
UNAUDITED THIRD QUARTER (“Q3 2010”) FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2010 (“FY2010”)

PART 1 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 30 September 2010 together with a comparative statement for the corresponding period of the immediate preceding financial year

Consolidated income statements of the Group for the 3-month periods ended 30 September 2010 and 30 September 2009

	The Group		
	Q3 2010	Q3 2009	%
	RMB'000	RMB'000	Change
Revenue	97,240	210,431	(54)
Cost of sales	(76,730)	(177,056)	(57)
Gross profit	20,510	33,375	(39)
Other operating expenses	(1,280)	(3,566)	(64)
General and administrative expenses	(6,848)	(12,583)	(46)
Selling and distribution expenses	(4,039)	(8,903)	(55)
Finance costs	(1,320)	(41,475)	(97)
Profit/(loss) before tax	7,023	(33,152)	N.M.
Income tax expense	(4,776)	(4,972)	(4)
Net profit/(loss) for the period	<u>2,247</u>	<u>(38,124)</u>	N.M.

“Q3 2009” and “Q3 2010” denotes the third quarter period ended 30 September 2009 and 30 September 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 financial statements form an integral part of the financial statements

Accompanying notes to the income statements of the Group for the 3-month periods ended 30 September 2010 and 30 September 2009

	The Group		
	Q3 2010	Q3 2009	%
	RMB'000	RMB'000	Change
Profit/(loss) before tax has been arrived at after charging/(crediting):			
Depreciation of property, plant and equipment	2,532	2,601	(3)
Foreign currency exchange gain	(168)	(318)	(47)
Amortization of land use rights	-	460	N.M.
Loss on disposal of property, plant and equipment	37	126	(71)
Loss on disposal of investment properties	-	2,597	N.M.
Interest income	(19)	(54)	(65)
Interest expenses	1,320	41,471	(97)

"Q3 2009" and "Q3 2010" denotes the third quarter period ended 30 September 2009 and 30 September 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 30 September 2010 and 31 December 2009

	The Group		The Company	
	30 September 2010	31 December 2009	30 September 2010	31 December 2009
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	80,814	88,255	6	8
Land use rights	65	66	-	-
Investment properties	183,500	183,500	-	-
Prepayments and other receivables	8,719	7,720	-	-
Investments in subsidiaries	-	-	213,738	213,738
Available-for-sale investments	-	1,400	-	-
	273,098	280,941	213,744	213,746
Current assets				
Completed properties for sale	269,132	367,088	-	-
Properties under development for sale	887,736	789,632	-	-
Trade receivables	5,430	8,959	-	-
Prepayments and other receivables	127,368	92,445	34	34
Amounts due from subsidiaries	-	-	441,312	585,100
Amounts due from related parties [^]	89,296	89,036	-	-
Income tax recoverable	16,356	13,178	-	-
Pledged bank deposits	10,518	9,261	-	-
Cash and bank balances	57,495	64,562	1,014	738
	1,463,331	1,434,161	442,360	585,872
Current liabilities				
Trade payables	91,476	149,120	-	-
Sales and rental deposits	260,004	199,713	-	-
Accruals and other payables	353,897	303,985	842	3,021
Amount due to subsidiaries	-	-	7,747	148,836
Amounts due to related parties [^]	20,711	22,745	10,888	10,888
Income tax payables	46,593	46,706	-	-
Bank and other borrowings	30,000	66,800	-	-
	802,681	789,069	19,477	162,745
Net current assets	660,650	645,092	422,883	423,127
	933,748	926,033	636,627	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
Retained earnings	257,325	230,783	106,645	88,814
Equity attributable to owners of the Company	836,338	827,873	636,627	636,873
Minority interests	83,450	84,200	-	-
Total equity	919,788	912,073	636,627	636,873
Non-current liabilities				
Deferred tax liabilities	13,960	13,960	-	-
	13,960	13,960	-	-
	933,748	926,033	636,627	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.

Borrowings and debt securities of the Group

	The Group	
	30 September 2010 RMB'000	31 December 2009 RMB'000
Borrowings, secured	30,000 ⁽²⁾	60,000 ⁽¹⁾
Borrowings, unsecured	-	6,800
	<u>30,000</u>	<u>66,800</u>
The borrowings are repayable:		
On demand or within one year	30,000	66,800
More than one year	-	-
	<u>30,000</u>	<u>66,800</u>

Notes:

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

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.

Consolidated statements of cash flows of the Group for the 3-month periods ended 30 September 2010 and 30 September 2009

	The Group	
	Q3 2010	Q3 2009
	RMB'000	RMB'000
OPERATING ACTIVITIES		
Profit/(loss) before tax	7,023	(33,152)
Adjustments for:		
Depreciation of property, plant and equipment	2,532	2,601
Foreign currency exchange gain	(168)	(318)
Share-based payment	-	884
Amortization of land use rights	-	460
Loss on disposal of property, plant and equipment	37	126
Loss on disposal of investment properties	-	2,597
Gain on written back of accrual	-	-
Bad debt written off	-	-
Interest income	(19)	(54)
Interest expenses	1,320	41,471
Operating cash flows before movements in working capital	10,725	14,615
Decrease in completed properties for sale	69,658	101,142
Increase in properties under development for sale	(38,563)	(5,754)
Decrease in inventories	-	63
Decrease/(increase) in trade receivables	3,767	(1,763)
(Increase)/decrease in prepayments and other receivables	(34,806)	28,305
Decrease in trade payables	(2,238)	(8,214)
Decrease in sales deposits	(39,530)	(121,607)
Increase in amount due to related parties	231	-
Increase in accruals and other payables	7,995	19,730
Cash (used in)/generated from operations	(22,761)	26,517
Income tax paid	(4,138)	(4,214)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(26,899)	22,303
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(35)	(16)
Sales proceed from disposal of property, plant and equipment	9	16
Refund of investment cost of available-for-sale investments	-	23,920
Deposit received in respect of property under development for sales	42,000	-
Interest received	-	54
NET CASH GENERATED FROM INVESTING ACTIVITIES	41,974	23,974
FINANCING ACTIVITIES		
Increase in bank and other borrowings	631	-
Repayment of bank borrowings	-	(112,136)
Repayment of borrowings from third party	9,619	-
Receipt of new loans	-	107,300
Capital contribution from minority shareholders	-	7,400
(Increase)/decrease in pledged bank deposits	(647)	554
Interest paid	(1,320)	(77,794)
Amount advanced from related parties	-	-
Amount advanced to a director	-	-
Amount received from/(repaid to) a related party	14	(3,529)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	8,297	(78,205)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	23,372	(31,928)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	34,123	51,629
CASH AND CASH EQUIVALENTS AT END OF PERIOD	57,495	19,701

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.

Consolidated statements of comprehensive income of the Group and the Company for the 3-month periods ended 30 September 2010 and 30 September 2009

	The Group		The Company	
	Q3 2010	Q3 2009	Q3 2010	Q3 2009
	RMB'000	RMB'000	RMB'000	RMB'000
Profit/(loss) for the period	2,247	(38,124)	944	(9,716)
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income/(expense) for the period	<u>2,247</u>	<u>(38,124)</u>	<u>944</u>	<u>(9,716)</u>
Total comprehensive income/(expense) attributable to:				
Equity holders of the Company	2,511	(37,547)	944	(9,716)
Non-controlling interests	<u>(264)</u>	<u>(577)</u>	<u>-</u>	<u>-</u>
	<u>2,247</u>	<u>(38,124)</u>	<u>944</u>	<u>(9,716)</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.

Consolidated statements of changes in equity of the Group for the 3-month periods ended 30 September 2010 and 30 September 2009

	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
Comprehensive income for the period	-	-	-	-	-	-	3,874	3,874	(315)	3,559
Surrender of share options	-	-	-	(2,403)	-	-	2,403	-	-	-
Balance at 30 June 2010	305,888	224,094	49,031	15,674	-	-	239,140	833,827	83,714	917,541
Comprehensive income for the period	-	-	-	-	-	-	2,511	2,511	(264)	2,247
Surrender of share options	-	-	-	(15,674)	-	-	15,674	-	-	-
Balance at 30 September 2010	305,888	224,094	49,031	-	-	-	257,325	836,338	83,450	919,788

	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
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
Recognition of share based payment	-	-	-	884	-	-	-	884	-	884
Reserve written off	-	-	-	-	(884)	-	-	(884)	-	(884)
Additional capital contribution	-	-	-	-	-	-	-	-	7,400	7,400
Comprehensive expense for the period	-	-	-	-	-	-	(37,547)	(37,547)	(577)	(38,124)
Balance at 30 September 2009	305,888	224,094	49,031	16,935	-	39,485	(160,402)	475,031	87,317	562,348

Consolidated statements of changes in equity of the Company for the 3-month periods ended 30 September 2010 and 30 September 2009

	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
Comprehensive expense for the period	-	-	-	-	(307)	(307)
Surrender of share options	-	-	(2,403)	-	2,403	-
Balance at 30 June 2010	305,888	224,094	15,674	-	90,027	635,683
Comprehensive expense for the period	-	-	-	-	944	944
Surrender of share options	-	-	(15,674)	-	15,674	-
Balance at 30 September 2010	305,888	224,094	-	-	106,645	636,627

	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
Recognition of share-based payment	-	-	884	-	-	884
Comprehensive expense for the period	-	-	-	-	(8,051)	(8,051)
Balance at 30 June 2009	305,888	224,094	16,051	39,485	(50,908)	534,610
Recognition of share-based payment	-	-	884	-	-	884
Comprehensive expense for the period	-	-	-	-	(9,716)	(9,716)
Balance at 30 September 2009	305,888	224,094	16,935	39,485	(60,624)	525,778

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.

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 (the "Granted SESOS Options").

Of the Granted SESOS Options, 8,850,000 and 6,800,000 share options under the SESOS were cancelled due to staff resignation during the year ended 31 December 2008 and second quarter period ended 30 June 2010 respectively. The balance 44,350,000 share options have been voluntarily surrendered by the remaining eligible employees during the third quarter period ended 30 September 2010. Accordingly, the number of ordinary shares that may be issued upon exercise of all share options outstanding as at 30 September 2010 was nil (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>30 September 2010</u>	<u>31 December 2009</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 September 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.

	The Group	
	Q3 2010 RMB'000	Q3 2009 RMB'000
Profit/(loss) attributable to owners of the Company	2,511	(37,547)
Basic (Singapore cents) ⁽¹⁾	0.05 cents⁽²⁾	(0.80) cents⁽²⁾
Diluted (Singapore cents) ⁽¹⁾	0.05 cents⁽⁴⁾	(0.80) cents⁽³⁾

Notes:

- (1) Calculated based on the average exchange rate of S\$1:RMB5.02 for the 3-month period ended 30 September 2010 (3-month period ended 30 September 2009 was S\$1:RMB4.79)
- (2) Based on the issued share capital of 978,000,000 ordinary shares as at 30 September 2010 and 30 September 2009. No new shares are issued during the 3-month periods ended 30 September 2010 and 30 September 2009.
- (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 of the 60,000,000 share options granted to eligible employees of the Company and its subsidiaries on 29 November 2007, 8,850,000 and 6,800,000 share options were cancelled due to staff resignation during the year ended 31 December 2009 and second quarter period ended 30 June 2010 respectively. The balance 44,350,000 share options have been voluntarily surrendered by the remaining eligible employees during the third quarter period ended 30 September 2010. The number of ordinary shares that may be issued upon exercise of all share options outstanding as at 30 September 2010 was nil (30 September 2009: 51,150,000).

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

	The Group		The Company	
	30 September 2010 RMB'000	31 December 2009 RMB'000	30 September 2010 RMB'000	31 December 2009 RMB'000
Net asset value (net of non-controlling interests) as at the end of financial period/ year	836,338	827,873	636,627	636,873
Net asset value per ordinary share as at the end of financial period/ year (Singapore cents) ⁽¹⁾	16.83 cents	17.45 cents	12.81 cents	13.43 cents

Note:

- (1) Calculated based on exchange rate of S\$1:RMB5.08 as at 30 September 2010 (as at 31 December 2009 was 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 income statement of the Group for Q3 2010 (relative to that for Q3 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.

The Group achieved a profit after tax of RMB2.2 million against a turnover of RMB97.2 million in Q3 2010 compared to a loss after tax of RMB38.1 million against a turnover of RMB210.4 million in Q3 2009. On a year to date basis, the Group achieved an accumulative profit after tax of RMB7.7 million against an accumulative turnover of RMB143.2 million for the 9-month period ended 30 September 2010 compared to an accumulative loss after tax of RMB150.6 million against an accumulative turnover of RMB280.7 million for the 9-month period ended 30 September 2009.

Revenue

The Group's revenues (net of sales tax) generated in Q3 2010 and Q3 2009 were as follow:

	Q3 2010 RMB million	Q3 2009 RMB million
(1) Sales of developed properties	85.5	198.6
(2) Rental income	10.3	10.6
(3) Property management income	1.4	1.2
	<u>97.2</u>	<u>210.4</u>

The sales of developed properties in Q3 2009 and Q3 2010 was mainly attributed from the completion and delivery of units at the Xinxiang Sunny Town Project - Phase 1 and 2 (新乡阳光新城项目 - 第一期及二期), Shangqiu Sunshine Shuixie Huidu Project (商丘阳光水榭花都) and Luoyang Sunshine Shuangxi Buluo Project - Phase 1 and 2 (洛阳阳光双溪布洛项目 - 第一及二期). As the Shangqiu Sunshine Shuixie Huidu Project (商丘阳光水榭花都) and Luoyang Sunshine Shuangxi Buluo Project - Phase 1 and 2 (洛阳阳光双溪布洛项目 - 第一及二期) were in their respective last phases of project completion in Q3 2010 with a reduced pool of units available for sale, lower sales of RMB85.5 million were generated in Q3 2010 relative to that of RMB198.6 million in Q3 2009.

Gross profit

In line with the lower revenue registered, our gross profit decreased by RMB12.9 million or 39% from RMB33.4 million in Q3 2009 to RMB20.5 million in Q3 2010. The Group registered a higher gross profit margin of 21% in Q3 2010 compared to that of 16% in Q3 2009 as the units sold in Q3 2010 comprised mainly commercial properties and low-rise residential units, which command higher gross profit margins relative to that of Q3 2009 which comprised mainly high-rise residential units.

Other operating expenses

Our other operating expenses decreased by RMB2.3 million or 64% from RMB3.6 million in Q3 2009 to RMB1.3 million in Q3 2010 which was mainly attributed to an one-off disposal loss of RMB2.6 million in connection with the disposal of office units in Huilong Building (“辉龙大厦”) during Q3 2009

General and administrative expenses figure

Our general and administrative expenses decreased by RMB5.7 million or 46% from RMB12.6 million in Q3 2009 to RMB6.8 million in Q3 2010. The disposal of eight subsidiaries and five land parcels in FY2009, 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 Q3 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 FY2009.

Selling and distribution expenses

The disposal of eight subsidiaries during FY2009 has principally contributed to the decrease in our selling and distribution expenses by RMB4.9 million or 55% from RMB8.9 million in Q3 2009 to RMB4.0 million in Q3 2010.

Finance costs

Our finance costs decreased significantly by RMB40.2 million or 97% from RMB41.5 million in Q3 2009 to RMB1.3 million in Q3 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

Following from the above, we reversed from a net loss before tax of RMB33.2 million in Q3 2009 to a net profit before tax of RMB7.0 million in Q3 2010.

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

Accordingly, the amount attributable to the owners of the Company reversed from a loss of RMB37.5 million in Q3 2009 to a profit of RMB2.5 million in Q3 2010.

Minority interests

Following the disposal of three non-fully owned subsidiaries in FY2009, the remaining minority interests of the Group bore a lower share of loss of RMB0.3 million in Q3 2010 compared to that of RMB0.6 million in Q3 2009.

(b) Review of statements of financial position of the Group as at 30 September 2010 (relative to that as at 31 December 2009)

Non-current assets

Our non-current assets decreased by RMB7.8 million or 3% from RMB280.9 million as at 31 December 2009 to RMB273.1 million as at 30 September 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.

Current assets

Our properties under development for sale increased by RMB98.1 million or 12% pursuant to the continuing construction activities at the Xinxiang Sunny Town Project - Phase 1 (新乡阳光新城项目 - 第一期) and Zhoukou Yangguang Peninsula City Project (周口阳光半岛城邦项目).

The increases in prepayments and other receivables by RMB34.9 million or 38% was attributed mainly to a RMB46.0 million deposit placed by Hainan Sunshine Elegant Jade Investment & Development Co., Ltd ("Hainan Sunshine Elegant Jade")(海南阳光美基投资开发有限公司) to secure a RMB300 million capital loan for the development of Hainan land. The deposit will be refunded once the loan is issued to Hainan Sunshine Elegant Jade.

The increases in income tax recoverable by RMB3.2 million or 24% was attributed mainly to increased income tax paid in advance for corporate income tax and land appreciation tax computed based on sales deposits collected.

The increases in pledged bank deposits by RMB1.3 million or 14% was mainly attributed to the increase of pledged deposits placed with the banks to secure the grant of mortgage loans to the buyers of the Group's properties (the "Buyers"). These pledged deposits will be released upon the issuance of ownership certificates to the Buyer concerned.

The decreases in completed properties for sales of RMB98.0 million was due to the continuing sale of such properties.

The decreases in trade receivables by RMB3.5 million or 39% was attributed mainly to improved collection in the Q3 2010.

The decrease in cash and bank balances by RMB7.1 million or 11% was due mainly to the payment of loans and operating expenses.

Taken as a whole, our current assets increased by RMB29.2 million or 2% from RMB1.4 billion as at 31 December 2009 to RMB1.5 billion as at 30 September 2010.

Current liabilities

Our current liabilities increased by RMB13.6 million or 2% from RMB789.1 million as at 31 December 2009 to RMB802.7 million as at 30 September 2010. This was attributed mainly to (i) increased collection in sales and rental deposits of RMB60.3 million with the continuing sales generated from the Xinxiang Sunny Town Project - Phase 1 and 2 (新乡阳光新城项目 - 第一期及二期), Zhoukou Yangguang Peninsula City Project - Phase 1 and 2 (周口阳光半岛城邦项目 - 第一及二期), Shangqiu Sunshine Shuixie Huidu Project (商丘阳光水榭花都) and Luoyang Sunshine Shuangxi Buluo Project - Phase 1 and 2 (洛阳阳光双溪布洛项目 - 第一及二期), (ii) an increase in accruals and other payables of RMB50.0 million attributed principally to a RMB42.0 million deposits collected in Q3 2010 for the sales of the Zhengzhou Eastern District Project, which collectively offset by repayments which led to (i) a decrease in trade payables of RMB57.6 million; (ii) a decrease in bank and other borrowings of RMB36.8 million; and (iii) a decrease in amount due to related parties of RMB2.0 million.

Following from the above, we maintained our working capital position at about average of RMB653.0 million for both the financial year-end and period under consideration and drastically reduced our net gearing (defined as total interest bearing borrowings expressed as percentage of total equity) from 7.3% as at 31 December 2009 to 3.3% as at 30 September 2010.

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

Notwithstanding the series of added continual cooling-off measures introduced by the Chinese government in the first half of 2010 in checking property prices and curbing property speculation, which resulted in varying degree of effects among the various Chinese cities, the property market conditions in the Henan Province and Hainan Province remain resilient. For the first three quarters of 2010, the Henan Province, fuelled mainly by continued rapid urbanisation, and the Hainan Province, riding on continuous tourism drive, registered year-on-year increase in property sales (comprising both the residential and commercial units) in terms of gross floor area at 19.6% and 78.5% respectively,

Against the backdrop outlined above, for the next twelve months, the Group will, on the one hand, continue its development and marketing efforts in Henan to generate sales from its existing developing projects, particularly 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), and, on another hand, commence the development of the piece of land in Hainan, which it co-owned with Glossemi Limited at the ratio of 40:60 respectively through Climbing Ace Limited as announced by the Company on 11 November 2010.

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

**Mr Guo Yinghui
Chairman and CEO**

12 November 2010



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 3-month period ended 30 September 2010 to be false or misleading in any material aspect.

Signed for and on behalf of the Board of Directors

Mr Guo Yinghui
Chairman and CEO

Mr. Li Bin
Executive Director

12 November 2010