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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)

DISCLOSEABLE TRANSACTION PROVISION OF FINANCIAL ASSISTANCE

INTRODUCTION

During the period between 28 January 2016 to 7 December 2018, the Company or Sunshine 100 Group granted the Loans to the Borrowers, each being an independent third party, in an aggregate principal amount of RMB1,547,420,550 (consisting of RMB1,035,000,000, USD62,500,000 and HKD95,000,000).

LISTING RULES IMPLICATIONS

The applicable percentage ratios in respect of each Loan are under 5%. However, pursuant to Rules 14.22 and 14.23 of the Listing Rules, the Loans should be aggregated and treated as if they were one transaction in calculating the size tests under Chapter 14 of the Listing Rules because the Loans are all guaranteed by Guarantor Zhang (except Loans 6, 7, 10, 12 and 21). Loans 6, 7, 10 and 12 are aggregated with the other Loans because they are Loans granted to Borrower E and some of the other Loans granted to Borrower E are guaranteed by Guarantor Zhang. Loan 21 is aggregated with the other Loans because Guarantor Zhang was the controlling shareholder of Borrower A and Borrower C around one month after and when Loan 21 was first granted by the Group, respectively.

As one or more of the applicable percentage ratios in respect of the Loans (when aggregated) under Rule 14.07 of the Listing Rules are more than 5% but less than 25%, the granting of the Loans constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Company acknowledges it did not make timely disclosure on the making of the Loans. The non-aggregation of the Loans was entirely unintentional and was caused by an honest mistaken interpretation of the relevant Listing Rules.

INTRODUCTION

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The principal terms of the Loans are as follows:

DETAILS OF THE LOANS

Loan 1

Date	:	28 January 2016
Parties	:	(1) Sunshine 100 Group (as lender) (2) Borrower A (as borrower)
Principal	:	Up to RMB300 million
Outstanding principal amount as at the date of this announcement	:	RMB250 million
Interest Rate	:	12% per annum
Term	:	24 June 2016, which was extended to 31 December 2018

- Security : (1) Share pledge over 100% of equity interest in Borrower A was originally granted by a limited partnership established in the PRC and Borrower C (collectively, the “**Loan 1 Original Pledgors**”) on 28 January 2016. On 4 January 2017, China Create City, as the new shareholder of Borrower A, agreed to continue to grant the share pledge over 100% of equity interest in Borrower A to Sunshine 100 Group. The Loan 1 Original Pledgors were accordingly released from the share pledge
- (2) A joint and several guarantee was originally provided by China Create Finance, Guarantor A and Guarantor Zhang on 28 January 2016 (the “**Loan 1 Guarantee**”). On 20 December 2016, the guarantee provided by Guarantor A was assigned to Guarantor B. On 21 August 2017, China Create Asset also entered into the Loan 1 Guarantee to provide joint and several guarantee with China Create Finance, Guarantor B and Guarantor Zhang

Loan 2

- Date : 7 May 2018
- Parties : (1) Sunshine 100 Group (as lender)
- (2) Borrower B (as borrower)
- Principal : Up to RMB30 million
- Outstanding principal amount as at the date of this announcement : RMB30 million
- Interest Rate : 12% per annum
- Term : 1 year
- Security : Guarantee provided by Guarantor B, China Create Finance, Borrower H and Guarantor Zhang

Loan 3

Date	:	7 December 2018
Parties	:	(1) Sunshine 100 Group (as lender) (2) Borrower C (as borrower)
Principal	:	RMB70 million
Outstanding principal amount as at the date of this announcement	:	RMB70 million
Interest Rate	:	10.5% per annum
Term	:	3 years
Security	:	Guarantee provided by Guarantor B, China Create Finance, Borrower H and Guarantor Zhang

Loan 4

Date	:	3 July 2018
Parties	:	(1) Sunshine 100 Group (as lender) (2) Borrower D (as borrower)
Principal	:	Up to RMB55 million
Outstanding principal amount as at the date of this announcement	:	RMB55 million
Interest Rate	:	12% per annum
Term	:	1 year
Security	:	Guarantee provided by Guarantor Zhang

Loan 5

Date	:	19 July 2018
Parties	:	(1) Sunshine 100 Group (as lender) (2) Borrower D (as borrower)
Principal	:	Up to RMB50 million
Outstanding principal amount as at the date of this announcement	:	RMB50 million
Interest Rate	:	12% per annum
Term	:	1 year
Security	:	Guarantee provided by Guarantor Zhang

Loan 6

Date	:	31 August 2017
Parties	:	(1) Originally Sunshine 100 Group, then assigned to Guangxi Jingqi on 3 December 2018 (as lender) (2) Borrower E (as borrower)
Principal	:	Up to RMB10 million
Outstanding principal amount as at the date of this announcement	:	RMB10 million
Interest Rate	:	15% per annum
Term	:	3 months, which was extended to 31 December 2018
Security	:	Guarantee provided by the Guizhou Guarantors

Loan 7

Date	:	8 September 2017
Parties	:	(1) Originally Sunshine 100 Group, then assigned to Guangxi Jingqi on 3 December 2018 (as lender) (2) Borrower E (as borrower)
Principal	:	Up to RMB20 million
Outstanding principal amount as at the date of this announcement	:	RMB20 million
Interest Rate	:	15% per annum
Term	:	3 months, which was extended to 31 December 2018
Security	:	Guarantee provided by the Guizhou Guarantors

Loan 8

Date	:	16 August 2018
Parties	:	(1) Sunshine 100 Group (as lender) (2) Borrower E (as borrower)
Principal	:	Up to RMB60 million
Outstanding principal amount as at the date of this announcement	:	RMB48 million
Interest Rate	:	0.08% per day
Term	:	7 days. Loan 8 expired on 23 August 2018 and was not extended thereafter because Loan 8 was intended to be granted as a short-term loan and the Company had reason to believe that Borrower E was in a position to repay the loan in due course given its repayment of RMB12 million at the relevant time
Security	:	Guarantee provided by China Create Finance and Guarantor Zhang

Loan 9

Date	:	14 September 2018
Parties	:	(1) Sunshine 100 Group (as lender) (2) Borrower E (as borrower)
Principal	:	Up to RMB130 million
Outstanding principal amount as at the date of this announcement	:	RMB24 million
Interest Rate	:	12% per annum
Term	:	20 business days. Loan 9 expired on 23 October 2018 and was not extended thereafter because Loan 9 was intended to be granted as a short-term loan and the Company had reason to believe that Borrower E was in a position to repay the loan in due course as it had repaid RMB86 million
Security	:	Guarantee provided by China Create Finance and Guarantor Zhang

Loan 10

Date	:	17 October 2018
Parties	:	(1) Originally Sunshine 100 Group, then assigned to Guangxi Jingqi on 3 December 2018 (as lender) (2) Borrower E (as borrower)
Principal	:	RMB10 million
Outstanding principal amount as at the date of this announcement	:	RMB10 million
Interest Rate	:	12% per annum
Term	:	3 months
Security	:	Guarantee provided by the Guizhou Guarantors

Loan 11

Date	:	8 November 2018
Parties	:	(1) Sunshine 100 Group (as lender) (2) Borrower E (as borrower)
Principal	:	RMB50 million
Outstanding principal amount as at the date of this announcement	:	RMB50 million
Interest Rate	:	12% per annum
Term	:	6 months
Security	:	Guarantee provided by China Create Finance, Guarantor Zhang and Guarantor C

Loan 12

Date	:	28 November 2018
Parties	:	(1) Originally Sunshine 100 Group, then assigned to Guangxi Jingqi on 3 December 2018 (as lender) (2) Borrower E (as borrower)
Principal	:	RMB20 million
Outstanding principal amount as at the date of this announcement	:	RMB20 million
Interest Rate	:	12% per annum
Term	:	3 months
Security	:	Guarantee provided by the Guizhou Guarantors

Loan 13

Date	:	19 July 2017
Parties	:	(1) the Company (as lender) (2) Borrower F (as borrower)
Principal	:	Up to HKD15 million
Outstanding principal amount as at the date of this announcement	:	HKD15 million
Interest Rate	:	12% per annum
Term	:	1 year, which was extended to 19 July 2019
Security	:	Guarantee provided by Guarantor B and Guarantor Zhang

Loan 14

Date	:	29 January 2018
Parties	:	(1) the Company (as lender) (2) Borrower F (as borrower)
Principal	:	Up to HKD50 million
Outstanding principal amount as at the date of this announcement	:	HKD50 million
Interest Rate	:	10% per annum
Term	:	7 days, which was extended to 5 February 2019
Security	:	Guarantee provided by Guarantor B and Guarantor Zhang

Loan 15

Date	:	1 March 2018
Parties	:	(1) the Company (as lender) (2) Borrower F (as borrower)
Principal	:	Up to USD10 million
Outstanding principal amount as at the date of this announcement	:	0
Interest Rate	:	12% per annum
Term	:	8 days, which was extended to 9 March 2019
Security	:	Guarantee provided by Guarantor Zhang

Loan 16

Date	:	23 February 2018
Parties	:	(1) the Company (as lender) (2) Borrower G (as borrower)
Principal	:	Up to USD27 million
Outstanding principal amount as at the date of this announcement	:	USD4,323,000
Interest Rate	:	12% per annum
Term	:	15 days, which was extended to 9 March 2019
Security	:	Guarantee provided by Guarantor B and Guarantor Zhang

Loan 17

Date	:	1 June 2018
Parties	:	(1) the Company (as lender) (2) Borrower G (as borrower)
Principal	:	Up to USD6.5 million
Outstanding principal amount as at the date of this announcement	:	USD6.5 million
Interest Rate	:	12% per annum
Term	:	1 year
Security	:	Guarantee provided by Guarantor B and Guarantor Zhang

Loan 18

Date	:	3 July 2018
Parties	:	(1) the Company (as lender) (2) Borrower G (as borrower)
Principal	:	Up to HKD30 million
Outstanding principal amount as at the date of this announcement	:	HKD30 million
Interest Rate	:	8.5% per annum
Term	:	1 year
Security	:	Guarantee provided by Guarantor B and Guarantor Zhang

Loan 19

Date	:	6 December 2018
Parties	:	(1) the Company (as lender) (2) Borrower H (as borrower)
Principal	:	USD10 million
Outstanding principal amount as at the date of this announcement	:	USD2,375,000
Interest Rate	:	12% per annum
Term	:	3 months
Security	:	Guarantee provided by Guarantor B and Guarantor Zhang

Loan 20

Date	:	9 January 2017
Parties	:	(1) the Company (as lender) (2) Borrower H (as borrower)
Principal	:	Up to USD9 million
Outstanding principal amount as at the date of this announcement	:	0
Interest Rate	:	9% per annum, which was then adjusted to 12% per annum on 18 January 2017
Term	:	8 days, which was extended to 18 January 2019
Security	:	Guarantee provided by Guarantor Zhang

Loan 21

Date	:	11 August 2016
Parties	:	(1) Sunshine 100 Group (as lender) (2) Originally Borrower C, then assigned to China Create Shanghai on 7 February 2017 (as borrower)
Principal	:	RMB230 million
Outstanding principal amount as at the date of this announcement	:	RMB120 million
Interest Rate	:	8% per annum
Term	:	1 year, which was extended to 31 December 2018
Security	:	Guarantee provided by the Loan 21 Guarantors

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry at the relevant times, each of the Borrowers, pledgors and guarantors (including Guarantor Zhang) and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

The Guizhou Guarantors are companies established in the PRC with limited liability. Guizhou Xiangshan Real Estate Development Co., Ltd.* (貴州享山房地產開發有限公司) and Guizhou Qiaoyun Real Estate Development Co., Ltd.* (貴州峭雲房地產開發有限公司) are principally engaged in property development and sale. Guizhou Xingming Real Estate Development Co., Ltd.* (貴州興銘房地產開發有限公司) and Guizhou Jingjia Real Estate Development Co., Ltd.* (貴州景嘉房地產開發有限公司) are principally engaged in property development and sale and development and operation of tourist attraction and tourism. Based on publicly available information, the ultimate controllers of the Guizhou Guarantors are Wang Xu (王旭), Han Chengxiao (韓承笑), Han Chengxiao (韓承笑) and Xie Limin (謝利民), respectively.

The Loan 21 Guarantors are companies established in the PRC with limited liability. Guizhou Wanfeng Valley Ecological Culture Tourism Development Co., Ltd.* (貴州萬峰谷生態文化旅遊發展有限公司) is principally engaged in development and operation of tourist attraction, tourism and tourism products and property development and sale. Guizhou Jing Yi Hotel Ltd.* (貴州憬怡酒店有限公司), Guizhou Xuanda Hotel Co., Ltd.* (貴州軒達酒店有限公司) and Guizhou Zunhui Hotel Co., Ltd.* (貴州尊輝酒店有限公司) are principally engaged in hotel management, conference services, accommodation and catering services. Wuhan Ruihexing Enterprise Management Co., Ltd.* (武漢睿合行企業管理有限公司) is principally engaged in enterprise management services, hotel management and catering services. Based on publicly available information, Guizhou Wanfeng Valley Ecological Culture Tourism Development Co., Ltd.* (貴州萬峰谷生態文化旅遊發展有限公司)'s largest shareholder (which is ultimately controlled by Li Qun (李群)) holds 50% interest in it. The latter four of the Loan 21 Guarantors' ultimate controllers are Wang Xu (王旭), Yuan Hao (袁浩), Jiang Jindan (蔣錦旦) and Shi Yubing (時郁冰), respectively.

REASONS FOR AND BENEFITS OF THE LOANS

The Group granted the Loans mainly due to the following commercial reasons:

- (a) for Loans 1, 3, 4, 5 and 21, since 2015, the Company has identified the Pearl River Delta region in the PRC as one of the key regions for the Company to acquire land in view of its economic development potential. Accordingly, the Group was interested in cooperating with the relevant Borrowers as they were involved in real estate and urban regeneration projects in regions including Guangdong. As these projects were at early development stages, inherently complex and uncertain, the Company did not wish to directly invest in these projects at the time, but would rather acquire the projects subsequently if they came to fruition; and
- (b) for Loans 2 and 6 to 20, the Loans allowed the Group to receive interest income at an interest rate of at least 12% per annum for RMB-denominated Loans and interest rates ranging from 8.5% to 12% per annum for Loans denominated in foreign currencies. Since (i) the interest rates were generally higher than the return of investment products offered by commercial banks; (ii) the terms and structure of the investment products offered by commercial banks were not suitable nor commercially attractive to the Group at the relevant time; and (iii) the Company considered that Guarantor Zhang was creditworthy at the relevant time, the Company believed that the making of such Loans was a commercially viable option in improving the Group's return on capital.

Broadly speaking, when assessing the credit risk of a loan, the Company takes into account the following factors:

- (a) the operation, assets and general financial position of the borrower;
- (b) (if any) the enforceability of the guarantees including the assets and general financial position of the guarantors; and
- (c) (if any) the estimated value and viability of realizing the estimated value of other securities and collaterals to be given in favour of the Group.

While the operation, assets and general financial position of some of the Borrowers were not substantial at the relevant time, the Loans (other than Loans 6, 7, 10, 12 and 21) were secured by Guarantor Zhang in favour of the Group due to the following reasons:

- (a) Borrowers A, B, C, D, E, F, G and H were introduced to the Group by Guarantor Zhang or his associate(s);
- (b) Guarantor Zhang was willing to provide personal guarantees for the Loans (other than Loans 6, 7, 10, 12 and 21); and
- (c) based on the Company's knowledge and information of the assets and general financial position of Guarantor Zhang at the relevant times having done reasonable due diligence, the Company was of the view that Guarantor Zhang was creditworthy and of sufficient financial standing to guarantee the payment obligations of the relevant Borrowers under the Loans in view of, among other things, the following:
 - (i) Guarantor Zhang, as the actual controller of 蘇州中科創新型材料股份有限公司 (“**Suzhou Zhongke**”), a company listed on the Shenzhen Stock Exchange with stock code 002290, indirectly held not less than 30% shares in Suzhou Zhongke, the relevant shares of which once had a market value of RMB2 billion. When the Company provided the Loans to the Borrowers for which Guarantor Zhang acted as a guarantor, it was noted that the market value of Guarantor Zhang's shares in Suzhou Zhongke was around RMB0.7 billion to RMB1.2 billion;
 - (ii) the registered capital of 深圳市中科創財富通網絡金融有限公司, a company controlled by Guarantor Zhang, was RMB200 million. It was noted that the company operated “88 Fortune Network” (88財富網), a comprehensive Internet finance platform, which provided enterprises and individuals with Internet finance services and was a member of the National Internet Finance Association of China;

- (iii) certain companies controlled by Guarantor Zhang directly or indirectly subscribed for approximately RMB1 billion equivalent of 前海股權投資基金(有限合伙)'s (“**Qianhai Fund LLP**”) limited partner units. Guarantor Zhang was involved in the management of Qianhai Fund LLP through the general partner. Qianhai Fund LLP was established in 2015 jointly by the local government, well-known enterprises, listed companies, insurance and financial institutions and the controllers of a group of listed companies and well-known enterprises, with its registered capital being RMB28.5 billion;
- (iv) according to the 2016 annual report of Suzhou Zhongke, Guarantor Zhang was the chairman of the board of directors of 中科創資產管理集團有限公司, chairman of the consultancy committee and board of supervisors of 前海母基金, vice chairman of the Shenzhen General Chamber of Commerce, chairman of the Hong Kong Industry and Commerce Association (香港工商總會會長), vice chairman of Shenzhen Federation of Industry and Commerce, delegate to the 5th and the 6th Shenzhen Municipal People’s Congress, member of the Economic Work Committee of Shenzhen Municipal People’s Congress, judicial supervisor of Shenzhen Intermediate People’s Court, and honorary vice chairman of the 1st board of directors of Shenzhen Innovation Corporate Social Responsibility Development Center; and
- (v) Guarantor Zhang was also recognized as the 4th “Shenzhen Commerce Top 10 Players in Business” (深商十大風雲人物), the “2010 Top 10 Persons in Investment in Shenzhen and Hong Kong” (2010年度深港投資十大人物), and the “2015 China Innovator of the Year in Financial Management” (2015年中國金融管理年度創新人物).

Based on the above, the Company was of the view that the personal guarantees provided by Guarantor Zhang were sufficient to mitigate the credit risk of the relevant Loans.

Furthermore, the interest rate for each Loan was agreed between the Lenders and the Borrowers after arm’s length negotiations, having taken into account the cash flow needs of both parties and the interest rates for similar loans offered in the market at the relevant times. Therefore, the Directors consider that the transactions contemplated by each of the Loans were on normal commercial terms and the terms of each of the Loans were fair and reasonable and were in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE PARTIES

The Company, the Group and Sunshine 100 Group

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 management and hotel operation in China.

Sunshine 100 Group is a company established under the laws of the PRC with limited liability on 19 April 2001 and currently a wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

Borrower A

Shenzhen Baijiarui Investment Co., Ltd.* (深圳市佰佳瑞投資有限公司) is a company established in the PRC with limited liability. It is principally engaged in manufacturing business investment, investment planning and consulting, real estate information consulting, property management, real estate project planning and real estate development and management. Guarantor Zhang controlled Borrower A around one month after Loan 21 was first granted by the Group.

Borrower B

Shenzhen Century Kangxin Trading Co., Ltd.* (深圳市世紀康鑫商貿有限公司) is a company established in the PRC with limited liability. It is principally engaged in domestic trade. Xu Liping (徐麗萍) was the ultimate controller at the relevant times.

Borrower C

Shenzhen Xinchengcan Investment Co., Ltd.* (深圳市新城燦投資有限公司) is a company established in the PRC with limited liability. It is principally engaged in manufacturing business investment, investment planning and consulting, real estate information consulting, real estate agency and real estate development. Guarantor Zhang controlled Borrower C when Loan 21 was first granted by the Group.

Borrower D

Beijing Yingfu Enterprise Management Co., Ltd.* (北京贏富企業管理有限公司) is a company established in the PRC with limited liability. It is principally engaged in the business of enterprise management, technology development promotion and consulting, computer systems and basic software services. Zhao Yue (趙越) was the ultimate controller at the relevant times.

Borrower E

Shenzhen Yihuaxun Trading Co., Ltd.* (深圳市益華訊貿易有限公司) is a company established in the PRC with limited liability. It is principally engaged in sales of electronic products, communication products and mobile phone accessories, domestic trade and import and export business. Yuan Jian (袁劍), a PRC resident, was the ultimate controller at the relevant times.

Borrower F

State Frontier Limited is a company incorporated in the British Virgin Islands with limited liability. It is principally engaged in investment holding. Wang Xu (王旭) was the ultimate controller at the relevant times.

Borrower G

Clear Option Limited is an investment holding company believed to be incorporated in the British Virgin Islands, the identity(ies) of the ultimate beneficial owner(s) of Borrower G are not publicly available.

Borrower H

China Create Capital Limited is an investment holding company believed to be incorporated in the British Virgin Islands, the identity(ies) of the ultimate beneficial owner(s) of Borrower H are not publicly available.

Guarantor Zhang

Guarantor Zhang is a PRC resident, who controlled Borrower A and Borrower C around one month after and when Loan 21 was first granted by the Group, respectively, and China Create Shanghai when Loan 21 was subsequently assigned to China Create Shanghai. At the relevant times, Guarantor Zhang was a well-known entrepreneur in Shenzhen. He was the ultimate controller and legal representative of China Create Finance and China Create Asset and the ultimate beneficial owner of Suzhou Zhongke.

Save for arm's length commercial arrangements such as the cooperation between Borrower A and the Group with respect to a land development project in Shenzhen and the introduction of Borrowers and provision of guarantees to the Group and otherwise disclosed above, to the best of the Company's knowledge having made reasonable enquiries, Guarantor Zhang did not have any relationship with the Company, the Borrowers and the Company's connected persons at the relevant times nor does he currently have any relationship with the Company and its connected persons.

There was also no side arrangement between Guarantor Zhang and the Company and its connected persons at the relevant times nor is there currently any such arrangement.

For Loans 16 to 20, although the identity(ies) of the ultimate beneficial owner(s) of Borrowers G and H are not publicly available, (i) Borrowers G and H were introduced to the Group by Guarantor Zhang or his associate(s); and (ii) Guarantor Zhang was willing to provide personal guarantees for the Loans. In view of the above, and since the Company considered that Guarantor Zhang was creditworthy at the relevant times, the Company believed the risk of making of the relevant Loans to Borrowers G and H was acceptable at the relevant time.

LISTING RULES IMPLICATIONS

The applicable percentage ratios in respect of each Loan are under 5%. However, pursuant to Rules 14.22 and 14.23 of the Listing Rules, the Loans should be aggregated and treated as if they were one transaction in calculating the size tests under Chapter 14 of the Listing Rules because the Loans are all guaranteed by Guarantor Zhang (except Loans 6, 7, 10, 12 and 21). Loans 6, 7, 10 and 12 are aggregated with the other Loans because they are Loans granted to Borrower E and some of the other Loans granted to Borrower E are guaranteed by Guarantor Zhang. Loan 21 is aggregated with the other Loans because Guarantor Zhang was the controlling shareholder of Borrower A and Borrower C around one month after and when Loan 21 was first granted by the Group, respectively.

As one or more of the applicable percentage ratios in respect of the Loans (when aggregated) under Rule 14.07 of the Listing Rules are more than 5% but less than 25%, the granting of the Loans constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Company acknowledges it did not make timely disclosure on the making of the Loans. The non-aggregation of the Loans was entirely unintentional and was caused by an honest mistaken interpretation of the relevant Listing Rules.

INTERNAL CONTROL MEASURES

The following internal control measures have been or will be adopted by the Company to prevent similar events in the future. The Company has conducted a review of its internal control procedures for monitoring notifiable transactions proposed to be entered into by the Group. Further, the Company will work more closely with its internal departments and external legal advisers on compliance issues, including but not limited to: (i) with the assistance of its external Hong Kong legal advisers, the Company shall organize more training in respect of compliance with the Listing Rules and applicable laws and regulations for the Directors and the senior management of the Company; and (ii) the Company has enhanced and re-circulated the internal communication guidelines to the Directors, senior management and staff of the Company regarding the reporting procedure for notifiable transactions and/or other transactions required to be disclosed under the Listing Rules.

UPDATE OF THE LOANS

Reference is made to the preliminary annual results announcement for the year ended 31 December 2018 dated 28 March 2019 and the 2018 annual report dated 30 April 2019 issued by the Company. The Company conducted impairment testing for trade and other receivables, and a provision for loss allowance on trade and other receivables of RMB947.4 million (based on the exchange rates of HK\$1:RMB0.8762 and USD1:RMB6.8632 as of 31 December 2018) was made for outstanding balances with increased credit risk. Among the total sum of provision for loss allowance, RMB852.5 million (based on the exchange rates of HK\$1:RMB0.8762 and USD1:RMB6.8632 as of 31 December 2018) was recognized as loss allowance against the balance of the Loans. The increased credit risk in respect of the Loans was based on the management's assessment of the enforceability of the guarantees and collaterals held by the Group against the Loans, and consideration of the overall tightened liquidity and increased credit risks in China. The management's assessment resulting in such significant increase in the credit risks of the above balances is after taking into account the adverse report of an investigation involving Guarantor Zhang in the PRC, the loss of contact with Guarantor Zhang, the consequential uncertainty over the Group's ability to enforce the guarantees provided by Guarantor Zhang, and the viability of realising the estimated value of other collaterals held by the Group against these outstanding loans balance. For details, please refer to the 2018 annual report dated 30 April 2019 issued by the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Borrower A”	Shenzhen Baijiarui Investment Co., Ltd.* (深圳市佰佳瑞投資有限公司), a company established in the PRC with limited liability
“Borrower B”	Shenzhen Century Kangxin Trading Co., Ltd.* (深圳市世紀康鑫商貿有限公司), a company established in the PRC with limited liability
“Borrower C”	Shenzhen Xinchengcan Investment Co., Ltd.* (深圳市新城燦投資有限公司), a company established in the PRC with limited liability
“Borrower D”	Beijing Yingfu Enterprise Management Co., Ltd.* (北京贏富企業管理有限公司), a company established in the PRC with limited liability

“Borrower E”	Shenzhen Yihuaxun Trading Co., Ltd.* (深圳市益華訊貿易有限公司), a company established in the PRC with limited liability
“Borrower F”	State Frontier Limited, a company incorporated in the British Virgin Islands with limited liability
“Borrower G”	Clear Option Limited, an investment holding company
“Borrower H”	China Create Capital Limited, an investment holding company
“Borrowers”	Borrower A, Borrower B, Borrower C, Borrower D, Borrower E, Borrower F, Borrower G and Borrower H
“China Create Asset”	Shenzhen China Create Asset Management Co., Ltd.* (深圳市中科創資產管理有限公司), a company established in the PRC with limited liability which is principally engaged in asset management and investment management
“China Create City”	Shenzhen China Create City Renewal Group Co., Ltd.* (深圳市中科創城市更新集團有限公司), a company established in the PRC with limited liability
“China Create Finance”	China Create Financial Holding Group Co., Ltd.* (中科創金融控股集團有限公司), a company established in the PRC with limited liability, a company controlled by Guarantor Zhang and principally engaged in asset management and investment
“China Create Shanghai”	Shanghai China Create Wealth Management Co., Ltd.* (上海市中科創財富管理有限公司), 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

“Group”	the Company and its subsidiaries
“Guangxi Jingqi”	Guangxi Jingqi Investment Co., Ltd.* (廣西景祺投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Guarantor A”	Pang Jie (龐傑), a PRC resident
“Guarantor B”	Wang Tao (王濤), a PRC resident
“Guarantor C”	Yuan Jian (袁劍), a PRC resident
“Guarantor Zhang”	Mr. Zhang Wei (張偉), a PRC resident
“Guizhou Guarantors”	Guizhou Xiangshan Real Estate Development Co., Ltd.* (貴州享山房地產開發有限公司), Guizhou Qiaoyun Real Estate Development Co., Ltd.* (貴州峭雲房地產開發有限公司), Guizhou Xingming Real Estate Development Co., Ltd.* (貴州興銘房地產開發有限公司) and Guizhou Jingjia Real Estate Development Co., Ltd.* (貴州景嘉房地產開發有限公司), all of which are companies established in the PRC with limited liability
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Lenders”	the Company and Sunshine 100 Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan 1”	the loan agreement dated 28 January 2016 and entered into between Sunshine 100 Group and Borrower A, as amended on 20 December 2016, on 21 August 2017 and on 29 June 2018
“Loan 2”	the loan agreement dated 7 May 2018 and entered into between Sunshine 100 Group and Borrower B
“Loan 3”	the loan agreement dated 7 December 2018 and entered into between Sunshine 100 Group and Borrower C

- “Loan 4” the loan agreement dated 3 July 2018 and entered into between Sunshine 100 Group and Borrower D
- “Loan 5” the loan agreement dated 19 July 2018 and entered into between Sunshine 100 Group and Borrower D
- “Loan 6” the loan agreement dated 31 August 2017 and entered into between Sunshine 100 Group and Borrower E
- “Loan 7” the loan agreement dated 8 September 2017 and entered into between Sunshine 100 Group and Borrower E
- “Loan 8” the loan agreement dated 16 August 2018 and entered into between Sunshine 100 Group and Borrower E
- “Loan 9” the loan agreement dated 14 September 2018 and entered into between Sunshine 100 Group and Borrower E
- “Loan 10” the loan agreement dated 17 October 2018 and entered into between Sunshine 100 Group and Borrower E
- “Loan 11” the loan agreement dated 8 November 2018 and entered into between Sunshine 100 Group and Borrower E
- “Loan 12” the loan agreement dated 28 November 2018 and entered into between Sunshine 100 Group and Borrower E
- “Loan 13” the loan agreement dated 19 July 2017 and entered into between the Company and Borrower F
- “Loan 14” the loan agreement dated 29 January 2018 and entered into between the Company and Borrower F
- “Loan 15” the loan agreement dated 1 March 2018 and entered into between the Company and Borrower F
- “Loan 16” the loan agreement dated 23 February 2018 and entered into between the Company and Borrower G
- “Loan 17” the loan agreement dated 1 June 2018 and entered into between the Company and Borrower G

“Loan 18”	the loan agreement dated 3 July 2018 and entered into between the Company and Borrower G
“Loan 19”	the loan agreement dated 6 December 2018 and entered into between the Company and Borrower H
“Loan 20”	the loan agreement dated 9 January 2017 and entered into between the Company and Borrower H
“Loan 21”	the loan agreement dated 11 August 2016 and entered into between Sunshine 100 Group and Borrower C, which was subsequently assigned to China Create Shanghai, a company controlled by Guarantor Zhang
“Loan 21 Guarantors”	Guizhou Wanfeng Valley Ecological Culture Tourism Development Co., Ltd.* (貴州萬峰谷生態文化旅遊發展有限公司), Guizhou Jing Yi Hotel Ltd.* (貴州憬怡酒店有限公司), Guizhou Xuanda Hotel Co., Ltd.* (貴州軒達酒店有限公司), Guizhou Zunhui Hotel Co., Ltd.* (貴州尊輝酒店有限公司) and Wuhan Ruihexing Enterprise Management Co., Ltd.* (武漢睿合行企業管理有限公司), all of which are companies established in the PRC with limited liability
“Loans”	Loan 1, Loan 2, Loan 3, Loan 4, Loan 5, Loan 6, Loan 7, Loan 8, Loan 9, Loan 10, Loan 11, Loan 12, Loan 13, Loan 14, Loan 15, Loan 16, Loan 17, Loan 18, Loan 19, Loan 20 and Loan 21
“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
“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 Group
“USD”	United States Dollars, the lawful currency of United States of America

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

Beijing, China
19 July 2019

In this announcement, translations of HK\$ into RMB and USD into RMB are based on the exchange rates of HK\$1: RMB0.87844 and USD1:RMB6.8635. No representation is made that any amounts in RMB, HK\$ and USD can be or could have been converted at the above exchange rate or any other rates.

The English translation of Chinese names or words in this announcement, where indicated by “”, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

As at the date of this announcement, 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.