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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)

**PROPOSED SHARE CONSOLIDATION
AND
PROPOSED CHANGE IN BOARD LOT SIZE**

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) Existing Shares be consolidated into one (1) Consolidated Share.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 10,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 10,000 Existing Shares to 1,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

GENERAL

The Share Consolidation is conditional upon, among other things, the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the resolution in relation to the Share Consolidation at the EGM.

The EGM will be convened for the Shareholders to consider and, if thought fit, to approve, among other things, the Share Consolidation. A circular containing, among other things, (i) further details of the Share Consolidation and the Change in Board Lot Size; and (ii) a notice convening the EGM, and related proxy form, is expected to be despatched to the Shareholders on or before Wednesday, 21 July 2021.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) Existing Shares be consolidated into one (1) Consolidated Share.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions being satisfied:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;
- (ii) the Listing Committee of the Stock Exchange granting the approval for listing of, and permission to deal in the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with the relevant procedures and requirements under Hong Kong laws (where applicable) and the Listing Rules to effect the Share Consolidation.

Subject to the satisfaction of all the above conditions, it is expected that the Share Consolidation will become effective on Monday, 9 August 2021, being one clear Business Day after the date of the EGM.

Effects of the Share Consolidation

As at the date of this announcement, 19,133,866,698 Existing Shares have been allotted and issued, and are fully paid or credited as fully paid. Upon the Share Consolidation becoming effective and on the basis that the Company does not allot, issue or repurchase any Existing Shares prior thereto, not less than 1,913,386,669 Consolidated Shares will be in issue.

Other than the relevant expenses incurred, the implementation of the Share Consolidation will have no effect on the consolidated total asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Group or the interests of the Shareholders as a whole, save for any fractional Consolidated Shares (if any) to which the Shareholders would otherwise be entitled. The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Company.

Adjustments in relation to other securities of the Company

The Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Existing Shares as at the date of this announcement.

Status of the Consolidated Shares

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other, and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

Listing Application

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange. Upon the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares, if any, will be disregarded and will not be issued to Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Shareholders who are concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling the Existing Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in the board lot size of 10,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 10,000 Existing Shares to 1,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.580 per Existing Share (equivalent to the theoretical closing price of HK\$5.8 per Consolidated Share) as at the date of this announcement, (i) the value of each existing board lot of Existing Shares is HK\$5,800; (ii) the value of each board lot of 10,000 Consolidated Shares would be HK\$58,000 assuming the Share Consolidation becoming effective; and (iii) the estimated value per board lot of 1,000 Consolidated Shares would be HK\$5,800 assuming that the Change in Board Lot Size had also been effective.

The Change in Board Lot Size will not result in change in the relative rights of the Shareholders.

Odd lots trading arrangement

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lots arrangement will be set out in the circular to be despatched to the Shareholders.

Holdings of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Shareholders or potential investors should note that (i) odd lots will be created after the Share Consolidation and the Change in Board Lot Size; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, which is currently expected to be on Monday, 9 August 2021, being one clear Business Day after the date of the EGM, Shareholders may between 9:00 a.m. and 4:30 p.m. on any Business Day during the period from Monday, 9 August 2021 until Tuesday, 14 September 2021 (both days inclusive), submit share certificates for the Existing Shares to the share registrar of the Company, Tricor Friendly Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange, at the expense of the Company, for new share certificates of the Consolidated Shares (on the basis of ten (10) Existing Shares for one (1) Consolidated Share). Thereafter, share certificates of Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of certificates cancelled/issued is higher.

Nevertheless, after 4:10 p.m. on Friday, 10 September 2021, share certificates for the Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for the Consolidated Shares at any time but will not be accepted for trading, settlement and registration.

REASONS FOR THE PROPOSED SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

It is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange. The Company believes that this will make investing in the Shares more attractive to a broader range of investors, in particular to institutional investors whose house rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor, and thus further broaden the shareholder base of the Company. As at the date of this announcement, the market capitalisation of the Company is approximately HK\$11.10 billion. The audited net asset value of the Company as at 31 December 2020 is approximately RMB7.89 billion. The Board is of the view that the trading price per Existing Share of the Company which is below HK\$1 does not accurately reflect its market position among its competitors. The Company expects that, as a result of the Share Consolidation, the trading price will more accurately reflect the size of the Company and enhance the corporate image of the Company, thereby attracting more investors and leading to more active trading in the Shares. The Change in Board Lot Size will enable the Company to maintain the liquidity in trading of the Shares upon the Share Consolidation becoming effective as the estimated value per board lot of 1,000 Consolidated Shares would remain the same as 10,000 Existing Shares upon the Share Consolidation and Change in Board Lot Size becoming effective.

In view of the above reasons, the Company considers the Share Consolidation and Change in Board Lot Size is justifiable notwithstanding the potential costs and impact arising from creation of odd lots to Shareholders. Accordingly, the Company is of the view that the Share Consolidation and the Change in Board Lot Size is beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no concrete plans to carry out other corporate actions or conduct any equity fundraising which may have an effect of undermining or negating the intended purpose of the Share Consolidation. However, the Company is from time to time looking for strategic investors to broaden their investor base and will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Share Consolidation and the Change in Board Lot Size is as follows:

Event(s)	Time and date 2021
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Expected date of despatch of the circular with notice and proxy form of the EGM	Wednesday, 21 July
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Latest date and time for lodging transfers of Shares for attending and voting at the EGM	4:30 p.m. on Friday, 30 July
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Closure of register of members (both dates inclusive)	Monday, 2 August to Thursday, 5 August
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Latest date and time for lodging proxy form for the EGM	10:00 a.m. on Tuesday, 3 August
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Date and time of the EGM.	10:00 a.m. on Thursday, 5 August
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Announcement of voting results of the EGM.	Thursday, 5 August
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The following events are conditional upon the fulfilment of the conditions for the implementation of the Share Consolidation as set out in the paragraph headed “Conditions of the Share Consolidation”:

Effective date of the Share Consolidation and Change in Board Lot Size	Monday, 9 August
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First day of free exchange of existing share certificates for new share certificates for the Consolidated Shares	Monday, 9 August
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Commencement of dealings in Consolidated Shares	9:00 a.m. on Monday, 9 August
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Original counter for trading in the Existing Shares in board lots of 10,000 Existing Shares temporarily closes	9:00 a.m. on Monday, 9 August
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Temporary counter for trading in the Consolidated Shares in board lots of 1,000 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Monday, 9 August
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Original counter for trading in the Consolidated Shares
in new board lots of 1,000 Consolidated Shares
(in the form of new share certificates) re-opens 9:00 a.m.
on Monday, 23 August

Parallel trading in the Consolidated Shares
(in form of new share certificates and
existing share certificates) commences 9:00 a.m.
on Monday, 23 August

Designated broker starts to stand in the market to
provide matching services for the sale and purchase of
odd lots of the Consolidated Shares 9:00 a.m.
on Monday, 23 August

Designated broker ceases to stand in the market
to provide matching services for the sale and
purchase of odd lots of the Consolidated Shares 4:00 p.m.
on Friday, 10 September

Temporary counter for trading in the Consolidated Shares
in board lots of 1,000 Consolidated Shares
(in the form of existing share certificates) closes 4:10 p.m.
on Friday, 10 September

Parallel trading in the Consolidated Shares
(in form of new share certificates and
existing share certificates) ends 4:10 p.m.
on Friday, 10 September

Last day and time for free exchange of existing share certificates
for new share certificates for the Consolidated Shares 4:30 p.m.
on Tuesday, 14 September

The expected timetable set out above is subject to the results of the EGM and is therefore for indicative purpose only. All times and dates in this announcement refer to Hong Kong local times and dates. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve, among other things, the Share Consolidation.

A circular containing, among other things, (i) further details of the Share Consolidation and the Change in Board Lot Size; and (ii) a notice convening the EGM, and related proxy form, is expected to be despatched to the Shareholders on or before Wednesday, 21 July 2021.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the resolution in relation to the Share Consolidation at the EGM.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” above in this announcement and Change in Board Lot Size is conditional upon the Share Consolidation becoming effective. Accordingly, the Share Consolidation and the Change in Board Lot Size may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended from time to time
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 10,000 Existing Shares to 1,000 Consolidated Shares
“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)
“Consolidated Share(s)”	ordinary share(s) in the issued share capital of the Company immediately after the Share Consolidation becoming effective
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, to approve, among other things, the Share Consolidation
“Existing Share(s)”	ordinary share(s) in the issued share capital of the Company prior to the Share Consolidation having become effective
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permit, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries

“HKSCC”	the Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	has the same meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every ten (10) Existing Shares into one (1) Consolidated Share
“Shareholder(s)”	holder of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 18 June 2021

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Zhang Jingguo and Mr. Zhang Guoqiang; one non-executive Director, namely, Ms. Huang Yanping; and three independent non-executive Directors, namely, Dr. Liu Qiao, Mr. Liu Da and Mr. Ma Yuntao.