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**ZENSUN ENTERPRISES LIMITED**

**正商實業有限公司**

*(formerly known as ZH International Holdings Limited*

*正恒國際控股有限公司)*

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 185)**

**ISSUANCE OF US\$220 MILLION 12.8% SENIOR NOTES DUE 2021**

Reference is made to the announcement of the Company dated 9 September 2019 in respect of the proposed Notes Issue.

On 25 September 2019, the Company, the Parent Guarantor and the Subsidiary Guarantors entered into the Purchase Agreement with Guotai Junan International, CLSA, CCB International, CMB International, CM Financial, China CITIC Bank International and Yuanyin Securities.

Additionally, the Company will provide certain professional investors with recent unaudited financial information of the Group in connection with the Notes Issue. Such financial information was extracted from the unaudited consolidated financial statements of the Group for the six months ended 30 June 2019 (the “**Interim Financial Information**”). To ensure equal dissemination of information to the shareholders of the Company, the Interim Financial Information are attached hereto. The Interim Financial Information, together with other updated information about the Group, are also expected to be publicly available on the Stock Exchange’s website on or around 27 September 2019 in the form of the interim report required to be published under Rule 13.48 of the Listing Rules.

**MiFID II professionals/ECPs-only/No PRIIPs KID** – Manufacturer target market (MiFID II product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as not available to retail in EEA.

The Company will seek a listing of the Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the Notes has been received from the Stock Exchange. Admission of the Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Notes.

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## THE PURCHASE AGREEMENT

Date: 25 September 2019

### Parties to the Purchase Agreement

- (a) the Company;
- (b) the Parent Guarantor;
- (c) the Subsidiary Guarantors;
- (d) Guotai Junan International;
- (e) CLSA;
- (f) CCB International;
- (g) CMB International;
- (h) CM Financial;
- (i) China CITIC Bank International; and
- (j) Yuanyin Securities.

In respect of the offer and sale of the Notes, Guotai Junan International, CLSA, CCB International and CMB International are the joint global coordinators, joint bookrunners and joint lead managers, while CM Financial, China CITIC Bank International and Yuanyin Securities are the joint bookrunners and joint lead managers. They are also the initial purchasers of the Notes.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Guotai Junan International, CLSA, CCB International, CMB International, CM Financial, China CITIC Bank International and Yuanyin Securities is an independent third party and not a connected person of the Company and its connected persons.

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The Notes, the Parent Guarantee and the Subsidiary Guarantees have not been, and will not be, registered under the Securities Act. The Notes, the Parent Guarantee and the Subsidiary Guarantees will only be offered and sold by the initial purchasers of the Notes outside the United States in compliance with Regulation S under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. None of the Notes will be offered to the public in Hong Kong.

## **Principal terms of the Notes**

The following is a summary of certain provisions of the Notes and the Indenture. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the Indenture, the Notes, the Parent Guarantee, the Subsidiary Guarantees, and the JV Subsidiary Guarantees, if any.

### *Notes Offered*

Subject to certain conditions to completion, the Company will issue US\$220 million in aggregate principal amount of 12.8% senior notes due 2021.

### *Offering Price*

The offering price will be 98.808% of the principal amount of the Notes.

### *Interest*

The Notes will bear interest at the rate of 12.8% per annum, payable semi-annually in arrears on 3 April and 3 October in each year, commencing on 3 April 2020.

### *Ranking of the Notes*

The Notes are (1) general obligations of the Company; (2) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes; (3) at least *pari passu* in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law); (4) guaranteed by the Parent Guarantor, Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations; (5) effectively subordinated to the secured obligations (if any) of the Company, the Parent Guarantor, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and (6) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (as defined in the Indenture).

### *Events of default*

The events of default under the Notes include, among others: (a) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise; (b) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days; (c) default in the performance or breach of the provisions of certain covenants under the Indenture relating to consolidation, merger and sale of assets, the failure by the Company or the Parent Guarantor to make or consummate an offer to purchase in the manner described in the Indenture; (d) the Parent Guarantor or certain of the Company's subsidiaries defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice by China Construction Bank (Asia) Corporation Limited as trustee or the holders of 25% or more in aggregate principal amount of the Notes; (e) there occurs with respect to any indebtedness of the Parent Guarantor or certain of the Company's subsidiaries having an outstanding principal amount of US\$10.0 million (or the dollar equivalent thereof) or more in the aggregate for all such indebtedness (i) an event of default that has caused the holder thereof to declare such indebtedness to be due and payable prior to its stated maturity and/or (ii) the failure to make a principal payment when due; (f) one or more final judgments or orders for the payment of money are rendered against the Parent Guarantor or certain of the Company's subsidiaries and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such persons to exceed US\$10.0 million (or the dollar equivalent thereof) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect; (g) an involuntary case or other proceeding is commenced against the Parent Guarantor or certain of the Company's subsidiaries with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Parent Guarantor or certain of its subsidiaries or for any part of the property and assets of the Parent Guarantor or certain of its subsidiaries, and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; (h) the Parent Guarantor or certain of the Company's subsidiaries commence voluntary bankruptcy, insolvency or other similar proceedings, consent to such similar action or effect any general assignment for the benefit of creditors; and (i) the Parent Guarantor, any Subsidiary Guarantor or JV Subsidiary Guarantor (if any) denies or disaffirms its obligations under its guarantee or, except as permitted by the Indenture, any such guarantee is determined to be unenforceable or invalid or for any reason ceasing to be in full force and effect.

If an event of default (other than an event of default specified in clause (g) or (h) above) occurs and is continuing under the Indenture, the trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding, may, by written notice to the Company, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. If an event of default specified in clause (g) or (h) above occurs, the principal of, the premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder.

### *Covenants*

The Notes, the Indenture, the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) will limit the Company's ability and the ability of certain of its subsidiaries to, among other things:

- (a) incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- (b) make investments or other specified restricted payments;
- (c) issue or sell capital stock of certain of its subsidiaries;
- (d) guarantee indebtedness of certain of its subsidiaries;
- (e) sell assets;
- (f) create liens;
- (g) enter into sale and leaseback transactions;
- (h) engage in any business other than permitted business;
- (i) enter into agreements that restrict the ability of certain of its subsidiaries to pay dividends, transfer assets or make intercompany loans;
- (j) enter into transactions with shareholders or affiliates; and
- (k) effect a consolidation or merger.

### *Optional Redemption*

At any time and from time to time prior to 3 October 2021, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the applicable premium as of, and accrued and unpaid interest (if any) to (but not including), the redemption date. Neither the trustee nor the paying agent is responsible for calculating or verifying the applicable premium.

At any time and from time to time prior to 3 October 2021, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of common stock of the Parent Guarantor in an equity offering at a redemption price of 112.8% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

### **Listing Rules Implications**

The Parent Guarantor is a controlling shareholder of the Company and the Unlisted Subsidiary Guarantors are wholly owned by the Parent Guarantor. The Parent Guarantor and the Unlisted Subsidiary Guarantors are therefore connected persons of the Company under Chapter 14A of the Listing Rules. The Parent Guarantee and the guarantees to be provided by Unlisted Subsidiary Guarantors in relation to the Notes will constitute financial assistance from connected persons for the benefit of the Company. Such financial assistance is provided on normal commercial terms or better and is not secured by the assets of the Group and is therefore exempted under Rule 14A.90 of the Listing Rules from all reporting, announcement and independent shareholders' approval requirements.

### **Reasons for the Notes Issue**

The Group was founded in Zhengzhou in 1995 and has since grown into a renowned multinational group with integrated real estate businesses. Now with its footprint across Henan Province, Beijing, Hubei, Shandong and Hainan Provinces, Hong Kong, as well as Japan, Singapore and other countries and regions, the Group is the largest residential property developer in Zhengzhou in terms of both contracted sales and gross floor areas sold from 2012 to 2018, according to the China Real Estate Association and China Real Estate Appraisal. The Group has also established a strong presence in Henan Province.

The Company intends to use the net proceeds of the Notes Issue to refinance existing indebtedness and for project developments and general corporate purposes. It may adjust its plans in response to changing market conditions and, thus, reallocate the use of the net proceeds.

### **Listing and rating**

The Company will seek a listing of the Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the Notes has been received from the Stock Exchange for the listing of the Notes by way of debt issues to professional investors only as described in the offering memorandum. Admission of the Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Notes. The Notes are expected to be rated "B2" by Moody's Investors Service, Inc.

## INTERIM FINANCIAL INFORMATION

### Property Development in the PRC and Project Summary

As at 30 June 2019, the Group has two completed property projects and 30 on-going complex property projects on hand with 81 land parcels under development and planning with total site area of approximately 3.7 million square meters (“sq.m.”) and aggregated estimated GFA of approximately 10.1 million sq.m. or estimated saleable/leasable GFA of approximately 7.1 million sq.m. in the People’s Republic of China (“PRC”). Interests of all these property projects in the PRC are 100% attributable to the Group.

Project Number	Property Project	Location	Actual/Estimated Completion Time	Interest attributable to the Group	Type	Total site area (sq.m.) Approximately	Total GFA (sq.m.) Approximately	Completed saleable/leasable GFA (sq.m.) Approximately	Estimated saleable/leasable GFA under development (sq.m.) Approximately	Estimated GFA under planning (sq.m.) Approximately
<b>ACCUMULATED COMPLETED PROPERTY PROJECTS</b>										
1	Zensun Jingkai Plaza	North of Jingnan 2nd Road and east of Jingkai 9th Avenue, Zhengzhou City	4th quarter of 2017	100%	Commercial	47,736	211,748	211,748	-	-
2	Zensun Xinghan Garden	East of the intersection of Dahe Road and Guxu Road, Zhengzhou City	4th quarter of 2017	100%	Residential	34,439	66,103	66,103	-	-
<b>PROPERTY PROJECTS UNDER DEVELOPMENT/PLANNING</b>										
3	Zensun Scholar Garden	The intersection of east to Sanglin East Road and north to Ruifeng Road, Zhengzhou City	4th quarter of 2019	100%	Commercial	25,357	100,662	-	100,662	-
4	Zensun Longhushangjing	North of Chaoyang Road and east of Zhongyi Road, Zhengzhou City	4th quarter of 2019	100%	Residential	62,286	96,420	-	96,420	-
5	Zensun Voyage Mansion	West of Jingkai 17th Avenue, north of Hanghai East Road, Zhengzhou City	4th quarter of 2020	100%	Commercial	55,631	194,354	-	194,354	-
6	Zhengzhou Zensun River Valley (Phase I)	North of Lvda Road and west of Yuxiu Road Zhengzhou City	4th quarter of 2019	100%	Residential	94,426	176,845	-	176,845	-
	Zhengzhou Zensun River Valley (Phase II)	North of Lvda Road and east of Hongsong Road, Wenyun Road, and Jinzun Road and south of Chunxi Road, east of Yuxiu Road, and west of Jinzun Road, Zhengzhou City	4th quarter of 2020 to 1st quarter of 2022	100%	Residential & commercial	252,395	276,156	-	191,971	84,185



Project Number	Property Project	Location	Actual/Estimated Completion Time	Interest attributable to the Group	Type	Total site area (sq.m.) Approximately	Total GFA (sq.m.) Approximately	Completed saleable/leasable GFA (sq.m.) Approximately	Estimated saleable/leasable	Estimated
									GFA under development (sq.m.) Approximately	GFA under planning (sq.m.) Approximately
7	Zensun River Home (Phase I)	South of Xincheng Road, east of Yule Road, Zhengzhou City	4th quarter of 2019	100%	Residential	98,973	289,951	-	289,951	-
	Zensun River Home (Phase II)	South of Xinyun Road, east of Yule Road, Zhengzhou City	4th quarter of 2021	100%	Residential	84,310	210,774	-	210,774	-
	Zensun Jiabe Home Project	South of Xincheng Road, east of Xixi Street and south of Xinyun Road and east of Nanbei Avenue, west of Tianshan Road and east of Fengshi South Street, Zhengzhou City	4th quarter of 2021 to 2nd quarter of 2022	100%	Residential & commercial	229,571	112,190	-	-	112,190
8	Zensun Prosperity Court	South of Shisu Road and east of Fengshuo South Road, Zhengzhou City	2nd quarter of 2020	100%	Residential	8,051	26,476	-	26,476	-
9	Zensun Grand Garden	Huaifang Village & Xingong Village, Nanyuan County, Fengtai District, Beijing	2nd quarter of 2021	100%	Residential	53,214	89,017	-	89,017	-
10	Zensun Yazhu Garden	5th Avenue District, Shunyi Newtown, Renhe Town, Shunyi District, Beijing	2nd quarter of 2021	100%	Residential	41,170	59,397	-	59,397	-
11	Dengfeng Zensun City · Yu Garden	Southwest District of Intersection of Taihe Road and Zhengtong Road, Dengfeng City	2nd quarter of 2020	100%	Residential	46,899	78,137	-	78,137	-
	Dengfeng Zensun City · Xi Garden	Northeast corner of Intersection of Denggao Road and Fuyou Road, Dengfeng City	4th quarter of 2021	100%	Residential & commercial	15,992	39,835	-	39,835	-
	Dengfeng Zensun City · Tai Garden	Northwest corner of Intersection of Denggao Road and Fuyou Road, Dengfeng City	4th quarter of 2021	100%	Residential & commercial	32,986	82,236	-	82,236	-

Project Number	Property Project	Location	Actual/Estimated Completion Time	Interest attributable to the Group	Type	Total site area (sq.m.) Approximately	Total GFA (sq.m.) Approximately	Completed saleable/leasable GFA (sq.m.) Approximately	Estimated saleable/leasable GFA under development (sq.m.)	Estimated GFA under planning (sq.m.)
									Approximately	Approximately
	Dengfeng Zensun City · Xiang Garden	Northeast corner of Intersection of Hanque Road and Tianzhong Road, Dengfeng City	2nd quarter of 2020	100%	Residential & commercial	27,210	58,594	–	58,594	–
	Dengfeng Zensun City · He Garden	Northeast corner of Intersection of Yinghe Road and Tianzhong Road, Dengfeng City	2nd quarter of 2020	100%	Residential & commercial	50,436	127,818	–	127,818	–
	Dengfeng Zensun City · Rui Garden	Southeast corner of the Intersection of Shaolin Avenue and Fuyou Road, Dengfeng City	4th quarter of 2022	100%	Residential	55,405	127,431	–	–	127,431
12	Voyage International Plaza (Phases I & II)	South of Heshou Outer Ring Road and west of Shuanghe Lake 2nd Street, and East of Heshou Outer Ring Road and North of Wanhui Road, Zhengzhou City	2nd quarter of 2021 to 4th quarter of 2022	100%	Commercial	21,916	75,483	–	48,152	27,331
13	Xuchang Zensun Scholar Mansion	North of Nongda Road, south of Gui Hua Nong Xuan Road and west of Gui Hua Han Lin Road, Jianan District, Xuchang City	4th quarter of 2020	100%	Residential	115,449	312,604	–	312,604	–
14	Xuchang Zensun Golden Mile House	East of Laodong North Road and south of Gui Hua Zhou Zhuang Street, Jianan District, Xuchang City	4th quarter of 2021	100%	Residential	60,948	167,093	–	167,093	–
15	Zensun Longshuishangjing	South of North 3rd Ring Road and east of Longhu Neihuan East Road, Zhengzhou City	4th quarter of 2020	100%	Residential	58,338	96,549	–	96,549	–
16	Xinxiang Zensun Golden Mile House (Phase I)	South of Kelong Avenue and east of Xiner Street, Xinxiang City	2nd quarter of 2021	100%	Residential & commercial	45,591	159,569	–	159,569	–

Project Number	Property Project	Location	Actual/Estimated Completion Time	Interest attributable to the Group	Type	Total site area	Total	Completed	Estimated	Estimated
						(sq.m.)	GFA (sq.m.)	saleable/leasable GFA (sq.m.)	saleable/leasable GFA under development (sq.m.)	GFA under planning (sq.m.)
						Approximately	Approximately	Approximately	Approximately	Approximately
	Xinxiang Zensun Golden Mile House (Phase II)	West of Xinzhong Avenue, southeast corner of intersection of Hongyuan Street and Guihua Road, Xinxiang City	2nd quarter of 2021	100%	Residential & commercial	36,712	128,492	-	128,492	-
17	Zensun Voyage Garden (Phases I and II)	West of Jingkai 17th Avenue, south of Jingbei 4th Road, and north of Jingbei 1st Road, Zhengzhou City	4th quarter of 2020 to 4th quarter of 2021	100%	Residential & commercial	86,623	310,119	-	310,119	-
18	Zensun Orchids Mansion (Valley-view Garden)	West of Guihua 3rd Road and north of reserve land of Government, Longhu Town, Xinzheng City	4th quarter of 2020	100%	Residential	43,470	130,135	-	130,135	-
19	Zensun Orchids Mansion (Valley-view Court)	South of Guihua 1st Road, west of Qiushi Road, and west of reserve land of Government, Longhu Town, Xinzheng City	1st quarter of 2022	100%	Residential	92,321	276,963	-	-	276,963
20	Zensun Shili Mountain	Zhaoling Village and Caodian Village, Mihe Town, Gongyi City	4th quarter of 2021	100%	Residential, commercial, catering & public utility	987,701	1,163,569	-	50,247	1,113,322
21	Xuchang Zensun Orchids Mansion	South of Guihua Zhuyuan Street and east of Guihua Yongxian Road, Jianan District, Xuchang City	2nd quarter of 2022	100%	Residential	62,832	174,777	-	-	174,777
22	Zensun Boya Court	Northwest corner of Intersection of Tashan Road and National Highway 310, Xingyang City	4th quarter of 2021	100%	Residential	12,777	38,330	-	38,330	-
23	Zensun Zhenruishangjing	East of Longteng 2nd Street, south of Ruyi River West 2nd Street, Zhengdong New District, Zhengzhou City	2nd quarter of 2022	100%	Residential	68,819	103,228	-	103,228	-

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									Approximately	Approximately
24	Wuhan Zensun Scholar Mansion	West of the intersection of Chenggong Avenue and Maoxing Road, Caidian Street, Caidian District, Wuhan City	2rd quarter of 2021	100%	Residential	46,888	164,108	-	164,108	-
25	Zensun Yating Mansion	South of Qiaohang Road (Xiangrui Road), east of Linghan Street (Zhenggang 7th Street), Airport Harbour Zone, Zhengzhou City	4th quarter of 2022	100%	Residential	54,298	146,603	-	146,603	-
26	Zensun Fenghuashangjing	South of Longhu Neihuan East Road, east of Chunlei Street, Zhengdong New District, Zhengzhou City	4th quarter of 2021	100%	Residential	45,505	77,358	-	-	77,358
27	Xinxiang Smart City	South of Health Avenue and west of Central Avenue, and Intersection of Central Avenue and Financial Road, Qiliying Town, Central District, Xinxiang County	4th quarter of 2020 to 4th quarter of 2022	100%	Residential & commercial	342,993	625,241	-	61,343	563,898
28	Skyline Lake Court (Phases I and II)	South of Baiyun Road, and east of Runan Road, and west of Dengfeng Road, Shangjie District, Zhengzhou City	2nd quarter of 2022	100%	Residential, commercial,	97,995	195,989	-	-	195,989
29	Zensun West Lakeside Scholar Mansion	South of Hongmei Street and west of Chuanyang Road, Gaoxin District, Zhengzhou City	3rd quarter of 2022	100%	Residential	51,395	128,489	-	-	128,489
30	Zensun Voyage International Centre	East of Tonghang Fifth Road and north of Anyang Road Shangjie District, Zhengzhou City	3rd quarter of 2022	100%	Commercial	93,643	234,108	-	-	234,108

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									GFA under development (sq.m.)	GFA under planning (sq.m.)
31	Zensun International Building	South of Qilibe South Road and the west of Jiayuan Road Zhengdong New District, Zhengzhou City	4th quarter of 2021	100%	Commercial	13,442	107,442	-	107,442	-
32	Zensun Ecological City	South of Yuwu Road, east of Pearl Road and east of Jingzhuang Road Guancheng District, Zhengzhou City	4th quarter of 2022	100%	Residential, underground transport services	74,214	185,533	-	-	185,533
Grand total						<u>3,830,357</u>	<u>7,425,926</u>	<u>277,851</u>	<u>3,846,501</u>	<u>3,301,574</u>

The Group will continue expanding its property development in Henan Province and other first and second tier cities in the PRC.

**Interim Condensed Consolidated Statement of Profit or Loss**  
*For the six months ended 30 June 2019*

		<b>Six months ended 30 June</b>	
	<i>Notes</i>	<b>2019</b>	2018
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
			<b>(Restated)</b>
<b>REVENUE</b>	4	<b>327,890</b>	321,533
Cost of sales		<u>(179,160)</u>	<u>(183,913)</u>
Gross profit		<b>148,730</b>	137,620
Other income		<b>11,855</b>	1,121
Other gains and losses	5	<b>52,579</b>	9,242
Administrative expenses		<b>(73,938)</b>	(48,822)
Sales and marketing expenses		<b>(37,320)</b>	(33,174)
Finance costs	6	<u>(6,992)</u>	<u>(6,463)</u>
<b>PROFIT BEFORE TAX</b>	7	<b>94,914</b>	59,524
Income tax expense	8	<u>(57,427)</u>	<u>(30,699)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>37,487</b></u>	<u>28,825</u>
Attributable to:			
Owners of the Company		<b>36,997</b>	28,623
Non-controlling interests		<u>490</u>	<u>202</u>
		<u><b>37,487</b></u>	<u>28,825</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Basic (RMB cents)	10	<b>0.60</b>	0.46
Diluted		<u>NA</u>	<u>NA</u>

**Interim Condensed Consolidated Statement of Comprehensive Income**  
*For the six months ended 30 June 2019*

	<b>Six months ended 30 June</b>	
<i>Notes</i>	<b>2019</b>	2018
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(Restated)</b>
<b>PROFIT FOR THE PERIOD</b>	<b>37,487</b>	28,825
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<b>541</b>	(31,908)
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX</b>	<b>541</b>	(31,908)
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<b>38,028</b>	(3,083)
Attributable to:		
Owners of the Company	<b>37,808</b>	(2,686)
Non-controlling interests	<b>220</b>	(397)
	<b>38,028</b>	(3,083)

**Interim Condensed Consolidated Statement of Financial Position**  
30 June 2019

		<b>30 June 2019</b>	31 December 2018
	<i>Notes</i>	<b>RMB'000</b> <b>(Unaudited)</b>	<b>RMB'000</b> <b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>11</i>	<b>23,492</b>	23,126
Investment properties	<i>11</i>	<b>644,421</b>	646,620
Right-of-use assets		<b>5,986</b>	–
Deferred tax assets		<b>63,550</b>	63,168
Pledged deposits		<b>36,445</b>	33,915
		<hr/>	<hr/>
Total non-current assets		<b>773,894</b>	766,829
<b>CURRENT ASSETS</b>			
Inventories		<b>157</b>	217
Completed properties held for sale		<b>765,821</b>	934,671
Properties under development	<i>12</i>	<b>39,396,588</b>	29,777,845
Deposits and prepayments paid for land acquisitions	<i>13</i>	<b>1,386,750</b>	4,603,632
Accounts receivable, other receivables and other assets	<i>14</i>	<b>1,494,133</b>	1,175,439
Financial assets at fair value through profit or loss		<b>274,661</b>	232,532
Prepaid income tax and tax recoverable		<b>944,544</b>	616,737
Pledged deposits		<b>237,851</b>	680,450
Restricted bank balances		<b>366,845</b>	101,913
Cash and cash equivalents		<b>677,450</b>	673,412
		<hr/>	<hr/>
		<b>45,544,800</b>	38,796,848
Investment properties classified as held for sale		<b>1,185</b>	5,582
		<hr/>	<hr/>
<b>Total current assets</b>		<b>45,545,985</b>	38,802,430
		<hr/>	<hr/>



		<b>30 June 2019</b>	<b>31 December 2018</b>
	<i>Notes</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
<b>CURRENT LIABILITIES</b>			
Accounts payable, deposits received and accruals	15	2,093,482	1,271,149
Contract liabilities		17,143,599	11,304,291
Amounts due to related companies	16	1,829,911	473,199
Loans from a related company	17	9,050,155	12,876,310
Lease liabilities		1,808	–
Bank and other borrowings		5,611,946	3,658,396
Tax liabilities		84,298	109,621
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>35,815,199</b>	<b>29,692,966</b>
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>9,730,786</b>	<b>9,109,464</b>
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>10,504,680</b>	<b>9,876,293</b>
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Rental deposits received	15	6,190	7,128
Lease liabilities		4,354	–
Bank and other borrowings		9,326,059	8,742,329
Deferred tax liabilities		4,537	5,324
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>9,341,140</b>	<b>8,754,781</b>
		<hr/>	<hr/>
<b>Net assets</b>		<b>1,163,540</b>	<b>1,121,512</b>
		<hr/>	<hr/>
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Share capital	18	587,529	587,529
Reserves		578,844	541,036
		<hr/>	<hr/>
		<b>1,166,373</b>	<b>1,128,565</b>
Non-controlling interests		<b>(2,833)</b>	<b>(7,053)</b>
		<hr/>	<hr/>
<b>Total equity</b>		<b>1,163,540</b>	<b>1,121,512</b>
		<hr/>	<hr/>

**Interim Condensed Consolidated Statement of Changes in Equity**  
*For the six months ended 30 June 2019*

	Attributable to owners of the Company						Total	Non-controlling interests	Total equity
	Share capital	Capital reduction reserve*	PRC** statutory reserve*	Property revaluation reserve*	Exchange reserve*	Retained profits*			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
At 1 January 2018 (audited)	587,529	119,330	4,644	13,861	16,994	411,108	1,153,466	(9,581)	1,143,885
Profit for the period	-	-	-	-	-	28,623	28,623	202	28,825
Other comprehensive loss for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	(31,309)	-	(31,309)	(599)	(31,908)
Total comprehensive (loss)/income for the period	-	-	-	-	(31,309)	28,623	(2,686)	(397)	(3,083)
At 30 June 2018 (unaudited)	587,529	119,330	4,644	13,861	(14,315)	439,731	1,150,780	(9,978)	1,140,802
At 1 January 2019 (audited)	587,529	119,330	37,236	13,861	(37,878)	408,487	1,128,565	(7,053)	1,121,512
Profit for the period	-	-	-	-	-	36,997	36,997	490	37,487
Other comprehensive income/ (loss) for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	811	-	811	(270)	541
Total comprehensive income for the period	-	-	-	-	811	36,997	37,808	220	38,028
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	4,000	4,000
At 30 June 2019 (unaudited)	587,529	119,330	37,236	13,861	(37,067)	445,484	1,166,373	(2,833)	1,163,540

\* These reserve accounts comprise the consolidated reserves of RMB578,844,000 (31 December 2018: RMB541,036,000) in the interim condensed consolidated statement of financial position.

\*\* PRC refers to the People's Republic of China. For the purposes of this interim financial information only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, Macau and Taiwan.

**Interim Condensed Consolidated Statement of Cash Flows**  
*For the six months ended 30 June 2019*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2019</b>	<b>2018</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
			<b>(Restated)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>94,914</b>	59,524
Adjustments for:			
Increase in fair value of financial assets			
at fair value through profit or loss	5	<b>(41,848)</b>	(10,252)
Increase in fair value of investment properties	5	<b>(3,034)</b>	(6,013)
Gain on disposal of property,			
plant and equipment	5	–	(64)
Depreciation of property, plant and equipment	7	<b>2,534</b>	845
Depreciation of right-of-use assets		<b>805</b>	–
Interest income	7	<b>(11,191)</b>	(1,080)
Impairment loss on accounts receivable and			
other receivables	5	<b>33</b>	61
Finance costs	6	<b>6,992</b>	6,463
		<b>49,205</b>	49,484
Decrease in financial assets at fair value			
through profit or loss		–	103
Decrease in inventories		<b>60</b>	72
Increase in accounts receivable,			
other receivables and other assets		<b>(619,664)</b>	(194,219)
(Increase)/decrease in restricted bank balances		<b>(264,932)</b>	82,863
Increase in properties under development		<b>(8,524,022)</b>	(11,451,739)
Decrease in completed properties held for sale		<b>168,850</b>	178,114
Decrease in deposits and prepayments paid			
for land acquisitions		<b>3,218,162</b>	2,514,547
Increase/(decrease) in accounts payable,			
deposits received and accruals		<b>768,456</b>	(1,380,711)
Increase in contract liabilities		<b>5,468,088</b>	3,547,867
Cash from/(used in) operating activities		<b>264,203</b>	(6,653,619)
Tax paid		<b>(413,506)</b>	(330,166)
<b>Net cash flows used in operating activities</b>		<b>(149,303)</b>	<b>(6,983,785)</b>

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2019</b>	<b>2018</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
			<b>(Restated)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		<b>11,191</b>	1,080
Purchases of items of property, plant and equipment		<b>(3,602)</b>	(2,327)
Proceeds from disposal of investment properties		<b>11,222</b>	11,591
Proceeds from disposal of property, plant and equipment		–	233
Release of pledged deposits		<b>457,099</b>	43,000
Placement of pledged deposits		<b>(17,030)</b>	(356,083)
Purchase of a debt investment at amortised cost		–	(323,257)
Proceeds from recovery a debt investment at amortised cost upon maturity		<b>315,069</b>	–
Net cash outflows of acquisition of a subsidiary	<i>19</i>	<b>(46,931)</b>	–
<b>Net cash flows from/(used in) investing activities</b>		<b>727,018</b>	<b>(625,763)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New bank and other borrowings raised		<b>6,821,747</b>	3,788,182
Repayment of bank and other borrowings		<b>(4,283,267)</b>	(4,391,273)
Interest paid		<b>(406,083)</b>	(219,620)
Principal portion of lease payments		<b>(632)</b>	–
Repayments to related companies		<b>(473,199)</b>	(2,212,758)
Advances from related companies		<b>1,590,235</b>	–
Loans repaid to a related company		<b>(4,573,425)</b>	(844,677)
Loans received from a related company		<b>747,270</b>	11,368,124
Capital contribution from non-controlling shareholders		<b>4,000</b>	–
<b>Net cash flows (used in)/from financing activities</b>		<b>(573,354)</b>	<b>7,487,978</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of period		<b>673,412</b>	685,710
Effect of foreign exchange rate changes, net		<b>(323)</b>	2,081
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>677,450</b>	<b>566,221</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position		<b>677,450</b>	<b>566,221</b>

# Notes to the Interim Condensed Consolidated Financial Information

## 30 June 2019

### 1. CORPORATE INFORMATION

Zensun Enterprises Limited (formerly known as ZH International Holdings Limited) (the “Company”) is a public limited liability company incorporated in Hong Kong with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited. The registered office of the Company is located at 24th Floor, Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong. In the opinion of the directors of the Company (the “Directors”), the immediate holding company of the Company is Joy Town Inc., a private limited liability company incorporated in the British Virgin Islands (“BVI”). The ultimate holding company of the Company is Vistra Trust (Singapore) Pte Limited, a private limited liability company incorporated in Singapore, as trustee of a discretionary trust which is set up by Ms. Huang Yanping (“Ms. Huang”), a non-executive director of the Company. Ms. Huang is the settlor and protector of the discretionary trust. Mr. Zhang Jingguo (“Mr. Zhang”), the Chairman and an executive director of the Company, is the spouse of Ms. Huang.

The principal activities of the Company and its subsidiaries (collectively, the “Group”) include property development, property investment and management, hotel operations and securities trading and investment in Hong Kong, the PRC and overseas.

#### 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

The interim condensed consolidated financial information for the six months ended 30 June 2019 was approved for issue by the board (the “Board”) of Directors on 28 August 2019. The interim condensed consolidated financial information is unaudited, but has been reviewed by the Company’s audit committee.

The interim condensed consolidated financial information for the six months ended 30 June 2019 has been prepared in accordance with HKAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2018.

The financial information relating to the year ended 31 December 2018 that is included in the interim condensed consolidated statement of financial position as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company’s auditors have reported on the financial statements for the year ended 31 December 2018. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

The Group’s policies on financial risk management were set out in the financial statements included in the Company’s 2018 Annual Report and there have been no significant changes in the financial risk management policies for the six months ended 30 June 2019.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

### **Change in presentation currency of the interim condensed consolidated information for the prior period**

The functional currency of the Company is Hong Kong dollars (“HK\$”), which was the presentation currency of the consolidated financial statements of the Group for financial years prior to 2018.

During 2018, having considered that (i) most of the Group’s transactions are denominated and settled in RMB; and (ii) the change in the presentation currency could also reduce the impact of any fluctuations in the exchange rate of HK\$ against RMB, which is not due to the operations and beyond the control of the Group, on the consolidated financial statements of the Group, in order to enable the shareholders of the Company to have a more accurate picture of the Group’s financial performance, the Board considers that it is more appropriate to use RMB as its presentation currency for its consolidated financial statements.

The change of presentation currency was accounted for in accordance with HKAS 21 *The Effects of Changes in Foreign Exchange Rates* and such change has been applied retrospectively in accordance with HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Comparative figures for the six months ended 30 June 2018 have been re-stated to reflect the change in the Group’s presentation currency.

For the purpose of re-presentation of the comparative figures for the six months ended 30 June 2018 in RMB for the Group’s interim condensed consolidated financial information, income and expenses were translated at the average exchange rates for the prior corresponding period. Assets and liabilities were translated at the closing exchange rates at the end of the prior corresponding period. Share capital, share premium and reserves were translated at the applicable exchange rates. All resulting exchange differences were recognised in other comprehensive income for the prior corresponding period.

### **Adoption of the new and revised Hong Kong Financial Reporting Standards**

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) effective as of 1 January 2019.

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements 2015-2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 *Leases* and HK(IFRIC)-Int 23 *Uncertainty over Income Tax Treatments*, the new and revised standards are not relevant to the preparation of the Group’s interim condensed consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

#### **(a) Adoption of HKFRS 16**

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

#### *New definition of a lease*

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components as a single lease component.

#### *As a lessee – Leases previously classified as operating leases*

##### *Nature of the effect of adoption of HKFRS 16*

The Group has lease contracts for certain items of property. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

##### *Impacts on transition*

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured at fair value applying HKAS 40.

The Group has used the following elective practical expedient when applying HKFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	<i>RMB'000</i> (Unaudited)
<b>Assets</b>	
Increase in right-of-use assets	6,813
<b>Liabilities</b>	
Increase in lease liabilities	6,813

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	<i>RMB'000</i> (Unaudited)
<b>Operating lease commitments as at 31 December 2018</b>	
Weighted average incremental borrowing rate as at 1 January 2019	7.50%
Discounted operating lease commitments as at 1 January 2019	6,830
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	(17)
Lease liabilities as at 1 January 2019	6,813

#### ***Summary of new accounting policies***

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

##### *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.



### *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

### *Significant judgement in determining the lease term of contracts with renewal options*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

### *Amounts recognised in the interim condensed consolidated statements of financial position and profit or loss*

The carrying amounts of the Group's right-of-use assets and lease liabilities, and the movement during the period are as follows:

	<b>Right-of-use assets</b>		<b>Lease liabilities</b>
	<b>Office</b>	<b>Investment</b>	
	<b>RMB'000</b>	<b>properties</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>RMB'000</b>	<b>(Unaudited)</b>
		<b>(Unaudited)</b>	
As at 1 January 2019	6,813	415,189	6,813
Depreciation charge	(805)	–	–
Interest expense	–	–	236
Increase in fair value	–	1,147	–
Payments	–	–	(868)
Exchange realignment	(22)	2,019	(19)
As at 30 June 2019	<u>5,986</u>	<u>418,355</u>	<u>6,162</u>

- (b) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as “uncertain tax positions”). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Accordingly, the interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

### 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five operating and reportable segments as follows:

- (a) Property development in the PRC
- (b) Property investment and management in the United States of America (“USA” or “US”) in American Housing REIT, Inc. (“AHR”) and property management in the USA provided to Global Medical REIT, Inc. (“GMR”)
- (c) Property investment other than AHR
- (d) Securities trading and investment
- (e) Hotel operations

The Group has property investment and/or management businesses in Hong Kong, the USA, Singapore and Japan. Other than AHR which is operated in the USA, the property investment businesses in other regions are evaluated together and assessed as one operating segment by the management.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group’s profit/(loss) before tax except that certain other gains and losses, corporate and unallocated income and expenses are excluded from this measurement.

Segment assets exclude deferred tax assets, unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities, tax liabilities and unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

There are no differences from the Group’s annual financial statements for the year ended 31 December 2018 on the basis of segmentation or on the basis of measurement of segment profit or loss, segment assets and liabilities.

The following is an analysis of the Group’s revenue and results by operating and reportable segments for the six months ended 30 June 2019 and 2018.

## Segment revenue and segment results

	Six months ended 30 June			
	Segment revenue		Segment results	
	Six months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
(Unaudited)	(Unaudited) (Restated)	(Unaudited)	(Unaudited) (Restated)	
Property development in the PRC	283,982	284,360	30,949	43,838
Property investment and management in the USA in AHR and property management provided to GMR	28,077	22,393	8,245	3,318
Property investment other than AHR	5,722	6,450	2,132	7,030
Securities trading and investment	8,313	6,888	50,158	17,137
Hotel operations	1,796	1,442	(888)	(1,846)
	<u>327,890</u>	<u>321,533</u>	<u>90,596</u>	<u>69,477</u>
Unallocated corporate income			2,475	1,088
Other gains and losses			7,730	(7,220)
Unallocated corporate expenses			(5,887)	(3,821)
Profit before tax			<u>94,914</u>	<u>59,524</u>

The following is an analysis of the Group's assets and liabilities by operating and reporting segments as at 30 June 2019 and at 31 December 2018.

	30 June 2019	31 December 2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
<b>Segment assets</b>		
Property development in the PRC	45,191,342	38,122,867
Property investment and management in the USA in AHR and property management provided to GMR	262,763	253,750
Property investment other than AHR	455,906	503,032
Securities trading and investment	278,295	237,705
Hotel operations	7,506	7,541
	<u>46,195,812</u>	<u>39,124,895</u>
Unallocated assets	124,067	444,364
	<u>46,319,879</u>	<u>39,569,259</u>
<b>Segment liabilities</b>		
Property development in the PRC	44,817,110	37,753,219
Property investment and management in the USA in AHR and property management provided to GMR	110,080	109,183
Property investment other than AHR	137,929	145,730
Hotel operations	462	603
	<u>45,065,581</u>	<u>38,008,735</u>
Unallocated liabilities	90,758	439,012
	<u>45,156,339</u>	<u>38,447,747</u>

#### 4. REVENUE

An analysis of revenue is as follows:

	<b>Six months ended 30 June</b>	
	<b>2019</b> <i>RMB'000</i> <b>(Unaudited)</b>	<i>2018</i> <i>RMB'000</i> <b>(Unaudited)</b> <b>(Restated)</b>
<i>Revenue from contracts with customers</i>		
Sales of properties in the PRC	<b>283,982</b>	284,360
Property management services	<b>19,748</b>	13,876
Hotel operations	<b>1,796</b>	1,442
<i>Revenue from other sources</i>		
Rental income	<b>14,051</b>	14,967
Dividend income from financial assets at fair value through profit or loss	<b>8,313</b>	6,888
	<b>327,890</b>	321,533

#### Disaggregated revenue information for revenue from contracts with customers

Segments	<b>Six months ended 30 June 2019</b>			
	<b>Sales of properties in the PRC</b> <i>RMB'000</i> <b>(Unaudited)</b>	<b>Property management services</b> <i>RMB'000</i> <b>(Unaudited)</b>	<b>Hotel operations</b> <i>RMB'000</i> <b>(Unaudited)</b>	<b>Total</b> <i>RMB'000</i> <b>(Unaudited)</b>
<b>Type of goods or services and geographical markets</b>				
Sale of properties in the PRC	<b>283,982</b>	–	–	<b>283,982</b>
Property management services in the USA	–	<b>19,748</b>	–	<b>19,748</b>
Hotel services and consumptions in Japan	–	–	<b>1,796</b>	<b>1,796</b>
Total revenue from contracts with external customers	<b>283,982</b>	<b>19,748</b>	<b>1,796</b>	<b>305,526</b>
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	<b>283,982</b>	–	–	<b>283,982</b>
Services transferred over time	–	<b>19,748</b>	<b>1,796</b>	<b>21,544</b>
Total revenue from contracts with external customers	<b>283,982</b>	<b>19,748</b>	<b>1,796</b>	<b>305,526</b>

Segments	Six months ended 30 June 2018			
	Sales of properties in the PRC <i>RMB'000</i> (Unaudited) (Restated)	Property management services <i>RMB'000</i> (Unaudited) (Restated)	Hotel operations <i>RMB'000</i> (Unaudited) (Restated)	Total <i>RMB'000</i> (Unaudited) (Restated)
<b>Type of goods or services and geographical markets</b>				
Sale of properties in the PRC	284,360	–	–	284,360
Property management services in the USA	–	13,876	–	13,876
Hotel services and consumptions in Japan	–	–	1,442	1,442
	<u>284,360</u>	<u>13,876</u>	<u>1,442</u>	<u>299,678</u>
Total revenue from contracts with external customers	<u>284,360</u>	<u>13,876</u>	<u>1,442</u>	<u>299,678</u>
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	284,360	–	–	284,360
Services transferred over time	–	13,876	1,442	15,318
	<u>284,360</u>	<u>13,876</u>	<u>1,442</u>	<u>299,678</u>
Total revenue from contracts with external customers	<u>284,360</u>	<u>13,876</u>	<u>1,442</u>	<u>299,678</u>

## 5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Unaudited) (Restated)
Increase in financial assets at fair value through profit or loss	41,848	10,252
Increase in fair value of investment properties	3,034	6,013
Gain on disposal of property, plant and equipment	–	64
Exchange gain/(loss), net	7,730	(7,026)
Impairment loss on accounts receivable and other receivables	(33)	(61)
	<u>52,579</u>	<u>9,242</u>

## 6. FINANCE COSTS

	<b>Six months ended 30 June</b>	
	<b>2019</b> <i>RMB'000</i> <b>(Unaudited)</b>	<i>2018</i> <i>RMB'000</i> <b>(Unaudited)</b> <b>(Restated)</b>
Interests on:		
Bank and other borrowings	<b>430,513</b>	127,284
Loans from a related company	–	459
	<b>430,513</b>	127,743
Interest arising from lease liabilities	<b>236</b>	–
Interest arising from revenue contracts	<b>308,877</b>	79,771
Less: Capitalised in properties under development	<b>(732,634)</b>	(201,051)
	<b>6,992</b>	6,463

Borrowing costs from bank and other borrowings have been capitalised at rates ranging from 5.225% to 10.0% (six months ended 30 June 2018: 4.785% to 7.5%) per annum during the six months ended 30 June 2019.

## 7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	<b>Six months ended 30 June</b>	
	<b>2019</b> <i>RMB'000</i> <b>(Unaudited)</b>	<i>2018</i> <i>RMB'000</i> <b>(Unaudited)</b> <b>(Restated)</b>
Cost of properties sold	<b>174,691</b>	179,671
Cost of services	<b>4,469</b>	4,242
Depreciation of property, plant and equipment	<b>2,534</b>	845
Depreciation of right-of-use assets	<b>805</b>	–
Interest income	<b>11,191</b>	1,080
Gross rental income from investment properties	<b>14,051</b>	14,967
Less: Direct operating expenses incurred for:		
– investment properties generated rental income	<b>(2,428)</b>	(2,391)
– investment properties that did not generate rental income	<b>(43)</b>	(60)
	<b>(2,471)</b>	(2,451)
	<b>11,580</b>	12,516

## 8. INCOME TAX

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited) (Restated)
Current tax – charge for the period		
– Hong Kong Profits Tax	–	–
– PRC Corporate Income Tax (“PRC CIT”)	27,449	23,698
– PRC Land Appreciation Tax (“PRC LAT”)	36,035	6,846
– Overseas Corporate Income Tax	149	155
	<hr/>	<hr/>
Underprovision in prior years		
– Overseas Corporate Income Tax	45	–
	<hr/>	<hr/>
	63,678	30,699
Deferred tax	(6,251)	–
	<hr/>	<hr/>
Total tax charge for the period	<b>57,427</b>	<b>30,699</b>

No provision for Hong Kong Profits Tax has been made in the interim condensed consolidated financial statements as the Group had no assessable profits generated in Hong Kong for both periods.

Taxes on profits assessable have been calculated at the rates of tax prevailing in the countries/places in which the Group’s entities operate for both periods.

PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

## 9. DIVIDENDS

No dividend was paid during the six months ended 30 June 2019 (six months ended 30 June 2018: Nil). The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share is based on:

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(Restated)</b>
<b>Earnings</b>		
Profit attributable to owners of the Company used in the basic earnings per share calculation	<b>36,997</b>	28,623
	<b>36,997</b>	28,623
	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>'000</b>	<b>'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<b>6,176,820</b>	6,176,820
	<b>6,176,820</b>	6,176,820

No diluted earnings per share was presented for the six months ended 30 June 2019 and 2018 as the Group had no potentially dilutive ordinary shares in issue during these periods.

## 11. INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired property, plant and equipment of approximately RMB3,602,000 (six months ended 30 June 2018: approximately RMB2,327,000).

In addition, during the six months ended 30 June 2019, the Group disposed of certain investment properties and property, plant and equipment with an aggregate carrying amount of approximately RMB11,222,000 (six months ended 30 June 2018: approximately RMB9,401,000).

The fair values of the investment properties as at 30 June 2019 and 31 December 2018 are based on the valuations carried out by APAC Asset Valuation and Consulting Limited, which is the member of the Hong Kong Institute of Surveyors and Valuers and is an independent qualified professional valuer not connected with the Group.

In estimating the fair value of the investment properties, the highest and best use of the investment properties is the current use. The fair values of the investment properties are derived from the capitalisation of net income method with due allowance for the reversionary income.

All of the fair value measurements of the Group's investment properties other than investment properties classified as held for sale were categorised into Level 3 of the fair value hierarchy. There were no transfers in or out of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 during the six months ended 30 June 2019.

There has been no change from the valuation techniques used in prior periods.



## 12. PROPERTIES UNDER DEVELOPMENT

Properties under development are all situated in the PRC and amounting to RMB3,731,087,000 (31 December 2018: RMB8,602,149,000) are expected to be realised with twelve months from the end of the reporting period.

## 13. DEPOSITS AND PREPAYMENTS PAID FOR LAND ACQUISITIONS

The amount represented deposits and prepayments paid for land acquisitions arising from the acquisition of land use rights in the PRC. These deposits will be converted into properties under development upon completion of the land acquisition process and fully refundable if the acquisition is not successful.

## 14. ACCOUNTS RECEIVABLE, OTHER RECEIVABLES AND OTHER ASSETS

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Accounts receivable	23,114	22,218
Less: Impairment	—	—
	<b>23,114</b>	22,218
Debt investment at amortised cost	—	323,257
Prepaid value-added taxes and other taxes	1,010,453	606,006
Deposits and prepayments	327,063	150,413
Costs of obtaining contracts	108,259	61,094
Other receivables	25,894	13,101
	<b>1,471,669</b>	1,153,871
Less: Impairment	(650)	(650)
	<b>1,471,019</b>	1,153,221
	<b>1,494,133</b>	1,175,439

All accounts receivables were aged less than 3 months (31 December 2018: less than 3 months), based on the revenue recognition date or invoice date.

No provision for impairment of accounts receivable and other receivables was provided during the six months ended 30 June 2019 as the Directors consider that the expected credit loss is insignificant. The maximum exposure to credit risk at the end of the reporting period is the carrying value of each class of the above receivables.

## 15. ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUALS

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Accounts payable	8,935	173
Accrued construction costs ( <i>note</i> )	1,823,693	1,030,214
Rental deposits received	7,441	7,827
Retention deposits and payable	45,096	30,073
Real estate and other taxes payable	11,211	15,185
Other payables and accruals	203,296	194,805
	<b>2,099,672</b>	1,278,277
Less: Rental deposits received – non-current	<b>(6,190)</b>	(7,128)
	<b>2,093,482</b>	1,271,149

The average credit period of accounts payable ranges from 30 to 90 days (31 December 2018: 30 to 90 days). All accounts payable were aged within one year, based on invoice dates.

*Note:* Included in accrued construction costs were amounts due to a related company controlled by the ultimate controlling shareholder of the Company and together with her spouse of approximately RMB728,613,000 (31 December 2018: approximately RMB396,699,000) for its construction work.

## 16. AMOUNTS DUE TO RELATED COMPANIES

The amounts due to related companies were unsecured, interest-free and repayable on demand. Ms. Huang and her spouse Mr. Zhang have the controlling interests over these related companies.

## 17. LOANS FROM A RELATED COMPANY

The Group has entered into loan agreements with a related company, Henan Zensun Real Estate Co., Ltd. (“Zensun”), which was ultimately controlled by Ms. Huang, pursuant to which Zensun will provide unsecured loan(s).

As at 30 June 2019, the loans amounting to approximately RMB9,050,155,000 (31 December 2018: RMB12,876,310,000) were unsecured, interest-free and repayable on demand. Those amounts were shown under the current liabilities as Zensun had the discretionary rights to demand immediate repayment.

In the opinion of the Directors, the carrying amounts of the loans approximate to their fair values at initial recognition.

## 18. SHARE CAPITAL

	Number of ordinary shares	Amount RMB'000
<b>Ordinary shares with no par value:</b>		
At 1 January and 30 June 2019	<u>6,176,819,969</u>	<u>587,529</u>

There was no movement of the Company's share capital during the six months ended 30 June 2019 and 2018.

## 19. BUSINESS COMBINATION

During the six months ended 30 June 2019, the Group entered into an acquisition agreement with Henan Huizheng City Construction Company Limited, which was ultimately controlled by Ms. Huang, to acquire 100% equity interests of Henan Xinrong Real Estate Company Limited ("Henan Xinrong") at the consideration of RMB50,000,000. Pursuant to the terms and condition of the acquisition agreement, the acquisition transaction was completed on 21 February 2019. Henan Xinrong is engaged in property development in the PRC.

The acquisition is accounted for using the acquisition method of accounting in accordance with HKFRS 3 Business Combinations. The recognised amounts of assets and liabilities of Henan Xinrong at the date of acquisition are set out below:

	RMB'000 (Unaudited)
Property, plant and equipment	62
Properties under development	361,194
Deposits and prepayments paid for land acquisitions	1,280
Accounts receivable, other receivables and other assets	10,602
Amounts due from subsidiaries of the Company*	976
Prepaid income tax and tax recoverable	4,355
Cash and cash equivalents	3,069
Accounts payable, deposits received and accruals	(28,273)
Contract liabilities	(62,343)
Amounts due to related companies	(240,652)
Tax liabilities	(270)
	<u>50,000</u>
Net assets acquired	50,000
Consideration satisfied by cash	(50,000)
Cash and cash equivalents balances acquired	3,069
	<u>(46,931)</u>
Net cash outflow on acquisition	(46,931)

\* Amounts due from subsidiaries of the Company were eliminated in the consolidation upon the completion of acquisition.

Upon the completion of the acquisition, Henan Xinrong attributed a net loss of approximately RMB630,000 to the Group's consolidated profit for the six months ended 30 June 2019, and no revenue has been generated from Henan Xinrong during the period. Had the acquisition taken place at the beginning of the period, the revenue of the Group would have no changes and the consolidated profit would have been decreased by RMB272,000.

## 20. CONTINGENT LIABILITIES

As at 30 June 2019, the Group had contingent liabilities relating to guarantees amounting to approximately RMB5,571,412,000 (31 December 2018: RMB3,699,022,000) in respect of mortgage loan facilities provided by certain banks in connection with the mortgage loans entered into by property buyers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these property buyers, the Group would be responsible for repaying the outstanding mortgage principals together with accrued interest thereon and any penalties owed by the defaulted buyers to the banks. The Group would be entitled to take over the legal title to and possession of the related properties. These guarantees will be released upon the earlier of (i) the satisfaction of the mortgage loan by the buyer of the property; and (ii) the issuance of the property ownership certificate for the mortgage property and the completion of the deregistration of the mortgage. In the opinion of the Directors, no provision for the guarantee contracts was recognised in the interim condensed consolidated financial statements for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil) as the default risk is low.

## 21. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	<b>30 June 2019</b>	31 December 2018
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Contracted, but not provided in respect of:		
Acquisitions of land use rights	<b>373,630</b>	–
Property development expenditures	<b>13,411,332</b>	20,012,792
	<b><u>13,784,962</u></b>	<u>20,012,792</u>

## 22. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in this interim financial information, the Group had the following transactions with related parties during the period:

Related companies (Note (i))	Transactions	Six months ended 30 June	
		2019	2018
		RMB'000 (Unaudited)	RMB'000 (Unaudited) (Restated)
Zensun	Interest expenses (capitalised in properties under development) (Note (ii))	–	459
Relevant members of Henan Zensun Corporate Development Company Limited (the “Zensun Development Group”)	Construction costs (capitalised in properties under development) (Note (iii))	<b>990,873</b>	252,178

*Notes:*

- (i) Zensun and Zensun Development Group are the entities controlled by the ultimate controlling shareholder of the Company and together with her spouse.
- (ii) The interest expenses were charged according to agreements mutually agreed by both parties.
- (iii) The construction costs were based on terms mutually agreed by both parties. These transactions constitute continuing connected transactions as defined under Chapter 14A of the Listing Rules.

The carrying amount of bank and other borrowing amounting to approximately RMB6,210,010,000, excluding bonds (31 December 2018: approximately RMB600,000,000, excluding bonds and assets-backed securities) were guaranteed by related companies in which controlled by the ultimate controlling shareholder of the Company and together with her spouse. No asset of the Group was pledged to these related companies in respect of these guarantees.

During the six months ended 30 June 2019, the Group acquired the entire interest of a subsidiary, Henan Xinrong, from a related company, which was controlled by the ultimate controlling shareholder of the Company and together with her spouse. Further details of the acquisition transaction are included in note 19 to the interim financial information.

The Group is licensed by Zensun to use the trademark of “Zensun”, “正商”, on a royalty-free basis until July 2020.

(b) Outstanding balances with related parties:

Details of the Group's balance with related parties as at the end of the reporting period are included in notes 15, 16 and 17 to the interim financial information.

(c) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Short term employee benefits	516	420
Post-employment benefits	24	12
Total compensation paid to key management personnel	<u>540</u>	<u>432</u>

### 23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period, are as follows:

	Carrying amounts		Fair values	
	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	<u>274,661</u>	<u>232,532</u>	<u>274,661</u>	<u>232,532</u>
<b>Financial liabilities</b>				
Interest-bearing bank and other borrowings	<u>14,938,005</u>	<u>12,400,725</u>	<u>14,757,749</u>	<u>12,274,960</u>

Management has assessed that the fair values of cash and cash equivalents, restricted bank balances, pledged deposits, accounts receivable, accounts payable, financial assets included in other receivables and other assets, financial liabilities included in other payables and accruals, lease liabilities, amounts due to related companies, and loans from a related company approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets are at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of financial liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

## FAIR VALUE HIERARCHY

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

### Assets measured at fair value:

As at 30 June 2019

	Fair value measurement using			Total <i>RMB'000</i> (Unaudited)
	Quoted prices in active Markets (Level 1) <i>RMB'000</i> (Unaudited)	Significant observable inputs (Level 2) <i>RMB'000</i> (Unaudited)	Significant unobservable inputs (Level 3) <i>RMB'000</i> (Unaudited)	
Financial assets at fair value through profit or loss	<u>274,661</u>	–	–	<u>274,661</u>

As at 31 December 2018

	Fair value measurement using			Total <i>RMB'000</i> (Audited)
	Quoted prices in active Markets (Level 1) <i>RMB'000</i> (Audited)	Significant observable inputs (Level 2) <i>RMB'000</i> (Audited)	Significant unobservable inputs (Level 3) <i>RMB'000</i> (Audited)	
Financial assets at fair value through profit or loss	<u>232,532</u>	–	–	<u>232,532</u>

The Group had no financial liabilities measured at fair value as at 30 June 2019 (31 December 2018: Nil).

During the six months ended 30 June 2019, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2018: Nil).

**Liabilities for which fair values are disclosed:**

As at 30 June 2019

	Quoted prices in active Markets (Level 1) <i>RMB'000</i> (Unaudited)	Fair value measurement using		Total <i>RMB'000</i> (Unaudited)
		Significant observable inputs (Level 2) <i>RMB'000</i> (Unaudited)	Significant unobservable inputs (Level 3) <i>RMB'000</i> (Unaudited)	
Bank and other borrowings	–	14,757,749	–	14,757,749

As at 31 December 2018

	Quoted prices in active Markets (Level 1) <i>RMB'000</i> (Audited)	Fair value measurement using		Total <i>RMB'000</i> (Audited)
		Significant observable inputs (Level 2) <i>RMB'000</i> (Audited)	Significant unobservable inputs (Level 3) <i>RMB'000</i> (Audited)	
Bank and other borrowings	–	12,274,960	–	12,274,960

**24. EVENTS AFTER THE REPORTING PERIOD**

The Company entered into a subscription agreement with the controlling shareholder of the Company as subscriber, pursuant to which the subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 4,117,879,979 subscription shares at the subscription price of HK\$0.38 per subscription share under the specific mandate. On 15 August 2019, all the conditions for the subscription have been fulfilled and the share subscription was completed pursuant to the terms and conditions of the subscription agreement accordingly.



## DEFINITIONS

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

“Board”	the board of Directors of the Company
“CCB International”	CCB International Capital Limited
“China CITIC Bank International”	China CITIC Bank International Limited
“CLSA”	CLSA Limited
“CMB International”	CMB International Capital Limited
“CM Financial”	CM Securities (Hongkong) Company Limited
“Company”	Zensun Enterprises Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Parent Guarantor, the Company and their subsidiaries
“Guotai Junan International”	Guotai Junan Securities (Hong Kong) Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Indenture”	the written agreement entered into between the Company, the Parent Guarantor and the Subsidiary Guarantors as guarantors and China Construction Bank (Asia) Corporation Limited as trustee, that specifies the terms and conditions of the Notes including the covenants, events of default, interest rate of the Notes and the maturity date
“JV Subsidiary Guarantees”	limited recourse guarantees given by the JV Subsidiary Guarantors on the Notes
“JV Subsidiary Guarantors”	certain subsidiaries of the Company, other than the Parent Guarantor and Subsidiary Guarantors, that guarantee the Company’s obligations under the Notes

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	the US\$220 million 12.8% senior notes due 2021 to be issued by the Company
“Notes Issue”	the issue of the Notes by the Company
“Parent Guarantee”	the guarantees to be provided by the Parent Guarantor in respect of the Notes
“Parent Guarantor”	Zensun Group Limited, the company incorporated in the British Virgin Islands with limited liability which will provide guarantees for the Notes
“PRC”	People’s Republic of China, excluding Hong Kong, Macao Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement
“Purchase Agreement”	the agreement dated 25 September 2019 entered into by and among Guotai Junan International, CLSA, CCB International, CMB International, CM Financial, China CITIC Bank International, Yuanyin Securities, the Company, the Parent Guarantor and the Subsidiary Guarantors in relation to the Notes Issue
“Securities Act”	the United States Securities Act of 1933, as amended
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantees”	the guarantees to be provided by the Subsidiary Guarantors in respect of the Notes
“Subsidiary Guarantors”	the Unlisted Subsidiary Guarantors and certain existing non-PRC subsidiaries of the Company that on the issue date of the Notes will provide guarantees for the Notes
“U.S. Dollars” or “US\$”	United States dollar(s), the lawful currency of the United States
“United States”	the United States of America

“Unlisted Subsidiary Guarantors”	Zensun International Holdings Company Limited, HQ Neptune Investments Limited, Ever Diamond Global Company Limited, Honor Challenge Investment Limited and Champ Win Enterprise Limited, which are subsidiaries of the Parent Guarantor providing guarantees for the Notes
“Yuanyin Securities”	Yuanyin Securities Limited
“%”	per cent

By Order of the Board  
**Zensun Enterprises Limited**  
**Zhang Jingguo**  
*Chairman, Chief Executive Officer  
and Executive Director*

Hong Kong, 26 September 2019

*As at the date of this announcement, the executive Directors are Mr. Zhang Jingguo and Mr. Zhang Guoqiang; the non-executive Director is Ms. Huang Yanping and the independent non-executive Directors are Mr. Liu Da, Dr. Liu Qiao and Mr. Ma Yuntao.*