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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)

**MAJOR AND CONNECTED TRANSACTION
PROVISION OF FINANCIAL ASSISTANCE**

INTRODUCTION

In July 2022, Jinan Sunshine 100, a subsidiary of the Company, entered into a loan agreement to grant the Loan to the Borrower (a connected person of the Company at subsidiary level), in a principal amount of RMB389,370,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Loan under Rule 14.07 of the Listing Rules are more than 25% but less than 75%, the granting of the Loan constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Jinan Sunshine 100 is an indirect non-wholly owned subsidiary of the Company. The Borrower is 100% owned by Zhongyin Real Estate, which in turn holds 51% equity interest in Jinan Sunshine 100. Since Zhongyin Real Estate is a connected person at subsidiary level, and as Jinan Sunshine 100 is not an “insignificant subsidiary” as defined under the Listing Rules, the Borrower is an associate of Zhongyin Real Estate and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Loan constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (1) the Borrower is a connected person at the subsidiary level, (2) the Board has approved the Loan; and (3) the independent non-executive Directors have confirmed that the terms of the Loan are fair and reasonable and the Loan is on normal commercial terms or better and in the interests of the Company and its shareholders as a whole, the Loan is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Company acknowledges it did not comply with the applicable reporting, announcement and/or shareholders’ approval requirements under Chapter 14 and Chapter 14A of the Listing Rules in respect of the Loan.

INTRODUCTION

In July 2022, Jinan Sunshine 100, a subsidiary of the Company, entered into a loan agreement to grant the Loan to the Borrower (a connected person of the Company at subsidiary level), in a principal amount of RMB389,370,000.

The principal terms of the Loan are as follows:

DETAILS OF THE LOAN

Principal terms of Loan

Date	:	20 July 2022
Parties	:	(1) Jinan Sunshine 100 (as lender) (2) the Borrower (as borrower)
Principal	:	RMB389,370,000

Outstanding principal amount as at the date of this announcement	:	RMB389,370,000
Interest rate	:	6% per annum
Term	:	The Borrower shall repay the Loan on 20 July 2023 (i.e., the maturity date of the Loan)
Credit enhancement measure	:	Zhongyin Real Estate undertakes to guarantee the repayment obligations of the Borrower pursuant to a letter of undertaking dated 4 July 2022

REASONS FOR AND BENEFITS OF THE LOAN

Jinan Sunshine 100 is a joint venture company established by the Group and Zhongyin Real Estate to engage in property development. Since Jinan Sunshine 100's property development projects have substantially been completed and delivered, stable unrestricted cashflow was being generated and was expected to be sufficient to satisfy the remaining costs and expenses even after the grant of the Loan.

Zhongyin Real Estate would like to utilize the surplus funds of Jinan Sunshine 100. Accordingly, after arm's length negotiations taking into account the financial needs of the Borrower, the interest income to be generated from the Loan, the interest rates for similar loans offered in the market at the relevant time, Jinan Sunshine 100's assessment on the source of funds for repayment including that repayment of the Loan may be satisfied via future dividend distribution if necessary, the credit enhancement measure and the business conditions and creditworthiness of the Borrower, the Company agreed to grant the Loan to the Borrower on the terms and conditions thereof.

Based on the above, the Directors (including the independent non-executive Directors) considered that the terms of the Loan were fair and reasonable and the Loan was on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE PARTIES

The Company and Jinan Sunshine 100

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.

Jinan Sunshine 100 is a company established under the laws of the PRC with limited liability on 20 September 2001 and currently a subsidiary of the Company. It is principally engaged in property development. Jinan Sunshine 100 is owned as to 51%, 48% and 1% by Zhongyin Real Estate, Jilin Trust and Sunshine 100 Group, respectively. The 48% equity interest in Jinan Sunshine 100 was transferred by the Group and held by Jilin Trust as part of a credit enhancement measure to secure the Group's repayment obligations.

The Borrower and Zhongyin Real Estate

Zhongyin (Jining) Property Development Co., Ltd.* (中垠(濟寧)置業開發有限公司) is a company established in the PRC with limited liability on 18 February 2022. It is principally engaged in real estate development and operation, and construction project construction and design. The Borrower is 100% owned by Zhongyin Real Estate.

Zhongyin Real Estate is a company established under the laws of the PRC with limited liability on 26 March 2014. It is principally engaged in development and operation of real estate projects. Zhongyin Real Estate is owned as to 60% and 40% by Shandong Yiyang Health and Shenzhen Aoyuan, respectively. Shandong Yiyang Health is ultimately 89.1133% owned by Shandong Provincial People's Government State-owned Assets Supervision Commission. Shenzhen Aoyuan is 100% owned by Aoyuan Group. To the Company's best knowledge, information and belief having made all reasonable enquiries, Aoyuan Group is a wholly-owned subsidiary of China Aoyuan Group Limited whose shares are listed on the Stock Exchange (stock code: 03883).

As at the date of this announcement, each of the Borrower and Zhongyin Real Estate is a connected person of the Company at subsidiary level.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Loan under Rule 14.07 of the Listing Rules are more than 25% but less than 75%, the granting of the Loan constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Jinan Sunshine 100 is an indirect non-wholly owned subsidiary of the Company. The Borrower is 100% owned by Zhongyin Real Estate, which in turn holds 51% equity interest in Jinan Sunshine 100. Since Zhongyin Real Estate is a connected person at subsidiary level, and as Jinan Sunshine 100 is not an "insignificant subsidiary" as defined under the Listing Rules, the Borrower is an associate of Zhongyin Real Estate and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Loan constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (1) the Borrower is a connected person at the subsidiary level, (2) the Board has approved the Loan; and (3) the independent non-executive Directors have confirmed that the terms of the Loan are fair and reasonable and the Loan is on normal commercial terms or better and in the interests of the Company and its shareholders as a whole, the Loan is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Directors was materially interested in the Loan and the transactions contemplated thereunder and no Director abstained from voting on the board resolutions in relation to the Loan.

The Company acknowledges it did not comply with the applicable reporting, announcement and/or shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules in respect of the Loan.

INTERNAL CONTROL MEASURES

The following key internal control measures have been adopted by the Company to prevent similar events in the future:

1. the Company has published this announcement to inform the Shareholders of the details of the Loans;
2. the Company has engaged an internal control consultant to review the internal control policies and procedures concerning, among other things, payments and compliance;
3. the Company's list of connected persons has been updated, approved and circulated amongst the senior management;
4. trainings for senior management, financial personnel and employees have been completed;
5. a designated responsible personnel has been assigned to perform size test before entering into material transactions and records of such size tests shall be properly kept for future reference;
6. an upper limit in relation to payment approval and loan contracts approval has been set for each approver. When the payment or loan amount exceeds the maximum threshold, approval from two executive Directors would be required; and
7. the Company has further engaged an external internal control consultant to conduct internal control review of the Company on a regular basis.

UPDATE ON THE LOAN

As of the date of this announcement, the Loan is overdue, and the Company has not commenced any legal proceedings or any other actions in relation to the Loan.

The Company will continue to closely monitor any further developments of the matter and will make further announcement(s) in compliance with the Listing Rules to inform its Shareholders as and when appropriate.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2022. Application has been made by the Company for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 21 September 2023.

DEFINITIONS

In this announcement, the following expressions have the meanings as set out below unless the context otherwise requires:

“Aoyuan Group”	Aoyuan Group Co., Ltd.* (奧園集團有限公司), a company established in the PRC with limited liability
“Board”	the board of Directors
“Borrower”	Zhongyin (Jining) Property Development Co., Ltd.* (中垠(濟寧)置業開發有限公司), a company established in the PRC with limited liability
“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
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Jiangnan Sunshine 100”	Jinan Sunshine 100 Real Estate Development Co., Ltd.* (濟南陽光壹佰房地產開發有限公司), a company established in the PRC with limited liability
“Jilin Trust”	Jinan Trust Co., Ltd.* (吉林省信託有限責任公司), a company established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the RMB389,370,000 loan granted by Jinan Sunshine 100 pursuant to a loan agreement dated 20 July 2022 entered into between Jinan Sunshine 100 and the Borrower

“PRC” or “China”	the People’s Republic of China which, for the purposes of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shandong Yiyang Health”	Shandong Yiyang Health Industry Development Group Co., Ltd.* (山東頤養健康產業發展集團有限公司), a company established in the PRC with limited liability
“Shareholder(s)”	shareholders of the Company
“Shenzhen Aoyuan”	Shenzhen Aoyuan Industrial Development Co., Ltd.* (深圳市奧園實業發展有限公司), a company established in the PRC with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“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 on 19 April 2001 and currently a wholly-owned subsidiary of the Company
“Zhongyin Real Estate”	Zhongyin Real Estate Co., Ltd.* (中垠地產有限公司), a company established in the PRC with limited liability

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

Beijing, the PRC
20 September 2023

As at the date of this announcement, the executive Directors are Mr. Yi Xiaodi and Mr. Fan Xiaochong, the non- executive Directors are Ms. Fan Xiaohua and Mr. Wang Gongquan, and the independent non-executive Directors are Mr. Gu Yunchang, Mr. Ng Fook Ai, Victor and Mr. Li Chunping.

* *For identification purpose only*