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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, certified public accountant or other professional adviser.

**If you have sold or transferred** all your shares in Sunshine 100 China Holdings Ltd, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**Sunshine 100 China Holdings Ltd**

**陽光100中國控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2608)**

**VERY SUBSTANTIAL DISPOSAL –  
DISPOSAL OF 70% EQUITY INTEREST IN  
CHONGQING SUNSHINE 100  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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A notice convening the EGM of Sunshine 100 China Holdings Ltd to be held at 10:00 a.m. on Friday, 10 July 2020 at RuiXiang Conference Room, 5/F, Radegast Hotel Beijing Bohao, No.15, Guanghua Road, Chaoyang District, Beijing, PRC is set out on pages 113 and 114 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at EGM or any adjourned meeting if you so wish.

18 June 2020

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings, unless the context requires otherwise:*

“AFA”	additional floor area (新增計容總建築面積)
“AIC”	Administration of Industry and Commerce (工商管理機關) in the PRC or, where the context so requires, the state AIC or its delegated authority at provincial, municipal or other local level
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Associates”	has the meaning ascribed thereto under the Listing Rules
“Balance of Consideration”	the outstanding balance of approximately RMB34.1 million of the Consideration under the Consideration Adjustment Mechanism
“Board”	the board of Directors
“Business Day”	any day(s) excluding Saturday(s), Sunday(s), statutory holiday(s) in the PRC and any day(s) which is not a working day for an authorised bank in the PRC
“Company”	Sunshine 100 China Holdings Ltd (陽光100中國控股有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the Disposal, being 18 April 2019
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	total consideration of RMB1,334,134,900 comprising (i) an equity consideration of RMB370,000,000 payable in cash (subject to adjustment); and (ii) the shareholder loan of RMB964,134,900
“Consideration Adjustment Mechanism”	the mechanism provided in the Equity Transfer Agreement to adjust the consideration for the equity interest after Completion based on the adjustments to the USRFA, AFA and ISFA within the AFA of the Property Development Projects as set out in the Post-adjustment Overall Development Plan with regard to the Target Land

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## DEFINITIONS

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“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the Equity Transfer and the Loan Assignment, as contemplated under the Equity Transfer Agreement and adjusted by the Shareholders’ Resolutions
“Dividend Adjustment Mechanism”	the mechanism provided in the Shareholders’ Resolutions to replace the Consideration Adjustment Mechanism through a future dividend distribution plan of the Target Company
“Equity Transfer”	the transfer of 70% equity interest in the Target Company by the Seller to the Purchaser
“Equity Transfer Agreement”	the Equity Transfer Agreement entered into among the Seller, the Purchaser, Liaoning Sunshine 100, Yangpu Huadian and the Target Company on 1 April 2019 in relation to, among other things, the Disposal and the provision of the Remaining Loan
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“independent third party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Individual Controlling Shareholders”	Mr. Yi Xiaodi (易小迪), Mr. Fan Xiaochong (范小冲), Ms. Fan Xiaohua (范曉華), Mr. Jin Xiangfei (靳翔飛), Ms. Liu Chaohui (劉朝暉), Mr. Tian Feng (田豐) and Mr. Li Mingqiang (李明強), who are parties acting in concert pursuant to the 2013 Agreement

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## DEFINITIONS

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“ISFA”	inseverable sale floor area (不可分割銷售面積)
“Latest Practicable Date”	10 June 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Liaoning Sunshine 100”	Sunshine 100 Real Estate (Liaoning) Co., Ltd.* (陽光一百置業(遼寧)有限公司), a company with limited liability established under the laws of China and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loans”	the total loans advanced by certain affiliates of the Company (including the Seller) to the Target Company as at Completion. For reference, the amount as at 31 March 2019 was RMB1,256,917,833
“Loan Assignment”	assignment of the shareholder loan to the Target Company in the amount of RMB964,134,900 by the Seller to the Purchaser
“PRC” or “China”	the People’s Republic of China which, for the purposes of this circular, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Property Development Projects”	the Chongqing Sunshine 100 International New Town Project (重慶陽光100國際新城項目) and the Ciyun Temple Road Project (慈雲寺老街項目)
“Purchaser”	Sunac South-West Real Estate Development (Group) Co., Ltd.* (融創西南房地產開發(集團)有限公司), a company with limited liability established under the laws of China
“Remaining Group”	the remaining Group after the Disposal
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Rongchuang Dividend”	has the meaning ascribed to it under the paragraph headed “Adjustments to Consideration” in the “Letter from the Board”

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## DEFINITIONS

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“Seller” or “Sunshine 100 Group”	Sunshine 100 Real Estate Group Co., Ltd.* (陽光壹佰置業集團有限公司) (formerly known as Beijing Sunshine 100 Real Estate Development Co., Ltd.* (北京陽光壹佰房地產開發有限責任公司) and Beijing Sunshine 100 Real Estate Group Co., Ltd.* (北京陽光壹佰置業集團有限公司)), a company with limited liability established under the laws of China and an indirect wholly-owned subsidiary of the Group
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholders’ Resolutions”	the shareholders’ resolutions entered into between the parties of the Equity Transfer Agreement on 16 March 2020 in relation to, amongst others, the Dividend Adjustment Mechanism
“SFO”	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“SS100 First Dividend”	has the meaning ascribed to it under the paragraph headed “Adjustments to Consideration” in the “Letter from the Board”
“SS100 Second Dividend”	has the meaning ascribed to it under the paragraph headed “Adjustments to Consideration” in the “Letter from the Board”
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Substantial Shareholders”	has the meaning ascribed thereto under the Listing Rules
“Target Company” or “Chongqing Sunshine 100”	Chongqing Sunshine 100 Real Estate Development Co., Ltd.* (重慶陽光壹佰房地產開發有限公司), a company with limited liability established under the laws of China, a subsidiary of the Company prior to Completion

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## DEFINITIONS

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“Target Land”	the land of an original plot ratio floor area of approximately 1,188,000 square meters located in Nan’an District, Chongqing, the PRC, on which the Property Development Projects are developed
“Total SS100 Dividend”	has the meaning ascribed to it under the paragraph headed “Adjustments to Consideration” in the “Letter from the Board”
“USRFA”	undeveloped saleable residential floor area (未開發可售住宅計容建築面積)
“Yangpu Huadian”	Yangpu Huadian Properties Co., Ltd.* (洋浦華電置業有限公司), a company with limited liability established under the laws of China and an independent third party of the Company
“Yangpu Huadian Dividend”	has the meaning ascribed to it under the paragraph headed “Adjustments to Consideration” in the “Letter from the Board”
“%”	per cent



**Sunshine 100 China Holdings Ltd**

**陽光100中國控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2608)**

*Executive Directors:*

Mr. Yi Xiaodi (*Chairman*)

Mr. Fan Xiaochong

*Registered Office:*

190 Elgin Avenue

George Town, Grand Cayman KY1-9005

Cayman Islands

*Non-executive Directors:*

Ms. Fan Xiaohua

Mr. Wang Gongquan

*Head Office:*

12th Floor, Tower D

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Beijing 100026

PRC

*Independent Non-executive Directors:*

Mr. Gu Yunchang

Mr. Ng Fook Ai, Victor

Mr. Wang Bo

*Place of Business in Hong Kong:*

39/F, Gloucester Tower, The Landmark

15 Queen's Road Central

Hong Kong

18 June 2020

*To the Shareholders,*

Dear Sirs or Madams,

**VERY SUBSTANTIAL DISPOSAL –  
DISPOSAL OF 70% EQUITY INTEREST IN  
CHONGQING SUNSHINE 100  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**



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## LETTER FROM THE BOARD

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### INTRODUCTION

References are made to the announcements of the Company dated 1 April 2019, 16 March 2020, 3 April 2020 and 26 May 2020 and the circular of the Company dated 13 June 2019 (the “**2019 Circular**”) in relation to the Equity Transfer Agreement and the Shareholders’ Resolutions. The purpose of this circular is to provide you with: (i) further information on the Shareholders’ Resolutions; and (ii) the notice of the EGM, to enable you to make an informed decision on whether to vote for or against the resolution to be proposed at the EGM.

All conditions precedent to Completion as set out in the Equity Transfer Agreement had been fulfilled and Completion took place on 18 April 2019. After Completion and as at the Latest Practicable Date, the Company indirectly held a 20% equity interest in the Target Company through the Seller. The Purchaser and Yangpu Huadian hold 70% and 10% of the Target Company, respectively.

The Consideration under the Equity Transfer Agreement, being RMB1,334,134,900, includes (i) the consideration on transfer of 70% equity interest in the Target Company, being RMB370,000,000, and (ii) the consideration for the Loan Assignment, being RMB964,134,900. Under the Equity Transfer Agreement, the consideration for the equity interest may be adjusted after Completion according to the Consideration Adjustment Mechanism based on the adjustments to the USRFA, AFA and ISFA within the AFA of the Property Development Projects as set out in the Post-adjustment Overall Development Plan with regard to the Target Land. As at the Latest Practicable Date, the Group had received RMB1,300,000,000 of the Consideration and the outstanding balance of approximately RMB34.1 million of the Consideration shall be receivable by the Seller within two Business Days after the Post-adjustment Overall Development Plan with regard to the Target Land has been obtained which the Company expects to occur by the end of 2020, and no adjustment has been made to the Consideration pursuant to the Consideration Adjustment Mechanism. Under the Consideration Adjustment Mechanism, only the consideration for the equity interest is subject to adjustment. The consideration for the shareholder loan will not be adjusted.

On 16 March 2020, the parties to the Equity Transfer Agreement entered the Shareholders’ Resolutions to provide for the replacement of the Consideration Adjustment Mechanism with the Dividend Adjustment Mechanism through a future dividend distribution plan of the Target Company. It should be noted that Completion has already taken place. Under the Dividend Adjustment Mechanism, the consideration for the equity interest may be adjusted, but the majority of the adjustment will be out of the Total SS100 Dividend. The consideration for the shareholder loan will not be adjusted.

The Company indirectly holds a 20% equity interest in the Target Company through the Seller and Liaoning Sunshine 100, and the Target Company has ceased to be a subsidiary of the Company after Completion. The financial results of the Target Company is no longer consolidated in the accounts of the Group.

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## LETTER FROM THE BOARD

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The Group intends to retain the remaining 20% equity interest in the Target Company held by the Seller and Liaoning Sunshine 100, and acquire Yangpu Huadian's 10% equity interest in the Target Company.

Details of the Shareholders' Resolutions are set out below:

### THE SHAREHOLDER'S RESOLUTIONS

#### Date

16 March 2020

#### Parties

- (1) Purchaser: Sunac South-West Real Estate Development (Group) Co., Ltd.\* (融創西南房地產開發(集團)有限公司);
- (2) Seller: Sunshine 100 Group;
- (3) Liaoning Sunshine 100: Sunshine 100 Real Estate (Liaoning) Co., Ltd.\* (陽光一百置業(遼寧)有限公司), an indirect wholly-owned subsidiary of the Company;
- (4) Yangpu Huadian: Yangpu Huadian Properties Co., Ltd.\* (洋浦華電置業有限公司); and
- (5) Target Company: Chongqing Sunshine 100 Real Estate Development Co., Ltd.\* (重慶陽光壹佰房地產開發有限公司).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, the Purchaser, Yangpu Huadian and its ultimate beneficial owners were third parties independent of the Company and its connected persons.

#### Adjustments to Consideration

Pursuant to the Shareholders' Resolutions, the Consideration shall be adjusted by the Dividend Adjustment Mechanism (being the future dividend distribution plan), which is as follows:

*First*, RMB190,000,000 to be paid by the Target Company to Yangpu Huadian (the “**Yangpu Huadian Dividend**”) provided that the Target Company has sufficient distributable profits and Yangpu Huadian continues to hold 10% of the Target Company.

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## LETTER FROM THE BOARD

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The Shareholders' Resolutions provide for a total of up to RMB2,000,000,000 dividend which will be distributed by the Target Company in accordance with the terms of the Shareholders' Resolutions before pro rata payment of dividends. As Yangpu Huadian holds 10% of the Target Company, its proportionate share is RMB200,000,000, but after arm's length negotiations between the shareholders, Yangpu Huadian has agreed to a dividend of RMB190,000,000.

*Second*, a maximum of RMB700,000,000 (the exact amount of which is to be determined based on the USRFA under the Post-adjustment Overall Development Plan as mentioned below), less RMB190,000,000 if the Target Company has by that time paid the Yangpu Huadian Dividend, to be paid to by the Target Company to the Seller (the "**SS100 First Dividend**") within two Business Days after the following conditions have been satisfied:

- (a) the Post-adjustment Overall Development Plan with regard to the Target Land has been obtained;
- (b) all equity interest in the Target Company held by Yangpu Huadian has been transferred to the Seller (according to the Shareholders' Resolutions, all equity interest in the Target Company held by Yangpu Huadian should be transferred to the Seller within five Business Days upon Yangpu Huadian's receipt of the Yangpu Huadian Dividend, or if Yangpu Huadian is not paid the Yangpu Huadian Dividend, to sell all equity interest in the Target Company it holds to the Seller); and
- (c) the Seller has procured the release of certain charges provided by the Target Company.

With respect to the above conditions, the Company's view as to their satisfaction is as follows:

- condition (a): as the Company was the original majority owner of the Target Company, it is familiar with the overall development plan of the Target Land and it continues to take the lead in negotiating with the relevant governmental authorities regarding the adjustments. There is currently no certainty as to when the Post-adjustment Overall Development Plan will be obtained but the Target Company is working towards obtaining it by the end of 2020.
- condition (b): the Seller and Yangpu Huadian have agreed in principle to transfer Yangpu Huadian's 10% equity interest in the Target Company to the Seller, although the terms of the transfer (including the purchase price) are subject to further negotiation. The above conditions have been negotiated with the Purchaser and Yangpu Huadian as a package after arm's length negotiations. Whilst this condition introduces some uncertainty, based on the Company's discussions with Yangpu Huadian, the Company is reasonably confident that a deal can be struck with Yangpu Huadian on reasonable terms and has therefore agreed to this condition. The Seller expects to complete the transfer at around the same time as satisfaction of condition (a). For the avoidance of doubt, if by the time the conditions precedent for the payment of the SS100 First Dividend have been satisfied and the Yangpu Huadian Dividend has not been paid at the time of the payment of SS100 First Dividend, RMB700,000,000 will be paid to the Seller as the SS100 First Dividend.

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## LETTER FROM THE BOARD

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- condition (c): as at the Latest Practicable Date, the charges made by the Target Company in favour of financial institutions to secure loans obtained by other members of the SS100 Group had been released.

*Third*, a maximum of RMB1,000,000,000 (the exact amount of which is to be determined based on the AFA and the ISFA under the Post-adjustment Overall Development Plan as mentioned below) to be paid by the Target Company to the Seller (the “**SS100 Second Dividend**”, together with the “**SS100 First Dividend**”, the “**Total SS100 Dividend**”) after the Post-adjustment Overall Development Plan with regard to all land parcels within the Target Land has been obtained and within one month of being granted its first pre-sales or sales permit in relation to the Target Land.

The Total SS100 Dividend (including the SS100 Second Dividend) will be paid prior to the Target Company having sufficient distributable profits. The “dividend” will in effect be an interest-free loan from the Target Company to the Seller. Should the Target Company not have sufficient funds, the Purchaser shall provide a loan to the Target Company (being the difference between the distributable profits of the Target Company and the actual Total SS100 Dividend) for the purposes of the Target Company lending such amount to the Seller.

*Fourth*, RMB300,000,000, to be paid by the Target Company to the Purchaser (the “**Rongchuang Dividend**”), if the Target Company has sufficient distributable profits after distributing the Yangpu Huadian Dividend and the Total SS100 Dividend.

*Finally*, the balance of distributable profits shall be distributed to the shareholders of the Target Company on a pro rata basis.

Based on the USRFA, the AFA and the ISFA under the Post-adjustment Overall Development Plan:

- (i) If the USRFA is between 100,000 sq.m. and 380,000 sq.m., the SS100 First Dividend shall be adjusted downwards based on an agreed price per square metre;
- (ii) If the USRFA is lower than 100,000 sq.m., in addition to that the SS100 First Dividend being reduced to zero, the Balance of Consideration shall be adjusted downwards based on an agreed price per square metre. The maximum downward adjustment to the Consideration is RMB175 million based on the Company’s calculations in accordance with the agreed formulae. The Balance of Consideration will first be applied towards the downward adjustment and the shortfall will be paid by the Seller to the Purchaser;
- (iii) The SS100 Second Dividend shall be adjusted downwards if (a) the AFA is lower than 250,000 sq.m. based on an agreed price per square metre, (b) the supplemental land transaction fee is higher than that anticipated in the Shareholders’ Resolutions, or (c) the ISFA exceeds 30% of the AFA; and

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## LETTER FROM THE BOARD

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- (iv) If the AFA exceed 250,000 sq.m., the Balance of Consideration shall be adjusted upwards based on an agreed price per square metre.

As at Latest Practicable Date, based on the Seller's understanding of the planning and development progress of the Target Land, the Company was cautiously optimistic that the Target Company will be able to attain a USRFA of 380,000 sq.m. Based on the above, the Company is of the view that the Consideration will not be adjusted downwards and the Company is likely to obtain the SS100 First Dividend based on the Dividend Adjustment Mechanism, although no assurances can be given.

The Company considers that it is relatively ambitious for the Target Company to obtain an AFA of over 250,000 sq.m. Whilst the Seller together with the Target Company will use all reasonable endeavours to maximise the Company's entitlement to the SS100 Second Dividend, no assurances can be given at this stage.

There is no maximum consideration under the Consideration Adjustment Mechanism or the Dividend Adjustment Mechanism as potential upward adjustment, based on the area in which the AFA exceeds 250,000 sq.m., is not capped. Assuming the AFA does not exceed 250,000 sq.m.:

- (i) with the Dividend Adjustment Mechanism, the maximum and minimum consideration that may be received by the Seller for the Disposal is RMB3,034,134,900 (being the sum of the Consideration of RMB1,334,134,900 under the Equity Transfer Agreement and the Total SS100 Dividend of RMB1,700,000,000 under the Dividend Adjustment Mechanism) and RMB1,159,134,900 (being the Consideration of RMB1,334,134,900 under the Equity Transfer Agreement less the maximum downward adjustment of RMB175,000,000 based on the Company's calculations in accordance with the agreed formulae under the Dividend Adjustment Mechanism), respectively;
- (ii) with the Consideration Adjustment Mechanism, the maximum and minimum consideration that may be received by the Seller for the Disposal is RMB1,334,134,900 (being the Consideration of under the Equity Transfer Agreement) and RMB1,034,134,900 (being the Consideration of RMB1,334,134,900 under the Equity Transfer Agreement less the maximum downward adjustment of RMB300,000,000 under the Consideration Adjustment Mechanism).

At the time the Target Company distributes any or all of the SS100 Total Dividend to the Seller, the Target Company may not have satisfied the conditions for dividend declaration, and the amount distributed will be considered a prepaid dividend of the Target Company, which is in effect an interest-free loan from the Target Company to the Seller. When the Target Company satisfies the conditions for dividend declaration and distributes dividend to the Seller, the relevant dividend shall offset the amount of dividend previously prepaid to the Seller. The Company's PRC counsel has confirmed that the dividend distribution plan under the Dividend Adjustment Mechanism is legal and valid under applicable PRC laws.

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## LETTER FROM THE BOARD

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As disclosed in the 2019 Circular, the Balance of Consideration shall be paid within two Business Days after:

- (i) the Post-adjustment Overall Development Plan with regard to the Target Land has been obtained; and
- (ii) the Seller has discharged all charges provided by the Target Company to other entities (except for mortgage provided by the Target Company to its customers).

The payment schedule for the Balance of Consideration has not changed with the Dividend Adjustment Mechanism as both primarily depend on the Post-adjustment Overall Development Plan having been obtained and assuming the Company will complete the acquisition of Yangpu Huadian's 10% equity interest in the Target Company at around the same time as the issue of the Post-adjustment Overall Development Plan as planned. Based on the Seller's understanding of the planning and development progress of the Project Development Projects, the Company expects to obtain the Post-adjustment Overall Development Plan by the end of 2020.

The Company expects that the Target Company will be able to satisfy the conditions for declaration of SS100 First Dividend by 2025 based on the Company's estimation of the time required to have the Post-adjustment Overall Development Plan approved and construction of the Property Development Projects. In other words, the Company expects that the Target Company will have sufficient distributable profits to set off the pre-paid SS100 First Dividend by 2025. Further, the Company expects that the conditions for the declaration of the SS100 Second Dividend and then the Rongchuang Dividend for the Purchaser, will be satisfied after 2025. As mentioned, there is no certainty that the conditions for the SS100 Second Dividend will be satisfied at all. If the conditions for the SS100 Second Dividend are satisfied, the Target Company will declare the SS100 Second Dividend to the Seller and the Rongchuang Dividend will only be paid to the Purchaser after payment of the SS100 Second Dividend provided the Target Company has sufficient distributable profits. If it is determined that the conditions for the SS100 Second Dividend cannot be satisfied, the Seller will not be entitled to the SS100 Second Dividend and the Rongchuang Dividend will be paid to the Purchaser provided that the Target Company has sufficient distributable profits. The Company expects to be able to determine whether the Seller will be entitled to the SS100 Second Dividend by the end of 2021.

Whilst there is some uncertainty as to when the Target Company will be able to generate sufficient distributable profits to set off the SS100 First Dividend (and a fortiori, the SS100 Second Dividend), the Company considers that the proposed arrangement is fair and reasonable and in the interest of the Company and its shareholders as a whole for the following reasons:

- (i) under the current proposal, the Company may receive a pre-paid dividend several years before the Target Company will actually generate sufficient distributable profits. This will strengthen the Company's cash flow and improve the Company's financial structure;

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## LETTER FROM THE BOARD

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- (ii) the pre-paid dividend is in effect an interest-free loan to the Company which will help the Company save on finance cost; and
- (iii) based on the Company's estimate of the overall return of the Property Development Projects, the Target Company should be able to generate sufficient distributable profits to set off the prepaid Total SS100 Dividend.

The transfer of Yangpu Huadian's 10% equity interest in the Target Company to the Seller constitutes a transaction of the Company under Chapter 14 of the Listing Rules. As at the Latest Practicable Date, the Company and Yangpu Huadian were still negotiating on the terms of the transaction. The Company expects that the transaction will at most be a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Company will consider the Listing Rules implications and make the necessary disclosure if and when appropriate.

Save as mentioned above, there are no changes to the remaining terms of the Equity Transfer Agreement.

### **Basis of the Consideration and its adjustments**

As disclosed in the 2019 Circular, the Consideration was agreed between the Seller and the Purchaser after arm's length negotiations, having taken into account the financial performance and business prospects of the Target Company, and the amount of loan to be assigned by the Seller to the Purchaser.

The equity consideration of RMB370,000,000 for 70% interest in the Target Company was determined after taking into account of, among other things:

- (i) the net asset value of the Target Company of approximately RMB50 million as at 28 February 2019;
- (ii) the valuation of the properties held by Target Company of approximately RMB5,155 million as at 28 February 2019;
- (iii) the net revaluation surplus of approximately RMB458 million (after tax) arising from the valuation of the properties held by the Target Company as at 28 February 2019, which represents the difference between (a) the valuation of the properties held by the Target Company of approximately RMB5,155 million as at 28 February 2019, (b) the unaudited net book value of the properties held by the Target Company of approximately RMB4,544 million based on the management accounts as at 28 February 2019, and (c) the 25% deferred tax payable of approximately RMB153 million as at 28 February 2019 under the relevant accounting principles and regulation applicable to enterprise established in the PRC; and

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## LETTER FROM THE BOARD

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- (iv) the adjusted net asset value of the Target Company of approximately RMB508 million, being the sum of the net revaluation surplus and the net asset value of the Target Company. 70% of the adjusted net asset value is approximately RMB356 million.

In negotiating the Consideration, the Company took into account the following:

- (i) the difficulties in relocation of residents and subsequent development of the two Property Development Projects;
- (ii) as at 31 December 2018, the Target Company recorded a cumulative net loss. The Target Company's debt/asset ratio and net debt/equity ratio were higher than those of the Company and the Target Company bears a high financing cost;
- (iii) the profit that it may realize (based on the Company's internal calculations) if it develops the two Property Development Projects on its own, taking into account the Group's brand competitiveness, the development period, relocation costs and financing cost; and
- (iv) the two Property Development Projects are located in the Liangjiang New Area in Chongqing, which is suitable for development of high-end property. The Company considers that, taking into account various factors, the Purchaser may be a more suitable developer for the projects given its financing cost and experience in developing high-end projects, and will be able to achieve greater profits for the Target Company. After the Disposal, the Seller will remain as a shareholder of the Target Company and can benefit from any dividends distributed by the Target Company.

The shareholders of the Target Company have agreed that a total of up to RMB2,000,000,000 dividend shall be distributed by the Target Company in accordance with the terms of the Shareholders' Resolutions before pro rata payment of dividends, based on their expected return of the Target Company and to incentivise the Seller to use all efforts to maximise the Target Company's financial interest, including maximising the floor areas of the Property Development Projects set out in the Post-adjustment Overall Development Plan.

In order to simplify the shareholding structure and optimise corporate governance efficiency of the Target Company, the Seller and the Purchaser have agreed that the Seller should acquire the interest held by Yangpu Huadian. Given that the Seller and Yangpu Huadian were the original shareholders of the Target Company, the two parties were treated as one for the purposes of the arrangement of the future dividend distribution plan. The Total SS100 Dividend, being up to RMB1,700,000,000 (which includes the Yangpu Huadian Dividend), was agreed upon after arms-length negotiations as:

- (i) The Seller is required to negotiate and liaise with Yangpu Huadian for the transfer of Yangpu Huadian's 10% equity interest in the Target Company to the Seller; and



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## LETTER FROM THE BOARD

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- (ii) The arrangement aims to incentivise the Seller to provide continual support towards obtaining the Post-adjustment Overall Development Plan and maximising the Target Company's financial interest, including maximising the floor areas of the Property Development Projects set out in the Post-adjustment Overall Development Plan, which increases the equity value of all shareholders of the Target Company.

### ASSETS TO BE DISPOSED OF

As disclosed in the 2019 Circular, the principal assets of the Target Company are two Property Development Projects in Nan'an District, Chongqing, the PRC, namely (i) the Chongqing Sunshine 100 International New Town Project which can be developed into a residential, commercial, shopping complex; and (ii) the Ciyun Temple Road Project. According to the Contract for Grant of State-owned Land Use Rights of Chongqing Municipality (重慶市國有土地使用權出讓合同) in relation to the Property Development Projects, the useable floor area for the Property Development Projects is 565,577 square meters, the construction floor area is approximately 1,188,000 square meters, including developed floor area of approximately 670,000 square meters and undeveloped floor area of 517,309 square meters.

### FINANCIAL EFFECTS OF AND THE USE OF PROCEEDS FROM THE DISPOSAL

The Company indirectly holds a 20% equity interest in the Target Company through the Seller and Liaoning Sunshine 100, and the Target Company has ceased to be a subsidiary of the Company after Completion. The financial results of the Target Company is no longer consolidated in the accounts of the Group.

For the year ended 31 December 2019, the Group recorded a loss from the Disposal of approximately RMB497 million before tax. As a result of the Disposal, the total assets of the Group decreased by approximately RMB5,796.9 million and the total liabilities of the Group decreased by approximately RMB5,299.9 million upon Disposal and the net profit of the Group decreased by approximately RMB497.0 million for the year ended 31 December 2019. The Dividend Adjustment Mechanism has not affected the loss from the Disposal. Based on the equity consideration of RMB370,000,000 for 70% interest in the Target Company, it is implied that the equity consideration for 100% interest in the Target Company is approximately RMB529 million. Based on the unaudited financial information of the Company as at 28 February 2019, the net asset value of the Target Company (at a company level) was approximately RMB50 million. However, taking into account the equity investment cost for the Target Group of approximately RMB466 million, the net asset value of the Target Group (on a consolidated basis) was approximately RMB516 million.

The Group has fully utilised the Disposal proceeds for the purposes and in the amounts set out below:

- (a) approximately RMB190 million has been used for the acquisition of 15% equity interest in Sunshine100 Real Estate (Hunan) Development Co., Ltd.\* (陽光壹佰(湖南)置業發展有限責任公司) and the acquisition of 8.85% equity interest in Hubei Sunshine 100 Real Estate Development Co., Ltd.\* (湖北陽光一百房地產開發有限公司). Please see the announcement of the Company dated 22 April 2019 for details;

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## LETTER FROM THE BOARD

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- (b) approximately RMB245 million has been used by Xinglong Sunshine 100 Real Estate Development Co., Ltd\* (興隆縣陽光壹佰房地產開發有限公司), a non-wholly owned subsidiary of the Company, to pay for the security deposit for the tender process and the remaining land transfer price with regard to the land use rights of Land Lot No. [2019]3, a state-owned land situated at Dayoutun Village, Xinglong Town, Xinglong County (the “**Xinglong Acquisition**”). Please see the announcement of the Company dated 9 May 2019 for details;
- (c) approximately RMB616 million has been used to repay loans;
- (d) approximately RMB249 million has been used as general working capital; and
- (e) balance of the Disposal proceeds will be used as general working capital, to pay for the balance of the consideration for the Wenzhou Acquisitions, or used for any other potential acquisitions.

With regard to the Total SS100 Dividend, maximum of which will be RMB1,700,000,000, and any upward adjustment in the Consideration under the Dividend Adjustment Mechanism, the Company intends to apply such amount towards payment for the Wenzhou Acquisitions, repayment of debt and other potential acquisitions. If there is any downward adjustment to the extent that the Seller shall have to pay the Purchaser, the Company will make suitable arrangements at the relevant time and it does not expect there to be any material difficulty in making such payment.

Save as mentioned above, the Company has identified several targets for potential acquisitions and investments in relation to potential property development projects, all of which are at preliminary negotiation stage. In pursuing acquisitions, the Group will consider and pursue acquisition opportunities by taking into account, among other things, the following factors:

- (a) the business prospects and valuation of targets and its alignment with the Group’s overall business strategy;
- (b) the investment returns and synergies that the Group expect to achieve from acquisitions; and
- (c) findings from due diligence on acquisition targets.

### **Assets and Liabilities**

Pursuant to the unaudited pro forma financial information of the Remaining Group as set out in Appendix IV to this circular, assuming the Disposal had completed on 31 December 2019, the unaudited pro forma consolidated total assets and total liabilities of the Remaining Group as at 31 December 2019 would be approximately RMB58,906 million and RMB47,157 million, respectively.

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## LETTER FROM THE BOARD

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### **Profits**

Pursuant to the unaudited pro forma financial information of the Remaining Group as set out in Appendix IV to this circular, assuming the Disposal had completed on 1 January 2019, the unaudited pro forma consolidated profits after tax of the Remaining Group for the year ended 31 December 2019 would be approximately RMB3,218 million.

### **INFORMATION ON THE PARTIES**

#### **The Company**

The Company is a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange. The principal business of the Company is investment holding. The Group is principally engaged in property and land development, property investment and property management and hotel operation in China.

#### **The Purchaser**

The Purchaser is a company with limited liability established under the PRC laws, which is principally engaged in property development and sales. It is a subsidiary of Sunac China Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 01918).

#### **The Seller**

The Seller is a company with limited liability established under the PRC laws and currently a wholly-owned subsidiary of the Company. Its principal business is investment holding.

#### **Liaoning Sunshine 100**

Liaoning Sunshine 100 is a company with limited liability established under the PRC laws and an indirect wholly-owned subsidiary of the Company. Its principal business is development and sales of real estate.

#### **Yangpu Huadian**

Yangpu Huadian is a company with limited liability established under the PRC laws and an independent third party of the Company. Its principal business is industrial investment, tourism product development, sales of metals, hardware and electrical equipment, electronics, furniture, minerals, knitwear and textiles, and garment processing. Based on publicly available information, the ultimate beneficial owners of Yangpu Huadian are the following individuals: Xiao Rui (40%), Liu Yufeng (24%), Li Shuping (18%) and Liu Zhiguo (18%).

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## LETTER FROM THE BOARD

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### The Target Company

The Target Company is a company with limited liability established under the PRC laws and is engaged in the business of real estate development and is the developer of the Chongqing Sunshine 100 International New Town Project and the Ciyun Temple Road Project.

Set out below is a summary of the unaudited financial information of the Target Company for the two financial years ended 31 December 2018 and 2019 prepared in accordance with International Financial Reporting Standards:

	<b>For the year ended 31 December 2018 (RMB'000)</b>	<b>For the year ended 31 December 2019 (RMB'000)</b>
Net profits (loss) before taxation	22,935 <sup>(Note)</sup>	(68,272)
Net profits (loss) after taxation	(8,016) <sup>(Note)</sup>	(54,235)

*Note:*

The amount of net profits of the Target Company for the year ended 31 December 2018 as set out in this circular is different from the figures as set out in the announcement of the Company dated 16 March 2020. Since IFRS 15 was only applied by the Company since 2018, IFRS 15 was not applied for the year ended 31 December 2017. Therefore, the 2018 figures in the Company's announcement dated 16 March 2020 also did not apply for IFRS 15 for a consistent comparison. IFRS 15 is applied for both 2018 and 2019 figures in this circular.

IFRS 15 establishes a comprehensive framework for recognizing revenue and some costs from contracts with customers. IFRS 15 replaces IAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and IAS 11, Construction contracts, which specified the accounting for construction contracts.

As at 31 December 2019, the net asset value of the Target Company based on the unaudited financial statements of the Target Company prepared in accordance with International Financial Reporting Standards was approximately RMB308.1 million.

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## LETTER FROM THE BOARD

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The table below sets out the shareholding structure of the Target Company before and after Completion:

Name of shareholder	Shareholding Structure of the Target Company	
	Before Completion	After Completion
Seller	86%	16%
Liaoning Sunshine 100	4%	4%
Yangpu Huadian	10%	10%
Purchaser	0%	70%

### REASONS FOR AND BENEFITS OF THE SHAREHOLDERS' RESOLUTIONS

As the Target Company is originally controlled and operated by the Seller, the Seller is familiar with the current development plan and operation of the Target Company, including aspects of capacity expansion and specification adjustment. The Shareholders' Resolutions was agreed by the shareholders of the Target Company in order to incentivise the Seller to provide continual support towards obtaining the Post-adjustment Overall Development Plan and maximising the Target Company's financial interest, including maximising the floor areas of the Property Development Projects set out in the Post-adjustment Overall Development Plan. Given the fact that a larger AFA will likely lead to higher profits of the Target Company, the shareholders of the Target Company reached an agreement on the Dividend Adjustment Mechanism after arm's length negotiations which allocated future earnings of the Target Company between the shareholders via a future dividend distribution plan. The Seller shall be entitled to the pre-emptive distribution in profit for its contribution to the Target Company without incurring interest. As a result, the Dividend Adjustment Mechanism under the Shareholders' Resolutions is favourable to the Company, allowing the Company to increase its profits and cash flow, and continue to decrease the financial risk of the Company and improve the financial position of the Company.

The Dividend Adjustment Mechanism is, in the view of the Board, more favourable to the Company. This is because under the Dividend Adjustment Mechanism, (i) the maximum downward adjustment of the Consideration decreased from RMB300 million to RMB175 million; (ii) the dividend the Seller may receive is more than its pro-rata share; and (iii) the Seller may receive an amount equal to the Total SS100 Dividend before the Target Company satisfies the conditions for dividend distribution, which is beneficial to the Target Company's financial structure and cash flow; and (iv) the Total SS100 Dividend, when it is in the form of a prepaid dividend, is interest-free.

The Directors (including the independent non-executive Directors) consider that the Shareholders' Resolutions are on normal commercial terms, and that the Dividend Adjustment Mechanism contemplated therein is fair and reasonable, and in the interests of the Company and its shareholders as a whole.

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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS

The Consideration under the Equity Transfer Agreement was RMB1,334,134,900 (subject to adjustment). The Consideration and the Total SS100 Dividend which the Company is likely to obtain, if adjusted by the Dividend Adjustment Mechanism, to its maximum possible extent, will be approximately RMB3,034,134,900 in total after adjustment (although the Company does not think it likely to be adjusted to its maximum extent). The Consideration so adjusted will cause the consideration ratio of the size tests ratios under Chapter 14 of the Listing Rules to exceed 75%. As a result, the Disposal is now re-classified as a very substantial disposal of the Company, which is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

### EXTRAORDINARY GENERAL MEETING

A notice convening the EGM is set out on pages 113 to 114 of this circular. An ordinary resolution will be proposed at the EGM to seek Shareholders' approval of the Shareholders' Resolutions.

As far as the Company is aware, none of the Shareholders is materially interested in the Equity Transfer Agreement, and thus no Shareholder is required to abstain from voting at the EGM on resolutions thereto.

Pursuant to the existing Articles of Association, any vote of the Shareholders at a general meeting of the Company must be taken by way of poll except that the chairman of the meeting may, in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolution to be considered and, if thought fit, approved at the EGM will be voted by way of poll by the Shareholders.

### RECOMMENDATION

Having considered the reasons set out herein, the Directors are of the view that the Shareholders' Resolutions were on normal commercial terms, and the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Shareholders' Resolutions.

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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
For and on behalf of the Board  
**Sunshine 100 China Holdings Ltd**  
**Yi Xiaodi**  
*Chairman and Executive Director*

## 1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the three financial years ended 31 December 2019 have been disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk/>) and the Company (<http://www.ss100.com.cn/>):

- annual report of the Company for the year ended 31 December 2019 published on 17 April 2020 (page 93 to 236);
- annual report of the Company for the year ended 31 December 2018 published on 30 April 2019 (pages 116 to 266); and
- annual report of the Company for the year ended 31 December 2017 published on 30 April 2018 (pages 113 to 228).

The said annual reports and interim report of the Company are available through the links below:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0417/2020041700314.pdf>

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2019/0430/LTN201904300083.pdf>

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0430/LTN20180430103.pdf>

## 2. INDEBTEDNESS STATEMENT

	<b>Section</b>	<b>Balance at 30 April 2020 RMB'000</b>
<b>Bank loans</b>	A	
– Secured		2,886,800
– Guaranteed		30,000
– Secured and guaranteed		<u>2,414,345</u>
		<u><u>5,331,145</u></u>



	Section	Balance at 30 April 2020 <i>RMB'000</i>
<b>Loans from other financial institutions</b>	B	
– Secured		1,209,760
– Guaranteed		406,108
– Secured and guaranteed		<u>7,586,840</u>
		<u><u>9,202,708</u></u>
<b>Loans from third parties</b>	C	
– Secured		181,000
– Unsecured and unguaranteed		<u>322,800</u>
		<u><u>503,800</u></u>
<b>Corporate bonds</b>	D	
– Guaranteed		1,451,282
– Secured and guaranteed		1,494,943
– Unsecured and unguaranteed		<u>1,998,027</u>
		<u><u>4,944,252</u></u>
<b>Senior notes</b>	E	
– Guaranteed		<u><u>5,261,659</u></u>
<b>Convertible bonds</b>	F	
– Unsecured and unguaranteed		<u><u>920,602</u></u>
<b>Lease liabilities</b>		
– Unsecured and unguaranteed		<u><u>77,215</u></u>

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have any outstanding mortgages, charges, debentures or other loan capital or bank overdrafts, loans, debt securities or other similar indebtedness, or any obligations under hire purchase contracts or finance leases payable or any guarantees at the close of business on 30 April 2020 .

### **3. NO MATERIAL ADVERSE CHANGE**

The Directors confirmed that there were no material adverse changes in the financial or trading position or prospects of the Group since 31 December 2019 (being the date which the latest published audited consolidated financial statements of the Group had been made up) up to the Latest Practicable Date.

### **4. WORKING CAPITAL**

The Directors are of the opinion that after taking into account the Group's business prospects, the financial resources available to the Group, including the continuing availability of the financing facilities, following the completion of the Disposal and in the absence of unforeseen circumstances, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.

### **5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

During 2019, the Group experienced a difficult market environment, with fluctuations in the Hong Kong stock market and restrictions on purchases and prices in the PRC domestic market, leading to fierce competition among real estate enterprises. The Group persisted on business transformation and upgrading, and continued to strengthen the competitiveness of its core products. The Group capitalized opportunities through the disposal of part of its land reserve and residential projects to optimise its asset structure and increase cash reserve. The Group has successfully expanded its land reserve and development of primary projects, and thereby laid a solid foundation for primary land development in the next few years. Further, the Group improved its operation system through the introduction of Phoenix Fair for its Commercial Street Complex projects and the adoption of lease operation for the Himalaya apartments.

The PRC real estate market has entered into a new stage, and governmental policies continuously show greater support for the operation of rental housing and commercial properties. As such, the Company will continue to increase the proportions of its three core product lines – Himalaya apartments, commercial street complex and Arles Town projects, and increase the competitiveness of its core products. In 2020 and for the next few years, the Group will continue to seize the opportunity from the listing of primary lands after improvement in transportation in those areas, actively promote the transfer and cooperation of residential projects, and increase cash flow to support core product expansion, while continuing to control its debts and leverage ratios and reducing the risk therein. The Group will focus on its cultural tourism-oriented projects product lines around Beijing, as cultural tourism-oriented projects is expected to become a new business sector of the Group in the next few years. The Group will also promote internal reform, shifting from pursuing the expansion of the scale strength of sales to pursuing professional capabilities.

Since the outbreak of the novel coronavirus epidemic (“**COVID-19**”) in early 2020, strict prevention and control measures have been adopted throughout the PRC. The temporary close of commercial housing sales centers in most cities and the suspension of project constructions has brought pressure to the real estate market of the country and affected the planned commencement of project sales and property sales of the Group. Since the beginning of the year, the Group has actively taken a variety of measures to mitigate the negative impact of the epidemic and speed up the resumption of work and production in an orderly manner, including optimizing and improving the online work platform and sales platform, and timely adjusting the construction progress, the commencement of project sales and the supply structure. At present, COVID-19 is still spreading in other countries around the world, but in the PRC, it has been effectively controlled. The Group believes that the overall Chinese real estate industry will gradually return to normal within this year under a series of fiscal and monetary policies for steady growth launched by the central government.

The Disposal is conducive to accelerating the Company’s strategic transformation and upgrading as well as new business development. At the same time, the Disposal can adjust the Company’s land reserve structure and increase the Company’s cash flow to continuously reduce the Company’s financial risk. In order to promote the maximum floor areas of the Property Development Projects set out in the Post-adjustment Overall Development Plan and to maximize the financial interests of the Target Company, the Target Company’s shareholders reached an agreement on the Dividend Adjustment Mechanism after arm’s length negotiations. The agreement will distribute the future earnings of the Target Company between shareholders via a future dividend distribution plan. The Company will be entitled to pre-emptive distribution in profit for its contribution to the Target Company. Based on the confidence in the Target Company’s adjusted overall planning and layout, the Company has reason to expect to receive the pre-payment of the first dividend in 2020. These pre-paid dividends are not easily affected by external factors in the market and require no additional cash consideration from the Company, and is conducive to improving the Company’s cash flow.

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## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

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### UNAUDITED FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below are the unaudited statements of financial position of Chongqing Sunshine 100 Real Estate Development Co., Ltd. (the “**Target Company**”) as of 31 December 2017, 2018 and 2019, and the related unaudited statements of comprehensive income, the statements of changes in equity and the cash flow statements for each of the years ended 31 December 2017, 2018 and 2019, and explanatory notes (collectively referred to as the “**Unaudited Financial Information**”). The Unaudited Financial Information has been prepared on the basis set out below and prepared in accordance with paragraph 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the Disposal. The auditors of Sunshine 100 China Holdings Ltd (the “**Company**”), KPMG, were engaged to review the Unaudited Financial Information of the Target Company in accordance with Hong Kong Standard on Review Engagements 2400 “Engagements to Review Historical Financial Statements” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal”, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditors to obtain assurance that the auditors would become aware of all significant matters that might be identified in an audit. Accordingly, the auditors do not express an audit opinion.

Based on their review, nothing has come to their attention that causes them to believe that the Unaudited Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 below.

## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

### UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December 2017, 2018 and 2019

(Expressed in Renminbi)

	Year Ended 31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	3,008	996,339	107,701
Cost of sales	<u>(3,342)</u>	<u>(953,557)</u>	<u>(86,385)</u>
<b>Gross profit</b>	----- (334)	----- 42,782	----- 21,316
Valuation gain/(loss) on investment properties	7,242	71,299	(1,057)
Other income	578	980	861
Selling expenses	(21,323)	(75,414)	(34,420)
Administrative expenses	(13,827)	(16,045)	(11,922)
Other operating expenses	<u>(253)</u>	<u>(2,530)</u>	<u>(43,391)</u>
<b>(Loss)/profit from operations</b>	----- (27,917)	----- 21,072	----- (68,613)
Finance income	468	1,873	365
Finance costs	<u>(35)</u>	<u>(10)</u>	<u>(24)</u>
<b>(Loss)/profit before taxation</b>	(27,484)	22,935	(68,272)
Income tax	<u>6,764</u>	<u>(30,951)</u>	<u>14,037</u>
<b>Loss for the year</b>	<u><u>(20,720)</u></u>	<u><u>(8,016)</u></u>	<u><u>(54,235)</u></u>
Other comprehensive income for the year (after tax and reclassification adjustments)	----- -	----- -	----- -
<b>Total comprehensive income for the year</b>	<u><u>(20,720)</u></u>	<u><u>(8,016)</u></u>	<u><u>(54,235)</u></u>

## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

### UNAUDITED STATEMENTS OF FINANCIAL POSITION

At 31 December 2017, 2018 and 2019

(Expressed in Renminbi)

	At 31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>			
Equipment	1,568	1,418	1,150
Investment properties	1,055,200	700,000	599,200
<b>Total non-current assets</b>	<u>1,056,768</u>	<u>701,418</u>	<u>600,350</u>
<b>Current assets</b>			
Properties under development and completed properties held for sale	3,811,604	3,748,565	4,323,013
Contract costs	63,136	35,361	23,583
Trade and other receivables	1,922,526	1,033,164	2,188,582
Restricted deposits	35,983	28,174	19,669
Cash and cash equivalents	218,279	10,515	71,991
<b>Total current assets</b>	<u>6,051,528</u>	<u>4,855,779</u>	<u>6,626,838</u>
<b>Current liabilities</b>			
Loans and borrowings	428,818	244,818	2,700,000
Trade and other payables	2,013,252	2,119,314	4,081,566
Contract liabilities	1,271,490	49,340	87,705
Contract retention payables	4,551	6,090	7,097
<b>Total current liabilities</b>	<u>3,718,111</u>	<u>2,419,562</u>	<u>6,876,368</u>
<b>Net current assets/(liabilities)</b>	<u>2,333,417</u>	<u>2,436,217</u>	<u>(249,530)</u>
<b>Total assets less current liabilities</b>	<u>3,390,185</u>	<u>3,137,635</u>	<u>350,820</u>

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**APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY**

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	<b>At 31 December</b>		
	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current liabilities</b>			
Loans and borrowings	3,237,000	2,995,000	–
Deferred tax liabilities	<u>61,954</u>	<u>59,420</u>	<u>42,710</u>
<b>Total non-current liabilities</b>	<u><u>3,298,954</u></u>	<u><u>3,054,420</u></u>	<u><u>42,710</u></u>
<b>NET ASSETS</b>	<u><u>91,231</u></u>	<u><u>83,215</u></u>	<u><u>308,110</u></u>
<b>CAPITAL AND RESERVES</b>			
Paid-in capital	100,000	100,000	379,130
Reserves	<u>(8,769)</u>	<u>(16,785)</u>	<u>(71,020)</u>
<b>TOTAL EQUITY</b>	<u><u>91,231</u></u>	<u><u>83,215</u></u>	<u><u>308,110</u></u>

## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

### UNAUDITED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2017, 2018 and 2019

(Expressed in Renminbi)

	Paid-in capital RMB'000	Retained earnings/ (Accumulated losses) RMB'000	Total equity RMB'000
<b>Balance at 1 January 2017</b>	100,000	11,951	111,951
<b>Changes in equity for 2017:</b>			
Total comprehensive income for the year	—	(20,720)	(20,720)
<b>Balance at 31 December 2017 and 1 January 2018</b>	100,000	(8,769)	91,231
<b>Changes in equity for 2018:</b>			
Total comprehensive income for the year	—	(8,016)	(8,016)
<b>Balance at 31 December 2018 and 1 January 2019</b>	100,000	(16,785)	83,215
<b>Changes in equity for 2019:</b>			
Capital injection from a shareholder	279,130	—	279,130
Total comprehensive income for the year	—	(54,235)	(54,235)
<b>Balance at 31 December 2019</b>	<u>379,130</u>	<u>(71,020)</u>	<u>308,110</u>



## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

### UNAUDITED CASH FLOW STATEMENTS

For the years ended 31 December 2017, 2018 and 2019

(Expressed in Renminbi)

	Year Ended 31 December		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
<b>Operating activities</b>			
(Loss)/profit before taxation	(27,484)	22,935	(68,272)
Adjustments for:			
– Depreciation	393	347	380
– Valuation (gain)/loss on investment properties	(7,242)	(71,299)	1,057
– Finance income	(468)	(1,873)	(365)
– Net loss/(gain) on disposal of investment properties	–	–	37,292
– Net loss/(gain) on disposal of equipment	134	(58)	–
	(34,667)	(49,948)	(29,908)
(Increase)/decrease in properties under development and completed properties held for sale	(372,940)	534,850	(226,312)
Decrease/(increase) in trade and other receivables	53,658	80,043	(277,426)
(Increase)/decrease in restricted deposits	(22,413)	7,809	8,505
(Decrease)/increase in trade and other payables, and contract retention payables	(24,226)	47,431	209,616
Increase/(decrease) in contract liabilities	1,111,571	(753,228)	38,365
(Increase)/decrease in contract costs	(59,200)	27,775	11,778
	(59,200)	27,775	11,778
<b>Cash generated from/(used in) operating activities</b>	651,783	(105,268)	(265,382)
Income tax paid	(23,032)	(9,555)	(3,399)
	(23,032)	(9,555)	(3,399)
<b>Net cash generated from/(used in) operating activities</b>	628,751	(114,823)	(268,781)

## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

	Year Ended 31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Investing activities</b>			
Acquisition of investment properties	(123,174)	(118,218)	–
Acquisition of equipment	(489)	(449)	(112)
Proceeds from disposal of equipment	287	310	–
Proceeds from disposal of investment properties	–	75,795	62,451
Loans provided to subsidiaries of Sunshine 100 China Holdings Ltd	(1,673,429)	–	–
Loans provided to a subsidiary of Sunac South-West Real Estate Development (Group) Co., Ltd.	–	–	(1,800,008)
Repayment of loans provided to subsidiaries of Sunshine 100 China Holdings Ltd	–	785,389	922,742
Interest received	468	1,873	365
	(1,796,337)	744,700	(814,562)
<b>Net cash (used in)/generated from investing activities</b>	(1,796,337)	744,700	(814,562)

## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

	Year Ended 31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Cash flows from financing activities</b>			
Proceeds from loans and borrowings	3,355,000	–	–
Repayment of loans and borrowings	(1,559,000)	(426,000)	(539,818)
Loans from subsidiaries of Sunshine 100 China Holdings Ltd	3,212	–	–
Loans from subsidiaries of Sunac South-West Real Estate Development (Group) Co., Ltd.	–	–	3,617,952
Repayment of loans from Sunshine 100 China Holdings Ltd	–	–	(520)
Repayment of loans from subsidiaries of Sunshine 100 China Holdings Ltd	–	(31,463)	(1,377,637)
Interest paid	(486,598)	(380,178)	(555,158)
	<u>1,312,614</u>	<u>(837,641)</u>	<u>1,144,819</u>
<b>Net cash generated from/(used in) financing activities</b>			
	1,312,614	(837,641)	1,144,819
<b>Net increase/(decrease) in cash and cash equivalents</b>	145,028	(207,764)	61,476
<b>Cash and cash equivalents at 1 January</b>	<u>73,251</u>	<u>218,279</u>	<u>10,515</u>
<b>Cash and cash equivalents at 31 December</b>	<u><u>218,279</u></u>	<u><u>10,515</u></u>	<u><u>71,991</u></u>

**NOTES TO THE UNAUDITED FINANCIAL INFORMATION OF THE TARGET COMPANY****1 General**

The Company is a limited company incorporated in Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in real estate development industry.

On 1 April 2019, the Group entered into an equity and loan transfer agreement with Sunac South-West Real Estate Development (Group) Co., Ltd. (the “**Equity and Loan Acquisition Agreement**”). Pursuant to the Equity and Loan Acquisition Agreement, the Group conditionally agreed to sell, and Sunac South-West Real Estate Development (Group) Co., Ltd. (“**Sunac South-West**”) agreed to acquire 70% equity interest in the Target Company at a consideration which comprised of an equity consideration of RMB370 million, a loan consideration of RMB964 million and a consideration adjustment mechanism based on numerous factors in relation to the land held by the Target Company. The disposal was completed on 18 April 2019 and the Target Company became an associate of the Company from then on.

On 16 March 2020, the parties to the Equity Transfer Agreement entered the shareholders’ resolutions to provide for the replacement of the consideration adjustment mechanism with another adjustment mechanism through a future dividend distribution plan of the Target Company (the “**Dividend Adjustment Mechanism**”). Under the Dividend Adjustment Mechanism, the adjustment will be settled with the Group through dividend distributions of the Target Company.

**2 Basis of preparation of the unaudited financial information**

The unaudited financial information of the Target Company comprising the statements of financial position of the Target Company as at 31 December 2017, 2018 and 2019, and the statements of comprehensive income, the statements of changes in equity and the cash flow statements for the years ended 31 December 2017, 2018 and 2019 (the “**Relevant Periods**”), and explanatory notes (the “**Financial Information**”) has been prepared in accordance with paragraph 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), and solely for the purpose of inclusion in this circular to be issued by the Company in connection with the Disposal.

The Financial Information has been prepared in accordance with the same accounting policies as those adopted by the Group in preparation of the consolidated financial statements of the Group for the year ended 31 December 2019 throughout the Relevant Periods. The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (the “**IFRSs**”) issued by the International Accounting Standards Board (the “**IASB**”).

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## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

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The Financial Information is presented in Renminbi (“**RMB**”), which is the functional currency of the Target Company, rounded to nearest thousand.

The Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in International Accounting Standard 1 (Revised), “*Presentation of Financial Statements*”, or an interim financial report as defined in International Accounting Standard 34, “*Interim Financial Reporting*”, issued by the IASB and should be read in connection with the relevant published annual reports of the Company for the Relevant Periods.

As at 31 December 2019, the Target Company had net current liabilities of RMB249,530,000 including amounts due to subsidiaries of Sunac South-West RMB3,617,952,000. The Unaudited Financial Information has been prepared on a going concern basis notwithstanding the above mentioned conditions, because the directors of the Company are of the opinion that based on a cash flow forecast of the Target Company for the year ending 31 December 2020 prepared by the management, the Target Company would have adequate funds to meet its liabilities as and when they fall due at least twelve months from the end of the reporting period. Accordingly, the directors of the Company consider it is appropriate to prepare the Unaudited Financial Information on a going concern basis.

### 3 Subsequent event

The Novel Coronavirus Pneumonia Outbreak (the “**NCP Outbreak**”) since early 2020 has brought about additional uncertainties in the Target Company’s operating environment and impact the Target Company’s operations and financial position. As far as the Target Company’s businesses are concerned, the NCP Outbreak may cause decrease of sales, but the directors of the Company consider that such impact could be temporary and not be material. The possible impact has not been reflected in these financial statements, and the actual impact may differ from estimates adopted in these financial statements as the NCP Outbreak situation continues to evolve and when further information may become available.

**MANAGEMENT DISCUSSION AND ANALYSIS ON THE REMAINING GROUP**

Following the Disposal, the Remaining Group will continue to carry out its existing business. Set out below is the management discussion and analysis of the Remaining Group for the three years ended 31 December 2019 (the “**Reporting Periods**”), prepared on the basis that the Target Group is not consolidated, and the Company has no ownership interest in the Target Group. The financial data in respect of the Remaining Group, for the purpose of this circular, is derived from the consolidated financial statements of the Company for the Reporting Periods.

**Financial Results**

The Remaining Group’s revenue for the years ended 31 December 2017, 2018 and 2019 was approximately RMB6,907.6 million, RMB6,630.8 million and RMB8,287.1 million. The decrease in revenue from 2017 to 2018 was mainly due to a decrease in revenue from sale of properties. The increase in revenue from 2018 to 2019 was mainly due to an increase of revenue from sale of properties.

The gross profit of the Remaining Group for the years ended 31 December 2017, 2018 and 2019 was approximately RMB1,504.7 million, RMB1,758.6 million and RMB2,098.8 million, respectively. The gross profit margin was approximately 21.8%, 26.5% and 25.3%. The increase in gross profit from 2017 to 2019 in gross profit was primarily due to the increase in the proportion of the delivered property with a higher gross profit.

For the years ended 31 December 2017, 2018 and 2019, the Remaining Group’s profit/(loss) attributable to equity shareholders of the Company was RMB662.6 million, RMB172.7 million and RMB2,227.1 million, respectively. The decrease from 2017 to 2018 was mainly due to the provision of RMB947.4 million for the loss of accounts receivable and other receivables with significantly increased risk due to the outstanding balance of the Remaining Group. The increase from 2018 to 2019 was mainly due to the increase from the sale of interest of part of the residential products and the gross profit of non-residential products of the Arles Town project.

**Segment Results**

Revenue of the Remaining Group generated from the sale of properties was RMB6,298.4 million, RMB5,984.6 million and RMB7,636.8 million for the years ended 31 December 2017, 2018 and 2019, respectively. The decrease from 2017 to 2018 was mainly due to the decrease in the area of delivered properties. Such decrease was primarily due to the exclusion of the Property Development Projects from the financial records of the Remaining Group. The delivery conditions of the Property Development Projects were met in 2018, with a confirmed sales revenue of approximately RMB992 million. The increase from 2018 to 2019 was mainly due to the increase in the area of delivered properties and average unit selling price. Such increase was mainly because of the increased sales of non-residential products and the increased delivery unit price of property due to the Group’s continued transformation to non-residential products; as well as an increase in properties that met delivery conditions and the area of delivered properties.

Revenue generated from property management and hotel operation of the Remaining Group was RMB403.6 million, RMB452.7 million and RMB458.5 million for the years ended 31 December 2017, 2018 and 2019, respectively. The increase from 2017 to 2019 was mainly due to the increase in the area under property management of the Group.

Rental income from investment properties of the Remaining Group was RMB111.4 million, RMB149.0 million and RMB162.4 million for the years ended 31 December 2017, 2018 and 2019, respectively. The increase in 2017 to 2018 was mainly due to the increase in the rentable area of the Group and the increased rental rate. The increase from 2018 to 2019 was mainly due to the increase in the area of rental properties.

Light-asset operation income of the Remaining Group was RMB94.2 million, RMB44.5 million and RMB29.4 million for the years ended 31 December 2017, 2018 and 2019, respectively. The decrease from 2017 to 2019 was mainly because the projects related to light-asset operation are at their closing stages, and the new projects have not yet started large-scale presale, resulting in a decrease in the overall contracted amount of projects compared to the previous year, and a decrease in sales agency fees and brand agency fees.

### **Material Expenses**

The sales expenses of the Remaining Group for the years ended 31 December 2017, 2018 and 2019 were approximately RMB524.8 million, RMB488.8 million and RMB481.0 million, respectively. The decrease in sales expenses from 2017 to 2018 was mainly due to the capitalization of commission agency fees applicable to the new revenue standard. The decrease in sales expenses from 2018 to 2019 was mainly due to the Group's strengthened expense control and adjustment of commission policies, which resulted in a decrease in advertising fees and sales agency fees.

The administrative expenses of the Remaining Group for the years ended 31 December 2017, 2018 and 2019 were approximately RMB442.9 million, RMB529.9 million and RMB588.1 million, respectively. The increase in administrative expenses from 2017 to 2019 was mainly due to the increase in labour costs and the increase in related expenses from the Company's active development of new projects.

The financing expenses of the Remaining Group for the years ended 31 December 2017, 2018 and 2019 were approximately RMB358.9 million, 551.0 million and 585.6 million, respectively. The increase from 2017 to 2018 was mainly due to the negative impact of changes in the exchange rate of Renminbi against the US dollar on the Company's offshore US dollar bonds during the period and the impact of the loss from changes in the fair value of the derivative portion of convertible bonds. The increase from 2018 to 2019 was mainly due to the increase in interest expenses from the increase in completed projects, and the impact of the loss from changes in fair value of financial assets (measured at fair value), whose changes are included as the current profit and loss.

**Financial Resources and Liquidity**

The following table sets forth a summary of the Remaining Group's cash flow data for the financial years ended 31 December 2017, 2018 and 2019:

	<b>For the year ended 31 December</b>		
	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash from operating activities	2,452,271	1,952,497	2,374,555
Net cash from/(used in) investing activities	(489,327)	(2,531,244)	2,932,664
Net cash used in financing activities	(1,889,846)	(1,288,218)	(5,471,069)

Net cash from operating activities mainly comprised (i) profit before taxation; (ii) cash inflow arising from decrease in properties under development and completed properties held for sale; (iii) cash inflow arising from decrease in trade and other receivables; and (iv) cash inflows/outflows arising from decrease/increase in trade and other payables, and contract retention payables.

Net cash from/(used in) investing activities mainly comprised (i) cash inflow arising from finance income received; (ii) cash inflow/outflow arising from disposal/acquisition of investment properties, property and equipment; and (iii) cash inflow/outflow arising from repayment of loans by/loans provided to third parties.

Net cash used in financing activities mainly comprised (i) cash inflow from loans and borrowings and issue of senior notes; (ii) cash outflow arising from repayment of loans and borrowings; and (iii) cash outflow arising from interests paid.

As at 31 December 2017, 2018 and 2019, the Remaining Group had approximately RMB4,435.9 million, RMB2,578.1 million and RMB2,438.6 million of cash and cash equivalents, respectively. The majority of the cash and cash equivalents were held in the form of demand deposits and were all denominated in RMB. The decrease from 2017 to 2018 was mainly due to the increase in payment of land premium. The decrease from 2018 to 2019 was mainly due to the repayment of principal and interest on borrowings, payment of dividends and external investment.

The Remaining Group's gearing ratio (calculated as total loans and borrowings divided by total assets) at 31 December 2017, 2018 and 2019 was approximately 45.5%, 46.1% and 42.9%, respectively.



As at 31 December 2017, 2018 and 2019, the Remaining Group had total loans and borrowings of approximately RMB23,099.3 million, RMB26,455.5 million and RMB25,054.2 million, respectively. As at 31 December 2017, the effective interest rates (per annum) on long-term loans and borrowings at amortised cost for bank loans were 4.75%-11.25%, loans from other financial institutions were 6.50%-13.00%, loans from third parties was 13.00%, senior notes were 8.50%-12.75%, corporate bonds were 6.94%-8.44% and convertible bonds were 8.59%; and the effective interest rates (per annum) on short-term loans and borrowings at amortised cost for bank loans were 2.00%-8.68%, loans from other financial institutions were 8.00%-9.00%, loans from related parties was 12.00%, and loans from third parties were 7.20%-13.50%. As at 31 December 2018, the effective interest rates (per annum) on long-term loans and borrowings at amortised cost for bank loans were 4.75%-12.50%, loans from other financial institutions were 6.63%-18.00%, loans from third parties was 8.08%-13.00%, senior notes were 9.03%-12.39%, corporate bonds were 6.94%-9.31% and convertible bonds were 8.59%-10.57%; and the effective interest rates (per annum) on short-term loans and borrowings at amortised cost for bank loans were 4.56%-7.83%, loans from other financial institutions were 7.00%-12.00%, loans from related parties was nil, and loans from third parties were 9.00%-13.50%. As at 31 December 2019, the effective interest rates (per annum) on long-term loans and borrowings at amortised cost for bank loans were 4.75%-8.08%, loans from other financial institutions were 6.63%-13.00%, loans from third parties was 8.08%, senior notes were 9.08%-17.50%, corporate bonds were 8.29%-9.31% and convertible bonds were 12.00%-12.01%; and the effective interest rates (per annum) on short-term loans and borrowings at amortised cost for bank loans were 3.75%-7.83%, loans from other financial institutions were 7.00%-18.00%, loans from related parties was nil, and loans from third parties were 7.00%-13.50%. The Remaining Group's borrowings were denominated in RMB and US dollar, mostly with fixed interest rate.

As at 31 December 2017, 2018 and 2019, borrowings in the amounts of approximately RMB8,394.5 million, RMB10,175.0 million and RMB10,601.4 million were due within one year or on demand, respectively; and RMB5,043.9 million, RMB7,387.1 million and RMB8,111.2 million were due after one year but within two years, respectively; and RMB7,590.7 million, RMB8,503.4 million and RMB5,973.1 million were due after two years but within five years, respectively; and RMB2,070.2 million, RMB390.0 million and RMB368.5 million were due after five years, respectively.

As at 31 December 2017, 2018 and 2019, the Remaining Group had comprehensive credit facilities granted by bank and other financial institutions in an aggregate amount of approximately RMB9.5 billion, RMB18.50 billion and RMB16.75 billion, respectively, of which RMB8.18 billion, RMB16.52 billion and RMB12.39 billion had not been utilized, respectively.

The Remaining Group currently has no interest rate hedging policy. However, the management will monitor the interest rate risks and consider taking other necessary actions if any material risks are expected.

**Foreign Currency and Interest Rate Exposure**

The Renminbi is not freely convertible into foreign currencies. All foreign exchange transactions involving Renminbi must take place through the People’s Bank of China (the “PBOC”) or other statutory institutions. The exchange rates adopted for foreign exchange transactions are those published by the PBOC and may be subject to a managed float against an unspecified basket of currencies. Foreign currency payments, including the remittance of earnings outside the PRC, are subject to the availability of foreign currencies (depending on the foreign currency in which the Remaining Group’s earnings are denominated) or must be conducted through the PBOC with government approval. Nearly all of the Remaining Group’s income and expenses are denominated in Renminbi, while certain bank deposits and loans are denominated in the Hong Kong dollar (“HK dollar”) and US dollar. However, the operating cash flows and working capital of the Remaining Group have not been materially impacted by fluctuations in exchange rates. The Remaining Group currently does not hedge its foreign exchange exposure but may adopt hedging measures in the future.

**Contingent Liabilities**

The Remaining Group entered into agreements with certain banks to provide guarantees for the mortgage loans of purchases of its properties. As at 31 December 2017, 2018 and 2019, the Remaining Group provided guarantees for mortgage loans in an aggregate amount of RMB6,047.1 million, RMB6,622.6 million and RMB6,563.9 million to those banks in respect of such agreements.

**Capital Commitment**

As at 31 December 2017, 2018 and 2019, the Remaining Group has the following commitments for properties under development and investment properties under construction not provided for in the financial statements:

	<b>At 31 December</b>		
	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Contracted for	4,047,407	4,504,548	7,606,621
Approved but not contracted for	5,543,537	9,880,778	7,578,952
	<u>9,590,944</u>	<u>14,385,326</u>	<u>15,185,573</u>

### **Charge on Assets**

As at 31 December 2017, 2018 and 2019, the Remaining Group had pledged properties and restricted deposits with a carrying value of approximately RMB10,373.9 million, RMB11,892.6 million and RMB13,727.4 million, respectively, to secure banking facilities granted to the Remaining Group.

### **Major investments, acquisitions and disposals**

#### ***Disposal of 100% Equity Interest in Eminent Star and Provision of Financial Assistance***

On 13 April 2019, Chang Jia International Limited (長佳國際有限公司) (“**Chang Jia**”, a subsidiary of the Company in which the Company owns 55% of the total issued share capital), entered into an equity and loan acquisition agreement (the “**Equity and Loan Acquisition Agreement**”) with, inter alia, Victor Select Limited (凱擇有限公司) (“**Victor Select**”) and Eminent Star Group Limited (卓星集團有限公司) (“**Eminent Star**”), pursuant to which Chang Jia has conditionally agreed to sell, and Victor Select has conditionally agreed to purchase, the entire issued share capital and loans of Eminent Star for a total consideration of approximately RMB4,661.2 million payable in cash comprising (i) an equity consideration of RMB4,397.0 million (subject to adjustment(s)); and (ii) the loan consideration of approximately RMB264.2 million (the “**Disposal**”).

Sunshine 100 and certain subsidiaries of Sunshine 100 (including Chang Jia) had advanced loans to Eminent Star in the past, which amounted to approximately RMB264.2 million as at 31 March 2019 (the “**Loans**”), which consists of offshore loans in the amount of approximately RMB126.1 million (the “**Offshore Loans**”) and onshore loans in the amount of approximately RMB138.1 million (the “**Onshore Loans**”). Pursuant to the terms of the Equity and Loan Acquisition Agreement, the parties acknowledge that the Offshore Loans shall be assigned to Victor Select for a consideration of approximately RMB126.1 million and the Onshore Loans shall be assigned to the nominee of Victor Select for a consideration of approximately RMB138.1 million.

Upon completion, Eminent Star will cease to be a subsidiary of the Company and the financial results of Eminent Star and its subsidiaries will no longer be consolidated into the financial statements of the Group. For details, please refer to the Company’s announcements dated 13 April 2019 and 31 December 2019 as well as circular dated 13 June 2019. As at 31 December 2019, Chang Jia has received approximately RMB1,744.2 million of the total consideration.

The Deposit (as defined in the announcements set out below) had been paid to the shareholders of Chang Jia for safe-keeping as then Chang Jia was in the process of opening a bank account in Hong Kong. On 1 September 2019, Chang Jia entered into an agreement with its shareholders (the “**Agreement**”), being Keyasia Investment Limited (基亞投資有限公司) (“**Keyasia**”) (a wholly-owned subsidiary of the Company) (as to 55%), Shiny New Limited (耀新有限公司) (“**Shiny New**”) (as to 24%) and Shan Ying Limited (善盈有限公司) (“**Shan Ying**”) (as to 21%), to record that Chang Jia had directed that the Deposit be safe-kept by Keyasia, Shiny New and Shan Ying in proportion to their respective shareholding interest in Chang Jia. The portion of the Deposit received and safe-kept by Shiny New and Shan Ying is RMB495.0 million (being 45% of the Deposit). The Agreement is in fact a transitional measure to enable Chang Jia to be paid under the Equity and Loan Acquisition Agreement. Pursuant to the Agreement, the parties agree that if Chang Jia is required to pay tax in relation to the Disposal, the shareholders will apply the Deposit towards the payment thereof, and the shareholders will return the Deposit, or the balance of the Deposit if tax payment has been made for and on behalf of Chang Jia, to Chang Jia once Chang Jia has successfully opened its own bank account. For details, please refer to the Company’s announcements dated 1 September 2019, 23 September 2019 and 31 December 2019.

As at the Latest Practicable Date, the Deposit was no longer safe-kept by shareholders of Chang Jia as Chang Jia had opened its bank account in Hong Kong.

***Acquisition of 15% Equity Interest in Hunan Sunshine 100 and 8.85% Equity Interest in Hubei Sunshine 100***

On 22 April 2019, Sunshine 100 Group entered into two equity transfer agreements with Tianjin Nongken Hongyilian Investment Co., Ltd.\* (天津農墾宏益聯投資有限公司) (“**Tianjin Nongken Hongyilian**”), pursuant to which Sunshine 100 Group will acquire 15% equity interest in Sunshine 100 Real Estate (Hunan) Development Co., Ltd.\* (陽光壹佰(湖南)置業發展有限責任公司) (“**Hunan Sunshine 100**”, a subsidiary of the Company) and 8.85% equity interest in Hubei Sunshine 100 Real Estate Development Co., Ltd.\* (湖北陽光一百房地產開發有限公司) (“**Hubei Sunshine 100**”, a subsidiary of the Company), from Tianjin Nongken Hongyilian, at a consideration of RMB100.0 million each.

Hunan Sunshine 100 and Hubei Sunshine 100 are principally engaged in property development. For details, please refer to the announcement of the Company dated 22 April 2019.

***Acquisition of Land Use Rights in Xinglong***

On 9 May 2019, Xinglong Sunshine 100 Real Estate Development Co., Ltd.\* (興隆縣陽光壹佰房地產開發有限公司) (“**Xinglong Sunshine 100**”), an indirect non-wholly-owned subsidiary of the Company, entered into a letter of acceptance with Xinglong County Natural Resources and Planning Bureau confirming Xinglong Sunshine 100 of its successful bid for the land use rights of the Land Lot No. 20193 for a consideration of approximately RMB258.7 million through the tender process held by Xinglong County Public Resources Trading Center on 9 May 2019 for transfer of state-owned land use rights. For details, please refer to the announcement of the Company dated 9 May 2019.

***Provision of Financial Assistance by the Company or Sunshine 100 Group to the Borrowers***

During the period between 28 January 2016 to 7 December 2018, the Company or Sunshine 100 Group granted loans to the borrowers, each being an independent third party, in an aggregate principal amount of approximately RMB1,547.4 million (consisting of RMB1,035.0 million, USD62.5 million and HKD95.0 million). For details, please refer to the announcement of the Company dated 19 July 2019.

***Disposal of 100% Equity Interest in Dongguan Qingyuan***

On 2 August 2019, Shenzhen Shoujia Holding Development Limited Company\* (深圳首佳控股發展有限公司) (“**Shenzhen Shoujia**”), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with, inter alia, Shenzhen Shi Chengjin Holding Group Limited Company\* (深圳市誠進控股集團有限公司) (“**Shenzhen Chengjin**”) and Dongguan Qingyuan Incubator Limited Company\* (東莞市清園孵化器有限公司) (“**Dongguan Qingyuan**”), pursuant to which, Shenzhen Shoujia has conditionally agreed to sell, and Shenzhen Chengjin has conditionally agreed to purchase, 100% equity interest and loans of Dongguan Qingyuan for a total consideration of RMB513.0 million comprising (i) an equity consideration of approximately RMB116.8 million (the “**Equity Consideration**”); (ii) a loan consideration of approximately RMB347.5 million (the “**Loan Consideration**”); and (iii) a debt consideration of approximately RMB48.6 million (the “**Debt Consideration**”).

The Equity Consideration is the consideration for the purchase of 100% equity interest in target company Dongguan Qingyuan. The Loan Consideration comprises loans in the amount of approximately RMB282.0 million and RMB59.6 million that Dongguan Qingyuan owes to each of Sunshine 100 Group and Beijing International Trust Limited Company\* (北京國際信託有限公司) (“**Beijing Trust**”), respectively, and a premium of approximately RMB5.9 million. The Debt Consideration comprises debts that Dongguan Qingyuan owes to third parties in the amount of approximately RMB38.4 million (the “**Third Party Debts**”) and interest payable by Dongguan Qingyuan to Beijing Trust in the amount of approximately RMB10.3 million.

Upon completion, Dongguan Qingyuan will cease to be the subsidiary of the Company and its financial results will cease to be consolidated in the financial statements of the Company. For details, please refer to the announcements of the Company dated 4 August 2019 and 18 October 2019. As at the Latest Practicable Date, the First Completion (as defined in the abovementioned announcements) had taken place.

***Exercise of Call Option and Acquisition of Equity Interest in Tianjin Langyida***

On 27 June 2018, Sunshine 100 Group, a wholly-owned subsidiary of the Company, entered into a joint venture agreement (the “**Joint Venture Agreement**”) with Shanghai Youngor (上海雅戈爾置業開發有限公司) (“**Shanghai Youngor**”), Ningbo Hongyi (寧波泓懿股權投資合夥企業(有限合夥)) (“**Ningbo Hongyi**”) and Suzhou Langyida Company Management Co., Ltd.\* (蘇州琅壹達企業管理有限公司) (“**Suzhou Langyida**”). Pursuant to the Joint Venture Agreement, Shanghai Youngor and Ningbo Hongyi granted a call option to Sunshine 100 Group, pursuant to which Sunshine 100 Group has the right to request each of Shanghai Youngor and Ningbo Hongyi to sell 14.5% of their equity interest in Suzhou Langyida (the “**Call Option**”) at a price equal to 29% of Suzhou Langyida’s total paid-up capital with accrued interest thereon at a rate of 20% per annum. If Sunshine 100 Group exercises the Call Option, it shall simultaneously assume 29% of the outstanding shareholders’ loan plus any outstanding interest at a rate of 12% per annum.

On 23 September 2019, Sunshine 100 Group entered into a supplemental and amendment agreement (the “**Supplemental and Amendment Agreement**”) with Shanghai Youngor, Ningbo Hongyi and Tianjin Langyida Company Management Co., Ltd.\* (天津琅壹達企業管理有限公司) (“**Tianjin Langyida**”, formerly known as Suzhou Langyida) to supplement and amend the Joint Venture Agreement. Pursuant to the Supplemental and Amendment Agreement, the parties agreed that Sunshine 100 Group shall (i) exercise the Call Option at the consideration equal to 29% of Tianjin Langyida’s total paid-up capital (being RMB29.0 million) with accrued interest at a rate of 15% per annum, (ii) purchase the remaining 51% equity interest in Tianjin Langyida held by Shanghai Youngor and Ningbo Hongyi at a consideration equal to 51% of Tianjin Langyida’s total paid-up capital (being RMB51.0 million) with accrued interest at a rate of 15% per annum, and (iii) guarantee Tianjin Langyida’s repayment of the Shareholders’ Loan to Shanghai Youngor and Ningbo Hongyi with accrued interest at a rate of 15% per annum.

Tianjin Langyida is principally engaged in sale of properties, corporate management, business advisory, and real estate agency services. For details, please refer to the announcement of the Company dated 23 September 2019 and the supplementary announcement of the Company dated 9 October 2019.

***Acquisition of Remaining Equity Interests in Three Project Companies in Wenzhou***

On 22 November 2019, Sunshine 100 Group, a wholly owned subsidiary of the Company, entered into an equity transfer agreement (the “**Equity Transfer Agreement**”) with the Current Holders (as defined below), the Sellers (as defined below) and Wenzhou Zhongxin Tower Construction and Development Co., Ltd.\* (溫州中心大廈建設發展有限公司) (“**Wenzhou Zhongxin**”), Wenzhou Shihe Shengtaicheng Development Co., Ltd.\* (溫州世和生態城開發有限公司) (“**Wenzhou Shengtaicheng**”) and Wenzhou Zhongxin Haoyuan Investment Co., Ltd.\* (溫州中信昊園投資有限公司) (“**Wenzhou Zhongxin Haoyuan**”, the connected persons of the Company at the subsidiary level, together with Wenzhou Zhongxin and Wenzhou Shengtaicheng, the “**Three Project Companies**”). The Current Holders are Sichuan Zhonghang Haoyuan Investment Co., Ltd.\* (四川中行昊園投資有限公司), Chongqing Shihe

Hengye Dichan Group Co., Ltd.\* (重慶世和恆業地產(集團)有限公司) and Shanghai Haoming Equity Investment and Fund Management Co., Ltd.\* (上海昊銘股權投資基金管理有限公司), each of them being the connected person of the Company at the subsidiary level. The Sellers are (i) Chengdu Rongren Yale Trading Co., Ltd.\* (成都榮仁雅樂商貿有限公司), (ii) Shuozhou Sanyuan Commercial Group Co., Ltd.\* (朔州市三源商業集團有限公司), (iii) Chongqing Xishang Huatian Agricultural Technology Co., Ltd.\* (重慶溪上花田農業科技有限公司), (iv) Sichuan Huahan Energy Development Co., Ltd.\* (四川華漢能源開發有限公司), and (v) Lhasa Yuyong Automobile Services Co., Ltd.\* (拉薩市豫勇汽車服務有限責任公司). Pursuant to the Equity Transfer Agreement, the Current Holders shall first transfer the remaining equity interest they hold in the Three Project Companies, comprising 49% equity interest in Wenzhou Zhongxin, 49% equity interest in Wenzhou Shengtaicheng and 51% equity interest in Wenzhou Zhongxin Haoyuan (the “**Remaining Equity Interest**”), to the Sellers. Thereafter, the Sellers shall transfer the remaining equity interest in Three Project Companies to Sunshine 100 Group for a total consideration of approximately RMB1,106.0 million.

Wenzhou Zhongxin’s principal activity is holding the land use right of, developing and managing a project located in Wenzhou City, Zhejiang Province involving housing, shops and hotel development. Wenzhou Shengtaicheng’s principal activity is holding the land use right of, developing and managing a project located in Wenzhou City, Zhejiang Province involving living environment and community development. Wenzhou Zhongxin Haoyuan is principally engaged in work with regard to first grade land consolidation in Wenzhou.

For details, please refer to the announcement dated 22 November 2019 and the circular of the company dated 20 January 2020. As at the Latest Practicable Date, the acquisition of Wenzhou Zhongxin Haoyuan had been completed. It is anticipated that the remaining conditions for Wenzhou Zhongxin and Wenzhou Shengtaicheng will be satisfied by the end of May 2020.

#### ***Disposal of 90% Equity Interest in Wenzhou Zhongxin Haoyuan***

On 26 December 2019, Sunshine 100 Group, a wholly-owned subsidiary of the Company, entered into a series of project documents with Beijing Trust and Wenzhou Zhongxin Haoyuan, including an equity transfer agreement, an investment agreement, a capital increase agreement and a Wenzhou Zhongxin Haoyuan management agreement, pursuant to which the parties will collaborate on the development of Wenzhou Zhongxin Haoyuan project, while Sunshine 100 Group will be mainly responsible for the management and operation of Wenzhou Zhongxin Haoyuan, and Beijing Trust will invest capital into Wenzhou Zhongxin Haoyuan and be entitled to shareholder rights. As part of the collaboration, 90% equity interest in Wenzhou Zhongxin Haoyuan will be transferred from Sunshine 100 Group to Beijing Trust, with a consideration up to RMB790.0 million, while Sunshine 100 Group will be primarily responsible for the day-to-day operations and management of Wenzhou Zhongxin Haoyuan. For further details, please refer to the announcement of the Company dated 27 December 2019 and the supplemental announcement of the Company dated 8 January 2020.

Save as disclosed above, the Remaining Group had no other major investments, acquisitions or disposals during the year ended 31 December 2019.

#### **Future plans for substantial investments or capital assets**

As at the Latest Practicable Date, the Remaining Group did not have any future plans authorised by the Board for other substantial investments or additions of capital assets.

#### **Employees and Remuneration Policy**

As at 31 December 2017, 2018 and 2019, the Remaining Group employed a total of 4,335, 4,411 and 4,090 employees, respectively. The Remaining Group has adopted a performance-based incentive system to motivate its staff. In addition to basic salaries, year-end bonuses are offered to staff with outstanding performance. Generally, salary will be determined based on the qualifications, position and experience of each employee. The Remaining Group has established a regular assessment mechanism to assess the performance of its employees. The assessment results are used as the basis for determining salary increment, bonuses and promotions.

A remuneration committee of the Board (the “**Remuneration Committee**”) was set up for reviewing the Remaining Group’s emolument policy and remuneration structure of all the directors and senior management of the Remaining Group, having regard to salaries paid by comparable companies, time commitment and responsibilities and employment conditions of other positions in the Remaining Group. The remunerations of the Directors were determined by the Board with reference to the duties and responsibilities of the individual Directors, the performance of the Company and the prevailing market conditions, and after taking the advice from the Remuneration Committee.



**A.    UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP****Introduction to the unaudited pro forma financial information**

The following is the unaudited pro forma financial information of Sunshine 100 China Holdings Ltd (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) excluding Chongqing Sunshine 100 Real Estate Development Co., Ltd. (the “**Target Company**”) (the “**Remaining Group**”), comprising the unaudited pro forma consolidated statement of financial position as at 31 December 2019, the unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated cash flow statement for the year ended 31 December 2019 and related notes, which have been prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The unaudited pro forma financial information of the Remaining Group has been prepared to illustrate the effects of the completed transfer of 70% equity interest of the Target Company amended by the Dividend Adjustment Mechanism (the “**Disposal**”) on the financial position of the Group as at 31 December 2019 as if the Proposed Transaction had been completed on 31 December 2019, and the Group’s financial performance and cash flows for the year ended 31 December 2019 as if both the Disposal and the Proposed Transaction had been completed on 1 January 2019. Details of the Disposal are set out in the “Letter from the Board” contained in the circular dated 18 June 2020 (the “**Circular**”) issued by the Company.

The unaudited pro forma financial information has been prepared for illustrative purposes only and is based on certain assumptions, estimates, uncertainties and other currently available information. Accordingly, and because of its hypothetical nature, the unaudited pro forma financial information of the Remaining Group may not give a true picture of the financial position, financial performance or cash flows of the Remaining Group following the completion of the Disposal. Further, the unaudited pro forma financial information of the Remaining Group does not purport to predict the Group’s future financial position, financial performance or cash flows.

The unaudited pro forma financial information of the Remaining Group has been prepared based upon the consolidated statement of financial position of the Group as at 31 December 2019, the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year ended 31 December 2019, which have been extracted from the published annual report of the Group for the year ended 31 December 2019 after taking pro forma adjustments as summarised in the accompanying notes that are directly attributable to the Disposal, factually supportable and clearly identified as to those have no continuing effect on the Group.

**APPENDIX IV    UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**

**1.    Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 31 December 2019**

	<b>The Group</b>	<b>Pro Forma</b>	<b>The</b>
	<i>RMB'000</i>	<b>Adjustment</b>	<b>Remaining</b>
	<i>Note 1</i>	<i>RMB'000</i>	<b>Group</b>
		<i>Note 4</i>	<i>RMB'000</i>
<b>Non-current assets</b>			
Property and equipment	643,367	–	643,367
Investment properties	11,670,105	–	11,670,105
Intangible assets	863,900	–	863,900
Restricted deposits	42,900	–	42,900
Investments in associates	1,325,528	–	1,325,528
Trade and other receivables	192,315	–	192,315
Deferred tax assets	691,570	–	691,570
Other non-current financial assets	273,730	–	273,730
	<u>15,703,415</u>		<u>15,703,415</u>
<b>Total non-current assets</b>	<u>15,703,415</u>		<u>15,703,415</u>
<b>Current assets</b>			
Properties under development and completed properties held for sale	27,977,447	–	27,977,447
Land development for sale	2,013,294	–	2,013,294
Contract costs	249,106	–	249,106
Trade and other receivables	8,338,127	–	8,338,127
Restricted deposits	1,567,656	–	1,567,656
Cash and cash equivalents	2,438,612	510,000	2,948,612
Trading securities	107,953	–	107,953
	<u>42,692,195</u>		<u>43,202,195</u>
<b>Total current assets</b>	<u>42,692,195</u>		<u>43,202,195</u>

**APPENDIX IV    UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**

	<b>The Group</b>	<b>Pro Forma</b>	<b>The</b>
	<i>RMB'000</i>	<i>Adjustment</i>	<b>Remaining</b>
	<i>Note 1</i>	<i>RMB'000</i>	<b>Group</b>
		<i>Note 4</i>	<i>RMB'000</i>
<b>Current liabilities</b>			
Loans and borrowings	10,601,383	–	10,601,383
Trade and other payables	6,805,049	510,000	7,315,049
Contract liabilities	9,106,391	–	9,106,391
Lease liabilities	23,738	–	23,738
Contract retention payables	155,554	–	155,554
Current tax liabilities	<u>1,677,894</u>	–	<u>1,677,894</u>
<b>Total current liabilities</b>	<u><u>28,370,009</u></u>		<u><u>28,880,009</u></u>
<b>Net current assets</b>	<u><u>14,322,186</u></u>		<u><u>14,322,186</u></u>
<b>Total assets less current liabilities</b>	<u><u>30,025,601</u></u>		<u><u>30,025,601</u></u>
<b>Non-current liabilities</b>			
Loans and borrowings	14,452,841	–	14,452,841
Contract retention payables	154,463	–	154,463
Lease liabilities	61,251	–	61,251
Trade and other payables	423,249	–	423,249
Deferred tax liabilities	<u>3,185,570</u>	–	<u>3,185,570</u>
<b>Total non-current liabilities</b>	<u><u>18,277,374</u></u>		<u><u>18,277,374</u></u>
<b>NET ASSETS</b>	<u><u>11,748,227</u></u>		<u><u>11,748,227</u></u>

**APPENDIX IV    UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**

	<b>The Group</b> <i>RMB'000</i> <i>Note 1</i>	<b>Pro Forma Adjustment</b> <i>RMB'000</i> <i>Note 4</i>	<b>The Remaining Group</b> <i>RMB'000</i>
<b>CAPITAL AND RESERVES</b>			
Share capital	20,240	–	20,240
Reserves	<u>9,146,484</u>	–	<u>9,146,484</u>
<b>Total equity attributable to equity shareholders of the Company</b>	9,166,724		9,166,724
<b>Non-controlling interests</b>	<u>2,581,503</u>	–	<u>2,581,503</u>
<b>TOTAL EQUITY</b>	<u><u>11,748,227</u></u>		<u><u>11,748,227</u></u>

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

2. Unaudited pro forma consolidated statement of comprehensive income of the Remaining Group for the year ended 31 December 2019

	The Group	Pro Forma Adjustments		The Remaining Group
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Note 1</i>	<i>Note 2</i>	<i>Note 3</i>	
<b>Revenue</b>	8,288,648	(1,536)	–	8,287,112
Cost of sales	<u>(6,188,628)</u>	310	–	<u>(6,188,318)</u>
<b>Gross profit</b>	2,100,020			2,098,794
Valuation gains on investment properties	529,499	–	–	529,499
Other income	2,521,513	(295)	–	2,521,218
Selling expenses	(483,241)	2,209	–	(481,032)
Administrative expenses	(590,769)	2,688	–	(588,081)
Other operating expenses	<u>(182,864)</u>	97	–	<u>(182,767)</u>
<b>Profit from operations</b>	3,894,158			3,897,631
Finance income	696,812	(3)	–	696,809
Finance costs	(585,580)	7	–	(585,573)
Share of profits less losses of associates	<u>12,888</u>	–	(1,046)	<u>11,842</u>
<b>Profit before taxation</b>	4,018,278			4,020,709
Income tax	<u>(803,169)</u>	8	–	<u>(803,161)</u>
<b>Profit for the year</b>	<u>3,215,109</u>			<u>3,217,548</u>
<b>Other comprehensive income for the year (after tax and reclassification adjustments)</b>				

**APPENDIX IV    UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**

	<b>The Group</b>	<b>Pro Forma</b>		<b>The</b>
	<i>RMB'000</i>	<i>Adjustments</i>		<b>Remaining</b>
	<i>Note 1</i>	<i>Note 2</i>	<i>RMB'000</i>	<b>Group</b>
			<i>Note 3</i>	<i>RMB'000</i>
Exchange differences on translation of financial statements of overseas subsidiaries	<u>(3,016)</u>	-	-	<u>(3,016)</u>
<b>Other comprehensive income for the year</b>	<u>(3,016)</u>			<u>(3,016)</u>
<b>Total comprehensive income for the year</b>	<u><u>3,212,093</u></u>			<u><u>3,214,532</u></u>
<b>Profit for the year attributable to:</b>				
Equity shareholders of the Company	1,804,811	3,485	(1,046)	1,807,250
Non-controlling interests	<u>1,410,298</u>	-	-	<u>1,410,298</u>
<b>Profit for the year</b>	<u><u>3,215,109</u></u>			<u><u>3,217,548</u></u>
<b>Total comprehensive income for the year attributable to:</b>				
Equity shareholders of the Company	1,801,795	3,485	(1,046)	1,804,234
Non-controlling interests	<u>1,410,298</u>	-	-	<u>1,410,298</u>
<b>Total comprehensive income for the year</b>	<u><u>3,212,093</u></u>			<u><u>3,214,532</u></u>

3. *Unaudited pro forma consolidated cash flow statement of the Remaining Group for the year ended 31 December 2019*

	The Group	Pro forma Adjustments		The Remaining Group	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 1	Note 2	Note 3	Note 4	
<b>Operating activities</b>					
Profit before taxation	4,018,278	3,477	(1,046)	–	4,020,709
Adjustments for:					
– Depreciation	69,393	(84)	–	–	69,309
– Valuation gains on investment properties	(529,499)	–	–	–	(529,499)
– Finance costs	569,166	–	–	–	569,166
– Finance income	(696,812)	2	–	–	(696,810)
– Net loss on disposal of property and equipment	63	(11)	–	–	52
– Net loss on disposal of investment properties	31,192	–	–	–	31,192
– Gain on disposal of subsidiaries	(2,117,598)	–	–	–	(2,117,598)
– Remeasurement to fair value of pre-existing interest in acquiree	(399,839)	–	–	–	(399,839)
– Impairment loss on trade and other receivables	117,168	–	–	–	117,168
– Write-down of properties under development and completed properties held for sale	31,769	–	–	–	31,769
– Share of profits less losses of associates	(12,888)	–	1,046	–	(11,842)
	1,080,393				1,083,777
Decrease in properties under development and completed properties held for sale	1,938,203	32,901	–	–	1,971,104
Increase in land development for sale	(188,460)	–	–	–	(188,460)
Decrease in trade and other receivables	232,221	(4,801)	–	–	227,420
Decrease in restricted deposits	301,435	(28,174)	–	–	273,261
Decrease in trade and other payables, and contract retention payables	(785,797)	47,830	–	–	(737,967)
Increase in contract liabilities	145,531	(41,166)	–	–	104,365
Increase in contract costs	(2,551)	–	–	–	(2,551)
<b>Cash generated from operation</b>				2,720,975	2,730,949
<b>Income tax paid</b>	(357,412)	1,018	–	–	(356,394)
<b>Net cash generated from in operating activities</b>	2,363,563				2,374,555

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**

	<b>The Group</b>	<b>Pro forma Adjustments</b>		<b>The Remaining Group</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Note 1</i>	<i>Note 2</i>	<i>Note 4</i>	
<b>Investing activities</b>				
Finance income received	180,791	(2)	–	180,789
Proceeds from disposal of property and equipment	2,180	–	–	2,180
Proceeds from disposal of investment properties	68,008	–	–	68,008
Prepayment for acquisition of an associate	(4,000)	–	–	(4,000)
Prepayment for acquisition of a subsidiary	(28,327)	–	–	(28,327)
Acquisition of subsidiaries, net of cash acquired	(49,442)	–	–	(49,442)
Acquisition of property and equipment	(12,415)	2	–	(12,413)
Acquisition of investment properties	(84,128)	–	–	(84,128)
Acquisition of associates	(274,987)	–	–	(274,987)
Net SS100 First Dividend received from the Target Company	–	–	510,000	510,000
Proceeds from disposal of subsidiaries	3,739,523	14,928	–	3,754,451
Loans provided to related parties	(3,404)	–	–	(3,404)
Repayment of loans provided to a related party	117,500	–	–	117,500
Loans provided to third parties	(3,084,320)	–	–	(3,084,320)
Repayment of loans provided to third parties	2,935,365	–	–	2,935,365
Loans provided to associates	(154,952)	–	–	(154,952)
Repayment of loans provided to an associate	20,170	–	–	20,170
Loans provided to non-controlling interests	(290,389)	–	–	(290,389)
Acquisition of non-listed equity securities	(169,953)	–	–	(169,953)
<b>Net cash generated from investing activities</b>	<u>2,907,220</u>			<u>3,432,148</u>



**APPENDIX IV    UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**

	<b>The Group</b>	<b>Pro forma Adjustments</b>		<b>The Remaining Group</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Note 1</i>	<i>Note 2</i>	<i>Note 4</i>	
<b>Financing activities</b>				
Proceeds from loans and borrowings	11,003,445	–	–	11,003,445
Repayment of loans and borrowings	(10,889,011)	242,818	–	(10,646,193)
Repayment of PRC bonds	(1,506,789)	–	–	(1,506,789)
Redemption of convertible bonds	(1,109,726)	–	–	(1,109,726)
Proceeds from issue of senior notes	1,015,060	–	–	1,015,060
Interest paid	(2,869,464)	87,406	–	(2,782,058)
Decrease in restricted deposits	193,470	–	–	193,470
Loans from related parties	557	–	–	557
Repayment of loans from related parties	(317)	(356,144)	–	(356,461)
Capital contribution from non-controlling interests	4,250	–	–	4,250
Capital element of lease rentals paid	(23,163)	–	–	(23,163)
Interest element of lease rentals paid	(7,686)	–	–	(7,686)
Repurchase of own shares	(79,605)	–	–	(79,605)
Distribution to non-controlling interests	<u>(1,176,170)</u>	–	–	<u>(1,176,170)</u>
<b>Net cash used in financing activities</b>	<u>(5,445,149)</u>			<u>(5,471,069)</u>
<b>Net (decrease)/increase in cash and cash equivalent</b>	(174,366)			335,634
<b>Cash and cash equivalents at 1 January</b>	2,588,630	–	–	2,588,630
<b>Effect of foreign exchange rate changes</b>	<u>24,348</u>	–	–	<u>24,348</u>
<b>Cash and cash equivalents at 31 December</b>	<u>2,438,612</u>	–	510,000	<u>2,948,612</u>

**NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**

- 1 The amounts are extracted from the published annual report of the Group as at and for the year ended 31 December 2019.
- 2 With reference to the announcement of the Company dated 1 April 2019 and the circular of the Company dated 13 June 2019, the Disposal was completed on 18 April 2019 (the “**Completion**”). The results and cash flows of the Target Company were consolidated into the Company’s consolidated statement of comprehensive income and consolidated cash flow statement up to the Completion. The adjustment represents, for the purpose of the unaudited pro forma financial information, the deduction of Target Company’s results and cash flows for the period from 1 January 2019 to 18 April 2019 included in each item of the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year ended 31 December 2019 as if the Disposal had been completed on 1 January 2019.
- 3 Following the Completion, the Company indirectly holds a 30% equity interest in the Target Company, and has accounted for the 30% equity interest in associate under the equity method. The adjustment represents the effective share of profits less losses of associates as if the Target Company has been accounted for using the equity method since 1 January 2019.
- 4 The adjustment represents the estimated net SS100 First Dividend (as defined in the section headed “Definitions” in the Circular) received from the Disposal as a result of the Proposed Transaction as if the Proposed Transaction had taken place on 31 December 2019 or 1 January 2020. Details of the adjustments can be found in the “Letter from the Board” in the Circular.

The Disposal was completed on 18 April 2019, and the loss on disposal has been reflected in the Company’s consolidated financial statements. The Consideration Adjustment Mechanism based on the Directors’ estimation as at 31 December 2019 was nil.

Under the Proposed Transaction, the Consideration Adjustment Mechanism would be replaced by the Dividend Adjustment Mechanism, with the adjustment ranging from RMB1,159,134,900 to RMB3,034,134,900.

Based the Directors’ best estimate, the conditions for the receipt of SS100 First Dividend are expected to be met by the Target Company by the end of 2020, at which, RMB700,000,000 will be paid by the Target Company.

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**APPENDIX IV    UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**

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Of the RMB700,000,000 provided by the Target Company, RMB190,000,000 will be provided to Yangpu Huadian Properties Co., Ltd., another shareholder of the Target Company, and the remaining RMB510,000,000 will be provided to the Company. Once the Target Company has sufficient distributable profits, the Company would earn a dividend income to offset SS100 First Dividend.

- 5 All the above adjustments in respect of the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated cash flow statement above are not expected to have a continuing effect on the Remaining Group.
  
- 6 No adjustment has been made to reflect any trading results or other transaction of the Group entered into subsequent to 31 December 2019.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this circular.*



**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

**TO THE DIRECTORS OF SUNSHINE 100 CHINA HOLDINGS LTD**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Sunshine 100 China Holdings Ltd (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2019, the unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated cash flow statement for the year ended 31 December 2019 and related notes as set out in Part A of Appendix IV to the circular dated 18 June 2020 (the “**Circular**”) issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix IV to the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the very substantial disposal in relation to the disposal of 70% equity interest in Chongqing Sunshine 100 Real Estate Development Co., Ltd. (the “**Disposal**”) on the Group's financial position as at 31 December 2019 and the Group's financial performance and cash flows for the year ended 31 December 2019 as if the Disposal had taken place at 31 December 2019 and 1 January 2019, respectively. As part of this process, information about the Group's financial position as at 31 December 2019 and the Group's financial performance and cash flows for the year ended 31 December 2019 has been extracted by the Directors from the consolidated financial statements of the Company for the year then ended, on which an audit report has been published.

***Directors' Responsibilities for the Pro Forma Financial Information***

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

***Our Independence and Quality Control***

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

***Reporting Accountants' Responsibilities***

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 31 December 2019 or 1 January 2019 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Opinion***

In our opinion:

- a) the pro forma financial information has been properly compiled on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

*Certified Public Accountants*  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

18 June 2020

*The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from CHFT Advisory And Appraisal Ltd., an independent professional surveyor and valuer, in connection with its valuation as at 31 March 2020 of the property interests to be disposed by the Company.*



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1502, 15/F., 40 Bonham Strand, Sheung Wan, Hong Kong  
電話 Tel: +852 2301 4080 傳真 Fax: +852 2301 4988

Date of Report: 18 June 2020

### The Board of Directors

#### Sunshine 100 China Holdings Ltd

12/F, Tower D, Sunshine 100 Tower,  
2 Guanghua Road,  
Chaoyang District, Beijing,  
The People's Republic of China

Dear Sirs/Madams,

#### **Re: Valuation of Properties held by Chongqing Sunshine 100 Real Estate Development Co., Ltd. in Chongqing City, the People's Republic of China (the "PRC")**

In accordance with an instruction from **Sunshine 100 China Holdings Ltd** (the "**Company**") to assess the captioned properties held by Chongqing Sunshine 100 Real Estate Development Co., Ltd. (formerly known as Chongqing Yuneng 100 Real Estate Development Co., Ltd., the "**Target Company**"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing our opinions of the capital values of such property interests as at 31 March 2020 (the "**Date of Valuation**") for the purpose of Public Circular in relation to a **disposal of the Target Company** by the Company only.

#### **Valuation Basis**

Our valuation is carried out on a Market Value basis, which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

This valuation complies with The HKIS Valuation Standards (2017 Edition) published by “The Hong Kong Institute of Surveyors” (“**HKIS**”), RICS Valuation – Global Standards 2020 published by the “Royal Institution of Chartered Surveyors” (“**RICS**”), the International Valuation Standards published by the “International Valuation Standards Council” as well as the requirements set out in Chapter 5 and Practice Note 12 of Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited.

The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020 has affected global financial markets. Our valuation is reported on the basis of ‘material valuation uncertainty’ as per “VPS3 Valuation Reports” and “VPGA10 Matters that may give Rise to Material Valuation Uncertainty” of “RICS Valuation – Global Standards 2020”. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate markets, we recommend the instructing party keep the valuation of the property interests under frequent review.

### **Valuation Assumptions**

Our valuation has been made on the assumption that the owner sells the property on the open market without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the value of the property interests.

No allowance has been made in our valuation neither for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of onerous nature which could affect their values.

### **Valuation Methodology**

We have adopted market approach which is made by comparing similar assets to the subject property and price information is available. We have applied direct comparison method of valuation whereby comparisons based on offering of comparable properties have been made. Comparable properties with similar character, location and so on are analysed and carefully weighed against all respective advantages and disadvantages of the property in order to arrive at the fair comparison of value.

### **Source of Information**

In the course of valuation, we have relied on the legal opinions provided by the Company’s PRC legal adviser, namely Zhong Lun Law Firm, and we have been provided with copy of certain title documents relating to such property interests. We have not, however, searched the original documents to verify ownership or any amendment which did not appear on the copies handed to us. All documents have been used for reference only.



We have relied to a considerable extent on information given by the Company, in particular, but not limited to planning approvals, statutory notices, easements, gross floor areas, etc. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries.

Site inspections of the properties was carried in April 2019 by Mr Gary KY Lau and Mr Frank ZJ Zhou, who have about seven and four years valuation experience in the PRC respectively. We have inspected the exterior and certain common portions of the properties. We have not inspected those parts of the property which are covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

In the course of our inspections, we did not notice any serious defects. However, we have not carried out investigations on the site to determine the suitability of the ground conditions, the services, etc. for any future development/redevelopment. We have not carried out any investigation into past or present uses, either of the properties or of any neighbouring lands, to establish whether there is any contamination or potential for contamination to the property from these uses or sites, and have therefore assumed that none exists.

We have assumed that transferable land-use rights of the properties for respective specific term at nominal annual land-use fees have been granted and that any land grant premium payables have already been fully paid. We have also assumed that the owner has/have enforceable titles to the properties and has free and uninterrupted rights to occupy, use, transfer, lease or assign the properties for the whole of the respective unexpired terms as granted.

#### **Limitation of Liabilities**

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

The responsible valuer is in a position to provide an objective and unbiased valuation and is competent to undertake the valuation assignment. Our findings or conclusion of value of the properties in this report is valid only for the stated purpose and at the Date of Valuation, and for the sole use of the Company. We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and the valuer accepts no responsibility whatsoever to any other person.

Our liability for loss or damage shall be limited to such sum as we ought reasonably to pay having regard to our responsibility for the same on the basis that all other consultants and specialists, where appointed, shall be deemed to have provided to the Company contractual undertakings in respect of their services and shall be deemed to have paid to the Company such contribution as may be appropriate having regard to the extent of their responsibility for such loss or damage.

Our liability for any loss or damage arising out of the action or proceedings aforesaid shall, notwithstanding the preceding provisions, in any event be limited to HK\$500,000. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, loss of profits, opportunity cost, etc.), even if it has been advised of their possible existence. For the avoidance of doubt our liability shall never exceed the lower of the sum calculated in accordance with the preceding provisions and the sum provided for in this clause.

The Company is required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our engagement except to the extent that any such losses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence, misconduct, willful default or fraud of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

Unless otherwise stated, all monetary amounts stated herein are denoted in Renminbi ("**RMB**"), the lawful currency of the PRC.

We enclose herewith a Summary of Values and Valuation Reports.

Yours faithfully,

For and on behalf of

**CHFT Advisory And Appraisal Ltd.**

**Leo MY Lo** MHKIS MRICS

*Managing Director*

*Note:* Mr. Lo is a member of the Royal Institution of Chartered Surveyors and a member of Hong Kong Institute of Surveyors. He has over 15 years' property valuation experience in the PRC.

## SUMMARY OF VALUES

No.	Property Address	Market Value in existing state as at the Date of Valuation
<b>Group I – Properties held for investment</b>		
1.	Various commercial portions of Chongqing Sunshine 100 International New Town, 1 Yangguang Road, Nan’an District, Chongqing City, The PRC	RMB378,200,000
2.	Various residential portions of Block E2, Chongqing Sunshine 100 Himalaya, 3 Shixi Zheng Street, Nan’an District, Chongqing City, The PRC	RMB87,800,000
3.	Commercial portion of Phase 1 Ciyun Temple, 116-119 Nanbin Road, Nan’an District, Chongqing City, The PRC	RMB117,000,000
<b>GROUP I SUB-TOTAL</b>		<hr/> <b>RMB583,000,000</b> <hr/>

No.	Property Address	Market Value in existing state as at the Date of Valuation
<b>Group II – Properties held for sale</b>		
4.	Various commercial portions of Chongqing Sunshine 100 International New Town, 1 Yangguang Road, Nan'an District, Chongqing City, The PRC	RMB35,300,000
5.	Various residential portions of Chongqing Sunshine 100 International New Town, 1 Yangguang Road, Nan'an District, Chongqing City, The PRC	RMB29,334,000
6.	Various car parking spaces in Chongqing Sunshine 100 International New Town, 1 Yangguang Road, Nan'an District, Chongqing City, The PRC	RMB128,900,000
7.	Commercial portion of Chongqing Sunshine 100 Himalaya, 3 Shixi Zheng Street, Nan'an District, Chongqing City, The PRC	RMB196,000,000
8.	Various residential units in Chongqing Sunshine 100 Himalaya, 3 Shixi Zheng Street, Nan'an District, Chongqing City, The PRC	RMB107,000,000
9.	Carpark portion of Chongqing Sunshine 100 Himalaya, 3 Shixi Zheng Street, Nan'an District, Chongqing City, The PRC	RMB103,800,000

No.	Property Address	Market Value in existing state as at the Date of Valuation
10.	Carpark portion of Phase 1 Ciyun Temple, 116-119 Nanbin Road, Nan'an District, Chongqing City, The PRC	RMB1,200,000
11.	Various residential units and car parking spaces, Yijing Ge, 515 Tushan Road, Nan'an District, Chongqing City, The PRC	RMB3,140,000
12.	Various retail units and residential units in Yijing Park, Xiashihao Road, Nan'an District, Chongqing City, The PRC	RMB3,790,000
13.	Various residential units in Shengjing Longting, 11 Tengwang Road, Nan'an District, Chongqing City, The PRC	RMB31,500,000
14.	Various residential units in Fuli Modern Plaza, 59 Danzishi New Street, Nan'an District, Chongqing City, The PRC	RMB35,800,000
15.	Room 8 on Level 2, Block 1, Xingxin Jiayuan, Danzishi New Street, Nan'an District, Chongqing City, The PRC	RMB620,000
16.	Room 6 on Level 16, Block A-A, Furen Xiaoqu, Furen Avenue, Nan'an District, Chongqing City, The PRC	RMB710,000

No.	Property Address	Market Value in existing state as at the Date of Valuation
17.	Room 4 on Level 7, Block 1, Yingdan Garden, 291 Jiangnan Avenue, Nan'an District, Chongqing City, The PRC	RMB390,000
18.	Room 2 on Level 1, Block 1, 17 Xiangshui Road, Nan'an District, Chongqing City, The PRC	RMB390,000
19.	Room 4 on Level 1, Block 2, 45 Bajiao Village, Yuzhong District, Chongqing City, The PRC	RMB1,100,000
20.	Room 1 on Level 7, Block 5-1, Sihai Garden, 77 Jiangnan Avenue, Nan'an District, Chongqing City, The PRC	No Commercial Value
21.	Three residential units in Agate Garden, Nanping Avenue, Nan'an District, Chongqing City, The PRC	RMB2,140,000
22.	Room 8 on Level 2, Block 8, Jufeng Jiangshan Li, Haitangxi New Street, Nan'an District, Chongqing City, The PRC	RMB990,000
23.	Room 11 on Level 19, Block 2, Haitang Xiaoyue, 516 Nanping East Road, Nan'an District, Chongqing City, The PRC	No Commercial Value
24.	Four residential units in Linglong Yaju, 34 Nanhu Road, Nan'an District, Chongqing City, The PRC	RMB3,600,000

No.	Property Address	Market Value in existing state as at the Date of Valuation
25.	Room 7 on Level 14 and Room 8 on Level 23, Block 6, Jiangnan Xiangjun, 8 Fuxiang Road, Nan'an District, Chongqing City, The PRC	RMB2,210,000
<b>GROUP II SUB-TOTAL</b>		<b>RMB687,914,000</b>
<b>Group III – Property held for development</b>		
26.	Land parcels located in Tushan Town, Nan'an District, Chongqing City, The PRC	RMB3,894,000,000
<b>GRAND TOTAL</b>		<b>RMB5,164,914,000</b>

## Group I – Properties held for investment

## VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value in existing state as at the Date of Valuation										
1. Various commercial portions of Chongqing Sunshine 100 International New Town, 1 Yangguang Road, Nan'an District, Chongqing City, The PRC	<p>The property comprises 108 commercial units within Chongqing Sunshine 100 International New Town (the “<b>Development</b>”) with a total gross floor area (“<b>GFA</b>”) of about 19,626.31 sqm, with the breakdown shown as below:</p> <table border="1"> <thead> <tr> <th>Portion</th> <th>GFA (sqm)</th> </tr> </thead> <tbody> <tr> <td>A1 Retail</td> <td>18,412.83</td> </tr> <tr> <td>A2 Retail</td> <td>516.25</td> </tr> <tr> <td>Nanbin Cluster</td> <td><u>697.23</u></td> </tr> <tr> <td>Total</td> <td><u><u>19,626.31</u></u></td> </tr> </tbody> </table>	Portion	GFA (sqm)	A1 Retail	18,412.83	A2 Retail	516.25	Nanbin Cluster	<u>697.23</u>	Total	<u><u>19,626.31</u></u>	<p>According to the tenancy information provided by the Company, approximately 6,127.36 sqm of the property was leased to various tenants for various terms with the latest to be expired on 17 September 2023. The remaining portions of the property were vacant.</p>	<p>RMB378,200,000 (RENMINBI THREE HUNDRED SEVENTY-EIGHT MILLION TWO HUNDRED THOUSAND)</p>
Portion	GFA (sqm)												
A1 Retail	18,412.83												
A2 Retail	516.25												
Nanbin Cluster	<u>697.23</u>												
Total	<u><u>19,626.31</u></u>												

As advised by the Company, the property was completed in between 2007 to 2009.

The Development is a mixed-use development which occupies a site with an area of about 328,307.3 sqm (the “**Site**”)

The property is held under granted land-use rights to be expired on 7 April 2043 for commercial use and 7 April 2053 for residential use respectively.



*Notes:*

- a) Pursuant to the following “Certificate of Real Estate Ownership”, the land-use rights of the property have been granted for commercial use to be expired on 7 April 2043 with details summarized as below:

<b>Document No.</b>	<b>GFA (<i>sqm</i>)</b>	<b>Building Usage</b>	<b>Registered Owner</b>
Yu (2017) Nan An Qu Bu Dong Chan Quan No. 000217687	2,015.18	Commercial	Chongqing Sunshine 100 Real Estate Development Co., Ltd.
Yu (2017) Nan An Qu Bu Dong Chan Quan No. 000217840	16,397.65	Commercial	Chongqing Sunshine 100 Real Estate Development Co., Ltd.
106 Fang Di Zheng 2013 Zi No. 27977	516.25	Commercial	Chongqing Yuneng 100 Real Estate Development Co., Ltd.
106 Fang Di Zheng 2008 Zi No. 02161	46,622.47	Residential, commercial and carpark	Chongqing Yuneng 100 Real Estate Development Co., Ltd.
106 Fang Di Zheng 2011 Zi No. 58813	685.89	Commercial	Chongqing Yuneng 100 Real Estate Development Co., Ltd.

- b) As advised by the Company, the property only comprises portion of floor areas of abovementioned certificates.
- c) As advised by the Company, portion of the property with GFA of about 579.44 sqm has been sold as at the Date of Valuation.
- d) We have been provided with the legal opinion on the property interests by the Company’s PRC legal adviser, which contains, inter alia, the following:
- (i) For the unsold portion, the Target Company is the legal owner of the property;
  - (ii) Portion of the property with GFA of about 18,412.51 sqm is subject to mortgage and the remaining portion of the property is not;
  - (iii) For the unsold portion, the Target Company has legal rights to occupy and use the property;
  - (iv) For the unsold portion, subject to written consent of mortgagee, the Target Company has rights to transfer, sell, lease and mortgage the property; and
  - (v) For the unsold portion, the property interests are not subject to any seizure.
- e) Our value opinion has incorporated the abovementioned sold portion.
- f) With the consideration of the above legal opinion, our valuation is based on an assumption that the land-use rights of the property are all with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land-use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.

## VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value in existing state as at the Date of Valuation
2. Various residential portions of Block E2, Chongqing Sunshine 100 Himalaya, 3 Shixi Zheng Street, Nan'an District, Chongqing City, The PRC	<p>The property comprises thirteen residential units within Chongqing Sunshine 100 Himalaya (the “<b>Development</b>”) with a total gross floor area of about 4,533.79 sqm.</p> <p>As advised by the Company, the property was completed in 2018.</p> <p>The Development is a mixed-use development and occupies a site with an area of about 328,307.3 sqm.</p> <p>The property is held under granted land-use rights to be expired on 7 April 2043 for commercial use and 7 April 2053 for residential use respectively.</p>	As at the Date of Valuation, the property was vacant.	RMB87,800,000 (RENMINBI EIGHTY-SEVEN MILLION EIGHT HUNDRED THOUSAND)

*Notes:*

- a) Pursuant to the following “Certificate of Real Estate Ownership”, the land-use rights of the property have been granted for residential use to be expired on 7 April 2053 with details summarized as below:

Document No.	GFA (sqm)	Building Usage	Registered Owner
Yu (2019) Nan An Qu Bu Dong Chan Quan No. 000687355	32,321.36	Residential	Chongqing Sunshine 100 Real Estate Development Co., Ltd.

- b) Pursuant to “Survey Report of Floor Area Measurement” (Document Nos. PZFC201707049-002) all dated 1 June 2018, the total gross floor area of the property is about 4,533.79 sqm for residential use.
- c) As advised by the Company, the property has been sold with GFA of about 3,655.54 sqm has already been transferred and GFA of about 878.25 sqm has not yet been transferred to the buyer(s) as at the Date of Valuation.

- d) We have been provided with the legal opinion on the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:
  - The related sales and purchase agreements are sampled and inspected, which clearly stipulated the necessary clauses and are enforceable.
- e) Our value opinion has incorporated the abovementioned sold portions.
- f) With the consideration of the above legal opinion, our valuation is based on an assumption that the land-use rights of the property are all with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land-use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.

## VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value in existing state as at the Date of Valuation
3. Various retail portion in Phase 1 Ciyun Temple, 116-119 Nanbin Road, Nan'an District, Chongqing City, The PRC	<p>The property comprises 4 blocks of commercial buildings in Phase 1 Ciyun Temple (the “<b>Development</b>”) with a total gross floor area of about 3,385.96 sqm.</p> <p>As advised by the Company, the property was completed in 2018.</p> <p>The Development is a mixed-use development and occupies a site with an area of about 328,307.3 sqm.</p> <p>The property is held under granted land-use rights to be expired on 7 April 2043 for commercial use and 7 April 2053 for residential use respectively.</p>	<p>According to the tenancy information provided by the Company, approximately 2,398.74 sqm of the property was leased to various tenants for various terms with the latest to be expired on 30 November 2022. The remaining portions of the property were vacant.</p> <p>The total monthly rent as at the Date of Valuation was about RMB150,000 exclusive of management fee, utility fee and other outgoings.</p>	RMB117,000,000 (RENMINBI ONE HUNDRED SEVENTEEN MILLION)

*Notes:*

- a) Pursuant to the following “Certificate of Real Estate Ownership”, the land-use rights of the property have been granted for a term to be expired on 7 April 2043. The registered owner is the Target Company with details summarized as below:

<b>Document No.</b>	<b>Address</b>	<b>GFA (<i>sqm</i>)</b>	<b>Land Usage</b>	<b>Building Usage</b>
Yu (2018) Nan An Qu Bu Dong Chan Quan No. 000035455	No. 116 Nanbin Road	696.55	Wholesale and retail	Commercial
Yu (2018) Nan An Qu Bu Dong Chan Quan No. 000035435	No.117 Nanbin Road	894.13	Wholesale and retail	Commercial
Yu (2018) Nan An Qu Bu Dong Chan Quan No. 000035469	No. 118 Nanbin Road	1,197.51	Wholesale and retail	Commercial
Yu (2018) Nan An Qu Bu Dong Chan Quan No. 000035500	No. 119 Nanbin Road	597.77	Wholesale and retail	Commercial

- b) We have been provided with the legal opinion on the property interests by the Company’s PRC legal adviser, which contains, inter alia, the following:

- (i) The Target Company is the legal owner of the property;
  - (ii) Portion of the property with GFA of about 3,042.05 sqm is subject to mortgage and the remaining portion of the property is not;
  - (iii) The Target Company has legal rights to occupy and use the property;
  - (iv) Subject to written consent of mortgagee, the Target Company has rights to transfer, sell, lease and mortgage the property; and
  - (v) The property is not subject to any seizure.
- c) With the consideration of the above legal opinion, our valuation is based on an assumption that the land-use rights of the property are all with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land-use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.

## Group II – Properties held for sale

## VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value in existing state as at the Date of Valuation								
4. Various commercial portions of Chongqing Sunshine 100 International New Town, 1 Yangguang Road, Nan'an District, Chongqing City, The PRC	The property comprises five commercial units in Chongqing Sunshine 100 International New Town (the “ <b>Development</b> ”) with a total gross floor area of about 1,495.55 sqm, with the breakdown shown as below:	As at the Date of Valuation, the property was vacant.	RMB35,300,000 (RENMINBI THIRTY-FIVE MILLION THREE HUNDRED THOUSAND)								
	<table border="1"> <thead> <tr> <th>Portion</th> <th>GFA (sqm)</th> </tr> </thead> <tbody> <tr> <td>B5 Retail</td> <td>101.80</td> </tr> <tr> <td>D1-2 Retail</td> <td><u>1,393.75</u></td> </tr> <tr> <td>Total</td> <td><u><u>1,495.55</u></u></td> </tr> </tbody> </table>	Portion	GFA (sqm)	B5 Retail	101.80	D1-2 Retail	<u>1,393.75</u>	Total	<u><u>1,495.55</u></u>		
Portion	GFA (sqm)										
B5 Retail	101.80										
D1-2 Retail	<u>1,393.75</u>										
Total	<u><u>1,495.55</u></u>										

As advised by the Company, the development was completed in phases between 2007 to 2009.

The Development is a mixed-use development and occupies a site with an area of about 328,307.3 sqm.

The property is held under granted land-use rights to be expired on 7 April 2043 for commercial use and 7 April 2053 for residential use respectively.

*Notes:*

- a) Pursuant to the following “Certificate of Real Estate Ownership”, the land-use rights of the property have been granted for a term to be expired on 7 April 2043. The registered owner is the Target Company with details summarized as below:

<b>Document No.</b>	<b>GFA (<i>sqm</i>)</b>	<b>Building Usage</b>	<b>Registered Owner</b>
106 Fang Di Zheng 2010 Zi No. 32635	101.80	Commercial	Chongqing Yuneng 100 Real Estate Development Co., Ltd.
Yu (2017) Nan An Qu Bu Dong Chan Quan No. 000217880	1,393.75	Commercial	Chongqing Sunshine 100 Real Estate Development Co., Ltd.

- b) As advised by the Company, portion of the property with GFA of about 1,393.75 sqm has been sold as at the Date of Valuation.
- c) We have been provided with the legal opinion on the property interests by the Company’s PRC legal adviser, which contains, inter alia, the following:
- (i) For the unsold portion, the Target Company is the legal owner of the property;
  - (ii) For the unsold portion, the Target Company has legal rights to occupy, use, transfer, sell, lease and mortgage the property; and
  - (iii) For the unsold portion, the property is not subject to mortgage and seizure.
- d) Our value opinion has incorporated the abovementioned sold portion.
- e) With the consideration of the above legal opinion, our valuation is based on an assumption that the land-use rights of the property are all with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land-use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.

## VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value in existing state as at the Date of Valuation
5. Various residential portions of Chongqing Sunshine 100 International New Town, 1 Yangguang Road, Nan'an District, Chongqing City, The PRC	The property comprises 24 residential units in Chongqing Sunshine 100 International New Town (the "Development") with a total gross floor area of about 2,970.06 sqm, with the breakdown shown as below:	As at the Date of Valuation, the property was vacant.	RMB29,334,000 (RENMINBI TWENTY-NINE MILLION THREE HUNDRED THIRTY-FOUR THOUSAND))
	<b>Portion</b>	<b>GFA</b> (sqm)	
	A3-1/3-2	110.86	
	A9A10	814.96	
	A8B7	148.77	
	B6	146.99	
	D1-3	<u>1,748.48</u>	
	<b>Total</b>	<b><u>2,970.06</u></b>	

As advised by the Company, the property was completed in between 2007 to 2009.

The Development is a mixed-use development and occupies a site with an area of about 328,307.3 sqm.

The property is held under granted land-use rights to be expired on 7 April 2043 for commercial use and 7 April 2053 for residential use respectively.



*Notes:*

- a) Pursuant to the following “Certificate of Real Estate Ownership”, the land-use rights of the property have been granted for residential use to be expired on 7 April 2053 with details summarized as below:

<b>Document No.</b>	<b>GFA (<i>sqm</i>)</b>	<b>Building Usage</b>	<b>Registered Owner</b>
106 Fang Di Zheng 2009 Zi No. 05163	30,812.44	Residential	Chongqing Yuneng 100 Real Estate Development Co., Ltd.
106 Fang Di Zheng 2009 Zi No. 05164	30,812.44	Residential	Chongqing Yuneng 100 Real Estate Development Co., Ltd.
106 Fang Di Zheng 2008 Zi No. 02161	43,392.09	Non-domestic	Chongqing Yuneng 100 Real Estate Development Co., Ltd.
106 Fang Di Zheng 2011 Zi No. 58814	2,316.29	Residential	Chongqing Yuneng 100 Real Estate Development Co., Ltd.
106 Fang Di Zheng 2009 Zi No. 1063	25,167.95	Residential	Chongqing Yuneng 100 Real Estate Development Co., Ltd.
Yu (2017) Nan An Qu Bu Dong Chan Quan No. 000217911	1,748.48	Residential	Chongqing Sunshine 100 Real Estate Development Co., Ltd.

- b) As advised by the Company, the property only comprises portion of floor areas of abovementioned certificates.
- c) As advised by the Company, portion of the property with GFA of about 2,821,29 sqm has been sold as at the Date of Valuation.
- d) We have been provided with the legal opinion on the property interests by the Company’s PRC legal adviser, which contains, inter alia, the following:
- (i) For the unsold portion, the Target Company is the legal owner of the property;
  - (ii) For the unsold portion, the Target Company has legal rights to occupy, use, transfer, sell, lease and mortgage the property; and
  - (iii) For the unsold portion, the property is not subject to mortgage and seizure.
- e) Our value opinion has incorporated the abovementioned sold portion.
- f) With the consideration of the above legal opinion, our valuation is based on an assumption that the land-use rights of the property are all with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land-use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.

## VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value in existing state as at the Date of Valuation
6. Various car parking spaces in Chongqing Sunshine 100 International New Town, 1 Yangguang Road, Nan'an District, Chongqing City, The PRC	The property comprises 1,007 car parking spaces in Chongqing Sunshine 100 International New Town (the "Development") with a total gross floor area of about 38,987.85 sqm, with the breakdown shown as below:	As at the Date of Valuation, the property was vacant.	RMB128,900,000 (RENMINBI ONE HUNDRED TWENTY-EIGHT MILLION NINE HUNDRED THOUSAND)

Portion	Quantity
A2-1/2-2	999
A9A10	6
D1-2	<u>2</u>
Total	<u><u>1,077</u></u>

As advised by the Company, the property was completed between 2007 to 2009.

The Development is a mixed-use development and occupies a site with an area of about 328,307.3 sqm.

The property is held under granted land-use rights to be expired on 7 April 2043 for commercial use and 7 April 2053 for residential use respectively.

*Notes:*

- a) Pursuant to the following “Certificate of Real Estate Ownership”, the land-use rights of the property have been granted for commercial use to be expired on 7 April 2043, as well as for residential use to be expired on 7 April 2043. The details are summarized as below:

<b>Document No.</b>	<b>GFA (<i>sqm</i>)</b>	<b>Building Usage</b>	<b>Registered Owner</b>
Yu (2016) Nan An Qu Bu Dong Chan Quan No. 000669011	42,145.31	Carpark	Chongqing Yuneng 100 Real Estate Development Co., Ltd.
106 Fang Di Zheng 2008 Zi No. 02161	3,042.14	Carpark	Chongqing Sunshine 100 Real Estate Development Co., Ltd.
Yu (2017) Nan An Qu Bu Dong Chan Quan No. 000217880	109.62	Carpark	Chongqing Yuneng 100 Real Estate Development Co., Ltd.

- b) As advised by the Company, the property only comprises portion of floor areas of abovementioned certificates.
- c) As advised by the Company, 13 of the subject car parking spaces with GFA of about 585.31 sqm has been sold as at the Date of Valuation.
- d) We have been provided with the legal opinion on the property interests by the Company’s PRC legal adviser, which contains, inter alia, the following:
- (i) For the unsold portion, the Target Company is the legal owner of the property;
  - (ii) For the unsold portion, the Target Company has legal rights to occupy, use, transfer, sell, lease and mortgage the property; and
  - (iii) For the unsold portion, the property is not subject to mortgage and seizure.
- e) Our value opinion has incorporated the abovementioned sold portion.
- f) With the consideration of the above legal opinion, our valuation is based on an assumption that the land-use rights of the property are all with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land-use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.

## VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value in existing state as at the Date of Valuation
7. Commercial portion of Chongqing Sunshine 100 Himalaya, 3 Shixi Zheng Street, Nan'an District, Chongqing City, The PRC	The property comprises a 6-storey commercial podium in Chongqing Sunshine 100 Himalaya (the “ <b>Development</b> ”) with a total gross floor area of about 9,436.47 sqm.	As at the Date of Valuation, the property was vacant.	RMB196,000,000 (RENMINBI ONE HUNDRED NINETY-SIX MILLION)
	As advised by the Company, the property was completed in 2018.		
	The Development is a mixed-use development and occupies a site with an area of about 328,307.3 sqm.		
	The property is held under granted land-use rights to be expired on 7 April 2043 for commercial use and 7 April 2053 for residential use respectively.		

*Notes:*

- a) Pursuant to “Survey Report of Floor Area Measurement”, (Document No. PZFC201807067) dated 10 July 2018, the total gross floor area of the property is about 9,436.47 sqm for commercial use.
- b) We have been provided with the legal opinion on the property interests by the Company’s PRC legal adviser, which contains, inter alia, the following:
  - (i) Construction of the property was completed and the Target Company can legally make application of granted “Certificate of Real Estate Ownership”;
  - (ii) The Target Company is the legal owner of the property;
  - (iii) The Target Company has legal rights to occupy, use, transfer, sell, lease and mortgage the property; and
  - (iv) The property is not subject to mortgage and seizure.

- c) With the consideration of the above legal opinion, our valuation is based on an assumption that the land-use rights of the property are all with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land-use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.

## VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value in existing state as at the Date of Valuation
8. Various residential units in Chongqing Sunshine 100 Himalaya, 3 Shixi Zheng Street, Nan'an District, Chongqing City, The PRC	The property comprises 16 residential units in Block E1 and E3 of Chongqing Sunshine 100 Himalaya (the “ <b>Development</b> ”) with a total gross floor area of about 6,035.90 sqm.	As at the Date of Valuation, the property was vacant.	RMB107,000,000 (RENMINBI ONE HUNDRED AND SEVEN MILLION)
	As advised by the Company, the property was completed in 2018.		
	The Development is a mixed-use development and occupies a site with an area of about 328,307.3 sqm.		
	The property is held under granted land-use rights to be expired on 7 April 2043 for commercial use and 7 April 2053 for residential use respectively.		

*Notes:*

- a) Pursuant to the following “Certificate of Real Estate Ownership”, the land-use rights of the property have been granted for residential use to be expired on 7 April 2053 with details summarized as below:

<b>Document No.</b>	<b>GFA (<i>sqm</i>)</b>	<b>Building Usage</b>	<b>Registered Owner</b>
Yu (2019) Nan An Qu Bu Dong Chan Quan No. 000687375	30,904.49	Residential	Chongqing Sunshine 100 Real Estate Development Co., Ltd.
Yu (2019) Nan An Qu Bu Dong Chan Quan No. 000687294	25,261.34	Residential	Chongqing Sunshine 100 Real Estate Development Co., Ltd.

- b) Pursuant to “Survey of Floor Area Measurement Reports”, (Document Nos. PZFC201707049–001 and PZFC201707049–003) dated 1 June 2018, the total gross floor area of the property is about 6,035.90 sqm.
- c) As advised by the Company, the property has been sold with GFA of about 4,904.48 sqm has already been transferred and GFA of about 1,131.42 sqm has not yet been transferred to the buyer(s) as at the Date of Valuation.
- d) We have been provided with the legal opinion on the property interests by the Company’s PRC legal adviser, which contains, inter alia, the following:
- The related sales and purchase agreements are sampled and inspected, which clearly stipulated the necessary clauses and are enforceable.
- e) Our value opinion has incorporated the abovementioned sold portions.
- f) With the consideration of the above legal opinion, our valuation is based on an assumption that the land-use rights of the property are all with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land-use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.

## VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value in existing state as at the Date of Valuation
9. Carpark portion of Chongqing Sunshine 100 Himalaya, 3 Shixi Zheng Street, Nan'an District, Chongqing City, The PRC	The property comprises 675 car parking spaces of Chongqing Sunshine 100 Himalaya (the “ <b>Development</b> ”) with a total gross floor area of about 30,651.25 sqm.	As at the Date of Valuation, the property was vacant.	RMB103,800,000 (RENMINBI ONE HUNDRED AND THREE MILLION EIGHT HUNDRED THOUSAND)
	As advised by the Company, the property was completed in 2018.		
	The Development is a mixed-use development and occupies a site with an area of about 328,307.3 sqm.		
	The property is held under granted land-use rights to be expired on 7 April 2043 for commercial use and 7 April 2053 for residential use respectively.		

*Notes:*

- a) Pursuant to “Survey Report of Floor Area Measurement”, (Document Nos. PZFC201807067) dated 10 July 2018, there are 675 car parking spaces with a total gross floor area of about 30,651.25 sqm for carpark use.
- b) As advised by the Company, 137 of the subject car parking spaces with GFA of about 6,192.59 sqm have been sold as at the Date of Valuation.
- c) We have been provided with the legal opinion on the property interests by the Company’s PRC legal adviser, which contains, inter alia, the following:
  - (i) Construction of the property was completed and the Target Company can legally make application of granted “Certificate of Real Estate Ownership”;
  - (ii) For the unsold portion, the Target Company is the legal owner of the property;



- (iii) For the unsold portion, the Target Company has legal rights to occupy, use, transfer, sell, lease and mortgage the property; and
- (iv) For the unsold portion, the property is not subject to mortgage and seizure.
- d) Our value opinion has incorporated the abovementioned sold portion.
- e) With the consideration of the above legal opinion, our valuation is based on an assumption that the land-use rights of the property are all with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land-use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.

## VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value in existing state as at the Date of Valuation
10. Carpark portion of Phase 1 Ciyun Temple, 116-119 Nanbin Road, Nan'an District, Chongqing City, The PRC	The property comprises 9 car parking spaces, 1 storage room and ancillaries in the basement of Phase 1 Ciyun Temple (the “ <b>Development</b> ”) with a total gross floor area of about 2,304.42 sqm.	As at the Date of Valuation, the property was vacant.	RMB1,200,000 (RENMINBI ONE MILLION TWO HUNDRED THOUSAND)
	As advised by the Company, the property was completed in 2018.		
	The Development is a mixed-use development which occupies a site with an area of about 328,307.3 sqm.		
	The property is held under granted land-use rights to be expired on 6 April 2043 for other commercial services use.		

*Notes:*

- a) Pursuant to the following “Certificate of Real Estate Ownership”, the land-use rights of the property have been granted for a term to be expired on 6 April 2043. The registered owner is the Target Company with details summarized as below:

<b>Document No.</b>	<b>Address</b>	<b>GFA (<i>sqm</i>)</b>	<b>Land Usage</b>	<b>Building Usage</b>
Yu (2018) Nan An Qu Bu Dong Chan Quan No. 000030525	No. 116 – 119 Nanbin Road	2,304.42	Other commercial services	Carpark

- b) We have been provided with the legal opinion on the property interests by the Company’s PRC legal adviser, which contains, inter alia, the following:
- (i) The Target Company is the legal owner of the property;
  - (ii) The Target Company has legal rights to occupy, use, transfer, sell, lease and mortgage the property; and
  - (iii) The property is not subject to mortgage and seizure.
- c) With the consideration of the above legal opinion, our valuation is based on an assumption that the land-use rights of the property are all with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land-use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.

## VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value in existing state as at the Date of Valuation
11. Various residential units and car parking spaces, Yijing Ge, 515 Tushan Road, Nan'an District, Chongqing City, The PRC	<p>Completed in 2014, the property comprises two residential units and eighteen car parking spaces in Yijing Ge (the “<b>Development</b>”) with total gross floor areas of about 95.16 sqm and 557.27 sqm respectively.</p> <p>The Development is a small-scale residential development, which comprises 2 blocks of 11 storeys residential buildings.</p> <p>The property is held under granted land-use rights to be expired on 6 April 2043 for car park use and 6 April 2053 for residential use respectively.</p>	As at the Date of Valuation, the property was vacant.	RMB3,140,000 (RENMINBI THREE MILLION ONE HUNDRED FORTY THOUSAND)

*Notes:*

- a) Pursuant to the following “Certificate of Real Estate Ownership”, the land-use rights and building ownership of the property are held by the Target Company. The details of the certificate(s) are summarized as below:

<b>Document No.</b>	<b>GFA (<i>sqm</i>)</b>	<b>Building Usage</b>	<b>Expiry Date</b>
Yu (2016) Nan An Qu Bu Dong Chan Quan No. 000503479	3,375.25	Car Park	6 April 2043
Yu (2016) Nan An Qu Bu Dong Chan Quan No. 000503909	8,095.86	Residential	6 April 2053

- b) Pursuant to “Survey of Floor Area Measurement Reports” (Document Nos. PZFC201511097–002 dated 8 January 2016, PZFC201511097–001 dated 8 January 2016 and PZFC201604010 dated 5 April 2016), the total gross floor areas of the residential units and the car parking spaces are about 95.16 sqm and 557.27 sqm respectively.
- c) We have been provided with the legal opinion on the property interests by the Company’s PRC legal adviser, which contains, inter alia, the following:
- (i) The Target Company is the legal owner of the property;
  - (ii) The Target Company has legal rights to occupy, use, transfer, sell, lease and mortgage the property; and
  - (iii) The property is not subject to mortgage and seizure.
- d) With the consideration of the above legal opinion, our valuation is based on an assumption that the land-use rights of the property are all with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land-use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.

## VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value in existing state as at the Date of Valuation
12. Various retail units and residential units in Yijing Park, Xiashihao Road, Nan'an District, Chongqing City, The PRC	<p>The property comprises 3 retail units on level 1 and 2 residential units low-floor in Yijing Park (the “<b>Development</b>”) with total gross floor areas of about 86.41 sqm and 116.80 sqm respectively.</p> <p>The Development is a block of 32-storey building completed in 2005.</p> <p>The property is held under granted land-use rights to be expired on 6 April 2043 for commercial use and 6 April 2053 for residential use respectively.</p>	As at the Date of Valuation, the property was vacant.	RMB3,790,000 (RENMINBI THREE MILLION SEVEN HUNDRED NINETY THOUSAND)

*Notes:*

- a) Pursuant to “Survey of Floor Area Measurement Reports” (Document No. 3.2.1C14-445) dated 21 July 2006, the total gross floor area of the retail units is about 86.41 sqm and the total gross floor area of residential units is 116.80 sqm.
- b) We have been provided with the legal opinion on the property interests by the Company’s PRC legal adviser, which contains, inter alia, the following:
  - (i) The Target Company is the legal owner of the property;
  - (ii) The Target Company has legal rights to occupy, use, transfer, sell, lease and mortgage the property; and
  - (iii) The property is not subject to mortgage and seizure.
- c) With the consideration of the above legal opinion, our valuation is based on an assumption that the land-use rights of the property are all with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land-use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.

## VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value in existing state as at the Date of Valuation
13. Various residential units in Shengjing Longting, 11 Tengwang Road, Nan'an District, Chongqing City, The PRC	Completed in 2011, the property comprises 30 residential units in Shengjing Longting, which is a large-scale residential development.  The total gross floor area of the units is about 3,002.69 sqm.  The property is held under granted land-use rights to be expired on 17 April 2056 for residential use.	As at the Date of Valuation, the property was vacant.	RMB31,500,000 (RENMINBI THIRTY-ONE MILLION FIVE HUNDRED THOUSAND)

*Notes:*

- a) We have been provided with the legal opinion on the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:
- (i) The Target Company is the legal owner of the property;
  - (ii) The Target Company has legal rights to occupy, use, transfer, sell, lease and mortgage the property; and
  - (iii) The property is not subject to mortgage and seizure.
- b) With the consideration of the above legal opinion, our valuation is based on an assumption that the land-use rights of the property are all with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land-use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.

## VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value in existing state as at the Date of Valuation
14. Various residential units in Fuli Modern Plaza, 59 Danzishi New Street, Nan'an District, Chongqing City, The PRC	Completed in 2008, the property comprises 33 residential units in Fuli Modern Plaza, which is a large-scale residential development.	As at the Date of Valuation, the property was vacant.	RMB35,800,000 (RENMINBI THIRTY-FIVE MILLION EIGHT HUNDRED THOUSAND)
	The total gross floor area of the units is about 3,151.57 sqm.		
	The property is held under granted land-use rights to be expired on 13 April 2056 for residential use.		

*Notes:*

- a) We have been provided with the legal opinion on the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:
- (i) The Target Company is the legal owner of the property;
  - (ii) The Target Company can legally occupy, use, lease out, transfer and mortgage the property; and
  - (iii) The property is not subject to mortgage and seizure.
- b) With the consideration of the above legal opinion, our valuation is based on an assumption that the land-use rights of the property are all with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land-use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.



## VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value in existing state as at the Date of Valuation
15. Room 8 on Level 2, Block 1, Xingxin Jiayuan, Danzishi New Street, Nan'an District, Chongqing City, The PRC	Completed in 2010, the property comprises a residential unit in Xingxin Jiayuan, which is a large-scale residential development.	As at the Date of Valuation, the property was vacant.	RMB620,000 (RENMINBI SIX HUNDRED TWENTY THOUSAND)
	The gross floor area of the unit is about 46.46 sqm.		

*Notes:*

- a) We have been provided with the legal opinion on the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:
- (i) The Target Company is the legal owner of the property;
  - (ii) The Target Company has legal rights to occupy, use, transfer, sell, lease and mortgage the property;
  - (iii) The property is not subject to mortgage and seizure; and
  - (iv) The expiry date of the land-use rights is not stated in the relevant Certificate of Real Estate Ownership. In general, land-use rights for residential properties are granted for a term of 70 years from the date which the land administration department granted the land.
- b) With the consideration of the above legal opinion, our valuation is based on an assumption that the land-use rights of the property are all with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land-use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.

## VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value in existing state as at the Date of Valuation
16. Room 6 on Level 16, Block A-A, Furen Xiaoqu, Furen Avenue, Nan'an District, Chongqing City, The PRC	Completed in 1998, the property comprises a residential unit in Furen Xiaoqu, which is a small-scale residential development.	As at the Date of Valuation, the property was vacant.	RMB710,000 (RENMINBI SEVEN HUNDRED TEN THOUSAND)
	The gross floor area of the unit is about 80.04 sqm.		

*Notes:*

- a) We have been provided with the legal opinion on the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:
- (i) The property has not yet been registered for ownership rights to the Target Company and the Target Company has the rights to apply for such registration according to its purchase/transfer agreement;
  - (ii) After completion of abovementioned registration, the Target Company has legal rights to occupy, use, transfer, sell, lease and mortgage the property; and
  - (iii) As the Company has not yet obtained the Certificate of Real Estate Ownership, the term of the land-use rights cannot be determined. In general, land-use rights for residential properties are granted for a term of 70 years from the date when the land administration department granted the land.
- b) With the consideration of the above legal opinion, our valuation is based on an assumption that the land-use rights of the property are all with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land-use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.

## VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value in existing state as at the Date of Valuation
17. Room 4 on Level 7, Block 1, Yingdan Garden, 291 Jiangnan Avenue, Nan'an District, Chongqing City, The PRC	Completed in 2000, the property comprises a residential unit in Yingdan Garden, which is a large-scale residential development.	As at the Date of Valuation, the property was vacant.	RMB390,000 (RENMINBI THREE HUNDRED NINETY THOUSAND)

The gross floor area of the unit is about 53.57 sqm.

The property is held under granted land-use rights to be expired on 21 October 2049 for residential use.

*Notes:*

- a) We have been provided with the legal opinion on the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:
- (i) The Target Company is the legal owner of the property;
  - (ii) The Target Company has legal rights to occupy, use, transfer, sell, lease and mortgage the property; and
  - (iii) The property is not subject to mortgage and seizure.
- b) With the consideration of the above legal opinion, our valuation is based on an assumption that the land-use rights of the property are all with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land-use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.

## VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value in existing state as at the Date of Valuation
18. Room 2 on Level 1, Block 1, 17 Xiangshui Road, Nan'an District, Chongqing City, The PRC	Completed in 2000, the property comprises a residential unit at 17 Xiangshui Road.  The gross floor area of the unit is about 56.00 sqm.	As at the Date of Valuation, the property was vacant.	RMB390,000 (RENMINBI THREE HUNDRED NINETY THOUSAND)

*Notes:*

- a) We have been provided with the legal opinion on the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:
- (i) The Target Company is the legal owner of the property;
  - (ii) The Target Company has legal rights to occupy, use, transfer, sell, lease and mortgage the property;
  - (iii) The property is not subject to mortgage and seizure; and
  - (iv) The expiry date of the land-use rights is not stated in the relevant Certificate of Real Estate Ownership. In general, land-use rights for residential properties are granted for a term of 70 years from the date which the land administration department granted the land.
- b) With the consideration of the above legal opinion, our valuation is based on an assumption that the land-use rights of the property are all with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land-use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.

## VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value in existing state as at the Date of Valuation
19. Room 4 on Level 1, Block 2, 45 Bajiao Village, Yuzhong District, Chongqing City, The PRC	Completed in 1996, the property comprises a residential unit in Bajiao Village.  The gross floor area of the unit is about 75.63 sqm.  The property is held under granted land-use rights to be expired on 22 December 2047 for residential use.	As at the Date of Valuation, the property was vacant.	RMB1,100,000 (RENMINBI ONE MILLION ONE HUNDRED THOUSAND)

*Notes:*

- a) We have been provided with the legal opinion on the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:
- (i) The Target Company is the legal owner of the property;
  - (ii) The Target Company has legal rights to occupy, use, transfer, sell, lease and mortgage the property; and
  - (iii) The property is not subject to mortgage and seizure.
- b) With the consideration of the above legal opinion, our valuation is based on an assumption that the land-use rights of the property are all with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land-use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.

## VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value in existing state as at the Date of Valuation
20. Room 1 on Level 7, Block 5-1, Sihai Garden, 77 Jiangnan Avenue, Nan'an District, Chongqing City, The PRC	<p>Completed in 2003, the property comprises a residential unit in Sihai Garden, which is a large-scale residential development.</p> <p>The gross floor area of the unit about 100.76 sqm.</p> <p>The property is held under granted land-use rights to be expired on 7 May 2043 for residential use.</p>	As at the Date of Valuation, the property was vacant.	No commercial value

*Notes:*

- a) We have been provided with the legal opinion on the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:
- (i) The Target Company is the legal owner of the property;
  - (ii) The property is not subject to mortgage;
  - (iii) The Target Company has legal rights to occupy and use the property;
  - (iv) Owing to a private loan dispute between Chongqing Yuneng Wanyi Real Estate Co., Ltd. ("**Yuneng Wanyi**") and the Target Company, Yuneng Wanyi filed an application for property preservation to the court. The property is therefore subject to seizure;
  - (v) The Target Company has settled an amount as determined by the court in relation to the above dispute. An application for release from the seizure is in progress; and
  - (vi) The Target Company cannot transfer, sell and mortgage the property before the seizure released.
- b) With the consideration of the above legal opinion, our valuation is based on an assumption that the land-use rights of the property are all with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land-use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.
- c) For reference purpose, we are of the opinion that the market value of the property as at the Date of Valuation would be RMB820,000 assuming the property could be freely transferred after the seizure released.

## VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value in existing state as at the Date of Valuation
21. Three residential units in Agate Garden, Nanping Avenue, Nan'an District, Chongqing City, The PRC	Completed in 2000, the property comprises three residential units in Agate Garden, which is a large-scale residential development.	As at the Date of Valuation, the property was vacant.	RMB2,140,000 (RENMINBI TWO MILLION ONE HUNDRED FORTY THOUSAND)
	The total gross floor area of the units is about 265.17 sqm.		
	The property is held under granted land-use rights to be expired between 26 February 2043 and 30 September 2049 for residential use.		

*Notes:*

- a) We have been provided with the legal opinion on the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:
- (i) Two of the residential units with a total gross floor area of about 157.77 sqm have been granted with "Certificate of Real Estate Ownership" to the Target Company for residential use;
  - (ii) One of the residential units with a gross floor area of about 107.40 sqm has not yet registered for ownership rights to the Target Company, and the Target Company has the rights to apply for such registration according to its purchase agreement; and
  - (iii) After completion of abovementioned registration, the Target Company would have legal rights to occupy, use, transfer, sell, lease and mortgage the property.
- b) With the consideration of the above legal opinion, our valuation is based on an assumption that the land-use rights of the property are all with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land-use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.

## VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value in existing state as at the Date of Valuation
22. Room 8 on Level 2, Block 8, Jufeng Jiangshan Li, Haitangxi New Street, Nan'an District, Chongqing City, The PRC	Completed in 2007, the property comprises a residential unit in Jufeng Jiangshan Li, which is a large-scale residential development.	As at the Date of Valuation, the property was vacant.	RMB990,000 (RENMINBI NINE HUNDRED NINETY THOUSAND)
	The gross floor area of the unit is about 83.14 sqm.		
	The property is held under granted land-use rights to be expired on 30 June 2055 for residential use.		

*Notes:*

- a) We have been provided with the legal opinion on the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:
- (i) The Target Company is the legal owner of the property;
  - (ii) The Target Company has legal rights to occupy, use, transfer, sell, lease and mortgage the property; and
  - (iii) The property is not subject to mortgage and seizure.
- b) With the consideration of the above legal opinion, our valuation is based on an assumption that the land-use rights of the property are all with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land-use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.



## VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value in existing state as at the Date of Valuation
23. Room 11 on Level 19, Block 2, Haitang Xiaoyue, 516 Nanping East Road, Nan'an District, Chongqing City, The PRC	<p>Completed in 2006, the property comprises a residential unit in Haitang Xiaoyue, which is a large-scale residential development.</p> <p>The gross floor area of the unit is about 48.71 sqm.</p> <p>The property is held under granted land-use rights to be expired on 7 September 2051 for residential use.</p>	As at the Date of Valuation, the property was vacant.	No commercial value

*Notes:*

- a) We have been provided with the legal opinion on the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:
- (i) The Target Company is the legal owner of the property;
  - (ii) The property is not subject to mortgage;
  - (iii) The Target Company has legal rights to occupy and use the property;
  - (iv) Owing to a private loan dispute between Chongqing Yuneng Wanyi Real Estate Co., Ltd. ("**Yuneng Wanyi**") and the Target Company, Yuneng Wanyi filed an application for property preservation to the court. The property is therefore subject to seizure;
  - (v) The Target Company has settled an amount as determined by the court in relation to the above dispute. An application for release from the seizure is in progress; and
  - (vi) The Target Company cannot transfer, sell and mortgage the property before the seizure released.
- b) With the consideration of the above legal opinion, our valuation is based on an assumption that the land-use rights of the property are all with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land-use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.
- c) For reference purpose, we are of the opinion that the market value of the property as at the Date of Valuation would be RMB610,000 assuming the property could be freely transferred after the seizure released.

## VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value in existing state as at the Date of Valuation
24. Four residential units in Linglong Yaju, 34 Nanhu Road, Nan'an District, Chongqing City, The PRC	Completed in 2007, the property comprises four residential units in Linglong Yaju, which is a large-scale residential development.	As at the Date of Valuation, the property was vacant.	RMB3,600,000 (RENMINBI THREE MILLION SIX HUNDRED THOUSAND)
	The total gross floor area of the units is about 328.50 sqm.		
	The property is held under granted land-use rights to be expired on 19 September 2049 for residential use.		

*Notes:*

- a) We have been provided with the legal opinion on the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:
- (i) The Target Company is the legal owner of the property;
  - (ii) The Target Company has legal rights to occupy, use, transfer, sell, lease and mortgage the property; and
  - (iii) The property is not subject to mortgage and seizure.
- b) With the consideration of the above legal opinion, our valuation is based on an assumption that the land-use rights of the property are all with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land-use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.

## VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value in existing state as at the Date of Valuation
25. Room 7 on Level 14 and Room 8 on Level 23, Block 6, Jiangnan Xiangjun, 8 Fuxiang Road, Nan'an District, Chongqing City, The PRC	Completed in 2012, the property comprises two residential units in Jiangnan Xiangjun, which is a large-scale residential development.  The total gross floor area of the units is about 148.14 sqm.	As at the Date of Valuation, the property was vacant.	RMB2,210,000 (RENMINBI TWO MILLION TWO HUNDRED TEN THOUSAND)

## Notes:

- a) We have been provided with the legal opinion on the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:
- (i) The property has not yet been registered for ownership rights to the Target Company, the Target Company has the rights to apply for such registration according to its purchase/transfer agreement;
  - (ii) After completion of abovementioned registration, the Target Company would have legal rights to occupy, use, lease out, transfer and mortgage the property; and
  - (iii) As the Company has not yet obtained the Certificate of Real Estate Ownership, the term of the land-use rights cannot be determined. In general, land-use rights for residential properties are granted for a term of 70 years from the date when the land administration department granted the land.
- b) With the consideration of the above legal opinion, our valuation is based on an assumption that the land-use rights of the property are all with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land-use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.

## Group III – Property held for development

## VALUATION REPORT

Property	Description and Tenure	Occupancy Details	Market Value in existing state as at the Date of Valuation
26. Land parcels located in Tushan Town, Nan'an District, Chongqing City, The PRC	The property comprises eight unconnected land parcels with a total site area of about 204,418.89 sqm.	As informed, the buildings were vacant as at the Date of Valuation.	RMB 3,894,000,000 (RENMINBI THREE BILLION EIGHT HUNDRED NINETY-FOUR MILLION)
	The property is currently with tenement-style buildings erected over and the buildings will be demolished.		
	The property is held under granted land-use rights to be expired on 7 April 2043 for commercial use and 7 April 2053 for residential use respectively.		

*Notes:*

- a) Pursuant to “State-owned Land-use Rights Grant Contract” (Document No.: Yu Di (2003) He Zi (Nan Qu) No. 53) entered into between Chongqing Municipal Administration of State Land, Resources and Housing (the “**Vendor**”) and Chongqing Yuneng 100 Real Estate Development Co., Ltd. (the “**Purchaser**”), the land-use rights of the property with a site area of about 565,577 sqm have been granted to the Purchaser for a term of 40 years for commercial services use and 50 years for residential use. The property is subject to the following salient development conditions:
- General planned development : Commercial, residential, greenery, road and school
  - Plot ratio :  $\leq 2.00$
  - Building density :  $\leq 40\%$
  - Greenery coverage rate :  $\geq 30\%$
  - Provision of facilities : the Purchaser is required to build public square, roads, greenery, schools and temple.
  - Construction commencing date : Before end of December 2003
  - Construction completion date : Before end of December 2007
- b) As advised by the Company, the property only comprises portion of site areas of abovementioned document.
- c) As advised, outstanding re-settlement cost in relation to the subject land is estimated to be RMB1,849,000,000. We have allowed such estimated cost in our valuation.
- d) We have been provided with the legal opinion on the property interests by the Company’s PRC legal adviser, which contains, inter alia, the following:
- (i) The Target Company is the legal owner of the property;
  - (ii) The Target Company has legal rights to occupy and use the property;
  - (iii) Whilst the whole development would be constructed in phases, there is no idle land investigation nor penalty issue;
  - (iv) Portion of the property is subject to mortgage and the remaining portion of the property is not;
  - (v) Subject to written consent of mortgagee, the Target Company has rights to transfer, sell, lease and mortgage the property;
  - (vi) After obtaining all construction developing permit legally, the Target Company would have legal rights to develop the property; and
  - (vii) The property is not subject to any seizure.
- e) With the consideration of the above legal opinion, our valuation is based on an assumption that the land-use rights of the property are all with proper titles, and the owner/prospective buyer entitles to develop, occupy, use, mortgage, lease, and transfer the property during the remaining land-use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.

**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**2. DISCLOSURE OF INTERESTS****a. Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures*****i. Interests in the Company***

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register required to be kept by the Company or were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") adopted by the Company were as follows:

Name of Director	Capacities in which interests are held	Number of Shares/Options	Approximate percentage of total issued Shares	Notes
Yi Xiaodi	Person acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,712,073,906 (L)	67.07%	1, 2, 3
Fan Xiaochong	Person acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,712,073,906 (L)	67.07%	1, 2, 4
Fan Xiaohua	Person acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,712,073,906 (L)	67.07%	1, 2, 5

*Notes:*

- (1) The letter “L” denotes the person’s long positions in the Shares.
- (2) 40% of the issued share capital of Joywise Holdings Limited (“**Joywise**”) is held by Ming Fai International Limited (“**Ming Fai**”) and 60% of the issued share capital of Joywise is held by Harvest Well Holdings Limited (“**Harvest Well**”). Both Ming Fai and Harvest Well are deemed under the SFO to be interested in the Shares held by Joywise. 72.4% of the issued share capital of each of Ming Fai and Harvest Well are held by Fantasy Races Limited. In light of the above, Fantasy Races Limited is deemed under the SFO to be interested in the Shares held by Joywise.
- (3) Mr. Yi Xiaodi is the founder of a discretionary family trust, the discretionary beneficiaries of which are Mr. Yi Xiaodi, his family members and other persons who may join in from time to time (the “**Yi Family Trust**”). By virtue of the SFO, he is deemed to be interested in the Shares which Fantastic Magician Limited is interested in.

Mr. Yi Xiaodi is also one of the founders of the discretionary investment collective trust established by Mr. Yi Xiaodi, Mr. Fan Xiaochong, Ms. Fan Xiaohua, Mr. Jin Xiangfei, Ms. Liu Chaohui, Mr. Tian Feng, Mr. Li Mingqiang (the “**Individual Controlling Shareholders**”), the discretionary beneficiaries of which are the Individual Controlling Shareholders and other persons who may join in from time to time (the “**Sunshine Trust I**”). By virtue of the SFO, he is deemed to be interested in the Shares which Fantasy Races Limited is interested in.

Mr. Yi Xiaodi is one of the parties to each of the concert party agreement dated 12 August 2010 entered into between Mr. Yi Xiaodi, Mr. Fan Xiaochong, Ms. Fan Xiaohua and Mr. Liao Chimei (the “**2010 Agreement**”) and the concert party agreement dated 1 August 2013 entered into among the Individual Controlling Shareholders (the “**2013 Agreement**”). By virtue of the SFO, he is deemed to be interested in the Shares which the other parties to each of those agreements are interested in.

In light of the above and the other notes, Mr. Yi Xiaodi is deemed under the SFO to be interested in the Shares held by Joywise.

Mr. Yi Xiaodi holds a controlling interest in Delight Grandeur Limited (愉偉有限公司) (“**Delight Grandeur**”) which holds 18,800,000 Shares, accounting for 0.73% of the issued share capital. By virtue of the SFO, Mr. Yi Xiaodi is deemed to be interested in the Shares held by Delight Grandeur.

- (4) Mr. Fan Xiaochong is the founder of a discretionary family trust, the discretionary beneficiaries of which are Mr. Fan Xiaochong, his family members and other persons who may join in from time to time (the “**FXC Family Trust**”). By virtue of the SFO, he is deemed to be interested in the Shares which True Passion Limited is interested in.

Mr. Fan Xiaochong is also one of the founders of the Sunshine Trust I. By virtue of the SFO, he is deemed to be interested in the Shares which Fantasy Races Limited is interested in.

Mr. Fan Xiaochong is also one of the founders of a discretionary collective trust established by the Individual Controlling Shareholders, the discretionary beneficiaries of which are three persons and other persons who may join in from time to time (the “**Sunshine Trust II**”). By virtue of the SFO, he is deemed to be interested in the Shares which Floral Crystal Limited is interested in.

Mr. Fan Xiaochong is one of the parties to each of the 2010 Agreement and the 2013 Agreement. By virtue of the SFO, he is deemed to be interested in the Shares which the other parties to each of those agreements are interested in.

In light of the above and the other notes, Mr. Fan Xiaochong is deemed to be interested in the Shares held by Joywise under the SFO.

- (5) Ms. Fan Xiaohua is the founder of a discretionary family trust, the discretionary beneficiaries of which are Ms. Fan Xiaohua, her family members and other persons who may join in from time to time (the “**FXH Family Trust**”). By virtue of the SFO, she is deemed to be interested in the Shares which Glorious Glory Limited is interested in.

Ms. Fan Xiaohua is also one of the founders of the Sunshine Trust I. By virtue of the SFO, she is deemed to be interested in the Shares which Fantasy Races Limited is interested in.

Ms. Fan Xiaohua is one of the parties to each of the 2010 Agreement and the 2013 Agreement. By virtue of the SFO, she is deemed to be interested in the Shares which the other parties to each of those agreements are interested in.

In light of the above and the other notes, Ms. Fan Xiaohua is deemed to be interested in the Shares held by Joywise under the SFO.



*ii. Interests in associated corporations*

Name of Director	Capacities in which interests are held	Name of associated corporation	Interests in Shares	Percentage of shareholding	Notes
Yi Xiaodi	Person acting in concert Founder of a discretionary trust	Harvest Well	50,000	100%	1
Fan Xiaochong	Person acting in concert Founder of a discretionary trust	Harvest Well	50,000	100%	2
Fan Xiaohua	Person acting in concert Founder of a discretionary trust	Harvest Well	50,000	100%	3
Yi Xiaodi	Person acting in concert Interest of a controlled corporation Founder of a discretionary trust	Joywise	50,000	100%	4
Fan Xiaochong	Person acting in concert Interest of a controlled corporation Founder of a discretionary trust	Joywise	50,000	100%	5
Fan Xiaohua	Person acting in concert Interest of a controlled corporation Founder of a discretionary trust	Joywise	50,000	100%	6
Yi Xiaodi	Person acting in concert Founder of a discretionary trust	Ming Fai	50,000	100%	1
Fan Xiaochong	Person acting in concert Founder of a discretionary trust	Ming Fai	50,000	100%	2
Fan Xiaohua	Person acting in concert Founder of a discretionary trust	Ming Fai	50,000	100%	3
Yi Xiaodi	Beneficial owner Person acting in concert	Delight Grandeur	50,000	100%	1
Fan Xiaochong	Beneficial owner Person acting in concert	Delight Grandeur	50,000	100%	2
Fan Xiaohua	Beneficial owner Person acting in concert	Delight Grandeur	50,000	100%	3

*Notes:*

- (1) Please refer to Note (3) in the sub-section above headed “(i) Interest in the Company”.
- (2) Please refer to Note (4) in the sub-section above headed “(i) Interest in the Company”.
- (3) Please refer to Note (5) in the sub-section above headed “(i) Interest in the Company”.
- (4) Please refer to Notes (2) and (3) in the sub-section above headed “(i) Interest in the Company”.
- (5) Please refer to Notes (2) and (4) in the sub-section above headed “(i) Interest in the Company”.
- (6) Please refer to Notes (2) and (5) in the sub-section above headed “(i) Interest in the Company”.

Save as disclosed above, as at Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

**b. Substantial Shareholders’ Interests and Short Positions in Shares and Underlying Shares**

As at the Latest Practicable Date, to the best knowledge of the Directors, the following persons (each not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacities in which interests are held	Interests in Shares	Approximate percentage of shareholding	Notes
Joywise	Beneficial owner	1,458,218,906 (L)	57.12%	1, 2
		235,055,000 (L)	9.21%	
Ming Fai	Interest of a controlled corporation	1,693,273,906 (L)	66.33%	1, 3
Harvest Well	Interest of a controlled corporation	1,693,273,906 (L)	66.33%	1, 4

Name of Shareholder	Capacities in which interests are held	Interests in Shares	Approximate percentage of shareholding	Notes
Fantasy Races Limited	Interest of a controlled corporation	1,693,273,906 (L)	66.33%	1, 5
Jin Xiangfei	Person acting in concert	1,712,073,906 (L)	67.07%	1, 6
	Interest of a controlled corporation			
	Founder of a discretionary trust			
Liu Chaohui	Person acting in concert	1,712,073,906 (L)	67.07%	1, 7
	Interest of a controlled corporation			
	Founder of a discretionary trust			
Tian Feng	Person acting in concert	1,712,073,906 (L)	67.07%	1, 8
	Interest of a controlled corporation			
	Founder of a discretionary trust			
Li Mingqiang	Person acting in concert	1,712,073,906 (L)	67.07%	1, 9
	Interest of a controlled corporation			
	Founder of a discretionary trust			
Cititrust Private Trust (Cayman) Limited	Trustee	1,693,273,906 (L)	66.33%	1, 10
	Interest of a controlled corporation			
Beyond Steady Limited	Beneficial owner	235,055,000 (L)	9.21%	1, 11
		235,055,000 (S)	9.21%	
	Person having a security interest in shares	891,335,000 (L)	34.92%	
Huarong International Financial Holdings Limited	Interest of a controlled corporation	1,126,390,000 (L)	44.13%	1, 11
		235,055,000 (S)	9.21%	
China Huarong Asset Management Co., Ltd.	Interest of a controlled corporation	1,126,390,000 (L)	44.13%	1, 11
		235,055,000 (S)	9.21%	
CITIC Securities Company Limited	Interest of a controlled corporation	95,974,400 (L)	3.76%	1, 12
		155,958,400 (S)	6.11%	
Central New Ventures Limited	Beneficial owner	310,263,000 (L)	12.15%	1, 13

Name of Shareholder	Capacities in which interests are held	Interests in Shares	Approximate percentage of shareholding	Notes
Shanghai Libo Investment Center (LP)	Interest of a controlled corporation	310,263,000 (L)	12.15%	1, 13
Beijing Fudingxin Investment Management Co., Ltd.	Interest of a controlled corporation	310,263,000 (L)	12.15%	1, 13
FDH Private Equity Investment Fund Management (Tianjin) Co., Ltd.	Interest of a controlled corporation	310,263,000 (L)	12.15%	1, 13
Wang Zhiqiang	Beneficial owner Interest of spouse Interest of a controlled corporation	130,312,559 (L)	5.10%	1, 14
Ma Li	Beneficial owner Interest of spouse	130,312,559 (L)	5.10%	1, 15

*Notes:*

- (1) The letter “L” denotes the person’s long position in the Shares. The Letter “S” denotes the person’s short position in the Shares.
- (2) Joywise holds 66.33% of the issued share capital of the Company, including 9.21% of derivative interests.
- (3) 40% of the issued share capital of Joywise is held by Ming Fai. Ming Fai is deemed to be interested in the Shares held by Joywise under the SFO.
- (4) 60% of the issued share capital of Joywise is held by Harvest Well. Harvest Well is deemed to be interested in the Shares held by Joywise under the SFO.
- (5) 72.4% of the issued share capital of each of Ming Fai and Harvest Well are held by Fantasy Races Limited. In light of the above and notes 2 and 3, Fantasy Races Limited is deemed to be interested in the Shares held by Joywise under the SFO.
- (6) Mr. Jin Xiangfei is the founder of a discretionary family trust, the discretionary beneficiaries of which are Mr. Jin Xiangfei, his family members and other persons who may join in from time to time (the “**Jin Family Trust**”). By virtue of the SFO, he is deemed to be interested in the Shares which Creative Goal Limited is interested in. Mr. Jin Xiangfei is one of the parties to the 2013 Agreement. By virtue of the SFO, he is deemed to be interested in the Shares which the other parties to that agreement are interested in. Out of the other parties, three of them, namely, Mr. Yi Xiaodi, Mr. Fan Xiaochong and Ms. Fan Xiaohua, are deemed to be interested in the Shares which Mr. Liao Chimei is interested in by virtue of the 2010 Agreement.

In light of the above and the other notes, Mr. Jin Xiangfei is deemed to be interested in the Shares held by Joywise under the SFO.

- (7) Ms. Liu Chaohui is the founder of a discretionary family trust, the discretionary beneficiaries of which are Ms. Liu Chaohui, her family members and other persons who may join in from time to time (the “**Liu Family Trust**”). By virtue of the SFO, she is deemed to be interested in the Shares which Butterfly Fairy Limited is interested in.

Ms. Liu Chaohui is one of the parties to the 2013 Agreement. By virtue of the SFO, she is deemed to be interested in the Shares which the other parties to that agreement are interested in. Out of the other parties, three of them, namely, Mr. Yi Xiaodi, Mr. Fan Xiaochong and Ms. Fan Xiaohua, are deemed to be interested in the Shares which Mr. Liao Chimei is interested in by virtue of the 2010 Agreement.

In light of the above and the other notes, Ms. Liu Chaohui is deemed under the SFO to be interested in the Shares held by Joywise.

- (8) Mr. Tian Feng is the founder of a discretionary family trust, the discretionary beneficiaries of which are Mr. Tian Feng, his family members and other persons who may join in from time to time (the “**Tian Family Trust**”). By virtue of the SFO, he is deemed to be interested in the Shares which Happy Sunshine Limited is interested in.

Mr. Tian Feng is one of the parties to the 2013 Agreement. By virtue of the SFO, he is deemed to be interested in the Shares which the other parties to that agreement are interested in. Out of the other parties, three of them, namely, Mr. Yi Xiaodi, Mr. Fan Xiaochong and Ms. Fan Xiaohua, are deemed to be interested in the Shares which Mr. Liao Chimei is interested in by virtue of the 2010 Agreement.

In light of the above and the other notes, Mr. Tian Feng is deemed to be interested in the Shares held by Joywise under the SFO.

- (9) Mr. Li Mingqiang is the founder of a discretionary family trust, the discretionary beneficiaries of which are Mr. Li Mingqiang, his family members and other persons who may join in from time to time (the “**Li Family Trust**”). By virtue of the SFO, he is deemed to be interested in the Shares which Ultimate Triumph Investments Limited is interested in.

Mr. Li Mingqiang is one of the parties to the 2013 Agreement. By virtue of the SFO, he is deemed to be interested in the Shares which the other parties to that agreement are interested in. Out of the other parties, three of them, namely, Mr. Yi Xiaodi, Mr. Fan Xiaochong and Ms. Fan Xiaohua, are deemed to be interested in the Shares which Mr. Liao Chimei is interested in by virtue of the 2010 Agreement.

In light of the above and the other notes, Mr. Li Mingqiang is deemed to be interested in the Shares held by Joywise under the SFO.

- (10) Cititrust Private Trust (Cayman) Limited (the “**Trustee**”) is the trustee under the Yi Family Trust, the FXC Family Trust, the FXH Family Trust, the Jin Family Trust, the Tian Family Trust, the Liu Family Trust, the Li Family Trust, the Sunshine Trust I and the Sunshine Trust II. For details of these trusts, see “History, Reorganization and Group Structure – Establishment of Offshore Trusts” from page 121 to page 122 of the Prospectus (“**Prospectus**”).

In light of the above and notes 2 and 3, the Trustee is deemed to be interested in the Shares held by Joywise under the SFO.

- (11) 100% of the equity interests of Beyond Steady Limited are indirectly held by Huarong International Financial Holdings Limited and China Huarong Asset Management Co., Ltd.. Therefore, Huarong International Financial Holdings Limited and China Huarong Asset Management Co., Ltd. are deemed to be interested in the Shares held by Beyond Steady Limited under the SFO.
- (12) 100% of the equity interests of CSI Capital Management Limited are indirectly held by CITIC Securities Company Limited. Therefore, CITIC Securities Company Limited is deemed to be interested in the Shares held by CSI Capital Management Limited under the SFO.
- (13) 60% of the equity interest of Central New Ventures Limited is held by Shanghai Libo Investment Center (LP). Beijing Fudingxin Investment and Management Co., Ltd., wholly owned by FDH Private Equity Investment Fund Management (Tianjin) Co., Ltd., is the general partner of Shanghai Libo Investment Center (LP). Therefore, Shanghai Libo Investment Center (LP), Beijing Fudingxin Investment and Management Co., Ltd and FDH Private Equity Investment Fund Management (Tianjin) Co., Ltd. are deemed to be interested in the Shares held by Central New Ventures Limited under the SFO.
- (14) Mr. Wang Zhiqiang is interested in 130,312,559 shares of the Company, comprising 100,047,559 shares held by himself, 14,468,000 shares held through Zhongran Investment Company Limited, and 5,797,000 shares held by his spouse Ms. Ma Li which are deemed to be interested in by him.
- (15) Ms. Ma Li is interested in 130,312,559 shares of the Company, comprising 5,797,000 shares held by herself, and 124,515,559 shares held by her spouse Mr. Wang Zhiqiang which are deemed to be interested in by her.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

### **3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into any service contract with the Group which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

### **4. DIRECTORS' INTEREST IN COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors (other than independent non-executive Directors) or their respective associates had engaged in or had any interest in any business which, directly or indirectly, competed or might compete with the businesses of the Group.

**5. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP**

As at the Latest Practicable Date, none of the Directors:

- (i) had any interest, direct or indirect, in any assets which have been, since 31 December 2019 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; or
- (ii) was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant in relation to the business of the Group.

**6. MATERIAL LITIGATION****Litigation related to Chengdu Primary Land Development Project**

In 2005 and 2007, the Group entered into a series of co-operation agreements with Chenghua District, Chengdu and local government authorities under it to conduct primary development of a parcel of land located in the district. Pursuant to these co-operation agreements, the Group was responsible for providing assistance to the local government in overall project design and planning, relocation and resettlement of incumbent residents and businesses, as well as clearance and delivery of land. It was agreed that if the land is sold at a premium greater than the cost the Group has incurred to prepare it and if the Group wins the bid at the auction, the Group will be entitled to deduct its incurred cost from the land premium to be paid; if, however, another developer wins the bid at the auction, the local government shall, within seven days it receives the land premium from the purchaser, pay the same to the Group (after deduction of an agreed fixed amount as the government's share of the profit from the land sale).

The project consists of four phases with site areas of approximately 244,361 square metres, 59,967 square metres, 14,667 square metres and 109,334 square metres respectively. Phase I was completed and the underlying land was sold through a public auction to a third party in July 2007. The land premium was paid to the Chenghua district government in 2008, and it began to make payments to the Group pursuant to the frame agreements with the Group. The Group cumulatively received approximately RMB1,927.0 million from the Chenghua district government out of such land premium proceeds. A remaining land premiums that the Group is entitled to, in the amount of RMB581.1 million, however, remained unpaid and stayed on the Group's balance sheet as an overdue trade receivable.

On 28 January 2015, the Group commenced proceedings at the Sichuan Higher People’s Court (the “**Higher Court**”) against the Government of Chenghua District, Chengdu and Reconstruction and Development Office of Dangerous Buildings of Chenghua District, Chengdu (成都市成華區危房改造開發辦公室), for the payment of the Land clearance income and the management fees of RMB15 million, which totaled RMB596.1 million (the “**Case**”). The Higher Court accepted the case on 10 February 2015 and commenced the court session for the case in June 2015.

During the trial of the Case, the Group had negotiated with the Government of Chenghua District for several times in the hope of reaching a settlement. As part of the settlement agenda, the Group filed an application for withdrawal of the Case (the “**Withdrawal Application**”) to the Higher Court on 24 July 2018, and the Higher Court has accepted and approved the Withdrawal Application. Both parties wish to reach a settlement agreement in respect of the Case and determine the amount of settlement as soon as possible. As at the date of this circular, both parties had not reached a settlement agreement in respect of the Case. The Company will publish relevant announcements on the website of the Stock Exchange and the Company’s website when there is any material development in respect of the case.

#### **Litigation related to the loan to Baijiarui**

The Group, a wholly-owned subsidiary of the Company, filed a lawsuit before the No. 3 Intermediate People’s Court of Beijing Municipality (北京市第三中級人民法院) for a dispute arising from a private lending. The lawsuit has been formally accepted by the No. 3 Intermediate People’s Court of Beijing Municipality.

The lawsuit relates to a loan in the principal amount of RMB250.0 million granted by the Group to Shenzhen Baijiarui Investment Co., Ltd. (深圳市佰佳瑞投資有限公司) (“**Baijiarui**”) with an interest rate of 12% per annum and a renewed term up to 31 December 2018 pursuant to the loan contract (the “**Loan Contract**”) entered into with Baijiarui on 28 January 2016 and several supplementary contracts signed subsequently. To guarantee the performance of the Loan Contract, Shenzhen China Create City Renewal Group Co., Ltd. (深圳市中科創城市更新集團有限公司) (“**China Create City Renewal**”) has provided a pledge guarantee for the full settlement of obligations under the Loan Contract by pledging the 100% equity interest in Baijiarui and derivative interests thereof held by it, and Shenzhen China Create Asset Management Co., Ltd. (深圳市中科創資產管理有限公司) (“**China Create Asset**”) has provided a joint liability guarantee. Upon maturity of the loan, the borrower failed to repay RMB250.0 million out of the loan principal and interest accrued thereon, and neither China Create City Renewal nor China Create Asset performed their respective guarantee. Sunshine 100 Group filed a lawsuit before the No. 3 Intermediate People’s Court of Beijing Municipality, requesting that (1) Baijiarui should repay the principal of the loan of RMB250.0 million; (2) the Group should be compensated with priority from the proceeds from disposal, discount, auction or sale, of 100% equity interest in Baijiarui and derivative interests thereof pledged by China Create City Renewal; and (3) China Create Asset should undertake joint guarantee liability for the first request.



The Group has applied to the No. 3 Intermediate People's Court of Beijing Municipality to take interim measures against the property of the defendant worth RMB250.0 million. The court has issued a civil ruling to freeze the 30% equity interest in China Create City Renewal held by China Create Asset up to RMB250.0 million.

On 29 September 2019, the No. 3 Intermediate People's Court of Beijing Municipality issued a first instance judgement in favour of the Group, whereby Baijiaru should repay the principal of the loan of RMB250.0 million and pay the legal costs of RMB400,000 to the Group. The judgement was issued via delivered notice procedure and took effect on 4 January 2020.

As the Group won the lawsuit in respect of the principal of the loan, the Group separately filed a lawsuit before the No. 3 Intermediate People's Court of Beijing Municipality (北京市第三中級人民法院) for the loan interest and penalty interest. In accordance with the notice received by the Group on 18 March 2020, the lawsuit has been formally accepted by the No. 3 Intermediate People's Court of Beijing Municipality.

The Group requested for the following rulings that: (1) Baijiarui should repay the loan interest of the loan principal of RMB250.0 million to the Group, amounting to approximately RMB80.9 million; (2) Baijiarui should repay the penalty interest and compound interest of the loan to the Group until the date that all principal and interests of the loan have been repaid in full (the penalty interest and compound interest being approximately RMB60.4 million which is calculated temporarily up to 31 December 2019); (3) where Baijiarui could not repay the interest, penalty interest and compound interest of the loan in full, the Group is entitled to be compensated with priority from the proceeds from disposal, discount, auction or sale, of 100% equity interest in Baijiarui and derivative interests thereof (including dividend, allotment and rights incurred from bonus issue) pledged by China Create City Renewal; (4) China Create Asset should undertake joint guarantee liability for the abovementioned request of the interest, penalty interest and compound interest of the loan; and (5) Baijiarui, China Create City Renewal and China Create Asset should undertake the court costs, property protection fee and legal fees incurred from the case.

As at the Latest Practicable Date, the aforementioned litigation related to loan interest and penalty interest had not been heard by the court.

#### **Litigation related to Yueyang Hansen**

Yueyang Sunshine 100 Real Estate Co., Ltd. ("**Yueyang Sunshine 100**"), a wholly-owned subsidiary of the Company, became the enforcement applicant under the Execution Case (2018) Xiang Zhi No.6 ((2018)湘執6號執行案件) of the Higher People's Court of Hunan Province (湖南省高級人民法院) and was approved by the Intermediate People's Court of Changde City of Hunan Province (湖南省常德市中級人民法院) to seize the property of Yueyang Hansen Hotel Co., Ltd. (岳陽漢森酒店有限公司) ("**Yueyang Hansen**"), being the party subject to enforcement order.

On 9 November 2017, China Great Wall Asset Management Co., Ltd. Hunan Branch (中國長城資產管理股份有限公司湖南省分公司) (“**Great Wall Assets**”) participated in a civil mediation on the dispute arising from a financial loan contract with Yueyang Hansen and its guarantors, being Xiao Han and Wu Fang, and obtained the Civil Mediation Order (2017) Xiang Min Chu No.16 ((2017) 湘民初字第16號《民事調解書》) (the “**Civil Mediation Order**”) issued by the Higher People’s Court of Hunan Province. According to the agreement under the Civil Mediation Order, Yueyang Hansen should repay the principal of the debt of RMB200 million and the interest and penalty interest thereof to Great Wall Assets before 31 January 2018. Due to the failure of Yueyang Hansen to fulfill the Civil Mediation Order and upon the request of Great Wall Assets, the Higher People’s Court of Hunan Province filed a case for enforcement on 21 March 2018, and issued an enforcement ruling on 10 September 2018 to designate the Intermediate People’s Court of Changde City to enforce the ruling.

In June 2018, Great Wall Assets, through Tianjin Financial Assets Exchange, conducted a public auction of its aforesaid debt and affiliated rights in Yueyang Hansen, including the principal and interest thereof provided in the Civil Mediation Order and its mortgage rights in the property under the name of Yueyang Hansen. Yueyang Sunshine 100 won the auction at the consideration of RMB248 million, and signed an asset transfer agreement (the “**Asset Transfer Agreement**”) with Great Wall Asset to secure all the debt and affiliated rights under the Civil Mediation Order. As agreed in the Asset Transfer Agreement, as of 30 April 2018, the principal and interest thereof (including penalty interest, compound interest and liquidated damages) of the debt totaled RMB297.2 million.

On 12 April 2019, as requested by Yueyang Sunshine 100, the Intermediate People’s Court of Changde City ruled that the enforcement applicant has been changed from Great Wall Asset to Yueyang Sunshine 100.

On 16 May 2019, Yueyang Sunshine 100 received a notice from the Intermediate People’s Court of Changde City, stating that all properties of Yueyang Hansen with the measurement nos. 511132020001, 511132020002, 511132020003 and 511132020004 were seized.

Yueyang Sunshine 100 has reached an executive settlement with Yueyang Hansen, and has submitted an application for executive settlement to the Intermediate People’s Court of Changde City of Hunan Province. With the consent of the Intermediate People’s Court of Changde City of Hunan Province, the case was closed on 16 December 2019.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, neither the Company nor any of its subsidiaries was engaged in any litigation or claim of material importance, and no other litigation or claim of material importance was to be pending or threatened against the Company nor any of its subsidiaries.

## 7. MATERIAL CONTRACTS

The following contracts had been entered into by the Company and its subsidiaries (not being contract entered into in the ordinary course of business) within the two years immediately preceding the Latest Practicable Date:

- (a) the Equity Transfer Agreement and the Shareholder's Resolutions;
- (b) the equity and loan acquisition agreement entered into on 13 April 2019 by, amongst others, Chang Jia International Limited (長佳國際有限公司) and Victor Select Limited (凱擇有限公司) in respect of the disposal of the entire issued share capital and relevant loans of the Eminent Star Group Limited (卓星集團有限公司) for a total consideration of RMB4,661,241,775.98, details of which are set out in the announcement of the Company dated 13 April 2019 and the circular of the Company dated 13 June 2019; and
- (c) the equity transfer agreement entered into on 22 November 2019 by, amongst others, Sunshine 100 Group, Wenzhou Zhongxin Tower Construction and Development Co., Ltd.\* (溫州中心大廈建設發展有限公司) (“**Wenzhou Zhongxin**”), Wenzhou Shihe Shengtaicheng Development Co., Ltd.\* (溫州世和生態城開發有限公司) (“**Wenzhou Shengtaicheng**”), Wenzhou Zhongxin Haoyuan Investment Co., Ltd.\* (溫州中信昊園投資有限公司) (“**Wenzhou Zhongxin Haoyuan**”, together with Wenzhou Zhongxin and Wenzhou Shengtaicheng, the “**Wenzhou Project Companies**”) in respect of the transfer of the remaining equity interest in the Wenzhou Project Companies to Sunshine 100 Group for a total consideration of RMB1,105,966,262.43, details of which are set out in the announcement of the Company dated 22 November 2019 and the circular of the Company dated 20 January 2020.

## 8. EXPERTS AND CONSENTS

The following is the qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualification
CHFT Advisory And Appraisal Ltd.	Independent Valuer
KPMG	Certified Public Accountants, Hong Kong
Zhong Lun Law Firm	PRC legal adviser

The above experts have given and have not withdrawn their written consent to the issue of this circular with the inclusion of their report or letter (as the case may be) and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above experts:

- (a) had no shareholding interests in the Company or any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in the Company or any member of the Group; and
- (b) had no interest, direct or indirect, in any assets which had been, since 31 December 2019 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

## **9. GENERAL**

- (a) The registered office of the Company is at 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.
- (b) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) The head office of the Company is at 12th Floor, Tower D, No.2 Guang Hua Road, Beijing 100026, PRC.
- (d) The principal place of business of the Company in Hong Kong is at 39/F, Gloucester Tower, the Landmark, 15 Queen's Road Central, Hong Kong.
- (e) Mr. He Jie and Mr. Tsang Ho Yin are the joint company secretaries of the Company. Mr. Tsang was admitted as a solicitor in Australia and Hong Kong in 2012 and 2013 respectively.
- (f) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the place of business of Morrison & Foerster, the company's legal adviser, at 33/F, Edinburgh Tower, The Landmark, 15 Queen's Road, Central, Hong Kong from the date of this circular until 10 July 2020:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company containing the audited consolidated financial statements of the Company for the three years ended 31 December 2019;
- (c) the report from KPMG in relation to review of the unaudited financial information of the Target Company for the three years ended 31 December 2019;
- (d) the report from KPMG in relation to the unaudited pro forma financial information of the Remaining Group from KPMG, the text of which is set out in Appendix IV to this circular;
- (e) the property valuation report from CHFT Advisory And Appraisal Ltd., the text of which is set out in Appendix V to this circular;
- (f) the contracts referred to in the paragraph headed "Material Contracts" in Appendix VI to this circular;
- (g) the written consents referred to in the paragraph headed "Experts and Consents" in this Appendix VI to this circular;
- (h) the circular of the Company dated 13 June 2019 in relation to the major disposal of 70% equity interest in Chongqing Sunshine 100 Real Estate Development Co., Ltd.;
- (i) the circular of the Company dated 13 June 2019 in relation to the very substantial disposal of 100% interest in Eminent Star Group Limited;
- (j) the circular of the Company dated 20 January 2020 in relation to the major acquisition of the remaining equity interest in the Wenzhou Project Companies; and
- (k) this circular.



**Sunshine 100 China Holdings Ltd**

**陽光100中國控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2608)**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**Meeting**”) of Sunshine 100 China Holdings Ltd (the “**Company**”) will be held at 10:00 a.m. at RuiXiang Conference Room, 5/F, Radegast Hotel Beijing Bohao, No.15, Guanghai Road, Chaoyang District, Beijing, PRC on Friday, 10 July 2020 for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as an ordinary resolution of the Company:

**ORDINARY RESOLUTION**

“**THAT:**

the terms of shareholders’ resolutions (the “**Shareholders’ Resolutions**”) dated 16 March 2020 (a copy of which marked “A” has been tabled before the Meeting and initialed by the chairman of the Meeting for identification purpose) in respect of the Dividend Adjustment Mechanism (as defined in the circular of the Company dated 18 June 2020) be and are hereby approved, and any one director of the Company be and is hereby authorized for and on behalf of the Company to sign, seal, execute, perfect, perform and deliver all such agreements, instruments, documents and deeds, and do all such acts or things and take all such steps as he/she/they may in his/her/their absolute discretion consider to be necessary, desirable, appropriate or expedient to implement and/or to give effect to the Shareholders’ Resolutions and all matters incidental thereto.”

By order of the Board  
**Sunshine 100 China Holdings Ltd**  
**Yi Xiaodi**  
*Chairman and Executive Director*

Beijing, the PRC  
18 June 2020

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## NOTICE OF THE EXTRAORDINARY GENERAL MEETING

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*As at the date of this notice, the executive directors of the Company are Mr. Yi Xiaodi and Mr. Fan Xiaochong, the non-executive directors of the Company are Ms. Fan Xiaohua and Mr. Wang Gongquan, and the independent non-executive directors of the Company are Mr. Gu Yunchang, Mr. Ng Fook Ai, Victor and Mr. Wang Bo.*

*Notes:*

- (1) A member entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or, if he is the holder of two or more shares, more proxies to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
- (2) In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the Meeting or any adjournment thereof.
- (3) The register of members of the Company will be closed from Tuesday, 7 July 2020 to Friday, 10 July 2020, both dates inclusive, during such period, no transfer of shares of the Company will be registered. In order to be eligible for attending the Meeting, all completed transfer forms accomplished by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 6 July 2020 for registration.
- (4) A form of proxy for use at the Meeting is enclosed herewith.