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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)**

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

#### **CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcements of the Company dated 17 April 2020, 23 April 2020 and 28 August 2020 in relation to, *inter alia*, the continuing connected transactions under the Master Property Management Framework Agreement and the Master Property Engineering Framework Agreement, the Supplemental Agreement to the Master Property Management Framework Agreement, revision of annual caps and the transactions contemplated thereunder.

The Company intends to continue with the Master Property Management Framework Agreement (as amended by the Supplemental Agreement) and the Master Property Engineering Framework Agreement and to renew the relevant agreements on or before their expiry date on 31 December 2022. Accordingly, the Board announces that on 20 October 2022 (after trading hours), the Company and Xingye Wulian entered into:

- (A) The 2022 Master Property Management Framework Agreement for a term of three years commencing from the Effective Date to 31 December 2025; and
- (B) The 2022 Master Property Engineering Framework Agreement for a term of three years commencing from the Effective Date to 31 December 2025.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the entire issued share capital of Xingye Wulian is indirectly owned as to approximately 56.59% by the Blossom Trust, which is controlled by Ms. Zhang as the protector. Ms. Zhang is the daughter of Mr. Zhang Jingguo, the Chairman, Chief Executive Officer and executive Director and Ms. Huang Yanping, the non-executive Director, as such, Xingye Wulian is a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

Given that one or more of the applicable percentage ratios based on the Annual Caps in relation to the Property Management and Value-added Services and Property Engineering Services to be provided by Xingye Wulian Group under the 2022 Master Property Management Framework Agreement and the 2022 Master Property Engineering Framework Agreement exceed 0.1% and is less than 5%, the 2022 Master Property Management Framework Agreement and the 2022 Master Property Engineering Framework Agreement constitute continuing connected transactions of the Company and are subject to compliance with the reporting and announcement requirement but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

Reference is made to the announcements of the Company dated 17 April 2020, 23 April 2020 and 28 August 2020 in relation to, *inter alia*, the continuing connected transactions under the Master Property Management Framework Agreement and the Master Property Engineering Framework Agreement, the Supplemental Agreement to the Master Property Management Framework Agreement, revision of annual caps and the transactions contemplated thereunder.

The Company intends to continue the Master Property Management Framework Agreement (as amended by the Supplemental Agreement) and the Master Property Engineering Framework Agreement and to renew the relevant agreements on or before their expiry date on 31 December 2022. Accordingly, the Board announces that on 20 October 2022 (after trading hours), the Company and Xingye Wulian entered into (a) the 2022 Master Property Management Framework Agreement and (b) the 2022 Master Property Engineering Framework Agreement.

The principal terms of the 2022 Master Property Management Framework Agreement and the 2022 Master Property Engineering Framework Agreement are set out below.

## **PRINCIPAL TERMS**

### **2022 MASTER PROPERTY MANAGEMENT FRAMEWORK AGREEMENT**

Principal terms of the 2022 Master Property Management Framework Agreement are summarised as follows:

- Date : 20 October 2022
- Parties : (1) Xingye Wulian; and  
(2) the Company.

- Subject matter : Pursuant to the 2022 Master Property Management Framework Agreement, the following Property Management and Value-added Services shall be provided by Xingye Wulian Group to the Group:
- property management services which include, among others, security, cleaning, greening and gardening, parking space management, repair and maintenance and customer services for (i) common areas of properties under management; (ii) sales offices and show flats; and (iii) exclusive use areas designated by the Group (as the case may be); and
  - value-added services which include repair and maintenance for exclusive use areas, renovation waste clearance, intermediary leasing services, etc.
- Condition precedent : The 2022 Master Property Management Framework Agreement and the transactions contemplated thereunder are conditional on the approval by the independent shareholders of Xingye Wulian at the extraordinary general meeting of Xingye Wulian.
- Term : The 2022 Master Property Management Framework Agreement shall commence on the date on which all condition precedents set out in the 2022 Master Property Management Framework Agreement are fulfilled. The term of the 2022 Master Property Management Framework Agreement shall commence from the Effective Date and shall continue up to and including 31 December 2025, unless terminated earlier in accordance with the terms of the 2022 Master Property Management Framework Agreement.
- Pricing policy : The basis for charging the fees depend on the nature of the Property Management and Value-added Services provided.

For property management services for (i) common areas of properties under management; (ii) greening and gardening services for sales offices and show flats; and (iii) exclusive use areas designated by the Group, fees to be charged are based on a unit rate for each square metre of GFA being managed by Xingye Wulian Group.

For property management services for sales offices and show flats (save for greening and gardening services), fees to be charged are based on a fixed sum per month determined by a mark-up of approximately 8% on cost incurred by Xingye Wulian Group in providing the services.

For value-added services, fees to be charged are based on a unit rate or fixed sum determined by a mark-up of a minimum of 8% on cost incurred by Xingye Wulian Group in providing the services.

For each individual property project requiring property management services in common areas, the Group shall issue tender invitations to at least three organizations with the relevant qualifications and capability (including Xingye Wulian Group) in the course of development. For other Property Management and Value-added Services (including property management services to sales offices and show flats and exclusive use areas designated by the Group, and value-added services), the Group shall obtain quotations from at least three organizations with the relevant qualifications and capability (including Xingye Wulian Group).

The assessment committee of the Company will assess the tenders or quotations submitted in respect of Property Management and Value-added Services with reference to the following criteria:

- (i) the pricing of the quotation or tender (it should be made with reference to the standard fees or pricing guidance on property management fees designated by local government and/or relevant regulatory authorities (if any));
- (ii) the qualification, industry reputation and background (financial and ownership) of the potential service provider;
- (iii) previous cooperation experience and our valuation of their past performance (if any); and
- (iv) in respect of a quotation or tender submitted by Xingye Wulian Group, the service fees and terms shall be no less favourable to the Group than the standard fees to be quoted by and terms available from Independent Third Parties.

To the best knowledge of the Directors, Xingye Wulian Group will determine its tender or quotation price after taking into account (i) the nature and location of the properties; (ii) scope and quality of the service required; (iii) expected operational costs (including staff costs, subcontracting costs, material costs and operational administrative expenses); (iv) standard fees or pricing guidance on property management fees designated by local government and/or relevant regulatory authorities (if any); (v) the 50% discount for the property management fees usually offered for unsold properties; and (vi) potential competitors' pricing. The service provider with the highest score will be selected and contracts will be entered into with the service provider, where the fees will be the pricing bid or quotation placed by the successful service provider.

## HISTORICAL TRANSACTION AMOUNTS

The actual transaction amounts incurred by the Group to the subsidiaries of Xingye Wulian for the provision of Property Management and Value-added Services for the two financial years ended 31 December 2021 and the nine months ended 30 September 2022 were approximately RMB12.2 million, RMB29.1 million and RMB15.5 million, respectively.

## ANNUAL CAPS UNDER THE 2022 MASTER PROPERTY MANAGEMENT FRAMEWORK AGREEMENT

The Company expects that the Annual Caps in respect of the Property Management and Value-added Services to be provided by the Xingye Wulian Group to the Group under the 2022 Master Property Management Framework Agreement for each of the three financial years ending 31 December 2025 will be as follows:

	For the year ending 31 December		
	2023	2024	2025
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Proposed Annual Caps	28.9	31.6	32.3

Each of the annual caps under the 2022 Master Property Management Framework Agreement has been determined with reference to:

- (a) the historical transaction amounts;
- (b) the properties to be delivered by the Group based on the current development schedule and plans for 2023 to 2025 and the expected delivery date taking into account the possibility of early delivery of the properties; and
- (c) the percentage of historical and expected unsold gross floor area for properties delivered or to be delivered by the Group which require Property Management and Value-added Services.

## 2022 MASTER PROPERTY ENGINEERING FRAMEWORK AGREEMENT

Principal terms of the 2022 Master Property Engineering Framework Agreement are summarised as follows:

- Date : 20 October 2022
- Parties : (3) Xingye Wulian; and  
(4) the Company.

Subject matter : Pursuant to the 2022 Master Property Engineering Framework Agreement, the Group conditionally appoint the Xingye Wulian Group as its service provider to provide the Property Engineering Services to the Group during the Term. Relevant members of the Xingye Wulian Group may from time to time enter into individual property engineering agreement(s) with members of the Group in relation to the provision of the Property Engineering Services during the Term, and the terms of the individual property engineering agreement(s) shall be subject to the terms and conditions of the Master Property Engineering Framework Agreement.

The services to be provided by the Xingye Wulian Group to the Group under the 2022 Master Property Engineering Framework Agreement are the Property Engineering Services which include:

- procurement, planning, design, installation, commissioning and testing of equipment and materials for the perimeter prevention system, surveillance system, visual intercom system, electronic patrol system, background music system, vehicle management system, pedestrian management system, construction site management system, wireless wifi system, LED display, and its intelligent basic network system, etc.;
- submission of all technical documents required for equipment and material inspection, testing, operation, maintenance, training and other requirements for each system; and
- warranty services during the warranty period.

Condition precedent : The 2022 Master Property Engineering Framework Agreement and the transactions contemplated thereunder are conditional on the approval by the independent shareholders of Xingye Wulian at the extraordinary general meeting of Xingye Wulian.

Term : The 2022 Master Property Engineering Framework Agreement shall commence on the date on which all condition precedents set out in the 2022 Master Property Engineering Framework Agreement are fulfilled. The term of the 2022 Master Property Engineering Framework Agreement shall commence from the Effective Date and shall continue up to and including 31 December 2025, unless terminated earlier in accordance with the terms of the 2022 Master Property Engineering Framework Agreement.

Pricing policy : The fees to be charged for the Property Engineering Services will be determined after taking into account the complexity and the scope of service required by our customers. The service fees shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable) and/or no less favourable than the standard fees to be charged from Independent Third Parties.

## HISTORICAL TRANSACTION AMOUNTS

The actual transaction amounts incurred by the Group to the subsidiaries of Xingye Wulian for the provision of Property Engineering Services for the two financial years ended 31 December 2021 and the nine months ended 31 September 2022 were approximately RMB14.9 million, RMB16.9 million and RMB18.6 million, respectively.

## ANNUAL CAPS UNDER THE 2022 MASTER PROPERTY ENGINEERING FRAMEWORK AGREEMENT

The Company expects that the Annual Caps in respect of the Property Engineering Services to be provided by the Xingye Wulian Group to the Group under the 2022 Master Property Engineering Framework Agreement for each of the three financial years ending 31 December 2025 will be as follows:

	For the year ending 31 December		
	2023	2024	2025
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Proposed Annual Caps	26.6	29.7	32.1

Each of the annual caps under the 2022 Master Property Engineering Framework Agreement has been determined with reference to:

- (a) the historical transaction amounts;
- (b) the number of projects for which the Group had engaged the subsidiaries of Xingye Wulian to provide Property Engineering Services following the relevant tender process;
- (c) the number of property projects under development and planning in our Group's pipeline requiring Property Engineering Services based on the current development schedule and plans for 2023 to 2025; and
- (d) the expected annual increment in the service fees for Property Engineering Services by the Xingye Wulian Group taking into account service fee charged by other service providers, the economic growth in the PRC and the expected inflation rate.

## REASONS FOR AND BENEFITS OF THE 2022 MASTER PROPERTY MANAGEMENT FRAMEWORK AGREEMENT AND THE 2022 MASTER PROPERTY ENGINEERING FRAMEWORK AGREEMENT

The Group is principally engaged in property development, property investment and management, project management and sales services, hotel operations and securities trading and investment. As at 30 September 2022, the Group has 36 completed property projects and 60 on-going complex property projects on hand with 116 land parcels under development and planning with total site area of approximately 4.91 million square metres and aggregated estimated gross floor area of approximately 10.05 million square metres in the PRC.

The Board is confident that the Xingye Wulian Group possesses the necessary qualifications and experience and is able to continue to provide the Property Engineering Services and the Property Management and Value-added Services to the Group.

Based on (i) the current pricing policies of the fees under the 2022 Master Property Engineering Framework Agreement and the 2022 Master Property Management Framework Agreement; (ii) the Property Engineering Services and the Property Management and Value-added Services had been satisfactorily provided by the subsidiaries of Xingye Wulian for the two years ending 31 December 2021 and the nine months ended 30 September 2022; and (iii) the market rates charged by other Independent Third Parties for each of the Property Engineering Services and the Property Management and Value-added Services, the Directors (including the independent non-executive Directors) are of the opinion that the terms of the 2022 Master Property Engineering Framework Agreement and the 2022 Master Property Management Framework Agreement and the transactions contemplated thereunder and the Annual Caps under each of the 2022 Master Property Engineering Framework Agreement and the 2022 Master Property Management Framework Agreement are (a) on normal commercial terms or better; (b) in the ordinary and usual course of business of the Group; and (c) fair and reasonable, and the entering into of the 2022 Master Property Engineering Framework Agreement and the 2022 Master Property Management Framework Agreement and the transactions contemplated thereunder and the Annual Caps under each of the 2022 Master Property Engineering Framework Agreement and the 2022 Master Property Management Framework Agreement are in the interests of the Group and the Shareholders as a whole.

As Ms. Huang Yanping is the settlor of the Blossom Trust and Mr. Zhang Jingguo is the spouse of Ms. Huang Yanping, both Mr. Zhang Jingguo and Ms. Huang Yanping are considered to have a material interest in the 2022 Master Property Engineering Framework Agreement and the 2022 Master Property Management Framework Agreement and the transactions contemplated thereunder and had abstained from voting on the Board resolutions of the Company to approve the 2022 Master Property Engineering Framework Agreement and the 2022 Master Property Management Framework Agreement and the transactions contemplated thereunder. Save for the aforementioned, no other Director has a material interest in the 2022 Master Property Engineering Framework Agreement and the 2022 Master Property Management Framework Agreement and is required to abstain from voting on the Board resolutions of the Company to approve the 2022 Master Property Engineering Framework Agreement and the 2022 Master Property Management Framework Agreement and the transactions contemplated thereunder.

## **INFORMATION OF THE GROUP AND XINGYE WULIAN GROUP**

The Group is principally engaged in the businesses of property development, property investment, project management and sales services, hotel operations and securities trading and investment.

Xingye Wulian is a company incorporated in the Cayman Islands with limited liability and is principally engaged in the provision of property management and value-added services and property engineering services.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, the entire issued share capital of Xingye Wulian is indirectly owned as to approximately 56.59% by the Blossom Trust, which is controlled by Ms. Zhang as the protector. Ms. Zhang is the daughter of Mr. Zhang Jingguo, the Chairman, Chief Executive Officer and executive Director and Ms. Huang Yanping, the non-executive Director, as such, Xingye Wulian is a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

Given that one or more of the applicable percentage ratios based on the Annual Caps in relation to the Property Management and Value-added Services and Property Engineering Services to be provided by Xingye Wulian Group under the 2022 Master Property Management Framework Agreement and the 2022 Master Property Engineering Framework Agreement exceed 0.1% and is less than 5%, the 2022 Master Property Management Framework Agreement and the 2022 Master Property Engineering Framework Agreement constitute continuing connected transactions of the Company and are subject to compliance with the reporting and announcement requirement but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“2022 Master Property Engineering Framework Agreement”	the agreement in relation to the provision of the Property Engineering Services from Xingye Wulian Group to the Group entered into between Xingye Wulian and the Company on 20 October 2022
“2022 Master Property Management Framework Agreement”	the agreement in relation to the provision of the Property Management and Value-added Services from Xingye Wulian Group to the Group entered into between Xingye Wulian and the Company on 20 October 2022
“Annual Caps”	the maximum annual transaction amounts payable by the Group to Xingye Wulian Group for the Property Engineering Services and the Property Management and Value-added Services, as the case may be, for each of the three financial years ending 31 December 2025
“Blossom Trust”	the family trust established by Ms. Huang Yanping as the settlor, with Vistra Trust (BVI) Limited acting as the trustee, Ms. Zhang acting as the protector and Ms. Zhang and her descendants appointed as discretionary beneficiaries
“Board”	the board of Directors

“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“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 under the Listing Rules
“continuing connected transaction”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Effective Date”	20 October 2022
“GFA”	gross floor area
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	a person(s) or company(ies) who/which is or are independent of and not connected with the Company and connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Ms. Zhang”	Ms. Zhang Huiqi, who is the daughter of Mr. Zhang Jingguo, the Chairman, Chief Executive Officer and executive Director and Ms. Huang Yanping, the non-executive Director
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property Engineering Services”	the provision of property engineering services including but not limited to planning, design and installation of security and surveillance systems, access control systems, carpark management systems and construction site management systems by the Xingye Wulian Group to the Group

“Property Management and Value-added Services”	the provision of property management and value-added services, which include, among others, security, cleaning, greening and gardening, parking space management, repair and maintenance for common areas and customer service, and value-added services which include repair and maintenance for exclusive use areas, renovation waste clearance, intermediary leasing services, etc. by Xingye Wulian Group to the Group
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed thereto under Section 15 of the Companies Ordinance
“Supplemental Agreement”	the supplemental agreement dated 28 August 2020 entered into between Xingye Wulian and the Company in relation to the Master Property Management Framework Agreement
“Xingye Wulian”	Xingye Wulian Service Group Co. Ltd., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 9916)
“Xingye Wulian Group”	Xingye Wulian and its subsidiaries from time to time
“%”	per cent

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

Hong Kong, 20 October 2022

*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.*