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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)

FACILITY AGREEMENT AND SHARE CHARGES – EXEMPT CONNECTED FINANCIAL ASSISTANCE

THE FACILITY AGREEMENT

The Board announces that on 31 January 2019, the Original Borrower, a wholly-owned subsidiary of the Company, entered into the Facility Agreement with the Original Lender, a substantial shareholder of Chang Jia (a non-wholly owned subsidiary of the Company), pursuant to which the Original Lender has agreed to make available the Credit Facility (which includes the Existing Loans already drawn down under the Existing Loan Agreements) to the Borrowers at the interest rate of 9% per annum. The Loans are secured by the Share Charges.

LISTING RULES IMPLICATION

The Original Lender is the holder of 45% of the issued share capital of Chang Jia, a non-wholly owned subsidiary of the Company, hence the Original Lender is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. The Original Lender is not connected with the Company at the issuer level. The Loans constitute the receiving of financial assistance by the Company from a connected person at the subsidiary level. The Facility Agreement has been approved by the Board. The Board (including the independent non-executive Directors) has confirmed that the terms of the Facility Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole. The Loans are therefore exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

Since the Original Lender is a connected person of the Company, the Share Charges constitute financial assistance provided by the Company to a connected person at the subsidiary level. The Share Charges have been approved by the Board. The Board (including the independent non-executive Directors) has confirmed that the terms of the Loans and the Share Charges are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole. In light of the above, the transactions contemplated under the Share Charges are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

As the Share Charges constitute financial assistance provided by the Company to the Original Lender for the benefit of the Company's subsidiaries, pursuant to Rule 14.04(1)(e)(ii) of the Listing Rules, the Share Charges do not constitute transactions under Chapter 14 of the Listing Rules.

BACKGROUND

The Original Lender as lender and the Original Borrower as borrower entered into certain Existing Loan Agreements, the aggregate outstanding principal amount under the Existing Loans was RMB44,827,220.16 as at 31 December 2018. The entry of the Existing Loan Agreements did not trigger any announcement or (independent) shareholders' approval requirement under Chapter 14 or Chapter 14A of the Listing Rules.

THE FACILITY AGREEMENT

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The principal terms of the Facility Agreement are summarized as follows:

Date: 31 January 2019

Parties:

- (a) The Original Borrower (a wholly-owned subsidiary of the Company) (as borrower)
- (b) The Original Lender (a substantial shareholder of Chang Jia, which is a non-wholly owned subsidiary of the Company) (as lender)

Any subsidiary of either the Company or the Original Lender may become a party to the Facility Agreement by executing and delivering to the Lenders or the Borrowers (as the case maybe) the relevant joinder agreement (in the form substantially set out in the Facility Agreement), which does not require consent from any other party to the Facility Agreement.

Principal amount: Up to RMB400,000,000 (including the Existing Loans already drawn down under the Existing Loan Agreements).

Interest rate: A Borrower shall pay interest on each Loan at the interest rate of 9% per annum. Interest shall accrue daily on each Loan from and including the Date of Advance and up to the Maturity Date. Interest shall be calculated on the basis of the actual number of days elapsed in a 365-day year. A Borrower shall pay the interest accrued on a Loan together with the principal amount of a Loan on the Maturity Date, unless otherwise agreed between a Lender and a Borrower.

The interest rate of the Loans was determined with reference to, inter alia, the prevailing market rates, historical borrowing cost of the Group from financial institution(s) and the credit policy of the Original Lender.

If a Borrower fails to repay any part of the principal amount of the Loan or interest when due, default interest on the unpaid amount shall accrue, from the initial date of non-payment to the date of repayment, at the interest rate of 18% on a compound basis per annum, unless otherwise agreed between a Lender and a Borrower.

- Conditions precedent: The obligation of a Lender to make a Loan to a Borrower upon its request is subject to the fulfillment of the following conditions precedent:
- (i) no event of default shall have occurred or be continuing or would result immediately after giving effect to or as a result of such Loan;
 - (ii) such Loan will not violate any law, regulation, order, judgement or injunction applicable to such Borrower or Lender; and
 - (iii) nothing shall have occurred which could or might result in any Material Adverse Effect.
- Drawdown: Subject to the fulfillment or waiver of the conditions precedent as set out in the Facility Agreement, a Borrower may make a request for a Loan during the Availability Period by delivering a drawdown request. The Lender shall have discretion to decide whether to make available further Loan under the Credit Facility.
- Repayment: Unless otherwise agreed, the principal amount of a Loan shall be repayable by a Borrower on the first anniversary from the Date of Advance of the relevant Loan. In any event, any outstanding principal amount of each Loan shall be repaid on the last day of the Availability Period.
- A Borrower may prepay a Loan in whole or in part at any time, without penalty, provided that such Borrower shall concurrently pay to the applicable Lender all accrued and unpaid interest.
- Events of default: Customary events of default, such as, failure to repay any amount due by any Borrower or Chang Jia or Keyasia, commencement of proceedings for the winding-up of any Borrower or Chang Jia or Keyasia, incorrect representation of warranty made by any Borrower or Chang Jia or Keyasia in any material respect, insolvency or bankrupt of any Borrower or any chargor under a Share Charge, involvement in legal proceedings of any Borrower or Chang Jia or Keyasia, etc.

Security: The Loans and the Existing Loans are secured by the following Share Charges:

- (a) a share charge entered into between Keyasia as chargor and the Original Lender as chargee with respect to Keyasia's 55% shareholding in Chang Jia on 31 January 2019;
- (b) a share charge entered into between Chang Jia as chargor and the Original Lender as chargee with respect to Chang Jia's 100% shareholding in Lofty Talent Limited (歲駿有限公司) on 31 January 2019; and
- (c) a share charge entered into between Chang Jia as chargor and the Original Lender as chargee with respect to Chang Jia's 100% shareholding in Eminent Star Group Limited (卓星集團有限公司) on 31 January 2019.

In addition to the Loans and the Existing Loans, the secured obligations under the Share Charges also include certain loans advanced by 清遠聯投置業有限公司 (Qingyuan Liantou Property Co., Ltd.*) (one of the Project Companies) and future loans to be advanced by the Project Companies to Sunshine 100 Group, all of which are as to 55% indirectly owned by the Company and 45% indirectly owned by the Original Lender.

SHARE CHARGES

The Original Lender requested the Company to provide security for certain unsecured loans with a total principal of RMB675,000,000 which were previously advanced by one of the Project Companies (清遠聯投置業有限公司 (Qingyuan Liantou Property Co., Ltd.*)) to Sunshine 100 Group (the “**Qingyuan Loans**”), since the Original Lender has only 45% indirect holding in the Project Companies. The Qingyuan Loans were evidenced by a confirmation letter between 清遠聯投置業有限公司 and Sunshine 100 Group dated 28 December 2018 (the “**Confirmation Letter**”). Both the Qingyuan Loans and any future loans advanced by any Project Companies to Sunshine 100 Group will be secured by the Share Charges.

As disclosed under the paragraph headed “Security” above, on 31 January 2019, Keyasia as chargor entered into a share charge with the Original Lender as chargee with respect to Keyasia's 55% shareholding in Chang Jia. Chang Jia as chargor entered into (1) a share charge with the Original Lender as chargee with respect to Chang Jia's 100% shareholding in Lofty Talent Limited (歲駿有限公司) and (2) a share charge with the Original Lender as chargee with respect to Chang Jia's 100% shareholding in Eminent Star Group Limited (卓星集團有限公司).

The principal terms of the three Share Charges are substantially the same and are set out below:

- Charge: First fixed charge and as continuing security for the payment and discharge of the secured obligations set out below.
- Secured Parties: The Original Lender as agent for itself, the Project Companies and the present and future subsidiaries of the chargee.
- Secured Obligations: All present and future moneys, interests, obligations and liabilities due, owing or incurred by any of the Original Borrower, Sunshine 100 Group, Keyasia and Chang Jia to any secured party under or in connection with the Facility Agreement, the Existing Loan Agreements and the Confirmation Letter.
- Events of Default: Same as those under the Facility Agreement. The Share Charge becomes enforceable after a notice of event of default being issued by a Lender.

When considering the terms of the Share Charges, the Board took into account prior share charges that the Company had given and considers that the terms of the Share Charges are comparable or better.

REASONS FOR AND BENEFITS OF THE FACILITY AGREEMENT AND THE SHARE CHARGES

Together with the credit facility under the Facility Agreement which is also secured by the Share Charges, the Board is of the view that the Company's entering into the Share Charges will give the Company access to a flexible financing option and an additional credit facility of up to a total of RMB400,000,000 (including the Existing Loans) without providing further security or creating any encumbrance on the Company's onshore assets. The consolidated net asset value of Chang Jia and its subsidiaries was RMB705,296,151 as at 31 October 2018. Based on the above, the Directors are of the view that the terms of the Share Charges are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

Since the credit facility under the Facility Agreement (together with the Share Charges) allows the Company to have the flexibility to borrow at a reasonable financing cost without incurring much administrative or commitment fees or committing to any financial covenants, the Directors are of the view that the terms of the Facility Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE CHANG JIA AND ITS SUBSIDIARIES

Chang Jia is a company incorporated in BVI with limited liability on 5 May 2011, and is owned as to 55% by Keyasia, 24% by the Shiny New Limited (耀新有限公司) and 21% by Shan Ying (善盈有限公司) Limited. Both Shiny New Limited and Shan Ying Limited are subsidiaries of the Original Lender. Its principal business is investment holding.

Pursuant to the unaudited financial statements of Chang Jia (on a consolidated basis), the relevant financial information in respect of Chang Jia and its subsidiaries is set out below:

	As at 31 December 2016	As at 31 December 2017
Net profit before tax	88,093,548	199,852,620
Net profit after tax	50,029,678	125,750,181

The consolidated net asset value of Chang Jia and its subsidiaries was RMB705,296,151 as at 31 October 2018.

INFORMATION ON THE 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 investment and property management and hotel operation in China.

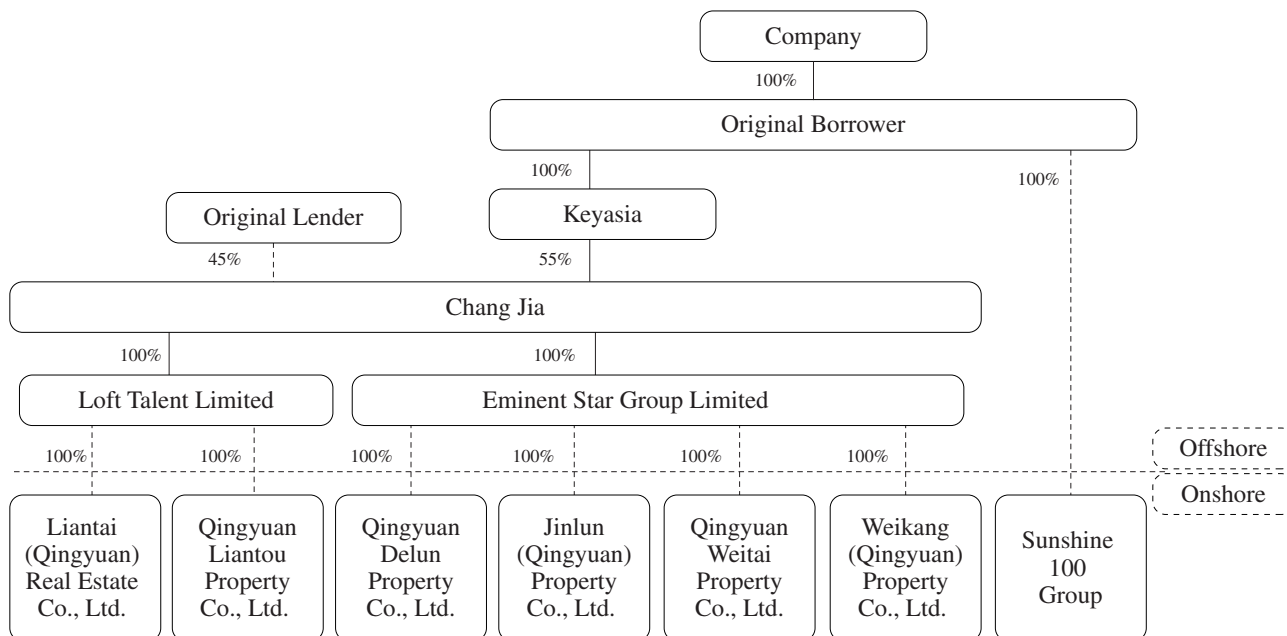
INFORMATION ON THE ORIGINAL LENDER GROUP

The Original Lender is a company incorporated in the British Virgin Islands with limited liability. The Original Lender is principally engaged in property investments. The Original Lender is a substantial shareholder of Chang Jia, which is a non-wholly owned subsidiary of the Company. The principal business of Chang Jia is investment holding. The Original Lender indirectly holds 45% of the issued share capital of Chang Jia.

INFORMATION ON THE ORIGINAL BORROWER

The Original Borrower is a company incorporated in the British Virgin Islands with limited liability on 18 January 2007, and is currently wholly-owned by the Company. The principal business of the Original Borrower is investment holding.

The simplified shareholding structure of the companies described above is set out in the chart below:



LISTING RULES IMPLICATIONS

The Original Lender is the holder of 45% of the issued share capital of Chang Jia, a non-wholly owned subsidiary of the Company, hence the Original Lender is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. The Original Lender is not connected with the Company at the issuer level. The Loans constitute the receiving of financial assistance by the Company from a connected person at the subsidiary level. The Facility Agreement has been approved by the Board. The Board (including the independent non-executive Directors) has confirmed that the terms of the Facility Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole. The Loans are therefore exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

Since the Original Lender is a connected person of the Company, the Share Charges constitute financial assistance provided by the Company to a connected person at the subsidiary level. The Share Charges have been approved by the Board. The Board (including the independent non-executive Directors) has confirmed that the terms of the Loans and the Share Charges are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole. In light of the above, the transactions contemplated under the Share Charges are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

As the Share Charges constitute financial assistance provided by the Company to the Original Lender for the benefit of the Company's subsidiaries, pursuant to Rule 14.04(1)(e)(ii) of the Listing Rules, the Share Charges do not constitute transactions under Chapter 14 of the Listing Rules.

None of the Directors have any material interest in the abovementioned transaction. Therefore, none of them abstained from voting at the Board meeting for approving the Facility Agreement and the Share Charges.

DEFINITIONS

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

“Availability Period”	a period of 24 months commencing from the date of the Facility Agreement
“Board”	the board of directors of the Company
“Borrower(s)”	the Original Borrower (as defined below) and any subsidiary of the Company which becomes a borrower from time to time pursuant to the Facility Agreement
“Business Day”	a day (other than Saturday or any day on which a tropical cyclone signal no.8 or above or black rainstorm signal is hoisted in Hong Kong) on which banks in Hong Kong are generally open to conduct business through their normal business hours
“Chang Jia”	Chang Jia International Limited (長佳國際有限公司), a company incorporated in the British Virgin Islands with limited liability on 5 May 2011, and a 55%-owned subsidiary of the Company

“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 persons(s)”	has the meaning ascribed thereto under the Listing Rules
“Credit Facility”	the revolving credit facility made and to be made available to the Borrowers by the Lenders up to the aggregate principal amount of RMB400,000,000 (including the Existing Loans already drawn down under the Existing Loan Agreements) in accordance with the terms of the Facility Agreement
“Date of Advance”	the date on which a Lender remits the principal amount of a Loan to a Borrower
“Director(s)”	the director(s) of the Company
“Existing Loan Agreements”	the loan agreements entered into between the Original Borrower and the Original Lender, the total principal amount of which is RMB44,827,220.16 as at 31 December 2018
“Existing Loans”	the loans with an aggregate outstanding principal amount of RMB44,827,220.16 under the Existing Loan Agreements
“Facility Agreement”	the loan agreement entered into between the Original Borrower and the Original Lender in relation to provision of the Credit Facility to the Borrowers by the Lenders during the Availability Period
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Keyasia”	Keyasia Investments Limited (基亞投資有限公司), a company incorporated in the British Virgin Islands with limited liability on 8 July 2008, a wholly-owned subsidiary of the Company and owns 55% of Chang Jia
“Lender(s)”	the Original Lender and any subsidiary of the Original Lender who becomes a lender from time to time pursuant to the Facility Agreement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan(s)”	each and every loan then outstanding made by a Lender to a Borrower under the Credit Facility at any time
“Material Adverse Effect”	<p>any condition, circumstance, change or effect that has a material adverse effect or change on:</p> <ul style="list-style-type: none"> (i) any of the business, operations, assets, property, or financial condition of any Borrower, Chang Jia or Keyasia; (ii) the ability of any Borrower, Chang Jia or Keyasia to duly and punctually perform or comply with its obligations or discharge its duties under the Facility Agreement or any Share Charge to which Chang Jia or Keyasia is a party; or (iii) the legality, validity, enforceability, perfection, effectiveness or ranking of the Facility Agreement or any Share Charge, or the interest rights or remedies of any Lender under the Facility Agreement or any Share Charge
“Original Borrower”	Sunmode Limited (新進有限公司), a company incorporated in the British Virgin Islands with limited liability on 18 January 2007, and is a wholly-owned subsidiary of the Company
“Original Lender”	Luen Thai Land Limited (聯泰地產有限公司), a company incorporated in the British Virgin Islands with limited liability, and a substantial shareholder of Chang Jia. Chang Jia is a non-wholly owned subsidiary of the Company
“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

“Project Companies”	(a) 聯泰(清遠)房地產有限公司(Liantai (Qingyuan) Real Estate Co., Ltd.*), (b) 清遠聯投置業有限公司(Qingyuan Liantou Property Co., Ltd.*), (c) 清遠德倫置業有限公司(Qingyuan Delun Property Co., Ltd.*), (d) 金倫(清遠)置業有限公司(Jinlun (Qingyuan) Property Co., Ltd.*), (e) 清遠威泰置業有限公司(Qingyuan Weitai Property Co., Ltd.*) and (f) 威康(清遠)置業有限公司(Weikang (Qingyuan) Property Co., Ltd.*), all companies established under the laws of the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Share Charge(s)”	the share charges described under the paragraph headed “Share Charges” in this announcement
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto 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 PRC on 19 April 2001 and a wholly-owned subsidiary of the Group
“%”	per cent

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

Beijing, the PRC
31 January 2019

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.

* *For identification purposes only*