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ZENSUN ENTERPRISES LIMITED
正 商 實 業 有 限 公 司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 185)

VOLUNTARY ANNOUNCEMENT

DISPOSAL OF SUBSIDIARY

THE DISPOSAL

This announcement is made by the Company on a voluntary basis and does not constitute a transaction discloseable under Chapter 14 or Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the Company.

The Board is pleased to announce that on 9 July 2020 (U.S. time), the Company and Mr. Busch as sellers and the Purchaser as purchaser entered into the SPA pursuant to which (i) the Company agreed to sell and the Purchaser agreed to purchase 850 shares of the Target Company, which represents 85% of the issued share capital of the Target Company; (ii) Mr. Busch agreed to sell and the Purchaser agreed to purchase 150 shares of the Target Company, which represents 15% of the issued share capital of the Target Company, for a total consideration of approximately US$17,600,000 after adjusted by the Closing Working Capital, which shall be payable in accordance with the terms of the SPA.

Upon Completion, the Target Group will cease to be subsidiaries of the Company and their financial results will cease to be consolidated with the accounts of the Company.

INTRODUCTION

This is a voluntary announcement made by Zensun Enterprises Limited ("**Company**").

The Board of the Company is pleased to announce that on 9 July 2020 (U.S. time), the Company and Mr. Busch as sellers and the Purchaser as purchaser entered into the SPA pursuant to which (i) the Company agreed to sell and the Purchaser agreed to purchase 850 shares of the Target Company, which represents 85% of the issued share capital of the Target Company; (ii) Mr. Busch agreed to sell and the Purchaser agreed to purchase 150 shares of the Target Company, which represents 15% of the issued share capital of the Target Company, for a total consideration of approximately US$17,600,000 after adjusted by the Closing Working Capital, which shall be payable in accordance with the terms of the SPA.

THE DISPOSAL

Assets being disposed of

Pursuant to the SPA:

(a) the Company agreed to sell and the Purchaser agreed to purchase 850 shares of the Target Company, which represents 85% of the issued share capital of the Target Company; and

(b) Mr. Busch agreed to sell and the Purchaser agreed to purchase 150 shares of the Target Company, which represents 15% of the issued share capital of the Target Company.

Completion of the SPA took place simultaneously with the signing of the SPA.

Consideration

The total consideration for the disposal of the entire issued share capital of the Target Company is approximately US$17,600,000 after adjusted by the Closing Working Capital, in which (i) 85% shall be paid by the Purchaser to the Company in cash on the date of completion; (ii) 15% shall be paid by the Purchaser to Mr. Busch in cash on the date of completion.

At Completion, the Purchaser, the Sellers and an escrow agent shall execute an escrow agreement pursuant to which (i) the Company and (ii) Mr. Busch together shall deposit an aggregate of US$1.8 million of shares of the common stock and long-term incentive plan units of the Purchaser in accordance with their respective percentage interests in the Target Company into the escrow account for the benefit of the Sellers to satisfy any subsequent indemnity claims against the Sellers for a term of 18 months. Any escrowed shares and escrowed long-term incentive plan units of the Purchaser held in the escrow account at the end of the term shall be released by the escrow agent to the Company and Mr. Busch in accordance with their respective percentage interests in the Target Company.

The consideration was arrived at after arm’s length negotiation between the Sellers and the Purchaser and taking into account the termination fee under the amended and restated management agreement entered into between the Purchaser and IAM as manager which is based on the average annual base management fee and the average annual incentive fee payable by the Purchaser to the IAM.

INFORMATION ON PARTIES TO THE DISPOSAL

The Purchaser is a REIT in the United States and listed on the New York Stock Exchange. As at the date of this announcement, the Group had approximately 8.3% equity interests in the Purchaser. The Purchaser currently focuses on acquisition of state-of-the-art, purpose-built with contemporary technology, licensed and specialised medical facilities in the United

States, and as at 31 December 2019, owned 68 specialised medical and healthcare facilities, with approximately 2.78 million net leasable square feet. Pursuant to the amended and restated management agreement,, IAM was the REIT manager of the Purchaser in relation to the assets, operations and affairs of the Purchaser.

Mr. Busch is the chief executive officer of the Target Company and oversees all of the Target Company's REIT management and real estate activities in the United States. Mr. Busch is also the chairman, president and chief executive officer of the Purchaser. As the assets ratio, revenue ratio and profits ratio of the Target Group compared to that of the Company are less than 5% under the percentage ratios for the year ended 31 December 2019, the Target Group constitute an insignificant subsidiary of the Company and Mr. Busch is not a connected person of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its beneficial owner are third parties independent of the Group and its connected persons.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company and its subsidiaries (collectively "**Group**") are principally engaged in property development, property investment and management, project management and sales services and securities trading and investment.

According to the amended and restated management agreement entered into between the Purchaser and IAM as manager, prior to the end of the calendar quarter occurring immediately after the date the stockholders' equity of the Purchaser exceeded a certain amount, the independent directors of the Purchaser shall determine whether it would be in the best interests of the Purchaser and its stockholders to internalize the management of the Purchaser. If the independent directors of the Purchaser recommend the Purchaser to pursue the internalization, the Purchaser may terminate the amended and restated management agreement with IAM.

In June 2020, the special committee comprised entirely of independent and disinterested members of the Purchaser's board of directors recommended to the board of directors of the Purchaser that the internalization of the management of the Purchaser by acquiring its existing manager, being IAM, would be in the best interests of the Purchaser and its stockholders. As such, for the purpose of internalization of the management of the Purchaser, the Purchaser entered into the SPA with the Sellers for acquisition of the entire issued capital of the Target Company.

After taken into account (i) the consideration of the Disposal would be a multiple of the average annual base management fee and the average annual incentive fee payable by the Purchaser to the IAM; (ii) the Disposal will generate an extraordinary gain to the Group; and (iii) the net proceeds from the Disposal will generate an immediate cash inflow for the general working capital purposes of the Group, the Directors (including the independent non-executive Directors) consider that the terms of the SPA and the Disposal are fair and reasonable and on normal commercial terms and in the interests of the Company and its shareholders as a whole.

This announcement is made by the Company on a voluntary basis and does not constitute a transaction discloseable under Chapter 14 or Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the Company.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Target Group will cease to be subsidiaries of the Company and their financial results will cease to be consolidated with the accounts of the Company. The Group will no longer provide management services to and receive management fee income from Purchaser.

Based on the consideration of Disposal, being 85% of approximately US$17,600,000 after adjusted by the Closing Working Capital and the consolidated net asset value of the Target Group of approximately US$388,000 as at 31 December 2019 as prepared in accordance with accounting principles generally accepted in the United States, it is expected that the Company would record a net gain of approximately RMB100,521,000 arising from the Disposal. The exact amount of the net gain on the Disposal to be recorded in the consolidated statement of profit or loss and other comprehensive income of the Group is subject to review and audit by the auditors of the Company on the consolidated net asset value of the Target Group at Completion. It is expected that the net proceeds from the Disposal of approximately US$13,705,000 (equivalent to approximately RMB96,209,100) will be used for general working capital of the Company.

DEFINITIONS

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

"Board"	the board of Directors
"Closing Working Capital"	the net current assets of the Target Group as at 30 June 2020 and other agreed fees and expenses between the Sellers and the Purchaser
"Company"	Zensun Enterprises Limited, a company incorporated in the Hong Kong with limited liability, the shares are listed on the Main Board of the Stock Exchange (stock code: 185)
"Completion"	completion of the SPA
"Director(s)"	directors of the Company
"Disposal"	the sale of the 850 shares of the Target Company held by the Company to the Purchaser pursuant to the SPA
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China

"IAM"	Inter-American Management LLC, a Delaware corporation and a wholly owned subsidiary of the Target Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Busch"	Mr. Jeffrey Busch
"Purchaser"	Global Medical REIT, Inc., a real estate investment trust in the United States in which the Company had approximately 8.3% equity interests as at the date of this announcement
"REIT"	real estate investment trust
"RMB"	Renminbi
"Sellers"	the Company and Mr. Busch
"SPA"	the stock purchase agreement entered into between the Company and Mr. Busch as sellers and the Purchaser dated 9 July 2020 (U.S. time)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Inter-American Group Holdings Inc., a Delaware corporation and a 85% owned subsidiary of the Company
"Target Group"	the Target Company and its subsidiary
"U.S." or "United States"	the United States of America
"US$"	United States dollar(s), the lawful currency of the United States

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

Hong Kong, 10 July 2020

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.

For the purpose of this announcement, translations of Renminbi into United States dollars or *vice versa have been calculated by using an exchange rate of US$1.00 equal to RMB7.02. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.*