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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\$160 MILLION 12.50% SENIOR NOTES DUE 2024**

Reference is made to the announcement of the Company dated 16 September 2021 in relation to the proposed Notes Issue.

#### **THE NOTES ISSUE**

The Board is pleased to announce that on 16 September 2021, the Company, the Parent Guarantor and the Subsidiary Guarantors entered into the Purchase Agreement with Guotai Junan International, Haitong International, CCB International, Sheng Yuan Securities, BOCOM International, AMC Wanhai Securities, OCI Asset Management, Central China International and Vision Capital International in connection with the issue of US\$160 million 12.50% senior notes due 2024.

The Company intends to use the net proceeds of the Proposed Notes Issue to refinance existing medium to long term offshore indebtedness, which will become due within one year. The Company may adjust its plans in response to changing market conditions and, thus, reallocate the use of the net proceeds.

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

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## **THE NOTES ISSUE**

### **The Purchase Agreement**

Date: 16 September 2021

Parties to the Purchase Agreement

- (a) the Company;
- (b) the Parent Guarantor;
- (c) the Subsidiary Guarantors;
- (d) Guotai Junan International;
- (e) Haitong International;
- (f) CCB International;
- (g) Sheng Yuan Securities;
- (h) BOCOM International;
- (i) AMC Wanhai Securities;
- (j) OCI Asset Management;
- (k) Central China International; and
- (l) Vision Capital International.

Guotai Junan International, Haitong International, CCB International, Sheng Yuan Securities, and BOCOM International are the joint global coordinators, joint bookrunners and joint lead managers; and AMC Wanhai Securities, OCI Asset Management, Central China International and Vision Capital International are the joint bookrunners and joint lead managers of the Notes Issue. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Guotai Junan International, Haitong International, CCB International, Sheng Yuan Securities, BOCOM International, AMC Wanhai Securities, OCI Asset Management, Central China International and Vision Capital International is an independent third party and not a connected person of the Company and its connected persons.

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

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

### **Principal terms of the Notes**

The following is a brief summary of the principal terms of the Notes.

#### *Notes Offered*

Subject to certain conditions to completion, the Company will issue the Notes in an aggregate principal amount of US\$160 million which will mature on 23 April 2024, unless earlier redeemed pursuant to the terms thereof.

#### *Offering Price*

The offering price of the Notes will be 99.965% of the principal amount of the Notes.

#### *Interest*

The Notes will bear interest at a rate of 12.50% per annum, payable semi-annually in arrears on 23 April and 23 October of each year, commencing on 23 April 2022, except that the first payment of interest, to be made on 23 April 2022, will be in respect of the period from and including 23 September 2021 to but excluding 23 April 2022.

#### *Ranking of the Notes*

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

## *Events of default*

The events of default under the Notes include, among others: (a) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise; (b) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days; (c) default in the performance or breach of the provisions of certain covenants under the Indenture relating to consolidation, merger and sale of assets, the failure by the Company or the Parent Guarantor to make or consummate an offer to purchase in the manner described in the Indenture; (d) the Parent Guarantor or certain of the Company's subsidiaries defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice by China Construction Bank (Asia) Corporation Limited as trustee or the holders of 25% or more in aggregate principal amount of the Notes; (e) there occurs with respect to any indebtedness of the Parent Guarantor or certain of the Company's subsidiaries having an outstanding principal amount of US\$10.0 million (or the dollar equivalent thereof) or more in the aggregate for all such indebtedness, 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 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 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 Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder.

### ***Covenants***

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

- (a) incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- (b) make investments or other specified restricted payments;
- (c) issue or sell capital stock of 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 Notes may be redeemed in the following circumstances:

- (1) At any time and from time to time prior to 23 April 2024, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the applicable premium as of, and accrued and unpaid interest (if any) to (but not including), the redemption date. Neither the trustee nor the paying agent is responsible for calculating or verifying the applicable premium.
- (2) At any time and from time to time prior to 23 April 2024, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of common stock of the Parent Guarantor in an equity offering at a redemption price of 112.50% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

### **Listing Rules Implications**

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

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

The Group was founded in Zhengzhou in 1995 and has since grown into a renowned multinational group with integrated real estate businesses. Now with its footprint across Henan Province, Beijing, Hubei, Shandong and Hainan Provinces, Hong Kong, as well as the United States, Singapore and other countries and regions, the Group has been 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 ranked the 46th among "China Top 500 Real Estate Developers" (中國房地產500強企業) in 2020, according to the Top 500 China Real Estate Developers Research Report published by the China Real Estate Association and China Real Estate Appraisal in March 2020.

The Company intends to use the net proceeds of the Proposed Notes Issue to refinance existing medium to long term offshore indebtedness, which will become due within one year. It may adjust its plans in response to changing market conditions and, thus, reallocate the use of the proceeds.

## **LISTING AND RATING OF THE NOTES**

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

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

## **DEFINITIONS**

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

“AMC Wanhai Securities”	AMC Wanhai Securities Limited
“Board”	the board of Directors
“BOCOM International”	BOCOM International Securities Limited
“CCB International”	CCB International Capital Limited
“Central China International”	Central China International Securities Co., Limited
“Company”	Zensun Enterprises Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Parent Guarantor, the Company and their subsidiaries
“Guotai Junan International”	Guotai Junan Securities (Hong Kong) Limited
“Haitong International”	Haitong International Securities Company Limited



“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 Notes including the covenants, events of default, interest rate of the Notes and the maturity date
“JV Subsidiary Guarantees”	limited recourse guarantees to be given by the JV Subsidiary Guarantors on the Notes
“JV Subsidiary Guarantors”	certain subsidiaries of the Company, other than the Subsidiary Guarantors, that guarantee the Company’s obligations under the Notes
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	US\$160 million 12.50% senior notes due 2024 to be issued by the Company
“Notes Issue”	the issue of the Notes by the Company
“OCI Asset Management”	OCI Asset Management Company Limited
“Parent Guarantee”	the guarantees to be provided by the Parent Guarantor in respect of the Notes
“Parent Guarantor”	Zensun Group Limited, the company incorporated in the British Virgin Islands with limited liability which will provide guarantees for the Notes
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
“PRIIPs”	Packaged retail and insurance-based investment products (as defined by Regulation (EU) No 1286/2014, as amended)

“Purchase Agreement”	the agreement dated 16 September 2021 entered into by and among Guotai Junan International, Haitong International, CCB International, Sheng Yuan Securities, BOCOM International, AMC Wanhai Securities, OCI Asset Management, Central China International, Vision Capital International, the Company and the Subsidiary Guarantors in respect of the offer and sale of the Notes under the Concurrent New Money Issuance
“Securities Act”	the United States Securities Act of 1933, as amended
“Sheng Yuan Securities”	Sheng Yuan Securities Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantees”	guarantees for the Notes to be provided by the Subsidiary Guarantors
“Subsidiary Guarantors”	certain existing subsidiaries of the Company that on the issue date of the Notes will provide guarantees for the Notes
“U.K.”	the United Kingdom
“United States”	the United States of America
“US\$”	United States dollar, the lawful currency of the United States
“Unlisted Subsidiary Guarantors”	Zensun International Holdings Company Limited, HQ Neptune Investments Limited, Honor Challenge Investment Limited, Vigor Capital Holdings Limited, Ever Diamond Global Company Limited, Champ Win Enterprise Limited and Total Star Development Limited, which are subsidiaries of the Parent Guarantor providing guarantees for the Notes
“Vision Capital International”	Vision Capital International Holdings Limited
“%”	per cent

By Order of the Board  
**Zensun Enterprises Limited**  
**Zhang Jingguo**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 17 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.*