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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)

ISSUANCE OF US\$200 MILLION 12.5% SENIOR NOTES DUE 2023

Reference is made to the announcements of the Company dated 31 August 2021 and 8 September 2021 (the “**Announcements**”) in relation to the Exchange Offer and the Concurrent New Money Issuance. Unless otherwise defined, capitalised terms in this announcement will have the same meaning as those defined in the Announcements.

The Board is pleased to announce that on 8 September 2021, the Company, the Parent Guarantor and the Subsidiary Guarantors entered into the Purchase Agreement with Guotai Junan International, BOCOM International, CCB International, Dongxing Securities (Hong Kong), Haitong International, Sheng Yuan Securities, DL Securities and Zhongtai International in connection with the issue of the New Notes under the Concurrent New Money Issuance. The Group intends to use the net cash proceeds from the Concurrent New Money Issuance to refinance the existing medium to long term offshore indebtedness, which will become due within one year.

Subject to completion of the Exchange Offer and the Concurrent New Money Issuance, the Company will issue US\$57.58 million of the New Notes in the Concurrent New Money Issuance and US\$142.42 million of the New Notes pursuant to the Exchange Offer, for an aggregate principal amount of US\$200 million of the New Notes.

No PRIIPs KID – No PRIIPs key information document (KID) has been prepared as the New Notes are not available to retail investors in the European Economic Area and the U.K.

The Company will seek a listing of the New Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the New Notes has been received from the Stock Exchange for the listing of the New Notes by way of debt issues to professional investors only as described in the offering memorandum. Admission of the New Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company or the New Notes.

Reference is made to the announcement of the Company dated 31 August 2021 and 8 September 2021 (the “**Announcements**”) in relation to the Exchange Offer and the Concurrent New Money Issuance. Unless otherwise defined, capitalised terms in this announcement will have the same meaning as those defined in the Announcements.

THE EXCHANGE OFFER FOR THE EXISTING NOTES

The Exchange Offer expired at 4:00 p.m., London time, on 7 September 2021.

With respect to the Existing Notes submitted for exchange, subject to the fulfillment or waiver of the conditions precedent to the Exchange Offer, Eligible Holders of the Existing Notes validly accepted and exchanged in the Exchange Offer will receive the Exchange Consideration on the Settlement Date. Subject to completion of the Exchange Offer, the Company expects to issue US\$142.42 million of the New Notes pursuant to the Exchange Offer.

THE PURCHASE AGREEMENT IN RELATION TO THE CONCURRENT NEW MONEY ISSUANCE

Date: 8 September 2021

Parties to the Purchase Agreement

- (a) the Company;
- (b) the Parent Guarantor;
- (c) the Subsidiary Guarantors;
- (d) Guotai Junan International;
- (e) BOCOM International;
- (f) CCB International;
- (g) Dongxing Securities (Hong Kong);
- (h) Haitong International;
- (i) Sheng Yuan Securities;
- (j) DL Securities; and
- (k) Zhongtai International.

Guotai Junan International, BOCOM International and CCB International are the joint global coordinators, joint bookrunners and joint lead managers; Dongxing Securities (Hong Kong), Haitong International, Sheng Yuan Securities, DL Securities and Zhongtai International are the joint bookrunners and joint lead managers in respect of the offer and sale of the New Notes under the Concurrent New Money Issuance. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Guotai Junan International, BOCOM International, CCB International, Dongxing Securities (Hong Kong), Haitong International, Sheng Yuan Securities, DL Securities and Zhongtai International is an independent third party and not a connected person of the Company and its connected persons.

No PRIIPs KID – No PRIIPs key information document (KID) has been prepared as the New Notes are not available to retail investors in the European Economic Area and the U.K.

The New Notes, the Parent Guarantee and the Subsidiary Guarantees have not been, and will not be, registered under the Securities Act. The New Notes, the Parent Guarantee and the Subsidiary Guarantees will only be offered and sold by the initial purchasers of the New 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 New Notes will be offered to the public in Hong Kong.

Principal terms of the New Notes

The following is a summary of certain provisions of the New 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 New Notes, the Parent Guarantee, the Subsidiary Guarantees, and the JV Subsidiary Guarantees, if any.

Offering Price

The offering price of the New Notes under the Concurrent New Money Issuance is 100% of the principal amount with respect to the New Notes.

Amount and tenor

Subject to the fulfillment or waiver of the conditions precedent to the Exchange Offer and the Concurrent New Money Issuance, the Company will issue US\$57.58 million of the New Notes in the Concurrent New Money Issuance and US\$142.42 million of the New Notes pursuant to the Exchange Offer, for an aggregate principal amount of US\$200 million, which will mature on 13 September 2023, unless earlier redeemed pursuant to the terms thereof.

Interest

The New Notes will bear interest at a rate of 12.5% per annum, payable semi-annually in arrears on 13 March and 13 September of each year, commencing on 13 March 2022.

Ranking of the New Notes

The New 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 New 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 New Notes include, among others: (a) default in the payment of principal of (or premium, if any, on) the New 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 New 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 New 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, whether such indebtedness now exists or shall hereafter be created, (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 now or hereafter in effect 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 substantial 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, or an order for relief is entered against the Parent Guarantor or certain of its subsidiaries under any applicable bankruptcy, insolvency or other similar law as now

or hereafter in effect; (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 effects 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 guarantee is determined to be unenforceable or invalid or shall for any reason cease 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 New Notes then outstanding, by written notice to the Company (and to the trustee if such notice is given by the holders), may, and the trustee at the written request of such holders shall, subject to receiving indemnity and/or security and/or prefunding to its satisfaction, declare the principal of, premium, if any, and accrued and unpaid interest on the New Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall 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 New 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 New 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 restricted subsidiaries;
- (d) guarantee indebtedness of restricted 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

The New Notes may be redeemed in the following circumstances:

- (1) At any time and from time to time prior to 13 September 2023, the Company may at its option redeem the New Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the New 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.
- (2) At any time and from time to time prior to 13 September 2023, the Company may redeem up to 35% of the aggregate principal amount of the New 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 112.5% of the principal amount of the New 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 New 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 New 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 New 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 Group intends to use the net proceeds of the Concurrent New Money Issuance to refinance the existing medium to long term offshore indebtedness, which will become due within one year.

LISTING AND RATING OF THE NEW NOTES

The Company will seek a listing of the New Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the New Notes has been received from the Stock Exchange for the listing of the New Notes by way of debt issues to professional investors only as described in the offering memorandum. Admission of the New Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company or the New Notes.

The New Notes are expected to be rated “B3” by Moody’s Investors Service, Inc.

GENERAL

Shareholders, holders of the Existing Notes and potential investors should note that completion of the Exchange Offer and the Concurrent New Money Issuance is subject to the fulfillment or waiver of the conditions precedent to the Exchange Offer and the Concurrent New Money Issuance as set forth in the Exchange Offer Memorandum and summarised in the Announcements. No assurance can be given that the Exchange Offer and the Concurrent New Money Issuance will be completed and the Company reserves the right to amend, withdraw or terminate the Exchange Offer and the Concurrent New Money Issuance with or without conditions.

The Company may, at its sole discretion, amend or waive certain of the conditions precedent to the Exchange Offer and the Concurrent New Money Issuance. As the Exchange Offer and the Concurrent New Money Issuance may or may not proceed, shareholders, holders of the Existing Notes and potential investors should exercise caution when dealing in the shares of the Company or the Existing Notes.

The distribution of this announcement in certain jurisdictions may be restricted by law. Persons into whose possession this announcement comes are required to inform themselves about, and to observe, any such restrictions.

IMPORTANT NOTICE – THE EXCHANGE OFFER IS AVAILABLE ONLY TO INVESTORS WHO ARE NOT U.S. PERSONS (WITHIN THE MEANING OF REGULATION S) AND ARE OUTSIDE THE UNITED STATES. U.S. PERSONS (AS DEFINED IN REGULATION S); PERSONS ACTING FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS AND PERSONS LOCATED IN THE UNITED STATES ARE NOT PERMITTED TO TENDER EXISTING NOTES IN THE EXCHANGE OFFER.

DEFINITIONS

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

“connected person”	has the meaning ascribed to it under the Listing Rules
“DL Securities”	DL Securities (HK) Limited
“Dongxing Securities (Hong Kong)”	Dongxing Securities (Hong Kong) Company Limited
“Indenture”	the written agreement entered into between the Company, the Subsidiary Guarantors as guarantors and China Construction Bank (Asia) Corporation Limited as trustee, that specifies the terms and conditions of the New Notes including the covenants, events of default, interest rate of the New Notes and the maturity date
“JV Subsidiary Guarantees”	limited recourse guarantees to be given by the JV Subsidiary Guarantors on the New Notes
“JV Subsidiary Guarantors”	certain subsidiaries of the Company, other than the Subsidiary Guarantors, that guarantee the Company’s obligations under the New Notes
“New Notes”	US\$-denominated senior notes due 2023 in the aggregate principal amount of US\$200 million to be issued by the Company pursuant to the Exchange Offer and the Concurrent New Money Issuance
“Parent Guarantee”	the guarantees to be provided by the Parent Guarantor in respect of the New Notes
“Parent Guarantor”	Zensun Group Limited, the company incorporated in the British Virgin Islands with limited liability which will provide guarantees for the New Notes
“PRIIPs”	Packaged retail and insurance-based investment products (as defined by Regulation (EU) No 1286/2014, as amended)
“Purchase Agreement”	the agreement dated 8 September 2021 entered into by and among Guotai Junan International, BOCOM International, CCB International, Dongxing Securities (Hong Kong), Haitong International, Sheng Yuan Securities, DL Securities, Zhongtai International, the Company and the Subsidiary Guarantors in respect of the offer and sale of the New Notes under the Concurrent New Money Issuance

“Sheng Yuan Securities”	Sheng Yuan Securities Limited
“Subsidiary Guarantees”	guarantees for the New Notes to be provided by the Subsidiary Guarantors
“Subsidiary Guarantors”	certain existing subsidiaries of the Company that on the issue date of the New Notes will provide guarantees for the New Notes
“U.K.”	the United Kingdom
“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 New Notes
“Zhongtai International”	Zhongtai International Securities Limited

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

Hong Kong, 9 September 2021

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.