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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 and Debt Stock Code: 5862)**

**(1) FULFILMENT OF RESUMPTION GUIDANCE;  
AND  
(2) RESUMPTION OF TRADING**

This announcement is made by the board of directors (the “**Board**”) of Zensun Enterprises Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated (i) 27 March 2024 regarding the delay in publication of the 2023 Annual Results and delay in dispatch of the 2023 Annual Report; (ii) 2 April 2024 regarding the suspension of trading of the shares and debt securities of the Company; (iii) 28 June 2024 regarding the Resumption Guidance and quarterly update on resumption progress; (iv) 4 July 2024 regarding the resignation of auditor; (v) 11 July 2024 regarding the appointment of auditor; (vi) 25 July 2024 regarding the delay in publication of the 2023 Annual Results and delay in dispatch of the 2023 Annual Report; (vii) 30 August 2024 regarding the delay in publication of the 2024 Interim Results and delay in dispatch of the 2024 Interim Report; and (viii) 30 September 2024 in relation to the 2023 Annual Results, 2024 Interim Results and quarterly update on resumption progress (collectively, the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

## **BACKGROUND ON SUSPENSION OF TRADING IN SECURITIES**

Reference is made to the announcement of the Company dated 27 March 2024. Due to (i) the resignations of certain key employees of the Company, in particular, those in the finance department, and (ii) there are no sufficient staff to provide all information requested by the former auditor of the Company for audit, the finalization of the consolidated financial statements of the Company for the year ended 31 December 2023 and auditing progress had been severely affected. As a result of the delay in publication of the 2023 Annual Results, trading in the shares (stock code: 185) and debt securities (stock code: 5862) of the Company on the Stock Exchange have been suspended with effect from 9:00 a.m. on 2 April 2024.

## **RESUMPTION GUIDANCE**

On 26 June 2024, the Company received a letter from the Stock Exchange setting out the Resumption Guidance, which the Company was required to fulfil before trading in its securities could be resumed. Details of the Resumption Guidance are set out below:

- (a) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (b) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules; and
- (c) inform the market of all material information for the Company's shareholders and investors to appraise the Company's position.

## **FULFILMENT OF THE RESUMPTION GUIDANCE**

The Company is pleased to inform the shareholders and potential investors of the Company that all the Resumption Guidance have been fulfilled as at the date of this announcement.

- (a) **Publish all outstanding financial results required under the Listing Rules and address any audit modifications**

Reference is made to the announcement of the Company dated 25 July 2024. Prior to the resignation of Grant Thornton Hong Kong Limited ("**Grant Thornton**"), the then auditor of the Company, the major outstanding information requested by Grant Thornton in order to complete the audit on the 2023 Annual Results primarily include (i) schedule and breakdown of consolidated adjustments to the opening balance (including those in relation to the capitalisation of interest on senior notes and its related impairment provision, goodwill impairment testing and deferred tax assets); (ii) litigation ledgers; (iii) going concern assessment; (iv) valuation of investment properties; and (v) collection of certain audit confirmations (the "**Outstanding Information**").

Due to the unprecedented prolonged downturn in the real estate industry adversely affecting the career prospect of the employees in pursuing or remaining in the property development industry, certain key employees of the Group (including the finance deputy supervisor, finance manager and a number of accounting personnel under the finance department of the Group) have resigned in the second half of 2023. As a result, there were no sufficient staff to provide the Outstanding Information requested by Grant Thornton, leading to the delay in publication of the 2023 Annual Results.

With the view to ensure adequacy of resources and experienced staff for the Company’s financial reporting functions and prevent re-occurrence of a delay in results publication in future, the Company has implemented the following measures:

- (i) The finance department will report to the executive Directors regularly to keep them well informed about any issues relating to financial reporting and to resolve such issue (if any) in a timely manner;
- (ii) For certain key finance positions, the Company may designate an alternative suitable employee to ensure normal operations during special circumstances;
- (iii) The Company may consider to extend the notice period of certain key finance personnel during contract renewal so as to allow the Company to have more time in identifying suitable replacement; and
- (iv) The Company will work with various parties, including external human resources agencies, to identify potential candidates when situation requires.

Subsequently, the Company has gradually replenished its workforce for the financial reporting functions of the Group and there were sufficient workforce under the financial reporting functions of the Group since August 2024.

In order to complete the audit of the 2023 Annual Results and address the Outstanding Information raised by Grant Thornton, Prism Hong Kong Limited (“Prism”), the current auditor of the Company, performed the following audit procedures, including but not limited to:

<b>Outstanding Information raised by Grant Thornton</b>	<b>Actions performed by Prism</b>
Schedule and breakdown of consolidated adjustments to the opening balance (including those in relation to the capitalisation of interest on senior notes and its related impairment provision, goodwill impairment testing and deferred tax assets)	<ul style="list-style-type: none"> <li>a. Communicated with Grant Thornton in relation to specific outstanding items;</li> <li>b. Obtained from the Group relevant schedule and breakdown of consolidated adjustments to the opening balance;</li> <li>c. Checked the mathematical accuracy of these schedule and breakdown;</li> <li>d. Discussed with management on the basis of these consolidated adjustments;</li> <li>e. Communicated with Ernst &amp; Young, the then auditor of the Company, to obtain an understanding on their work in prior years</li> </ul>

<b>Outstanding Information raised by Grant Thornton</b>	<b>Actions performed by Prism</b>
Litigation ledgers	<ul style="list-style-type: none"> <li>a. Obtained litigation ledgers from the Group;</li> <li>b. Discussed with management on the material matters noted in the ledgers;</li> <li>c. Obtained legal opinion from legal department on their assessment of potential outcomes of the lawsuits;</li> <li>d. Conducted independent litigation search and obtained confirmations from legal counsels on status and potential outcome of litigation</li> </ul>
Going concern assessment	<ul style="list-style-type: none"> <li>a. Obtained cash flow forecast from the Group covering a period of not less than 12 months from the year-end date of 31 December 2023;</li> <li>b. Performed evaluations on underlying assumptions and data used in cash flow forecast</li> </ul>
Valuation of investment properties	<ul style="list-style-type: none"> <li>a. Obtained valuation reports and schedules prepared by independent valuer;</li> <li>b. With the assistance of independent valuation reviewer, performed review concerning methodology and significant unobservable inputs adopted by independent valuer;</li> <li>c. Critically challenged the assumptions and inputs by the management in preparing the valuation assessment</li> </ul>
Collection of certain audit confirmations	<ul style="list-style-type: none"> <li>a. Circulated audit confirmations on material account balances;</li> <li>b. For confirmations not received by report date, performed alternative procedures to obtain relevant and reliable audit evidence</li> </ul>

Based on the above and relevant audit procedures performed, except for the disclaimer of opinion due to material uncertainties relating to going concern of the Company, Prism had obtained sufficient and appropriate evidence in expressing an audit opinion in relation to the 2023 Annual Results.

The 2023 Annual Results and the 2024 Interim Results (collectively, the “**Financial Results**”) were published by the Company on 30 September 2024.

In respect of the consolidated financial statements of the Group for the year ended 31 December 2023, Prism expressed a disclaimer of opinion due to material uncertainties relating to going concern. In this regard, as disclosed in the Financial Results, the Group has implemented or is implementing measures to manage the Group’s liquidity needs and to improve its financial position, including but not limited to (a) communicating proactively with its creditors, especially noteholders, on mutually agreeable arrangements on payments of outstanding principal and interests; (b) implementing various strategies to improve the Group’s income from sales of properties, project management and sales, hotel operations, rentals from investment properties and dividend income from financial assets at fair value through profit or loss to generate additional operating cash inflows and putting extra efforts on the collection of outstanding sales proceeds and other receivables; (c) actively reviewing its debt structure and looking for funding opportunities, including actively negotiating with several financial institutions to obtain new loans at a reasonable cost; and (d) taking active measures to control administrative costs and unnecessary capital expenditures to relieve liquidity to support operations.

Taking into account the plans and measures taken by the Group, as well as the cash flow forecast of the Group for a period of not less than 12 months from 30 June 2024, the Directors are of the opinion that the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future and that the Group will continue to operate as a going concern.

For further details, please refer to the Financial Results.

**(b) Demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules**

Pursuant to Rule 13.24 of the Listing Rules, an issuer is required to carry out, directly or indirectly, a business with sufficient level of operations and assets of sufficient value to support its operations to warrant the continued listing of the issuer’s securities.

The Group is principally engaged in property development, property investment, project management and sale services, hotel operations and securities trading and investment in Hong Kong, the People’s Republic of China (the “**PRC**”) and overseas.

For the year ended 31 December 2023, the Group recorded audited revenue of approximately RMB20,034.9 million. For the six months ended 30 June 2024, the Group recorded unaudited revenue of approximately RMB183.9 million. The Group’s revenue in the aforementioned periods was primarily derived from property development business in the PRC.

As at 30 June 2024, the Group had 67 completed property projects and/or sub-phases and 36 on-going complex property projects on hand with 90 land parcels under development and planning with an aggregate site area of approximately 6.3 million sq.m. and aggregate estimated GFA of approximately 13.5 million sq.m. in the PRC. In return, the land reserves will bring to the Group with estimated saleable/leasable GFA under development of approximately 4.1 million sq.m. and estimated GFA under planning of approximately 2.4 million sq.m..

There were two newly completed property development projects in phases/sub-phases delivered during the six months ended 30 June 2024 and there were 12 additional newly completed project projects in phases/sub-phases delivered from July 2024 to October 2024.

Following the completion of land acquisitions in the past years, the Group has built up and maintained strong land reserves for its property development business in the PRC over the next three years, particularly in Henan Province, the PRC. Looking forward, the Group will prioritize the development of both existing and new property development projects from its land reserves in the near future. Despite the challenges faced by the real estate industry in the past year, it is expected that the Chinese government will continue to introduce policies to support the real estate market and stabilize macroeconomic growth and it is expected that the Group will operate a viable and sustainable business.

As at 31 December 2023, the Group's audited total assets amounted to approximately RMB46,399.3 million, among which (i) properties under development amounted to approximately RMB28,675.6 million; (ii) completed properties held for sale amounted to approximately RMB9,761.8 million; and (iii) investment properties amounted to approximately RMB810.5 million, together representing approximately 84.6% of the Group's total assets. As at 30 June 2024, the Group's unaudited total assets remained relatively stable at approximately RMB43,942.3 million, among which (i) properties under development amounted to approximately RMB28,196.0 million; (ii) completed properties held for sale amounted to approximately RMB8,376.6 million; and (iii) investment properties amounted to approximately RMB811.7 million, together representing approximately 85.1% of the Group's total assets.

As at 30 June 2024, the Group's total bank and other borrowings amounted to approximately RMB6.0 billion, of which the Group had defaulted or cross defaulted the Group's senior notes in the principal amount of approximately RMB1.8 billion and defaulted the Group's bank borrowings in the principal amount of approximately RMB0.1 billion. Save for the aforementioned, the Group had not defaulted bank and other borrowings as at 30 June 2024. Subsequent to 30 June 2024 and as at the date of this announcement, the Company has made repayment on certain bank and other borrowings and further extended the repayment deadline of the bank borrowings which was in default as at 30 June 2024 to March 2025 and April 2027. The Group has been actively negotiating and will continue to maintain constant communications with its noteholders on extending the deadline for repayment of principals and interests of the senior notes. As at the date of this announcement, none of the noteholders had demanded immediately repayment of the outstanding principals or interests of the senior notes and the Company is not aware of any indication from the noteholders to commence proceedings against the Company.

For further details of the Group’s business operation, financial performance and future outlook, please refer to the section headed “Management Discussion and Analysis” of the Financial Results.

Based on the above, the Company considers it carries out a business with a sufficient level of operations and assets of sufficient value to support its operations, and therefore complies with the requirements of Rule 13.24 of the Listing Rules.

**(c) Inform the market of all material information for the Company’s shareholders and investors to appraise the Company’s position**

The Company has kept its shareholders and potential investors informed of all material information since the suspension of trading in its securities to appraise the Company’s position by way of the Announcements including but not limited to quarterly updates on its resumption progress.

**RESUMPTION OF TRADING IN SHARES (STOCK CODE: 185) AND DEBT SECURITIES (STOCK CODE: 5862)**

At the request of the Company, trading in the shares (stock code: 185) and debt securities (stock code: 5862) of the Company on the Stock Exchange have been suspended with effect from 9:00 a.m. on 2 April 2024. As all the conditions in the Resumption Guidance have been fulfilled as detailed above, the Company has made an application to the Stock Exchange for the resumption of trading in the shares (stock code: 185) and debt securities (stock code: 5862) of the Company with effect from 9:00 a.m. on Thursday, 28 November 2024.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 27 November 2024

*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.*