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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)**

**(1) PLACING OF NEW SHARES UNDER GENERAL MANDATE; AND  
(2) CONNECTED TRANSACTION INVOLVING LOAN  
CAPITALISATION THROUGH SUBSCRIPTION OF NEW SHARES  
UNDER SPECIFIC MANDATE**

**Placing Agent**



**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



**PLACING OF NEW SHARES UNDER GENERAL MANDATE**

The Board is pleased to announce that on 24 November 2020 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent conditionally agreed to place as the Company's placing agent on a best effort basis the Placing Shares up to 1,526,090,000 new Shares to not less than six places at the Placing Price of HK\$0.460 per Placing Share.

The Placing Shares represent (i) approximately 13.24% of the existing total number of issued Shares as at the date of this announcement; and (ii) approximately 11.69% of the total number of issued Shares as enlarged by the allotment and issue of the Placing Shares in full (assuming there is no change to the share capital of the Company between the date of the Placing Agreement and the Placing Completion Date).

Assuming that the Placing Shares are issued in full under the Placing, the maximum gross proceeds from the Placing are estimated to be approximately HK\$702.0 million, and the maximum net proceeds, after deducting the Placing commission, brokerage, professional fees and all related expenses which may be borne by the Company, from the Placing are estimated to be approximately HK\$698.9 million.

The net proceeds from the Placing are estimated to be approximately HK\$698.9 million and are intended to be used (i) as to 90% for repayment of the bank and other loans which are due on or before 31 December 2021 and (ii) as to 10% for the general working capital. The maximum net price raised per Placing Share upon completion of the Placing will be approximately HK\$0.458 per Placing Share.

#### **LOAN CAPITALISATION THROUGH SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE**

The Board is pleased to further announce that, on 24 November 2020 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, the Subscription Shares at the Subscription Price. The aggregate Subscription Price for all Subscription Shares shall be settled by way of capitalisation of the entire shareholders' loan owing to the Subscriber in the amount of approximately HK\$2,795.7 million.

The Subscription Shares represent (i) approximately 52.71% of the number of issued Shares as at the date of this announcement; and (ii) approximately 31.76% of the number of issued Shares as enlarged by the allotment and issue of the Subscription Shares and Placing Shares in full, assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Subscription Completion Date other than the Placing and the Subscription. The Subscription Shares will be issued under the specific mandate to be granted by the Independent Shareholders in the EGM and will rank *pari passu* in all respects among themselves and with the issued Shares as at the Subscription Completion Date.

#### **LISTING RULES IMPLICATIONS**

The Placing Shares will be issued under the General Mandate, which is not subject to Shareholders' approval at the EGM.

As at the date of this announcement, the Subscriber is a controlling Shareholder, holding 7,697,492,188 Shares, representing approximately 66.76% of the number of the issued Shares. Since the Subscriber is a connected person of the Company under the Listing Rules, the Subscription will constitute a connected transaction for the Company, and is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The EGM will be convened and held to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder and the grant of the specific mandate to allot and issue the Subscription Shares. The Subscriber and its associates shall be required to abstain from voting on the resolution(s) of the Company in approving the Subscription Agreement and the transactions contemplated thereunder at the EGM.

Save as disclosed and to the best knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Subscription and is required to abstain from voting on the resolution(s) of the Company in approving the Subscription Agreement and the transactions contemplated thereunder at the EGM.

#### **ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee comprising all the independent non-executive Directors has been established to give a recommendation to the Independent Shareholders as to whether the terms of the Subscription Agreement are on normal commercial terms or better and fair and reasonable, whether the Subscription is in the interests of the Company and the Shareholders as a whole and as to voting at the EGM. VBG Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the Subscription Agreement; (ii) the recommendation from the Independent Board Committee in respect of the Subscription; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription; and (iv) the notice of the EGM is expected to be despatched to the Shareholders on or before 15 December 2020.

**Completion of the Placing and the Subscription are subject to the satisfaction of the conditions precedent under the Placing Agreement and the Subscription Agreement. As the Placing and the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **I. PLACING OF NEW SHARES UNDER GENERAL MANDATE**

The Board is pleased to announce that on 24 November 2020 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent conditionally agreed to place as the Company's placing agent on a best effort basis the Placing Shares up to 1,526,090,000 new Shares at the Placing Price of HK\$0.460 per Placing Share.

### **THE PLACING AGREEMENT**

The principal terms and conditions of the Placing Agreement are as follows:

#### **Date**

24 November 2020 (after trading hours)

#### **Parties**

Issuer: The Company

Placing Agent: DL Securities (HK) Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

#### **Placing Fees**

The Placing Agent will charge the Company a placing commission of 0.4% of the amount equal to the Placing Price multiplied by the aggregate number of Placing Shares actually placed by the Placing Agent. The Placing commission was negotiated on an arm's length basis between the Company and the Placing Agent, and determined with reference to, amongst other things, the market rate and the price performance of the Shares.

#### **Placees**

Pursuant to the Placing Agreement, the Placing Agent will procure the Placing Shares to be placed to not less than six Placees, who/which will be professional, institutional or other investors selected and procured by or on behalf of the Placing Agent on a best effort basis.

The Placing Agent will, to the extent practicable and lawful, use its reasonable endeavours to ensure that the Placees (if applicable, together with their respective ultimate beneficial owners) will be third parties independent from, not connected or associated with, and not acting in concert with one another or any of the Directors, chief executive or substantial Shareholders of the Company and any of its subsidiaries and their respective associates.

## **Number of Placing Shares**

Up to 1,526,090,000 new Shares, representing (i) approximately 13.24% of the existing total number of issued Shares as at the date of this announcement; and (ii) approximately 11.69% of the total number of issued Shares as enlarged by the allotment and issue of the Placing Shares in full (assuming there is no change to the share capital of the Company between the date of the Placing Agreement and the Placing Completion Date).

## **Placing Price**

The Placing Price of HK\$0.460 represents:

- (i) a discount of approximately 4.17% to the closing price of HK\$0.480 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 0.86% to the average closing price of HK\$0.464 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price and the recent trading volume of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent.

The net issue price per Placing Share (after deduction of the Placing commission and brokerage, professional fees and all related expenses which may be borne by the Company) is approximately HK\$0.458, assuming that the Placing is completed in full.

## **Ranking of the Placing Shares**

The Placing Shares, when allotted and issued, will rank *pari passu* in all respects with the other existing Shares in issue on the date of allotment and issue of the Placing Shares including the right to receive all dividends and other distributions declared, made or payable at any time by reference to a record date falling on or after the date of allotment and issue.

## **Conditions of the Placing**

Completion of the Placing is conditional upon the satisfaction or waiver (where permissible) of the following conditions:

- (a) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Placing Shares (and such listing and permission not subsequently revoked);
- (b) no court or other governmental authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any law, rule, regulation, judgment, determination, decree, preliminary or permanent injunction or other order that is in effect and that restrains, enjoins or otherwise prohibits consummation of the Placing;

- (c) the Company will be able to meet the public float requirement under the Listing Rules upon Placing Completion;
- (d) all necessary consents, approvals, authorisations and/or waivers having been obtained by the Company to effect the execution, completion and performance of the obligations and other terms of the Placing Agreement;
- (e) the representations, warranties and undertakings of the Company being true and correct in all material respects as of Placing Completion Date as though made on and as of such date except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date; and
- (f) each of the Placing Agent and the Company shall have performed or complied in all material respects with all agreements and covenants required by the Placing Agreement to be performed or complied with by it on or prior to the Placing Completion Date;

The conditions set out in paragraphs (a) to (d) cannot be waived by the Company or the Placing Agent. Each of the Company and the Placing Agent shall use their respective best endeavours to procure the satisfaction of the conditions set out above.

### **Completion of the Placing**

Completion of the Placing shall take place on the second Business Day after satisfaction of all the conditions of the Placing or such other time or date as the Company and the Placing Agent shall agree in writing.

### **General Mandate to issue the Placing Shares**

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by the then Shareholders at the annual general meeting of the Company held on 9 June 2020. Pursuant to the General Mandate, the total number of new Shares that the Directors are authorized to allot and issue is 2,306,011,989 new Shares (up to 20% of the total number of issued Shares as at the date of the annual general meeting held on 9 June 2020, i.e. 11,530,059,948). Up to the date of this announcement, no new Shares have been issued under the General Mandate and the Placing will utilize approximately 66.18% of the General Mandate upon Placing of the Placing Shares in full. Accordingly, the issue of the Placing Shares will not be subject to the approval of the Shareholders.

### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

## **Termination of the Placing Agreement**

During the period from the date of the Placing Agreement to completion of the Placing Agreement on the Placing Completion Date:

- (a) if any of the conditions of the Placing shall not have been satisfied to the satisfaction of or waived by the Placing Agent and the Company by 28 December 2020 (or such later date as may be agreed between the Placing Agent and the Company), being the long stop date, the Placing Agreement and the respective obligations of the Placing Agent and the Company thereunder shall cease and terminate immediately at that time (without any further action of any party required);
- (b) the Placing Agreement may be terminated by the mutual agreement of the parties thereof; or
- (c) if there develops, occurs or comes into force any of the following during the period from the date of the Placing Agreement to 8:00 a.m. on the Placing Completion Date:
  - (i) any new law or regulation or any change in existing laws or regulations which in the reasonable opinion of the Placing Agent has or may be or is likely to have a material adverse effect on the financial position of the Company or any of its subsidiaries as a whole;
  - (ii) any event or circumstances in the nature of force majeure (including, without limitation, acts of government, strikes, labour disputes, lock-outs, fire, explosion, flooding, civil commotion, economic sanctions, epidemic, terrorism, acts of war and acts of God), in each case involving or affecting Hong Kong or any jurisdiction relevant to any member of the Group;
  - (iii) a general moratorium on commercial banking activities declared by relevant authorities in Hong Kong or any jurisdiction relevant to any member of the Group or a material disruption in commercial banking or foreign exchange trading or securities settlement or clearance services in Hong Kong or any jurisdiction relevant to any member of the Group;
  - (iv) any prohibition on the Company for whatever reason from offering, allotting or issuing any of the Placing Shares pursuant to the terms of the Placing Agreement;
  - (v) any order or petition for the winding up of any member of the Group or any composition or arrangement being made by any member of the Group with its creditors or any scheme of arrangement being entered into by any member of the Group or any resolution for the winding up of any member of the Group being entered into by any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group;

- (vi) any material adverse change (whether or not permanent) in local, national or international financial, political, economic conditions, financial, banking, capital markets, currency exchange rates, credit default swap prices, secondary bond prices, exchange controls, or the occurrence of any event or series of events outside of the Placing Agent's or the Company's control;
- (vii) any material adverse change in or affecting any taxation, exchange controls, currency exchange rates or foreign exchange regulations or the implementation of any exchange control in Hong Kong or any jurisdiction relevant to any member of the Group; or
- (viii) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or other similar reasons,

which, in the reasonable opinion of the Placing Agent, (i) is likely to or does prejudice materially (A) the success of the offering and distribution of the Placing Shares or (B) dealings in the Placing Shares in the secondary market, or (ii) make it (A) impractical or (B) inadvisable, to market the Placing Shares, then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving reasonable notice in writing to the Company, and the Company shall not be liable to pay any commission pursuant to the Placing Agreement.

## **II. SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE**

The Board is pleased to further announce that, on 24 November 2020 (after trading hours and after the entering into of the Placing Agreement), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, the Subscription Shares at the Subscription Price on the Subscription Completion Date.

### **THE SUBSCRIPTION AGREEMENT**

The principal terms and conditions of the Subscription Agreement are as follows:

#### **Date**

24 November 2020 (after trading hours)

#### **Parties**

Issuer:                   The Company

Subscriber:              The Subscriber

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Subscriber is an investment holding company incorporated in the British Virgin Islands with limited liability. As at the date of this announcement, the Subscriber is a controlling Shareholder, holding 7,697,492,188 Shares, representing approximately 66.76% of the number of the issued Shares and is ultimately owned by a discretionary trust established by Ms. Huang Yanping, the non-executive Director, as settlor and protector and Vistra Trust (Singapore) Pte Limited as trustee, accordingly, the Subscriber is a connected person of the Company under Chapter 14A of the Listing Rules.

### **Number of Subscription Shares**

6,077,716,750 Subscription Shares, which represent (i) approximately 52.71% of the number of issued Shares as at the date of this announcement; and (ii) approximately 31.76% of the number of issued Shares as enlarged by the allotment and issue of the Placing Shares and Subscription Shares in full, assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Subscription Completion Date other than the Placing and the Subscription.

The Subscription Shares will be issued under the specific mandate to be granted by the Independent Shareholders in the EGM and will rank *pari passu* in all respects among themselves and with the issued Shares as at the Subscription Completion Date.

### **The Subscription Price**

The Subscription Price is HK\$0.460 per Subscription Share, and the aggregate Subscription Price for all Subscription Shares shall be settled by way of capitalisation of the entire shareholders' loan owing to the Subscriber in the amount of approximately HK\$2,795.7 million upon Subscription Completion. It represents:

- (i) a discount of approximately 4.17% to the closing price of HK\$0.480 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (ii) a discount of approximately 0.86% to the average closing price of approximately HK\$0.464 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement.

The Subscription Price was determined, among others, with reference to the market price of the Shares under the prevailing market conditions, performance and financial position of the Group and was negotiated on an arm's length basis between the Company and the Subscriber.

The net issue price per Subscription Share (after deduction of professional fees and all related expenses which may be borne by the Company) is approximately HK\$0.460.

## **Ranking of Subscription Shares**

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the issued Shares as at the Subscription Completion Date.

## **Conditions of the Subscription**

Completion is subject to the following conditions:

- (a) the Independent Shareholders having approved the terms and authorised the execution of and performance by the Company of its obligations under the Subscription Agreement;
- (b) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange (and such listing and permission not subsequently revoked);
- (c) the Company will be able to meet the public float requirement under the Listing Rules upon Subscription Completion;
- (d) all other necessary consents, approvals, permits or licences from the relevant governmental or regulatory authorities or other third parties in relation to the transactions contemplated under the Subscription Agreement having been obtained;
- (e) the representations and warranties made by the Company where required to be repeated in accordance with the Subscription Agreement at Completion being materially true and accurate at the time of Subscription Completion, as though then made and the Company not otherwise being in material breach of its obligations under the Subscription Agreement;
- (f) the Placing having been completed in accordance with the Placing Agreement.

The conditions set out in paragraph (a) to (d) above cannot be waived by the Company or the Subscriber. Each of the Company and the Subscriber shall use their respective best endeavours to procure the satisfaction of the conditions set out above.

If the conditions set out above are not fulfilled on or before 22 January 2021 (or such later date as may be agreed between the Subscriber and the Company), being the long stop date, the Subscription Agreement shall terminate.

## **Completion**

Completion of the Subscription shall take place within four Business Days after satisfaction of all the conditions of the Subscription or such other time or date as the Company and the Subscriber shall agree in writing.

## **APPLICATION FOR LISTING**

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

### **III. REASONS FOR AND BENEFITS OF THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS**

The Group is principally engaged in property development, property investment, project management and sales services and securities trading and investment.

#### **THE PLACING**

As disclosed in the Company's interim report for the six months ended 30 June 2020 ("**Interim Report**"), the Group's bank and other borrowings and cash and cash equivalents as at 30 June 2020 were approximately RMB17.5 billion and RMB2.5 billion, respectively. As at the date of this announcement, the bank and other borrowings which are due on or before 31 December 2021 amounted to approximately RMB7.8 billion.

In view of the current market condition, the Directors consider that the Placing represents an opportunity to raise additional capital for the Company to repay the bank and other loans which are due on or before 31 December 2021 so as to improve the gearing ratio of the Company, while at the same time broadening the Shareholder base and improving the liquidity of the Shares and strengthening the capital base and financial position of the Company. The Company had considered other fund raising alternatives available to the Group such as debt financing, rights issues and open offer. As debt financing will result in additional interest burden, the Company considers that it is prudent to finance the funding needs of the Group in the form of equity which will not increase the Group's finance costs. On the other hand, rights issue or open offer usually involve the issue of listing documents with other application and administrative procedures and are therefore carried out over a more extended period of time and are less cost effective. Accordingly, the Company considers that the issue of Shares under general mandate is a more desirable solution for the Group to reduce the gearing ratio, improve the liquidity of the Shares and enlarge the capital base for business development.

Assuming that the Placing Shares are issued in full under the Placing, the maximum gross proceeds from the Placing are estimated to be approximately HK\$702.0 million (equivalent to approximately RMB594.6 million), and the maximum net proceeds, after deducting the placing fee, brokerage, professional fees and all related expenses which may be borne by the Company, from the Placing are estimated to be approximately HK\$698.9 million (equivalent to approximately RMB592.0 million). It is intended that the net proceeds from the Placing will be used by the Company (i) as to approximately HK\$629.0 million (equivalent to approximately RMB532.8 million or 90%) for the repayment of the bank and other loans which are due on or before 31 December 2021 and (ii) as to approximately HK\$69.9 million (equivalent to approximately RMB59.2 million or 10%) for general working capital. The net issue price per Placing Share upon completion of the Placing will be approximately HK\$0.458 per Placing Share.

Having considered the above, the Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement and the transactions contemplated thereunder (including the Placing, the Placing Price and the Placing commission payable to the Placing Agent), are fair and reasonable, and are in the interests of the Group and the Shareholders as a whole.

## **THE SUBSCRIPTION**

As disclosed in the Interim Report, the shareholders' loan owing to the Subscriber as at 30 June 2020 was approximately RMB2,368.0 million (equivalent to approximately HK\$2,795.7 million) which was unsecured, interest-free and repayable on demand. The Subscriber and the Company agreed that the entire shareholders' loan owing from the Group to the Subscriber shall be capitalised as consideration for the Subscription upon Subscription Completion and it shows the confidence and support of the controlling shareholder towards the long-term development of the Company.

The Directors consider that the Subscription would pose an opportunity for the Company to further improve the gearing ratio of the Company while maintaining a strong cash position which would allow the Group to grasp opportunities in land acquisitions when it arises. The Company had considered other fund raising alternatives available to the Group for the repayment of the shareholders' loan owing to the Subscriber such as debt financing, rights issues and open offer. The Company considers that it would be prudent to finance the funding needs of the Group in the form of equity as opposed to debt financing which would result in additional interest burden and increase the Group's finance costs. On the other hand, rights issue or open offer would involve the issue of listing documents with other application and administrative procedures which is relatively more time consuming and less cost effective. Given the uncertain investor sentiment in view of the COVID-19 outbreak and US-China trade conflict, the Company considers it would be prudent to control the costs of fund-raising as far as practicable and the Subscription of new Shares by the Subscriber can provide higher certainty of successful fund-raising with minimal transaction costs compared to rights issue or open offer.

Although the allotment and issue of the Subscription Shares will have a dilution effect to the existing Shareholders, having considered the Subscription Shares, when allotted and issued, will be recognized entirely as equity of the Company which in turn will reduce the gearing ratio, enlarge the capital base for business development and enhance the net asset position of the Company, the Directors consider that the dilution effect arising from the allotment and issue of the Subscription Shares is justifiable in this regard.

As the Subscriber is an associate of Mr. Zhang Jingguo and Ms. Huang Yanping, Mr. Zhang Jingguo and Ms. Huang Yanping are considered to have a material interest in the Subscription and have abstained from voting on the Board resolution(s) of the Company to approve the Subscription Agreement and the transactions contemplated thereunder. Save as disclosed, no other Director has a material interest in the Subscription and therefore has abstained from voting on the board resolution(s) of the Company to approve the Subscription Agreement and the transactions contemplated thereunder.

In view of (i) the above reasons for the Subscription to raise additional equity funding to strengthen the capital base and financial position and it would be more cost effective to raise such sizeable amount through a Subscription as opposed to rights issue or open offer; (ii) the Subscription could save finance costs on potential debt financing; and (iii) the Subscription Price offered to the Subscriber which is a connected person of the Company is the same as the Placing Price offered to not less than six placees who are independent third parties with reference to the prevailing market price of the Shares, the Directors (other than Mr. Zhang Jingguo and Ms. Huang Yanping who abstained from voting and members of the Independent Board Committee who will form their view after considering the advice of the independent financial adviser with regard to the Subscription and the transactions contemplated thereunder) consider that the terms of the Subscription Agreement are fair and reasonable, on normal commercial terms or better and are in the interests of the Company and the Shareholders as a whole.

#### IV. FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS

Date of announcement	Fund raising activity	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
8 May 2020	Allotment and issue of 1,235,360,000 Shares at the placing price of HK\$0.33 per placing Share on 27 May 2020 pursuant to the placing agreement dated 8 May 2020	Approximately HK\$401.1 million	(i) approximately HK\$361.0 million for repayment of bank and other borrowings due during the period ending 31 December 2020; and  (ii) approximately HK\$40.1 million for general working capital.	The entire net proceeds had been used as intended

Save as disclosed above, the Directors confirm that the Company has not conducted any fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

## V. CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Placing, assuming that all of the Placing Shares are placed in full and no further Shares have been issued or repurchased before completion of the Placing; and (iii) immediately after completion of the Placing and Subscription, assuming that all of the Placing Shares and the Subscription Shares are placed in full and no further Shares have been issued or repurchased before completion of the Placing and Subscription:

	As at the date of this announcement		Immediately after completion of the Placing (assuming that all of the Placing Shares are placed in full)		Immediately after completion of the Placing and Subscription (assuming that all of the Placing Shares and the Subscription Shares are placed in full)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Joy Town Inc. Public Shareholders	7,697,492,188	66.76%	7,697,492,188	58.96%	13,775,208,938	71.99%
Placees	–	–	1,526,090,000	11.69%	1,526,090,000	7.98%
Other public Shareholders	3,832,567,760	33.24%	3,832,567,760	29.35%	3,832,567,760	20.03%
Total	<u>11,530,059,948</u>	<u>100.00%</u>	<u>13,056,149,948</u>	<u>100.00%</u>	<u>19,133,866,698</u>	<u>100.00%</u>

## VI. LISTING RULES IMPLICATIONS

The Placing Shares will be issued under the General Mandate, which is not subject to Shareholders' approval at the EGM.

As at the date of this announcement, the Subscriber is a controlling Shareholder, holding 7,697,492,188 Shares, representing approximately 66.76% of the number of the issued Shares. The Subscriber is ultimately owned by a discretionary trust established by Ms. Huang Yanping as settlor and protector and Vistra Trust (Singapore) Pte Limited as trustee and Ms. Huang Yanping and Ms. Zhang Huiqi as beneficiaries under the discretionary trust. The Subscriber is wholly-owned by Zensun Group Limited. Zensun Group Limited is a wholly owned subsidiary of Notable Reward Limited, which in turn is wholly-owned by Superior Glory Enterprises Limited and the entire issued share capital of Superior Glory Enterprises Limited became assets of the trust.

Since the Subscriber is a connected person of the Company under the Listing Rules, the Subscription will constitute a connected transaction for the Company, and is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## VII. EGM

The EGM will be convened and held to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder and the grant of the specific mandate to allot and issue the Subscription Shares. The Subscriber and its associates shall be required to abstain from voting on the resolution(s) of the Company in approving the Subscription Agreement and the transactions contemplated thereunder at the EGM.

Save as disclosed and to the best knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Subscription and is required to abstain from voting on the resolution(s) of the Company in approving the Subscription Agreement and the transactions contemplated thereunder at the EGM.

## VIII. ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been established to give a recommendation to the Independent Shareholders as to whether the terms of the Subscription Agreement are on normal commercial terms or better and fair and reasonable, whether the Subscription is in the interests of the Company and the Shareholders as a whole and as to voting at the EGM. VBG Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the Subscription Agreement; (ii) the recommendation from the Independent Board Committee in respect of the Subscription; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription; and (iv) the notice of the EGM is expected to be despatched to the Shareholders on or before 15 December 2020.

**Completion of the Placing and the Subscription are subject to the satisfaction of the conditions precedent under the Placing Agreement and the Subscription Agreement. As the Placing and the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## IX. DEFINITIONS

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

“associate(s)”	has the meaning ascribed to such term in the Listing Rules
“Board”	the board of Directors

“Business Day”	any day (other than a Saturday, a Sunday or a public holiday or a day on which a tropical cyclone warning No.8 or above or a “black rainstorm” warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which commercial banks are open for general banking business in Hong Kong
“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 (Stock Code: 185)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder and the grant of the specific mandate to allot and issue Subscription Shares
“General Mandate”	the general mandate granted to the Directors by the then Shareholders by ordinary resolution passed at the annual general meeting of the Company held on 9 June 2020 to allot, issue and deal with new Shares up to a maximum of 20% of the total number of the issued Shares as at that date, i.e. up to 2,306,011,989 new Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors
“Independent Shareholders”	Shareholder(s) other than those that are required under the Listing Rules to abstain from voting on the resolution(s) to be proposed at the EGM
“Independent Third Party(ies)”	independent third parties who are not connected person(s) of the Company and are independent of and not connected with the Company or Directors, chief executive, or substantial Shareholders of the Company or any of its subsidiaries or their respective associates

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional or other investor selected and procured by or on behalf of the Placing Agent to subscribe any of the Placing Shares on the terms and subject to the conditions set out in the Placing Agreement
“Placing”	the placing, on a best effort basis, of a total of up to 1,526,090,000 new Shares to be allotted and issued pursuant to the terms of the Placing Agreement
“Placing Agent”	DL Securities (HK) Limited, a licensed corporation to carry out business in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 24 November 2020 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Completion”	means the completion of the Placing pursuant to the Placing Agreement, which shall take place on the Placing Completion Date
“Placing Completion Date”	means the date of Placing Completion
“Placing Price”	HK\$0.460 per Placing Share
“Placing Share(s)”	up to 1,526,090,000 new Shares to be placed under the Placing
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Share(s)”	share(s) in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Joy Town Inc., a company incorporated in the British Virgin Islands with limited liability and a controlling Shareholder

“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 24 November 2020 entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Completion”	means the completion of the Subscription pursuant to the Subscription Agreement, which shall take place on the Subscription Completion Date
“Subscription Completion Date”	means the date of Subscription Completion
“Subscription Price”	HK\$0.460 per Subscription Share
“Subscription Share(s)”	6,077,716,750 Shares, being the Shares to be allotted and issued to the Subscriber subject to the terms of the Subscription Agreement
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“substantial shareholders”	has the meaning ascribed to it in the Listing Rules
“%”	per cent

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

Hong Kong, 24 November 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 Hong Kong dollars or vice versa have been calculated by using an exchange rate of HK\$1.00 equal to RMB0.847. 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.*