

The Initial Public Offering of the Company's share was sponsored by UOB Asia Limited.

**2ND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
 FOR THE THREE MONTHS ENDED 30 JUNE 2006**

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

	The Group		% Change
	Q2 2006 RMB '000	Q2 2005 RMB '000	
Revenue	30,802	47,068	(35)
Cost of sales	(21,614)	(34,679)	(38)
Gross profit	9,188	12,389	(26)
Other operating income	3,701	94	3,837
Increase in fair value of investment properties	5,350	7,863	(32)
Loss on disposal of investment properties	-	(451)	(100)
General and administrative expenses	(1,423)	(1,573)	(10)
Selling and distribution expenses	(1,029)	(370)	178
Operating profit	15,787	17,952	(12)
Non-operating income	3,738	-	N/M
Release of negative goodwill	7,006	-	N/M
Finance costs	-	(55)	(100)
Profit before tax and IPO expenses	26,531	17,897	48
Income tax expense	(6,675)	(6,206)	8
Profit after tax but before IPO expenses	19,856	11,691	70
IPO expenses	(4,223)	-	N/M
Net profit for the period	15,633	11,691	34
Attributable to:			
Equity holders of the parent	15,633	11,554	35
Minority interests	-	137	(100)
	15,633	11,691	34

"% 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

	The Group		% Change
	Q2 2006 RMB '000	Q2 2005 RMB '000	
Profit before tax and IPO expenses has been arrived at after charging/ (crediting):			
Amortisation of land use rights	4	5	(20)
Interest income	(257)	(8)	3,113
Depreciation of property, plant and equipment	174	188	(7)
Gain on disposal of a subsidiary	(423)	-	N/M
Foreign currency gain	(3,315)	-	N/M
	=====	=====	

"% 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) An 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		
	30 June 2006 RMB '000	31 December 2005 RMB '000	% Change	30 June 2006 RMB '000	31 December 2005 RMB '000	% Change
Non-current assets						
Property, plant and equipment	8,179	5,951	37	-	-	-
Land use rights	572	683	(16)	-	-	-
Investment properties	252,400	247,050	2	-	-	-
Investments in subsidiaries	-	-	-	197,834	197,834	-
	<u>261,151</u>	<u>253,684</u>	3	<u>197,834</u>	<u>197,834</u>	-
Current assets						
Completed properties for sale	2,745	5,305	(48)	-	-	-
Properties under development for sale	397,886	333,348	19	-	-	-
Trade receivables	128,857	204,423	(37)	-	-	-
Prepayments and other receivables	82,101	19,311	325	-	44,445	(100)
Amounts due from related companies	-	-	-	309,601	-	N/M
Amounts due from related parties	-	28,354	(100)	-	-	-
Pledged bank deposits	136,262	8,385	1,525	-	-	-
Bank balances and cash	190,661	18,105	953	35	-	N/M
	<u>938,512</u>	<u>617,231</u>	52	<u>309,636</u>	<u>44,445</u>	597
Current liabilities						
Trade payables	89,233	198,499	(55)	-	-	-
Sales deposits	40,599	1,035	3,823	-	-	-
Accruals and other payables	52,764	69,909	(25)	972	844	15
Amounts due to related parties	35,810 *	-	N/M	10,920	10,067	8
Tax payables	81,323	91,538	(11)	-	-	-
Bank borrowings	162,135	68,200	138	-	-	-
	<u>461,864</u>	<u>429,181</u>	8	<u>11,892</u>	<u>10,911</u>	9
Net current assets	<u>476,648</u>	<u>188,050</u>	153	<u>297,744</u>	<u>33,534</u>	788
	<u>737,799</u>	<u>441,734</u>	67	<u>495,578</u>	<u>231,368</u>	114
Capital and reserves						
Share capital	261,404	197,834	32	261,404	197,834	32
Share premium	204,521	-	N/M	204,521	-	N/M
Capital reserves	49,031	49,031	-	-	-	-
Retained earnings	162,166	145,483	11	29,653	33,534	(12)
Equity attributable to equity holders of the parent	677,122	392,348	73	495,578	231,368	114
Minority interests	4,972	3,163	58	-	-	-
Total equity	<u>682,094</u>	<u>395,511</u>	72	<u>495,578</u>	<u>231,368</u>	114
Non-current liabilities						
Deferred taxation liabilities	55,705	46,223	21	-	-	-
	<u>55,705</u>	<u>46,223</u>	21	<u>-</u>	<u>-</u>	-
	<u>737,799</u>	<u>441,734</u>	67	<u>495,578</u>	<u>231,368</u>	114

*% Change" denotes increase/(decrease) in the relevant balance sheet item as compared with the comparative figure and "N/M" denotes "Not meaningful".

* Amounts due to related parties are unsecured, interest-free and repayable on demand.

1.(b)(ii) Aggregate amount of borrowings and debts securities for the Group.

	As at 30 June 2006 RMB '000	As at 31 December 2005 RMB '000
Bank loans, secured	<u>162,135</u>	<u>68,200</u>
The borrowings are repayable as follows:		
On demand or within one year	162,135	68,200
In the second year	<u>-</u>	<u>-</u>
	<u>162,135</u>	<u>68,200</u>
Less: Amount due for settlement within 12 months or on demand shown under current liabilities	<u>(162,135)</u>	<u>(68,200)</u>
Amounts due after one year	<u>-</u>	<u>-</u>

Details of any collateral

The bank loans (31 December 2005: RMB 68,200,000), which carried fixed interest rates ranging from 4.86% to 7.812% (2005: 6.588% to 7.812%) per annum, are secured by the Group's certain bank deposits, investment properties and 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.

	The Group	
	Q2 2006 RMB '000	Q2 2005 RMB '000
OPERATING ACTIVITIES		
Profit before tax and IPO expenses	26,531	17,897
Adjustments for:		
Depreciation of property, plant and equipment	174	188
Amortisation of land use rights	4	5
Release of negative goodwill	(7,006)	-
Gain on disposal of a subsidiary	(423)	-
Loss on disposal of investment properties	-	451
Increase in fair value of investment properties	(5,350)	(7,863)
Interest income	(257)	(8)
Interest expenses	-	55
Operating cash flows before movements in working capital	13,673	10,725
Completed properties for sale	1,662	15,760
Properties under development for sale	19,430	(216,727)
Trade receivables	17,622	35,213
Prepayments and other receivables	(82,661)	2,074
Trade payables	(65,300)	172,443
Sales deposits	942	(21,085)
Accruals and other payables	(10,355)	31,159
Cash (used in)/generated from operations	(104,987)	29,562
Income tax paid	(8,112)	-
Income tax refunded	-	7,800
NET CASH (USED IN)/ FROM OPERATING ACTIVITIES	(113,099)	37,362
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(1,751)	(1)
Proceeds from disposal of investment properties	-	992
Acquisition of a subsidiary (Note 1)	(15,877)	-
Disposal of a subsidiary (Note 2)	22,212	-
Increase in pledged bank deposits	(131,346)	(11,102)
Interest received	257	8
NET CASH USED IN INVESTING ACTIVITIES	(126,505)	(10,103)
NET CASH FLOW BEFORE FINANCING ACTIVITIES	(239,604)	27,259
FINANCING ACTIVITIES		
Bank loans raised	93,935	-
Interest paid	-	(2,107)
Repayment of bank loans	-	(31,800)
Increase (Decrease) in amounts due to related parties	32,842	(60,138)
IPO expenses incurred	(4,223)	-
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	122,554	(94,045)
DECREASE IN CASH AND CASH EQUIVALENTS	(117,050)	(66,786)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	307,711	76,158
CASH AND CASH EQUIVALENTS AT END OF PERIOD	190,661	9,372

Note 1: Summary of cash flows arising from the acquisition of a subsidiary:

	The Group	
	Q2 2006 RMB '000	Q2 2005 RMB '000
Cash and bank balances	10,473	-
Other current assets	102,912	-
Non-current assets	200	-
Current liabilities	(63,862)	-
Non-current liabilities	(11,395)	-
Minority interests	(4,972)	-
Net identifiable assets and liabilities acquired	33,356	-
Negative goodwill on consolidation	(7,006)	-
Purchase consideration	26,350	-
Less: cash and bank balances of subsidiary acquired	(10,473)	-
Net cash flow from acquisition of subsidiary	15,877	-

Note 2: Summary of cash flows arising from the disposal of a subsidiary:

	The Group	
	Q2 2006 RMB '000	Q2 2005 RMB '000
Cash and bank balances	2,448	-
Other current assets	46,798	-
Non-current assets	595	-
Current liabilities	(18,709)	-
Non-current liabilities	(3,732)	-
Minority interests	(3,163)	-
Net identifiable assets and liabilities disposed	24,237	-
Gain on disposal of subsidiary	423	-
Proceeds from disposal of subsidiary	24,660	-
Less: cash and bank balances of subsidiary disposed	(2,448)	-
Net cash flow from disposal of subsidiary	22,212	-

1.(d)(i) 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.

	THE GROUP						
	Share capital	Share premium	Capital reserve	Retained earnings	Attributable to equity holders of the parent	Minority interests	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
At 1 April 2006	261,404	204,521	49,031	146,533	661,489	3,163	664,652
Disposal of a subsidiary	-	-	-	-	-	(3,163)	(3,163)
Acquisition of a subsidiary	-	-	-	-	-	4,972	4,972
Net profit for the period	-	-	-	15,633	15,633	-	15,633
At 30 June 2006	261,404	204,521	49,031	162,166	677,122	4,972	682,094

	THE GROUP						
	Share capital	Share premium	Capital reserve	Retained earnings	Attributable to equity holders of the parent	Minority interests	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
At 1 April 2005	197,834	-	49,031	2,134	248,999	2,933	251,932
Net profit for the period	-	-	-	11,554	11,554	137	11,691
At 30 June 2005	197,834	-	49,031	13,688	260,553	3,070	263,623

	THE COMPANY			
	Share capital	Share premium	Retained earnings	Total
	RMB '000	RMB '000	RMB '000	RMB '000
At 1 April 2006	261,404	204,521	29,828	495,753
Loss for the period	-	-	(175)	(175)
At 30 June 2006	261,404	204,521	29,653	495,578

	THE COMPANY			
	Share capital	Share premium	Retained earnings	Total
	RMB '000	RMB '000	RMB '000	RMB '000
At 1 April 2005	197,834	-	-	197,834
Loss for the period	-	-	-	-
At 30 June 2005	197,834	-	-	197,834

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 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.

Nil

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 2005 have been consistency 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.

Not applicable

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	
	Q2 2006	Q2 2005
	RMB '000	RMB '000
Net profit attributable to shareholders	<u>15,633</u>	<u>11,554</u>
Earnings per share		
Basic (Singapore cents)	<u>0.37 cents**</u>	<u>0.38 cents*</u>
Diluted (Singapore cents)	<u>0.37 cents**</u>	<u>0.38 cents*</u>

* based on pre-invitation share capital of 624,000,000 ordinary shares

** based on issued share capital (post IPO) of 832,000,000 ordinary shares

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 period reported on and (b) immediately.

	The Group		The Company	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	RMB '000	RMB '000	RMB '000	RMB '000
Net asset value (net of minority interest) as at end of financial period/ year	<u>677,122</u>	<u>392,348</u>	<u>495,578</u>	<u>231,368</u>
Net asset value per ordinary share as at the end of financial period/ year (Singapore cents)	<u>16.1 cents**</u>	<u>12.9 cents*</u>	<u>11.8 cents**</u>	<u>7.6 cents*</u>

* based on pre-invitation share capital of 624,000,000 ordinary shares

** based on issued share capital (post IPO) of 832,000,000 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 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 quality housing for the masses in tier-2 cities which exhibit high rate of urbanization and strong end-user demand.

Revenue

In accordance to the International Financial Reporting Standards, we adopt the completion method of revenue recognition. In contrast to percentage of completion method, we only recognize revenue arising from the sale of properties when the property is delivered and the completion certificate is issued. As a result, even though we may have pre-sold our development properties, the sale will not be booked as revenue if the above conditions are not met (Please refer to Note 10 for the status of the Group's various developments as at 30 June 2006). Hence, our revenue and profit tend to be lumpy on a quarter-by-quarter basis.

The Group's revenue in Q2 2006 and Q2 2005 are as follow:

		Q2 2006 RMB million	Q2 2005 RMB million
(1)	Sales of development properties	28.7	45.0
(2)	Rental Income from investment properties	1.8	2.1
(3)	Property management income	0.3	-
		30.8	47.1

Our revenue in Q2 2006 was derived from the sale of newly completed units in the Sunlight City – Ming Yuan project. We completed and sold 5 residential blocks during the quarter. In comparison, the higher base in Q2 2005 comprised sales of additional units from Anyang Huilong City Garden, Hanyu New City as well as Ming Pin Cheng, which were fully completed between end of 2004 and 1st half 2005.

Gross Profit

Though our gross profit decreased by 26% from RMB 12.4 million in Q2 2005 to RMB 9.2 million in Q2 2006, as in line with the lower sales recorded during the period under consideration, our gross profit margin increased from 26% in Q2 2005 to 30% in Q2 2006. This is attributed mainly to the sales of higher profit margin properties in Q2 2006, as compared to those sold in Q2 2005.

Other operating income

Our other operating income increased from RMB 0.1 million in Q2 2005 to RMB 3.7 million in Q2 2006. This is attributed mainly to the RMB 3.3 million advertising income derived from rental of bulletin boards and available spaces in the vicinity of the Group's investment properties to third parties for their display of promotional posters and advertisements in Q2 2006.

Operating Profit

Our operating profit decreased by 12% from RMB 18.0 million in Q2 2005 to RMB 15.8 million in Q2 2006. This is attributed mainly to the higher surplus on fair value changes in the Group's investment properties of RMB 7.9 million recorded in Q2 2005, as compared to RMB 5.4 million in Q2 2006.

Non-operating income

Non-operating income in Q2 2006 comprises mainly foreign exchange gain. This is attributed to exchange rates movements between RMB and foreign currencies, mainly Singapore dollars, during the period under consideration.

Release of Negative Goodwill

The negative goodwill (net of applicable taxes) in Q2 2006 arises from the acquisition of a subsidiary during the period under consideration. It represents the excess of the Group's interest in the fair value of the newly acquired subsidiary's identifiable assets, liabilities and contingent liabilities over cost, which has been fully released to the Group's profit and loss statement in Q2 2006. The fair value of the properties of the subsidiary has been determined based on a separate valuation done by an independent professional valuer, subsequent to the Company's announcement dated 28 June 2006 in connection with the acquisition of the subsidiary.

Finance Costs

No finance costs were recognized in the Group's profit and loss statement in Q2 2006 as these were capitalized as part of our development costs.

IPO Expenses

IPO expenses represent expenses incurred in relation to the Company's IPO on the Singapore Exchange (SGX-ST) on 31 March 2006. Our IPO expenses in Q2 2006 comprise mainly professional fees and miscellaneous IPO expenses and were expensed to the Group's profit and loss statement during the period under consideration.

Net Profit Attributable to Equity Holders of the Parent

Net profit attributable to equity holders of the parent increased by 35% from RMB 11.6 million in Q2 2005 to RMB 15.6 million in spite of lower revenue recorded in the period under consideration. As a result, net profit margin improved to 50.8% in Q2 2006 compared to 24.5% in Q2 2005.

Excluding the combined effects of the negative goodwill of RMB 7.0 million and IPO expenses of RMB 4.2 million in Q2 2006, the Group's net profit after tax and IPO expenses would have been RMB 12.8 million, as compared to RMB 11.6 million in Q2 2005. This 10% increase in net profit is mainly attributed to the higher other operating income and non-operating income in Q2 2006, offset by a lower surplus on fair value changes in investment properties as compared to the previous corresponding period.

(b) Review of balance sheet of the Group

Non-current Assets

Our non-current assets increased by RMB 7.5 million or approximately 3%, from RMB 253.7 million as at 31 December 2005 to RMB 261.2 million as at 30 June 2006. This is attributed mainly to the higher surplus on fair value changes in the Group's investment properties of RMB 5.4 million and the addition of property, plant and equipment, net of depreciation expenses during the period under consideration.

Current Assets

Our current assets increased by RMB 321.3 million or approximately 52%, from RMB 617.2 million as at 31 December 2005 to RMB 938.5 million as at 30 June 2006. This increase is attributed mainly to the net IPO proceeds of RMB 260 million, additional property under development of RMB 100 million arising from acquisition of a subsidiary, and deposits of RMB 40 million paid in advance for land use rights during the period under consideration. However, the increase is slightly offset by a fall in property under development of RMB 35 million arising from disposal of a subsidiary in Q2 2006.

Current Liabilities

Our current liabilities increased by RMB 32.7 million or approximately 8%, from RMB 429.2 million as at 31 December 2005 to RMB 461.9 million as at 30 June 2006. This increase is attributed mainly to additional short term bank borrowings of RMB 94 million and increase in sales deposits of RMB 40 million in Q2 2006, offset by a decrease of RMB 109 million arising from the settlement of trade payables.

The additional short term bank borrowings obtained in Q2 2006 are used mainly for the Group's working capital purposes.

Non-current Liabilities

Our deferred tax liabilities of RMB 46.2 million as at 31 December 2005 relate mainly to the deferred tax liabilities arising from the increase in fair value of Group's investment properties. As at 30 June 2006, our deferred tax liabilities of RMB 55.7 million shows a net increase of approximately 21% or RMB 9.5 million. This increase is attributed mainly to deferred tax liabilities arising from the fair value adjustment on the property under development held by the subsidiary acquired in Q2 2006.

Cash and Working Capital Positions

With the net IPO proceeds of RMB 260 million, the cash and working capital positions of the Group increased from RMB 18.1 million and RMB 188.1 million respectively as at 31 December 2005 to RMB 190.7 million and RMB 476.6 million respectively as at 30 June 2006.

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 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

Recent Government Measures To Curb Property Speculation

The Chinese government has recently stepped up efforts to curb overinvestment in the property market by introducing a slew of new policies to curtail speculative activities. Sunshine Holdings focuses on tier-2 cities mainly in the Henan Province and we believe that our developments are not affected by the policies. Henan's property market is supported by economic and income growth with genuine local end-user demand. We provide quality affordable housing for the masses in support of Henan province's urbanization initiative.

Progress of Projects Under Development

Sunlight City – Ming Yuan

With the completion and sale of 5 residential blocks in Sunlight City - Ming Yuan during Q2 2006, there remains a final residential block, which has been pre-sold, to be completed in 2nd half of 2006. The balance revenue from Sunlight City – Ming Yuan is expected to be fully recognized by end 2006.

Sunlight City – Yi Yuan

As for Sunlight City – Yi Yuan, we have completed and sold more than 60% of the total gross floor area (GFA) as at 30 June 2006. Out of the remaining 8 high-rise residential blocks which are still under construction, 3 blocks are reserved for civil servants and the remaining blocks will be sold to the public. We expect to complete the construction of the entire project by end 2006.

Shining Holiday Shopping Center II

In respect of Shining Holiday Shopping Center II, our commercial development project, our Group has recently been approached by an established and renowned company to let a substantial portion of this development. Depending on prevailing market conditions and the sustainability of the uptrend in property prices, we may consider holding some or all the units for investment purpose to enhance shareholders' value. Our management is doing a cost benefit of a lease in lieu of sale. The decision will take into account on what is best for the development and the Group as a whole in the long term. Following from the aforesaid, the development may be substantially completed, instead of fully completed, by end 2006 as possible modifications may be made to the design of the development to better improve human traffic flow.

Changzhi Project (new)

Recently, the Group acquired a 90% equity interest in Hetian Jiayuan Real Estate Development Co., Ltd. ("Hetian") which is building two residential cum commercial blocks of 24 and 29 floors, on a piece of land in Changzhi City, Shanxi Province. Based on current plan, approximately 35% of the project will be allocated for commercial purpose and 65% for residential use. Construction has started and one of the two blocks is expected to be completed by end 2006. More than 40% of the GFA in this project has been pre-sold at selling prices ranging from RMB 6,000 to RMB 10,000 per square metre for commercial spaces and from RMB 2,000 to RMB 3,000 per square metre for residential spaces.

A summary of the Group's projects under development as at 30 June 2006 is as follows:

Name of projects	Est. GFA (sq. m.)	Zoning for Land Usage	Expected Completion*	% Sold and Completed
Sunlight City – Ming Yuan	202,192	Residential	FY2006	96%
Sunlight City – Yi Yuan	265,500	Residential	FY2006	63%
Shining Holiday Shopping Center II	40,400	Commercial	FY2006/2007	-
Changzhi Project (new)	63,177	Residential/Commercial	FY2006/2007	-

* Barring unforeseen circumstances and changes in the regulatory environment.

Projects for Future Development

Shangqiu Project (new)/ Luoyang Project (new)

In June 2006 we have secured in government tenders two pieces of land to add to our land bank. The sites are situated in Shangqiu City and Luoyang City, both in Henan Province. Both sites are well-located near the city centre and the construction of both projects is scheduled for completion in FY2007 and FY2008.

Western District of Xinxiang

As for the Western District of Xinxiang, we are in the process of converting the land zoning from industrial to composite use. The composite zoning will be consistent with the surrounding residential cum commercial zoning. Land clearance for the project has started and we target revenue recognition to begin in FY2007.

A summary of the Group's projects for future development as at 30 June 2006 is as follows:

Name of projects	Est. GFA (sq. m.)	Zoning for Land Usage	Expected Completion*
Shangqiu Project (new)	78,000	Residential/Commercial	FY2007/2008
Luoyang Project (new)	137,500	Residential/Commercial	FY2007/2008
Western District of Xinxiang	800,736	Composite**	FY2007/2008

* Barring unforeseen circumstances and changes in the regulatory environment.

** Conversion of zoning for land usage from industrial to composite use in progress

The Group's vision is to be one of the leading property developers in the Henan Province. To achieve this vision, the Group maintains an active pipeline of new projects. The current total size of our land bank is more than 1 million square metres in GFA. In addition, Memorandums of Understanding have been signed for 3 pieces of land with an aggregate site area of more than 800,000 square metres. We are currently appraising a few new parcels of land strategically located in certain major cities in the Henan Province, and will continue to seek good opportunities to expand our land bank and strengthen our position as one of Henan's leading property developer.

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

No applicable

(d) Books closure date

No applicable

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

No dividend has been declared or recommended for the 2nd quarter ended 30 June 2006.

The final dividend of Singapore 0.71 cents per ordinary share for the financial year ended 31 December 2005 has been approved by the shareholders at the Annual General Meeting held on 12 June 2006, and were paid on 12 July 2006.

BY ORDER OF THE BOARD

GUO YINGHUI
Chairman

14 August 2006