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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)

CONNECTED TRANSACTION PURSUANT TO RULE 14A.60 OF THE LISTING RULES

INTRODUCTION

On 1 January 2015, 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 USD10 million. In or around each December of 2016 to 2020, the Company entered into five one-year extension agreements with the Borrower, pursuant to which the Loan was ultimately extended to 31 December 2021.

LISTING RULES IMPLICATIONS

The Borrower holds 45% of the issued share capital of Changjia, a non-wholly owned subsidiary of the Company, hence the Borrower is a connected person at the subsidiary level under Chapter 14A of the Listing Rules. On entry of the loan agreement (i.e., 1 January 2015), since Changjia was an “insignificant subsidiary” pursuant to Rule 14A.09(1)(a) of the Listing Rules, the Loan did not constitute a connected transaction. However, based on the financial statements of the Company for the year ended 31 December 2015, Changjia ceased to be an “insignificant subsidiary” of the Company and continued to be a significant subsidiary up to and including the year ended 31 December 2020. As one or more of the applicable percentage ratios in respect of the Loan (and as extended) under Rule 14.07 of the Listing Rules exceeded 1% for the years ended 31 December 2015, 2018 to 2020, the Company should have first announced the Loan in or around March 2016 under Rule 14A.60 of the Listing Rules and subsequently on its renewal in 2018, 2019 and 2020. The Company did not announce in a timely manner due to an inadvertent oversight.

INTRODUCTION

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The principal terms of the Loan are as follows:

DETAILS OF THE LOAN

Principal terms of Loan

Date	:	1 January 2015
Parties	:	(1) the Company (as lender) (2) the Borrower (as borrower)
Principal	:	USD10 million
Outstanding principal amount as at the date of this announcement	:	USD10 million
Interest rate	:	13% per annum
Term	:	The Borrower shall repay the Loan on 1 January 2017 (i.e., the maturity date of the Loan).

Pursuant to the Loan Extension Agreements, the Loan was ultimately extended to 31 December 2021.

REASONS FOR AND BENEFITS OF THE LOAN

Pursuant to the loan agreement, the Loan was used primarily by the Borrower as its general working capital for its business operation.

In or around 2020, the Company had charged, among others, certain assets of the Qingyuan Project Companies to secure a commercial loan from a commercial bank. As the Company had the full benefit of the commercial loan but the assets of the Qingyuan Project Companies were 45% indirectly owned by the Borrower, the Loan became a quasi-guarantee given by the Company for the release of the charged assets of the Qingyuan Project Companies. Therefore, at around the same time, the Company and the Borrower stopped entering the Loan Extension Agreements.

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 (including the extensions thereto) 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 Changjia

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.

Changjia is a company incorporated in the British Virgin Islands with limited liability and currently a subsidiary of the Company. Changjia is owned as to 55% and 45% by the Company and the Borrower, respectively. Its principal business is investment holding. The Qingyuan Project Companies are wholly owned subsidiaries of Changjia.

The Borrower

The Borrower, Leap Glory Limited, is a company incorporated in the British Virgin Islands with limited liability. To the best of the Directors' knowledge, the Borrower's principal business is investment holding, and is ultimately owned by Luen Thai Group Limited which is an investment holding entity with business in retail, travel, fishing and real estate in Asia.

As at the date of this announcement, the Borrower is a connected person of the Company at subsidiary level.

LISTING RULES IMPLICATIONS

The Borrower holds 45% of the issued share capital of Changjia, a non-wholly owned subsidiary of the Company, hence the Borrower is a connected person at the subsidiary level under Chapter 14A of the Listing Rules. On entry of the loan agreement (i.e., 1 January 2015), since Changjia was an “insignificant subsidiary” pursuant to Rule 14A.09(1) (a) of the Listing Rules, the Loan did not constitute a connected transaction. However, based on the financial statements of the Company for the year ended 31 December 2015, Changjia ceased to be an “insignificant subsidiary” of the Company and continued to be a significant subsidiary up to and including the year ended 31 December 2020. As one or more of the applicable percentage ratios in respect of the Loan (and as extended) under Rule 14.07 of the Listing Rules exceeded 1% for the years ended 31 December 2015, 2018 to 2020, the Company should have first announced the Loan in or around March 2016 under Rule 14A.60 of the Listing Rules and subsequently on its renewal in 2018, 2019 and 2020. The Company did not announce in a timely manner due to an inadvertent oversight.

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 Loan;
2. the Company has engaged an internal control consultant to review the Company’s internal control system;
3. the Company has addressed certain internal risks and has implemented certain improvements to its internal control system based on the internal control consultant’s recommendations; and
4. the Company has scheduled trainings of no less than 15 hours in the next 12 months for the Directors and senior management.

UPDATE ON THE LOAN

As of the date of this announcement, the Loan is technically overdue, but for the reasons above, the Company will not take any action until repayment of its outstanding commercial loan before negotiating an overall settlement plan with the Borrower.

DEFINITIONS

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

“Board”	the board of Directors
“Borrower”	Leap Glory Limited, a company incorporated in the British Virgin Islands 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
“Changjia”	Chang Jia International Limited (長佳國際有限公司), a company incorporated in the British Virgin Islands with limited liability
“Director(s)”	the director(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the USD10 million loan granted by the Company pursuant to a loan agreement dated 1 January 2015 entered into between the Company 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
“Qingyuan Project Companies”	Qingyuan Liantou Property Co., Ltd.* (清遠聯投置業有限公司), a company established in the PRC with limited liability and Liantai (Qingyuan) Real Estate Co., Ltd.* (聯泰(清遠)房地產有限公司), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholders of the Company

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“subsidiary(ies)” has the meaning ascribed to it under the Listing Rules

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

Beijing, the PRC
18 June 2024

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*