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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)**

## **CHANGE OF AUDITOR SUPPLEMENTAL ANNOUNCEMENT**

Reference is made to the announcement of Sunshine 100 China Holdings Ltd (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 10 May 2022 in relation to the change of auditor of the Company (the “**Announcement**”). Unless otherwise defined, capitalised terms defined in the Announcement shall have the same meaning when used herein.

As disclosed in the Announcement, the Company’s previous auditor identified in its letters, including three letters to the Company dated 23 August 2021, 25 January 2022 and 24 March 2022, a number of matters requiring explanations and/or supporting documents including receivables from certain parties, overdue borrowings, default in bonds, cross default and the material uncertainty on the Company’s ability to continue as a going concern (the “**Outstanding Matters**”). The Board would like to provide shareholders and potential investors of the Company with the following supplemental information.

### **OUTSTANDING MATTERS**

#### **Receivables from certain parties and overdue borrowings**

The Company’s previous auditor noted that the Company had receivables amounting to RMB1,389.9 million. Out of this, RMB838.1 million related to certain term loans (the “**Loans**”) which had been granted by the Company to certain third parties between December 2020 and April 2021, and RMB551.8 million was finance costs (comprising interest expense and financial advisory fees) paid to certain third parties between April 2021 and July 2021 under various loan agreements (the “**Loan Agreements**”) and various financial advisory agreements. The Company’s previous auditor further noted that the Loans may potentially constitute notifiable transactions and/or connected transactions of the Company under Chapters 14 and 14A of the Listing Rules.

## **Loans made by the Group to third parties**

The Loans were provided by the Group to three third parties (the “**Borrowers**”) with an aggregate maximum loan amount of RMB1.05 billion of which RMB889.3 million has been drawn down and is undue and remains outstanding as of the date of this announcement. The Borrowers had earlier through debt assignment acquired certain debts (the “**Debts**”) with certain properties as underlying security. The Loans were secured by accounts receivable pledges over the principal and interest of the Debts. The Company had made the Loans with a view to acquiring the underlying charged properties at an attractive price. The Loans constituted notifiable transactions of the Company under Chapter 14 of the Listing Rules. The Company will issue an announcement in due course. Although one of the Borrowers is an associate of a person connected with subsidiaries of the Company, as the connected subsidiaries, when aggregated, are insignificant subsidiaries pursuant to Rule 14A.09 of the Listing Rules, none of the Borrowers is a connected person of the Company pursuant to Chapter 14A of the Listing Rules and the Loans did not constitute connected transactions of the Company.

## **Loans made by third parties to the Group**

The amount drawn by the Group under the Loan Agreements was RMB2.54 billion and was used for the Group’s repayment of the principal and interest of its interest-bearing liabilities. The Group entered into the Loan Agreements to obtain short-term funding to repay the Company’s debts as they fell due. However, contrary to the Company’s plan to borrow the funds for a short term, the loans became borrowings of a longer term as a result of continuous COVID-19 control policies and the unexpected significant changes in the real estate market and credit policies in 2021. As of the date of this announcement, RMB0.9 billion of the principal under the Loan Agreements remains outstanding. The loans did not constitute notifiable nor connected transactions requiring disclosure under the Listing Rules.

## **Defaults and cross-defaults**

As disclosed in the Company’s announcement dated 9 August 2021, 11 August 2021, 25 August 2021, 6 December 2021 and 29 June 2022, owing to continuous liquidity issues arising from the adverse impact of a number of factors including the macroeconomic environment and the real estate industry, default and cross-default of the Company’s bonds and notes had occurred. The Company is actively working with the relevant creditors to reach settlement proposals. As a result of the overdue loans and borrowings and defaults and cross-defaults under the Company’s bonds and notes, the Company’s auditor has indicated that it is very likely that they will issue a “disclaimer” opinion with respect to the going concern basis for the preparation of the Group’s consolidated financial statements for the year ended 31 December 2021.

## UPDATE ON AUDIT PROGRESS

The Company's previous auditor noted the Outstanding Matters during their risk assessment process and as the Company had not provided sufficient documents, the Company's previous auditor was unable to further proceed with the audit of the Group. Therefore, it had not commenced audit field work up to the date of its resignation.

Following the change the auditor in early May 2022, the Company's auditor, Mazars, has commenced audit field work and has substantially completed its audit field work as at the date of this announcement. The Company is actively supporting its auditor to conduct their remaining work with a view to publishing the audited preliminary results of the Group for the year ended 31 December 2021 (the "**2021 Audited Annual Results**") as soon as possible. The Company will seek to resume trading in its shares as soon as possible.

## CONTINUED SUSPENSION OF TRADING IN THE COMPANY'S SHARES

Trading in the shares of the Company on the Hong Kong Stock Exchange has been suspended from 9:00 a.m. on 1 April 2022 and will remain suspended until publication of the 2021 Audited Annual Results. Further announcement(s) will be made by the Company to inform its shareholders and potential investors of any material development relating to the captioned matters as and when appropriate.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

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

Beijing, the PRC  
22 July 2022

*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. Li Chunping.*