories of assets and liabilities	Valuation basis
Property under development for sale	<p>The property is valued at net realizable value basis. The net realizable value is the estimated selling price in the ordinary course of the business, based on market prices and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.</p> <p>The estimated selling prices are with reference to market evidence and transaction prices for similar properties in the same locations and condition. The estimated costs to complete and sell are with reference to market evidence on related costs of completion and for sale for similar properties in the same location and condition.</p>
Completed property for sale	<p>The property are valued by the comparison method based on prices realized on actual transactions or asking price of comparable properties in the same location and condition less estimated costs. The estimated costs are with reference to market evidence on the related costs of selling expenses and sale taxes.</p>
Other assets and liabilities	<p>Fair market value less amortised costs, depreciation or impairment.</p>

The SGX-ST's query 8

Do the associates of the directors or substantial shareholders of the Company have any direct or indirect interest in the disposal?

The Company's reply

None of the associates of the Directors or substantial shareholders of the Company has any interest, directly or indirectly, in the Disposal.

BY ORDER OF THE BOARD

**Mr Guo Yinghui
Chairman and CEO**

19 September 2011