SUNSHINE HOLDINGS LIMITED
阳 光 控 股 有 限 公 司

Company Registration No. CT-140095

RESPONSE TO QUERY FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") ON THE SECOND QUARTER FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2008

The Board of Directors of Sunshine Holdings Limited ("the Company") wishes to provide the following information in response to the query from SGX-ST in its email dated 18 August 2008 on second quarter results.

SGX's query

The Group recorded a 132% increase in general and administrative expenses from RMB5.224m in 2Q07 to RMB12.143m in 2Q08. Please provide a breakdown of the major items in general and administrative expenses and explain the major variances.

The Company's reply

The breakdown of the major items in general and administrative expenses that led to the increase of RMB6.919 million is as follows:

Name of major items	**Amount increased**
	RMB'000
Employee share option expenses[(1)]	1,387
Salaries and wages [(2)]	1,299
Property management expenses[(3)]	969
Rental[(4)]	645
Land use tax[(5)]	468
Security system upgrade	290
Staff training	266
Transportation and traveling	194
Utilities expenses	167
Other miscellaneous items	539
Sub-total	**6,224**
Additional general and administrative expenses incurred as a result of new subsidiaries formed after Q2 2007	**695**
Total	**6,919**

Explanatory notes:

(1) In accordance to the International Financial Reporting Standard 2: Share-based payment,

the Company is required to recognize share-based payment expenses incurred under the Sunshine Employee Share Option Scheme upon issuance of share options on 29 November 2007.

(2) Increase in number of employees and annual salary and wages adjustments had led to an overall increase in salaries and wages.

(3) Increase in property management expenses was attributable to the increase in number of properties managed by the Company's property management subsidiaries.

(4) Increase in rental was due to the increase in number of office units rented.

(5) Increase in land use tax was due to additional lands were acquired.

By Order of the Board

Guo Yinghui
Chairman

20 August 2008