

**SUNSHINE 100 CHINA HOLDINGS LTD:
ITS DEBTS ARE MASSIVE ... PROBABLY,
SUFFICIENT TO BUY NEW ZEALAND AND ALL ITS SHEEP !**

As the Global Offering Prospectus of Sunshine 100 China Holdings Ltd (100) (Code: 2608, Main Board, The Stock Exchange of Hongkong Ltd) makes only too clear, the Company's debt load might well prove to be too heavy to withstand any material downturn in sales of its properties or a too-rapid rise in annual debt service.

As at December 31, 2013, the Company's total loans and borrowings stood at the record level of 13,614.70 million renminbi (about \$HK17,317.90 million).

(More about the financials later on in this analysis.)

Sunshine 100 China is one of the latest companies to go public on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

It is Offering a total of 500 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from \$HK4.00 to \$HK4.80.

At the midpoint of the Indicative Offer Price range, being \$HK4.40 Per Share, Management expects to net about \$HK2,071.70 million.

That amount of money will be allocated for the following purposes, one is told at Page 355 of the Global Offering Prospectus:

- Approximately 60 percent of the net proceeds, that is about \$HK1,243.00 million, '*for acquisitions of new projects or land for development in the PRC ... As at the Latest Practicable Date (February 18, 2014), we had not identified or committed to any definitive acquisition targets, but we intend to use this portion of the net proceeds to finance three developments, with approximately HK\$500 million for each*';
- Approximately 30 percent of the net proceeds, that is about \$HK621.50 million, '*to finance the development of our existing projects. As at November 30, 2013, we had 12 projects under development in 11 cities and four projects held for future development in four cities*'; and,
- Approximately 10 percent of the net proceeds, that is about \$HK207.20 million, to be tipped into the Working Capital Account.

The Business of Sunshine 100 China

This Company is engaged in real-estate development in the PRC, Proper, being separate and distinct from the HKSAR of the PRC.

It specialises in what it terms as being the development of '*large-scale mixed-use business complexes, which are typically centered on office properties and supplemented by retail shops, hotels, apartments and ancillary facilities, in fast-growing second- and third-tier Chinese cities*'.

The Company prefers to build to sell in order to make fairly fast sales, rather than holding onto real-estate developments for any great length of time, thus preventing any restrictions of its cash flow.

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