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ZENSUN ENTERPRISES LIMITED

正商實業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

VOLUNTARY ANNOUNCEMENT BUSINESS UPDATE

This is a voluntary announcement made by Zensun Enterprises Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) to provide the shareholders of the Company (the “**Shareholders**”) and potential investors with an update on the business development of the Group.

The Group entered into the management and sales services framework agreement with related companies in 2019 and commenced the line of business in providing project management and sales services in the People’s Republic of China for certain property projects (collectively and namely, “**Project Management Business**”) in 2020. The board (“**Board**”) of directors (“**Directors**”) of the Company considered the Project Management Business segment shall become popular in the market with prosperous business potential which can diversify the source of income and bring new drivers to profits to the Group. For the year ended 31 December 2020, the Group recorded revenue of approximately RMB123.5 million from Project Management Business.

The Board is pleased to announce that the Group shall further implement the strategy in diversifying to a light-asset model by investing more internal resources to further expand the Project Management Business and providing project management and sales services to other independent property owners in the market. As of the date of this announcement, the Group had entered into 12 management agreements with different independent property owners covering projects under management with aggregated gross floor area of approximately 2.06 million square meters. The terms of these management agreements ranged from 3 to 5 years,

depending on the size and type of the projects under management which is in line with the industry norm. The Group also further enhanced the services of Property Management Business from the existing preliminary project management and sales services to incorporate as an integrated project management process including, *inter alia*, preliminary project planning, project management, operation and execution, and branding and marketing management services, etc. in return for management fee income from property owners over the management period. To further facilitate the branding and marketing management, the use of “Zensun (正商)” branding will be granted to the property owners for properties under management strictly according to the terms and conditions of each individual management agreement.

With the necessary expertise and know-how and established experience in the Project Management Business, the Group has successfully won confidence and secured contracts from other independent property owners to expand the Project Management Business.

The Board also considered that the expansion in Project Management Business served as a diversification to light-asset model from our traditional heavy-asset model in the property development business. The diversification allows us to gain competitive advantages from managing property projects on behalf of property owners without having to bear heavy investment cost in land acquisition and construction cost, and in turn, leverage the risks from industry concentration and tightening government regulations on property developers. The Group will emphasize on intangible assets such as brand value, management capacity and advisory services, which is expected to have huge potential for growth and strengthen the overall profitability and expand the market share of the Group.

The Company will continue to seek viable business opportunities in accordance with its overall strategy and will make use of the Group’s financial, human and technological resources to enhance its portfolio, asset base and brand image.

The publication of this announcement is to provide updated information on the business development of the Group to Shareholders and potential investors. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 24 December 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, Mr. Ma Yuntao and Dr. Li Huiqun.