

*THE CONTENT OF THIS ANNOUNCEMENT HAS BEEN PUBLISHED USING EQUITY STOCK CODE (STOCK CODE: 185) ON 28 MARCH 2025 AND IS NOW REPUBLISHED USING DEBT STOCK CODE (STOCK CODE: 5862) FOR THE DEBT HOLDERS INFORMATION.*

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **ZENSUN ENTERPRISES LIMITED**

**正商實業有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 185)**

### **ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **FINANCIAL HIGHLIGHTS FOR THE YEAR**

- Revenue for the Year amounted to approximately RMB9,542 million, representing a decrease of approximately 52.4% compared with revenue for 2023 of approximately RMB20,035 million.
- Loss attributable to owners of the Company for the Year amounted to approximately RMB2,182 million, representing a decrease of approximately 5.1% compared with loss attributable to owners of the Company for 2023 of approximately RMB2,298 million.
- Basic loss per share for the Year was approximately RMB114.0 cents, as compared with basic loss per share of approximately RMB120.1 cents for 2023.

#### **RESULTS**

The board (the “Board”) of directors (the “Director(s)”) of Zensun Enterprises Limited (the “Company”) hereby announces the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2024 (the “Year”) together with the comparative figures for 2023 as set out in this announcement.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**YEAR ENDED 31 DECEMBER 2024**

|   |              | <b>2024</b>               | <b>2023</b>         |
|---|--------------|---------------------------|---------------------|
|   | <i>NOTES</i> | <i>RMB'000</i>            | <i>RMB'000</i>      |
| <b>REVENUE</b>  | <b>3</b>     | <b>9,542,095</b>          | 20,034,898          |
| Cost of sales   |              | <u>(9,179,011)</u>        | <u>(19,262,196)</u> |
| Gross profit  |              | <b>363,084</b>            | 772,702             |
| Other income  | <b>4</b>     | <b>7,200</b>              | 8,698               |
| Other gains and losses, net                                 | <b>4</b>     | <b>(1,563,595)</b>        | (1,610,103)         |
| Administrative expenses                                     |              | <b>(142,515)</b>          | (173,631)           |
| Sales and marketing expenses                                |              | <b>(56,247)</b>           | (97,043)            |
| Finance costs   | <b>5</b>     | <u><b>(289,651)</b></u>   | <u>(438,624)</u>    |
| LOSS BEFORE TAX   | <b>6</b>     | <b>(1,681,724)</b>        | (1,538,001)         |
| Income tax expense  | <b>7</b>     | <u><b>(491,211)</b></u>   | <u>(709,271)</u>    |
| <b>LOSS FOR THE YEAR</b>                                    |              | <u><b>(2,172,935)</b></u> | <u>(2,247,272)</u>  |
| Attributable to:  |              |                           |                     |
| Owners of the Company                                       |              | <b>(2,181,963)</b>        | (2,298,458)         |
| Non-controlling interests                                   |              | <u><b>9,028</b></u>       | <u>51,186</u>       |
|   |              | <u><b>(2,172,935)</b></u> | <u>(2,247,272)</u>  |
| <b>LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> |              |                           |                     |
| Basic (RMB cents)   | <b>9</b>     | <b>(114.0)</b>            | (120.1)             |
| Diluted   |              | <u><b>N/A</b></u>         | <u><b>N/A</b></u>   |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31 DECEMBER 2024**

|  | <b>2024</b><br><b>RMB'000</b> | 2023<br><b>RMB'000</b>    |
|--|-------------------------------|---------------------------|
| <b>LOSS FOR THE YEAR</b>   | <b><u>(2,172,935)</u></b>     | <b><u>(2,247,272)</u></b> |
| <b>OTHER COMPREHENSIVE INCOME</b>  |                               |                           |
| <i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i> |                               |                           |
| Exchange difference on translation of foreign operations   | <b>8,247</b>                  | (23,013)                  |
| <i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>   |                               |                           |
| Fair value gains of property, plant and equipment upon transfer to investment properties, net of tax       | –                             | 12,511                    |
| Exchange difference on translation of non-foreign operations   | <b><u>3,247</u></b>           | <u>61,648</u>             |
| Other comprehensive income that may not be reclassified to profit or loss in subsequent periods            | <b><u>3,247</u></b>           | <u>74,159</u>             |
| <b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>   | <b><u>11,494</u></b>          | <b><u>51,146</u></b>      |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>   | <b><u>(2,161,441)</u></b>     | <b><u>(2,196,126)</u></b> |
| Attributable to:   |                               |                           |
| Owners of the Company  | <b>(2,170,767)</b>            | (2,247,460)               |
| Non-controlling interests  | <b><u>9,326</u></b>           | <u>51,334</u>             |
|  | <b><u>(2,161,441)</u></b>     | <b><u>(2,196,126)</u></b> |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**31 DECEMBER 2024**

|   |              | <b>31 December<br/>2024</b> | 31 December<br>2023 |
|---|--------------|-----------------------------|---------------------|
|   | <i>NOTES</i> | <i>RMB'000</i>              | <i>RMB'000</i>      |
| <b>NON-CURRENT ASSETS</b>                               |              |                             |                     |
| Property, plant and equipment                           |              | <b>345,968</b>              | 363,203             |
| Investment properties                                   |              | <b>719,918</b>              | 810,535             |
| Intangible assets                                       |              | <b>22,452</b>               | 67,368              |
| Deferred tax assets                                     |              | <b>125,620</b>              | 485,478             |
| <b>Total non-current assets</b>                         |              | <b>1,213,958</b>            | 1,726,584           |
| <b>CURRENT ASSETS</b>                                   |              |                             |                     |
| Completed properties held for sale                      |              | <b>9,279,745</b>            | 9,761,774           |
| Properties under development                            |              | <b>24,349,024</b>           | 28,675,621          |
| Accounts receivable, other receivables and other assets | <i>10</i>    | <b>2,331,394</b>            | 2,915,597           |
| Financial assets at fair value through profit or loss   |              | <b>213,387</b>              | 296,979             |
| Prepaid income tax and tax recoverable                  |              | <b>1,127,057</b>            | 1,179,407           |
| Pledged deposits  |              | <b>123,711</b>              | 130,913             |
| Restricted bank balances                                |              | <b>541,908</b>              | 1,184,149           |
| Cash and cash equivalents                               |              | <b>317,544</b>              | 528,296             |
| <b>Total current assets</b>                             |              | <b>38,283,770</b>           | 44,672,736          |
| <b>CURRENT LIABILITIES</b>                              |              |                             |                     |
| Accounts payable, deposits received and accruals        | <i>11</i>    | <b>9,664,071</b>            | 8,680,025           |
| Contract liabilities                                    |              | <b>12,954,604</b>           | 18,087,691          |
| Amounts due to related companies                        | <i>12</i>    | <b>1,651,058</b>            | 1,218,038           |
| Loans from a related company                            | <i>13</i>    | <b>7,223,176</b>            | 7,273,704           |
| Bank and other borrowings                               |              | <b>4,579,244</b>            | 5,496,112           |
| Tax liabilities   |              | <b>1,070,749</b>            | 1,045,181           |
| <b>Total current liabilities</b>                        |              | <b>37,142,902</b>           | 41,800,751          |
| <b>NET CURRENT ASSETS</b>                               |              | <b>1,140,868</b>            | 2,871,985           |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>            |              | <b>2,354,826</b>            | 4,598,569           |

|  |             | <b>31 December<br/>2024</b> | 31 December<br>2023 |
|--|-------------|-----------------------------|---------------------|
|  | <i>NOTE</i> | <i>RMB'000</i>              | <i>RMB'000</i>      |
| <b>NON-CURRENT LIABILITIES</b>               |             |                             |                     |
| Rental deposits received                     |             | <b>444</b>                  | 520                 |
| Bank and other borrowings                    |             | <b>1,120,348</b>            | 1,187,611           |
| Deferred tax liabilities                     |             | <b>271,357</b>              | 286,320             |
| <b>Total non-current liabilities</b>         |             | <b>1,392,149</b>            | 1,474,451           |
| <b>Net assets</b>                            |             | <b>962,677</b>              | 3,124,118           |
| <b>EQUITY</b>                                |             |                             |                     |
| Equity attributable to owners of the Company |             |                             |                     |
| Share capital                                | <i>14</i>   | <b>5,326,923</b>            | 5,326,923           |
| Reserves                                     |             | <b>(4,429,117)</b>          | (2,258,350)         |
|  |             | <b>897,806</b>              | 3,068,573           |
| Non-controlling interests                    |             | <b>64,871</b>               | 55,545              |
| <b>Total equity</b>                          |             | <b>962,677</b>              | 3,124,118           |

# **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

## **FOR THE YEAR ENDED 31 DECEMBER 2024**

### **1. GENERAL**

Zensun Enterprises Limited (the “Company”) is a public limited liability company incorporated in Hong Kong with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activities of the Company and its subsidiaries (collectively, the “Group”) include property development, property investment and management, project management services, hotel operations and securities trading and investment in Hong Kong, the People’s Republic of China (the “PRC”) and overseas.

### **2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

The consolidated results set out in this announcement do not constitute the Group’s consolidated financial statements for the year ended 31 December 2024 but are extracted from those financial statements.

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the Hong Kong Companies Ordinance.

They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value.

These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### **Going concern basis**

For the year ended 31 December 2024, the Group incurred a net loss of approximately RMB2,172,935,000, and as of that date, the Group’s current portion of bank and other borrowings amounted to RMB4,579,244,000, while its cash and cash equivalents amounted to RMB317,544,000.

As of 31 December 2024, the Group did not make payments on certain principal and interest payable of its USD denominated senior notes due in 2023, which had been delisted upon maturity on 13 September 2023; the principal and interest payable of its USD denominated senior notes due in 2024 (“2024 Senior Notes”), which had also been delisted upon maturity on 23 April 2024, and the interest payable of its USD denominated senior notes due in 2025 (“2025 Senior Notes”), triggering an event of default or cross default of various borrowings pursuant to the terms and conditions of respective agreements. The Company had suspended the trading of its USD denominated senior notes due in 2025 on 2 April 2024.

As of 31 December 2024, the aggregate principal amount and interest payables of the said USD denominated senior notes and bank and other borrowings in default or cross default was approximately RMB3,841,383,000.

These events or conditions indicate that material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern. The Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

- (a) The Company will continue to communicate proactively with its creditors, especially noteholders, on mutually agreeable arrangements on payments of outstanding principal and interests;
- (b) The Group will implement 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) The Group is 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) The Group will continue to take active measures to control administrative costs and unnecessary capital expenditures to relieve liquidity to support operations.

The directors of the Company have reviewed the Group's cash flow forecast covering a period of not less than twelve months from the end of the reporting period. They are of the opinion that, taking into account of the above-mentioned plans and measures, 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. Accordingly, the directors believe it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2024 on a going concern basis.

Notwithstanding the above, given the volatility of the property sector in China and the uncertainties to obtain continuous support by the banks and the Group's creditors, material uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

|                                  |   |
|----------------------------------|---|
| Amendments to HKFRS 16           | <i>Lease Liability in a Sale and Leaseback</i>  |
| Amendments to HKAS 1             | <i>Classification of Liabilities as Current or Non-current</i><br>(the "2020 Amendments") |
| Amendments to HKAS 1             | <i>Non-current Liabilities with Covenants</i><br>(the "2022 Amendments")                  |
| Amendments to HKAS 7 and HKFRS 7 | <i>Supplier Finance Arrangements</i>  |

Except as described below, the adoption of the above new and revised standards has had no significant financial effect on these consolidated financial statements.

**Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current” and related amendments to Hong Kong Interpretation 5 and Amendments to HKAS 1 “Non-current Liabilities with Covenants”**

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

**3. REVENUE AND OPERATING SEGMENT INFORMATION**

|  | <b>2024</b><br><b>RMB'000</b> | 2023<br>RMB'000 |
|--|-------------------------------|-----------------|
| An analysis of revenue is as follows:                                      |                               |                 |
| <i>Revenue from contracts with customers</i>                               |                               |                 |
| Sales of properties in the PRC   | <b>9,436,079</b>              | 19,917,712      |
| Project management services in the PRC                                     | <b>17,498</b>                 | 32,222          |
| Hotel operations in the PRC  | <b>36,226</b>                 | 34,986          |
|  | <b>9,489,803</b>              | 19,984,920      |
| <i>Revenue from other sources</i>  |                               |                 |
| Gross rental income from investment properties                             | <b>35,418</b>                 | 32,649          |
| Dividend income from financial assets at fair value through profit or loss | <b>16,874</b>                 | 17,329          |
|  | <b>9,542,095</b>              | 20,034,898      |



## Revenue from contracts with customers

### (i) Disaggregated revenue information

#### For the year ended 31 December 2024

| Segments  | Sales of properties in the PRC<br>RMB'000 | Project management services in the PRC<br>RMB'000 | Hotel operations in the PRC<br>RMB'000 | Total<br>RMB'000 |
|---|---|---|--|------------------|
| <b>Type of goods or services and geographical markets</b> |   |   |  |                  |
| Sale of properties in the PRC                             | 9,436,079                                 | –   | –                                      | 9,436,079        |
| Project management services in the PRC                    | –   | 17,498  | –                                      | 17,498           |
| Hotel operations in the PRC                               | –   | –   | 36,226                                 | 36,226           |
| Total revenue from contracts with external customers      | <u>9,436,079</u>                          | <u>17,498</u>                                     | <u>36,226</u>                          | <u>9,489,803</u> |
| <b>Timing of revenue recognition</b>                      |   |   |  |                  |
| Goods transferred at a point in time                      | 9,436,079                                 | –   | 13,606                                 | 9,449,685        |
| Services transferred over time                            | –   | 17,498  | 22,620                                 | 40,118           |
| Total revenue from contracts with external customers      | <u>9,436,079</u>                          | <u>17,498</u>                                     | <u>36,226</u>                          | <u>9,489,803</u> |

#### For the year ended 31 December 2023

| Segments  | Sales of properties in the PRC<br>RMB'000 | Project management services in the PRC<br>RMB'000 | Hotel operations in the PRC<br>RMB'000 | Total<br>RMB'000  |
|---|---|---|--|-------------------|
| <b>Type of goods or services and geographical markets</b> |   |   |  |                   |
| Sale of properties in the PRC                             | 19,917,712                                | –   | –                                      | 19,917,712        |
| Project management services in the PRC                    | –   | 32,222  | –                                      | 32,222            |
| Hotel operations in the PRC                               | –   | –   | 34,986                                 | 34,986            |
| Total revenue from contracts with external customers      | <u>19,917,712</u>                         | <u>32,222</u>                                     | <u>34,986</u>                          | <u>19,984,920</u> |
| <b>Timing of revenue recognition</b>                      |   |   |  |                   |
| Goods transferred at a point in time                      | 19,917,712                                | –   | 13,876                                 | 19,931,588        |
| Services transferred over time                            | –   | 32,222  | 21,110                                 | 53,332            |
| Total revenue from contracts with external customers      | <u>19,917,712</u>                         | <u>32,222</u>                                     | <u>34,986</u>                          | <u>19,984,920</u> |

For management purposes, the Group is organised into business units based on their products and services and has six reportable operating segments as follows:

- (a) Property development in the PRC
- (b) Project management services in the PRC
- (c) Hotel operations in the PRC
- (d) Property investment and management in the United States of America (“USA” or “US”) in American Housing REIT, Inc. (“AHR”)
- (e) Property investment other than AHR
- (f) Securities trading and investment

The Group has property investment and/or management businesses in Hong Kong, the USA and Singapore. Other than AHR which is operated in the USA, the property investment businesses in other regions are evaluated together and assessed as one operating segment by the management.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group’s profit/(loss) before tax except that certain other gains and losses, corporate and unallocated income and expenses (including unallocated finance costs) are excluded from this measurement.

Segment assets exclude deferred tax assets, unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities, tax liabilities and unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

***Segment revenue and segment results***

|   | Segment revenue         |                          | Segment results           |                           |
|---|-------------------------|--------------------------|---------------------------|---------------------------|
|   | 2024                    | 2023                     | 2024                      | 2023                      |
|   | RMB’000                 | RMB’000                  | RMB’000                   | RMB’000                   |
| Property development in the PRC           | <b>9,436,079</b>        | 19,917,712               | <b>(1,591,995)</b>        | (1,554,386)               |
| Project management services in the PRC    | <b>17,498</b>           | 32,222                   | <b>9,450</b>              | 16,710                    |
| Hotel operations in the PRC               | <b>36,226</b>           | 34,986                   | <b>17,053</b>             | 14,757                    |
| Property investment and management on AHR | <b>10,693</b>           | 15,331                   | <b>(3,837)</b>            | (10,585)                  |
| Property investment other than AHR        | <b>24,725</b>           | 17,318                   | <b>(9,818)</b>            | 13,318                    |
| Securities trading and investment         | <b>16,874</b>           | 17,329                   | <b>(72,478)</b>           | 57,646                    |
|   | <b><u>9,542,095</u></b> | <b><u>20,034,898</u></b> | <b><u>(1,651,625)</u></b> | <b><u>(1,462,540)</u></b> |
| Unallocated corporate income              |                         |                          | –                         | –                         |
| Unallocated corporate expenses            |                         |                          | <b><u>(30,099)</u></b>    | <b><u>(75,461)</u></b>    |
| Loss before tax                           |                         |                          | <b><u>(1,681,724)</u></b> | <b><u>(1,538,001)</u></b> |

*Segment assets*

|   | <b>2024</b>           | <b>2023</b>           |
|---|-----------------------|-----------------------|
|   | <b><i>RMB'000</i></b> | <b><i>RMB'000</i></b> |
| Property development in the PRC           | <b>38,365,212</b>     | 44,889,330            |
| Project management services in the PRC    | <b>3,248</b>          | 6,745                 |
| Hotel operations in the PRC               | <b>135,353</b>        | 137,929               |
| Property investment and management on AHR | <b>248,393</b>        | 207,817               |
| Property investment other than AHR        | <b>352,819</b>        | 680,369               |
| Securities trading and investment         | <b>213,533</b>        | 297,079               |
|   | <hr/>                 | <hr/>                 |
| Segment assets                            | <b>39,318,558</b>     | 46,219,269            |
| Unallocated assets                        | <b>179,170</b>        | 180,051               |
|   | <hr/>                 | <hr/>                 |
| Total assets                              | <b>39,497,728</b>     | 46,399,320            |
|   | <hr/>                 | <hr/>                 |
| Segment liabilities                       |                       |                       |
| Property development in the PRC           | <b>36,366,713</b>     | 41,100,109            |
| Project management services in the PRC    | <b>994</b>            | 1,063                 |
| Hotel operations in the PRC               | <b>1,608</b>          | 4,070                 |
| Property investment and management on AHR | <b>128,559</b>        | 62,367                |
| Property investment other than AHR        | <b>70,453</b>         | 1,323,000             |
|   | <hr/>                 | <hr/>                 |
| Segment liabilities                       | <b>36,568,327</b>     | 42,490,609            |
| Unallocated liabilities                   | <b>1,966,724</b>      | 784,593               |
|   | <hr/>                 | <hr/>                 |
| Total liabilities                         | <b>38,535,051</b>     | 43,275,202            |
|   | <hr/>                 | <hr/>                 |

#### 4. OTHER INCOME, OTHER GAINS AND LOSSES, NET

An analysis of other income is as follows:

|                 | 2024<br>RMB'000 | 2023<br>RMB'000 |
|-----------------|-----------------|-----------------|
| Interest income | 2,553           | 8,103           |
| Others          | 4,647           | 595             |
|                 | <u>7,200</u>    | <u>8,698</u>    |

An analysis of other gains and losses, net is as follows:

|  |                    |                    |
|--|--------------------|--------------------|
| Fair value loss on investment properties   | (30,079)           | (7,968)            |
| Gain on disposal of investment properties, net   | 57                 | –                  |
| Fair value (loss)/gain on financial assets<br>at fair value through profit or loss                           | (89,298)           | 40,324             |
| Foreign exchange differences, net  | (24,882)           | (64,290)           |
| Write-down of completed properties held for sale and<br>properties under development to net realisable value | (1,391,123)        | (1,273,227)        |
| Provision for impairment of goodwill   | –                  | (300,357)          |
| Impairment losses on accounts receivable and<br>other receivables (note 10)                                  | (28,270)           | (4,585)            |
|  | <u>(1,563,595)</u> | <u>(1,610,103)</u> |

#### 5. FINANCE COSTS

|   | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|-----------------|-----------------|
| Interests on:                                     |                 |                 |
| Bank and other borrowings                         | 514,197         | 727,720         |
| Interest arising from revenue contracts           | 1,759,177       | 1,767,460       |
| Less: Capitalised in properties under development | (1,983,723)     | (2,056,556)     |
|   | <u>289,651</u>  | <u>438,624</u>  |

Borrowing costs from bank and other borrowings have been capitalised at rates ranging from 2.80% to 12.50% (2023: 2.80% to 12.50%) per annum.

## 6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

|   | 2024<br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Cost of properties sold   | 9,155,817              | 19,237,274             |
| Cost of services  | 19,240                 | 21,592                 |
| Total employee benefit expenses:                                    |                        |                        |
| Directors' emoluments   | 374                    | 1,181                  |
| Other staff:  |                        |                        |
| Salaries and other benefits   | 36,186                 | 51,647                 |
| Retirement benefit scheme contributions                             | 1,583                  | 2,546                  |
|   | 38,143                 | 55,374                 |
| Less: Capitalised in properties under development                   | (4,396)                | (5,938)                |
|   | <u>33,747</u>          | <u>49,436</u>          |
| Auditor's remuneration  | 1,850                  | 1,850                  |
| Depreciation of property, plant and equipment                       | 14,225                 | 11,189                 |
| Amortisation of intangible assets                                   | 44,916                 | 44,916                 |
| Lease payments not included in the measurement of lease liabilities | 379                    | 35                     |
| The Group's loss before tax is arrived at after crediting:          |                        |                        |
| Gross rental income from investment properties                      | 35,418                 | 32,649                 |
| Less: Direct operating expenses incurred for:                       |                        |                        |
| – investment properties generating rental income                    | (6,792)                | (2,707)                |
| – investment properties not generating rental income                | (548)                  | (1,237)                |
|   | <u>(7,340)</u>         | <u>(3,944)</u>         |
|   | <u>28,078</u>          | <u>28,705</u>          |

## 7. INCOME TAX EXPENSE

|                                   | 2024<br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|-----------------------------------|------------------------|------------------------|
| Current tax – charge for the year |                        |                        |
| – Hong Kong Profits Tax           | –                      | –                      |
| – PRC CIT                         | 10,538                 | 515,287                |
| – PRC LAT                         | 100,049                | 199,530                |
| – Overseas Corporate Income Tax   | 34                     | 1                      |
| Under provision in prior years    | 36,995                 | 12,957                 |
|                                   | 147,616                | 727,775                |
| Deferred tax                      | 343,595                | (18,504)               |
| Total tax charge for the year     | 491,211                | 709,271                |

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profits generated in Hong Kong for both years.

PRC CIT is calculated at the applicable income tax rate of 25% on the assessable profits for both years. In accordance with the PRC Corporate Income Tax Law, a 10% withholding income tax will be levied on dividends declared to foreign investors from the enterprises with foreign investments established in the PRC. The Group is therefore liable to withholding taxes on dividends distributable by those subsidiaries established in the PRC in respect of their earnings generated from 1 January 2008.

PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

The subsidiaries in the USA are generally subject to Federal Income Tax at a rate of 21% (2023: 21%) on the taxable income and the statutory regulation of State Income Tax in different jurisdiction for the year ended 31 December 2024. Certain of these subsidiaries retained with undistributed income are also subjected to an additional personal holding company tax at 20% on the taxable income. Certain subsidiaries are limited liability companies which are by default disregarded entities (i.e. viewed as divisions of the holding company) and would be taxed as part of their holding company for federal tax purposes.

## 8. DIVIDENDS

The Board does not recommend the payment of a dividend in respect of the Year (2023: Nil).

## 9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share is based on:

|  | 2024<br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| <b>Loss</b>  |                        |                        |
| Loss attributable to owners of the Company used in the basic loss per share calculation                          | <u>(2,181,963)</u>     | <u>(2,298,458)</u>     |
|  | 2024<br><i>'000</i>    | 2023<br><i>'000</i>    |
| <b>Shares</b>  |                        |                        |
| Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation | <u>1,913,387</u>       | <u>1,913,387</u>       |

No diluted loss per share amounts were presented for the years ended 31 December 2024 and 2023 as the Group had no potentially dilutive ordinary shares in issue during these years.

## 10. ACCOUNTS RECEIVABLE, OTHER RECEIVABLES AND OTHER ASSETS

|   | 2024<br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Accounts receivable                       | 15,801                 | 20,663                 |
| Less: Impairment                          | <u>(2,746)</u>         | <u>(986)</u>           |
|   | 13,055                 | 19,677                 |
| Prepaid value-added taxes and other taxes | 1,071,076              | 1,783,116              |
| Deposits and prepayments                  | 416,368                | 494,144                |
| Costs of obtaining contracts              | 93,581                 | 136,064                |
| Other receivables                         | <u>779,677</u>         | <u>498,449</u>         |
|   | 2,360,702              | 2,911,773              |
| Less: Impairment                          | <u>(42,363)</u>        | <u>(15,853)</u>        |
|   | <u>2,318,339</u>       | <u>2,895,920</u>       |
|   | <u>2,331,394</u>       | <u>2,915,597</u>       |

Accounts receivable represent receivables from sales of properties, project management services, property management services, dividend receivables and rental receivables. Receivables arising from sales of properties and project management fee receivables are due for settlement in accordance with the terms of the related agreements. The settlement terms of rental receivables and property management fee receivables are upon presentation of demand notes.

An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date and the net of loss allowance, is as follows:

|                | <b>2024</b><br><b>RMB'000</b> | 2023<br><i>RMB'000</i> |
|----------------|-------------------------------|------------------------|
| Within 1 year  | <b>4,034</b>                  | 10,211                 |
| 1 to 2 years   | <b>562</b>                    | 9,223                  |
| 2 to 3 years   | <b>8,251</b>                  | –                      |
| Over 3 years   | <b>208</b>                    | 243                    |
|                | <hr/>                         | <hr/>                  |
| At end of year | <b>13,055</b>                 | 19,677                 |
|                | <hr/>                         | <hr/>                  |

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's financial assets included in accounts receivable using a provision matrix:

**As at 31 December 2024**

|   | <b>Gross carrying<br/>amount<br/>RMB'000</b> | <b>Expected credit<br/>losses<br/>RMB'000</b> |
|---|--|---|
| Assessment of expected credit losses by credit risk portfolio | <b>15,801</b>                                | <b>2,746</b>                                  |
|   | <hr/>  | <hr/>   |
| At end of year  | <b>15,801</b>                                | <b>2,746</b>                                  |
|   | <hr/>  | <hr/>   |

**As at 31 December 2023**

|   | <b>Gross carrying<br/>amount<br/>RMB'000</b> | <b>Expected credit<br/>losses<br/>RMB'000</b> |
|---|--|---|
| Assessment of expected credit losses by credit risk portfolio | 20,663                                       | 986   |
|   | <hr/>  | <hr/>   |
| At end of year  | 20,663                                       | 986   |
|   | <hr/>  | <hr/>   |



## 11. ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUALS

|  | 2024<br>RMB'000  | 2023<br>RMB'000 |
|--|------------------|-----------------|
| Accounts and bills payable                   | 169,165          | 294,533         |
| Accrued construction costs ( <i>Note</i> )   | 7,825,836        | 6,574,749       |
| Rental deposits received                     | 9,201            | 1,678           |
| Retention deposits and payable               | 173,967          | 160,595         |
| Real estate and other taxes payable          | 647,541          | 875,073         |
| Other payables and accruals                  | 838,805          | 773,917         |
|  | <b>9,664,515</b> | 8,680,545       |
| Less: Rental deposits received – non-current | <b>(444)</b>     | (520)           |
|  | <b>9,664,071</b> | 8,680,025       |

*Note:* Included in accrued construction costs are amounts due to a related company controlled by the daughter of Ms. Huang Yanping (“Ms. Huang”), Ms. Zhang Huiqi (“Ms. Zhang”), of approximately RMB676,068,000 (2023: RMB458,780,000) for its construction work.

An aging analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

|                | 2024<br>RMB'000  | 2023<br>RMB'000 |
|----------------|------------------|-----------------|
| Within 1 year  | 4,122,193        | 3,764,942       |
| 1 to 2 years   | 1,950,354        | 2,393,166       |
| 2 to 3 years   | 1,523,681        | 548,416         |
| Over 3 years   | 398,773          | 162,758         |
| At end of year | <b>7,995,001</b> | 6,869,282       |

## 12. AMOUNTS DUE TO RELATED COMPANIES

The amounts due to related companies are unsecured, interest-free and repayable on demand.

Ms. Huang together with her spouse, Mr. Zhang Jingguo (“Mr. Zhang”) and her daughter, Ms. Zhang have the controlling interests over these related companies.

## 13. LOANS FROM A RELATED COMPANY

The Group has entered into loan agreements with a related company, Henan Zensun Real Estate Co., Ltd\* (河南正商置業有限公司) (“Zensun Real Estate”), which was ultimately controlled by Ms. Huang, pursuant to which Zensun Real Estate shall provide unsecured loans to the Group.

The amounts are unsecured, interest-free and repayable on demand. Those amounts were shown under the current liabilities as Zensun Real Estate had the discretionary rights to demand immediate repayment.

In the opinion of the Directors, the carrying amounts of the loans approximate their fair values at initial recognition.

## 14. SHARE CAPITAL

|  | Number of<br>ordinary<br>shares in issue | Amount<br>RMB'000 |
|--|--|-------------------|
| <b>Ordinary shares with no par value:</b>                      |  |                   |
| At 31 December 2023 and 1 January 2024 and<br>31 December 2024 | <b>1,913,386,669</b>                     | <b>5,326,923</b>  |

## 15. RELATED PARTY TRANSACTIONS

|   | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|-----------------|-----------------|
| <i>Related companies (Note i)</i>   |                 |                 |
| <i>Transactions (Note ii)</i>   |                 |                 |
| Relevant members of Ever Diamond<br>Global Company Limited ("Ever<br>Diamond", and collectively, the<br>"Ever Diamond Group")                               | 95              | 94              |
| Relevant members of Henan Zensun<br>Corporate Development Company<br>Limited ("Zensun Development",<br>and collectively, the "Zensun<br>Development Group") | 1,489,745       | 1,758,149       |
| Relevant members of Xingye<br>Wulian Service Group Company<br>Limited ("Xingye Wulian", and<br>collectively, the "Xingye Wulian<br>Group")                  | 32,948          | 26,532          |

### Notes:

- (i) Ever Diamond Group are entities ultimately controlled by Ms. Huang. Zensun Development Group and Xingye Wulian Group are entities ultimately controlled by Ms. Zhang.
- (ii) These transactions were based on terms mutually agreed by both parties in individual agreement and constitute continuing connected transactions as defined under Chapter 14A of the Listing Rules.

The Group's senior notes, and certain bank and financial institutions facilities to the Group were guaranteed by related companies, which was ultimately controlled by Ms. Huang and Ms. Zhang. No asset of the Group was pledged to these related companies in respect of these guarantees.

The Group is licensed by Zensun Real Estate to use the trademark of "Zensun" and "正商" on a royalty-free basis until July 2025.

Details of the Group's balances with related parties as at the end of the reporting period are included in notes 11, 12 and 13 of this announcement.

Save as above, no transaction has been entered into with the Directors (being the key management personnel) during the Year other than the emoluments paid to them (being key management personnel compensation) (2023: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINAL RESULTS AND DIVIDEND

For the year ended 31 December 2024 (the “Year”), the Group recorded revenue of approximately RMB9,542.1 million and gross profit of approximately RMB363.1 million, with a decrease of approximately 52.4% as compared to revenue of approximately RMB20,034.9 million and a decrease of approximately 53.0% as compared to gross profit of approximately RMB772.7 million for 2023, respectively. Revenue and gross profit of the Year and for 2023 were primarily derived from the property development business in the PRC. The decrease in revenue during the Year was mainly contributed by less delivery of saleable/leasable gross floor area (“GFA”) from the delivery of the Group’s completed property development projects during the Year as compared to 2023. The decrease in gross profit during the Year as compared to 2023 was resulted from less delivery of the GFA and the recognition of certain lower profit margin property projects during the Year, which was caused by unexpected higher construction cost and suppressed selling prices under the decreasing public purchasing desires and power derived from the macroeconomic downturn and the continued depletion of demand in real estate properties.

The Group had other income of approximately RMB7.2 million during the Year, with a decrease of approximately 17.2% as compared to approximately RMB8.7 million during 2023. It was primarily attributable to the decrease in interest income during the Year.

The Group had net other losses of approximately RMB1,563.6 million during the Year, as compared to net other losses of approximately RMB1,610.1 million for 2023. The Group’s net other losses during the Year were mainly attributable to (i) write-down of completed properties held for sale and properties under development to net realisable value of approximately RMB1,391.1 million (2023: approximately RMB1,273.2 million), (ii) fair value loss on financial assets at fair value through profit or loss of approximately RMB89.3 million (2023: fair value gain of approximately RMB40.3 million), (iii) net exchange losses of approximately RMB24.9 million (2023: approximately RMB64.3 million), (iv) impairment losses on accounts receivable and other receivables of approximately RMB28.3 million (2023: approximately RMB4.6 million), and (v) fair value loss on investment properties of approximately RMB30.1 million (2023: fair value loss of approximately RMB8.0 million).

The Group’s sales and marketing expenses decreased by approximately 42.0% from approximately RMB97.0 million for 2023 to approximately RMB56.2 million for the Year. The Group’s administrative expenses decreased by approximately 17.9% from approximately RMB173.6 million for 2023 to approximately RMB142.5 million for the Year. Such decreases were in line with less sales activities in the market and the cost-cutting measures implemented by the Group in view of the continuous downturn in the property market of the PRC during the Year.

The Group’s finance costs decreased by approximately 34.0% from approximately RMB438.6 million for 2023 to approximately RMB289.7 million for the Year. The decrease was primarily due to the combined effect of decrease in interests which are eligible for capitalisation to properties under development and decrease in interests on bank and other borrowings during the Year.

The Group's income tax expenses decreased by approximately 30.7% from approximately RMB709.3 million for 2023 to approximately RMB491.2 million for the Year. The decrease was primarily attributable to the decrease in PRC CIT due to the decrease in operating profits in the PRC during the Year.

As a result of the foregoing, the Group's loss attributable to owners of the Company for the Year amounted to approximately RMB2,182.0 million (2023: RMB2,298.5 million).

The basic loss per share for the Year was approximately RMB114.0 cents (2023: RMB120.1 cents) which was due to the decrease in loss attributable to owners of the Company during the Year.

The Board does not recommend the payment of a dividend in respect of the Year (2023: Nil).

## **BUSINESS REVIEW**

### **Property Development in the PRC**

During the Year, the property development business in the PRC contributed revenue of approximately RMB9,436.1 million (2023: approximately RMB19,917.7 million) and segment loss of approximately RMB1,592.0 million (2023: RMB1,554.4 million) to the Group. The decrease in segment revenue was attributable to the decrease of GFA delivered to the property owners during the Year. The increase in segment loss was mainly due to the increase in write-down of completed properties held for sale and properties under development during the Year.

There were 19 newly completed property development projects in phases/sub-phases delivered during the Year (while during the year ended 31 December 2023, there were 24 newly completed projects delivered).

Together with the existing property projects completed in prior years, there were approximately 1,327,000 sq.m. GFA delivered with average selling price ("ASP") of approximately RMB7,110 per sq.m. and recognised into revenue during the Year as compared to that of approximately 2,088,000 sq.m. GFA delivered with ASP of approximately RMB9,540 per sq.m. and recognised into revenue during 2023.

During the Year, with the continuous impact of economy downturn, the overall real estate market in the PRC continued to experience a decrease in public purchasing power. The selling prices of property projects were inevitably suppressed which led to slowing down of sales and such situation was especially worsened for non-core city locations. As a result of the foregoing, a write-down of completed properties held for sale and properties under development of approximately RMB1,391.1 million (2023: approximately RMB1,273.2 million) for certain properties whose selling price was not recoverable as expected to net realisable value was provided during the Year.

In view of the abovementioned, the Group continues to adopt a conservative approach and implementing cost-cutting schemes to maintain its competitive and sustainable business development plan. Given the current severe real estate market environment, the Group will remain conservative in reviewing its pace of business expansion, and may adjust its project development plans and schedules in response to the changing market conditions, as and when appropriate.

## **Project Management Services in the PRC**

During the Year, the Group provided project management services in the PRC and recorded revenue of approximately RMB17.5 million (2023: approximately RMB32.2 million) and segment profit of approximately RMB9.5 million (2023: approximately RMB16.7 million) from the provision of project management services in the PRC to independent property owners. The decrease was primarily resulted from fewer new project management services contracts entered into during the Year.

## **Hotel Operations in the PRC**

The Group operated a hotel in Zhengzhou City in the PRC since 2022 and generated revenue of approximately RMB36.2 million during the Year as compared to approximately RMB35.0 million for 2023 and segment profit of approximately RMB17.1 million during the Year as compared to profit of approximately RMB14.8 million for 2023. The improved performance for this segment was mainly resulted from more guests staying at the hotel during the Year as compared to 2023.

## **Property Investment and Management in the USA on AHR**

The segment revenue derived from property investment and management on AHR amounted to approximately RMB10.7 million for the Year and approximately RMB15.3 million for 2023, and segment loss of approximately RMB10.6 million for 2023 as compared to segment loss of approximately RMB3.8 million for the Year was mainly stemming from the fair value loss of investment properties recognised in the USA for 2023.

## **Property Investment other than AHR**

During the Year, the property investment in other regions other than AHR division contributed to segment revenue of approximately RMB24.7 million (2023: approximately RMB17.3 million). The turnaround of segment profit of approximately RMB13.3 million for 2023 to segment loss of approximately RMB9.8 million for the year was primarily due to the increase in fair value loss of investment properties recognised in Hong Kong.

## **Securities Trading and Investment**

During the Year, the Group's securities business recorded segment revenue of approximately RMB16.9 million with segment loss of approximately RMB72.5 million as compared to segment revenue of approximately RMB17.3 million with segment profit of approximately RMB57.6 million for 2023. The turnaround of segment profit for 2023 into segment loss for the year was primarily stemming from the recognition of fair value loss on financial assets at fair value through profit or loss of approximately RMB89.3 million during the Year (2023: fair value gain of approximately RMB40.3 million).

## FINANCIAL REVIEW

### Liquidity and Capital Resources

#### *Liquidity Position*

As at 31 December 2024, the carrying amount of the Group's total cash and bank balances including pledged deposits and restricted bank balances were approximately RMB983.2 million (2023: approximately RMB1,843.4 million), representing a decrease of approximately 46.7%. The total cash and bank balances were mainly denominated in RMB, Hong Kong Dollar ("HKD" or "HK\$"), US Dollar ("USD" or "US\$"), and Singapore Dollar ("SGD").

As at 31 December 2024, certain bank balances and deposits of the Group were pledged to certain banks and financial institutions as securities for (i) the bank and financial institutions facilities granted to the Group and (ii) the mortgage loan facilities granted to the property buyers of the Group. The total pledged deposits were approximately RMB123.7 million as at 31 December 2024 (2023: approximately RMB130.9 million).

#### *Capital Structure, Borrowings and Charges on the Group's assets*

The capital structure of the Group consists of net debt, which includes bank and other borrowings, loans from a related company, and amounts due to related companies, net of the aggregate of cash and cash equivalents, restricted bank balances and pledged deposits. The equity attributable to owners of the Company comprised issued share capital and reserves.

As at 31 December 2024, net debt and equity attributable to owners of the Company were approximately RMB13,590.7 million (31 December 2023: approximately RMB13,332.1 million) and approximately RMB897.8 million (31 December 2023: approximately RMB3,068.6 million), respectively. As at 31 December 2024, the Group's aggregate borrowings including bank and other borrowings, loans from a related company, and amounts due to related companies amounted to approximately RMB14,573.8 million (31 December 2023: approximately RMB15,175.5 million), of which approximately RMB13,453.5 million (31 December 2023: approximately RMB13,987.8 million) were repayable within one year or on demand, and approximately RMB1,120.3 million (31 December 2023: approximately RMB1,187.6 million) were repayable after one year. The aggregate borrowings were mainly denominated in RMB, USD, SGD and HKD.

In addition to the 12.5% per annum fixed-rate interest for the US\$160 million senior notes due 2024 (the "2024 Notes") and the US\$200 million senior notes (i.e. the 2023 Notes), and the 7% per annum fixed-rate interest for the US\$103.478 million senior notes (i.e. the 2025 Notes), the Group's bank and other borrowings carried fixed interest rates ranging from 2.80% to 9.03% per annum and also various floating interest rates linking up with international lending rates including Hong Kong Interbank Offered Rate, Singapore Dollar Swap Offered Rate, Singapore Interbank Offered Rate, London Interbank Offered Rate, the base lending rate of the People's Bank of China and the Loan Prime Rate in the PRC as at 31 December 2024. The Group's interest rate risk is mainly driven by the bank and other borrowings with floating interest rates.



As at the date of this announcement, the outstanding principal amount of the 2025 Notes is US\$103,478,000. Under the terms of the 2025 Notes, the non-payment with respect to the 2024 Notes triggered a cross default under the 2025 Notes. In view of the liquidity pressure faced by the Company, the Company has not made interest payment in the amount of US\$3,621,730 under the 2025 Notes which was due and payable on 12 September 2024. As a result, an event of default has occurred under the terms of the 2025 Notes. Furthermore, interest in the amount of US\$3,621,730 under the 2025 Notes became due and payable on 12 March 2025, and the Company has a grace period of 30 days to make the interest payment which will expire on 11 April 2025. As at the date of this announcement, such interest payments remain outstanding. The Company is in good faith discussion with holders of the 2025 Notes regarding the delay in interest payment and will maintain active communications with creditors and seek to implement an optimal solution. Trading in the 2025 Notes on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 April 2024 at the request of the Company and will remain suspended until further notice.

As at 31 December 2024, certain bank and financial institutions facilities granted to the Group together with the mortgage loan facilities granted to the property buyers of the Group were secured by certain investment properties, properties under development and pledged deposits with total carrying values of approximately RMB5,560.5 million (31 December 2023: approximately RMB10,386.5 million).

Shares of certain subsidiaries of the Group are pledged to secure certain bank and financial institutions facilities granted to the Group as at 31 December 2024. The Group's senior notes and certain bank and financial institutions facilities to the Group were guaranteed by related companies which are ultimately controlled by Ms. Huang, together with her spouse, Mr. Zhang, and her daughter, Ms. Zhang as at 31 December 2024. No asset of the Group was pledged to these related companies in respect of the guarantees.

As at 31 December 2024, loans from a related company and the amounts due to related companies were unsecured and interest-free.

The Group did not use any financial instruments for hedging purpose during the Year.

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the shareholders of the Company (the "Shareholders") through the optimisation of the debt and equity balance.

### **Key Financial Ratios**

As at 31 December 2024, the Group recorded a current ratio of approximately 1.03 (31 December 2023: approximately 1.07) and a gearing ratio of approximately 34.4% (31 December 2023: approximately 28.7%). Gearing ratio is defined as the ratio of total borrowings less the aggregate value of cash and cash equivalents, restricted bank balances and pledged deposits to total assets.

### *Capital Commitments*

As at 31 December 2024, the capital commitments of the Group in connection with the property development expenditures was approximately RMB4,926.4 million (31 December 2023: approximately RMB6,799.7 million).

### *Contingent Liabilities*

As at 31 December 2024, the Group had contingent liabilities relating to guarantees amounting to approximately RMB18,227.5 million (31 December 2023: RMB19,614.5 million) in respect of mortgage facilities provided by certain banks in connection with the mortgage loans entered into by property buyers of the Group. Pursuant to the terms of the guarantees, upon default in mortgage payments by these buyers, the Group would be responsible for repaying the outstanding mortgage principal together with the accrued interest thereon and any penalties owed by the defaulted buyers to the banks. The Group would be entitled to take over the legal titles to and possession of the related properties. These guarantees will be released upon the earlier of (i) the satisfaction of the mortgage loan by the property buyers; and (ii) the issuance of the property ownership certificate for the mortgage property and the completion of the deregistration of the mortgage. In the opinion of the Directors, no provision for the guarantees was recognised in the financial statements for the Year as in case of default in payments, the net realisable value of the related properties can cover the outstanding principal together with the accrued interest and penalties.

### **Foreign Exchange Exposure**

The revenue, expenses, assets and liabilities are denominated substantially in RMB, HKD, USD and SGD in the respective entities of the Group. Due to the currency peg of HKD to USD, the exchange rate between these two currencies has remained stable and thus the Group currently does not implement any hedging or other alternatives. Going forward, the Group may formulate a foreign currency hedging policy to provide a reasonable margin of safety for its exposure to RMB and Singapore dollars through transactions, assets and liabilities should the need arise.

### **Employee and Remuneration Policy**

Remuneration packages are generally structured with reference to prevailing market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Apart from salary payments, there are other staff benefits including mandatory provident fund, medical insurance and performance-related bonuses. The Company has also adopted a share option scheme (the “Share Option Scheme”) to provide the Company with a means of providing the eligible participants with the opportunity to acquire proprietary interests in the Company and to encourage them to work towards enhancing the value of the Company and its shares for the benefits of the Company and its Shareholders as a whole, as well as to motivate them to contribute to the success of the Group’s operations. During the Year, the Company did not grant any share options under the Share Option Scheme. Total staff costs, including Directors’ emoluments during the Year, amounted to approximately RMB38.1 million (31 December 2023: RMB55.4 million).

As at 31 December 2024, the Group had 310 employees.



## **Significant Investment Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Venture and Future Plans for Material Investments or Capital Assets**

As at 31 December 2024, the Group did not hold any significant investment accounting for more than 5% of the Group's total assets. The Group did not make any other material acquisitions and disposals of subsidiaries, associates or joint venture or future plan for material investment or capital assets during the Year.

## **Outlook and Prospects**

The Group is principally engaged in the business of property development, property investment, project management and sales services, hotel operations and securities trading and investment. In order to pursue sustainable development, the Group looks for investment opportunities which strengthen its profitability under the acceptable risk in Hong Kong, the PRC and overseas markets.

Looking forward to 2025, despite the real estate industry may still face demand and financing pressure, it is expected the Chinese government will continue to introduce policies to support the real estate market and stabilize macroeconomic growth. It is also expected that there may be prospect that the consumer confidence and market sentiment can be restored at some point of time, taking into account the time needed for the relevant policies to take effect. Meanwhile, the Group will continue to implement measures to improve operational efficiency and achieve business objectives.

The Group will continue to finance the repayments on financial assistance from the controlling shareholder through proceeds from the pre-sale and sale of the Group's properties, internally generated cash flows from other operations, and borrowings from commercial banks and financial institutions. Going forward, the Group believes its future funding needs in support of property development and land acquisition activities will be satisfied by the above-mentioned sources and additional issuance of equity securities or other capital market instruments. The Group seeks to manage the level of its liquid assets to ensure the availability of sufficient cash flows to meet any unexpected cash requirements arising from its business. The Group will continue to assess available financial resources in support of its business needs on an ongoing basis, and plan and adjust its development schedule or implement cost control measures if necessitated by its then-existing financial conditions and cash requirements. The Group intends to continue to assess existing capital resources, and to seek new sources of funding, in order to maintain and expand its business on a cost-effective basis.

### *The PRC*

During the Year, a number of new property development projects were delivered to customers in accordance with the terms and conditions of the purchase agreements. The Group's property development projects focus on providing "high quality" property with both standard and deluxe design accompanied by full refurbishment so as to meet different customers' preferences and needs. Revenue from the sale of properties is expected to be recognised upon the completion and delivery of the completed properties and/or sub-phases.

After the land acquisitions completed in the past years, the Group built up and maintained strong land reserves for the Group's property development business in the PRC for the next three years with a strong presence in Henan Province, thus, the Group will focus more on developing the existing and new property development projects from its land reserves in the near future. The Board will maintain open mindset in identifying new property development projects and bidding for land use rights of other selective land parcels in the PRC with a focus in Zhengzhou City, Henan Province and other selective first- and second-tier cities in the PRC in the coming few years.

The Group continues to pursue in diversification of its business to a light-asset model by investing more internal resources to further expand the project management business and providing a more integrated project management services in return for management fee income. The Board considers project management business in the PRC shall become popular in the market with prosperous business potential, and 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 the Group 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.

The Company takes leverage on the PRC property development and investment experience of its management team to seek suitable projects for development or investment with potential to deliver value to its Shareholders. In addition to existing business partners, the Company will continue to seek cooperation with potential partners to explore capital resources and reduce the Group's capital investment in property projects at an early stage and facilitate project development. The management of the Group remains cautiously optimistic on the long-term prospects of the real estate industry and will expedite its property development and sales of its development projects in the PRC.

#### *The U.S.*

As at the date of this announcement, the Group has approximately 5.6% equity interest in a real estate investment trust listed on the New York Stock Exchange, Global Medical REIT, Inc. ("GMR") and approximately 99% equity interest in American Housing REIT, Inc. ("AHR").

#### 1. GMR

GMR has been focusing on acquisition of state-of-the-art, purpose built, licensed and specialised medical facilities in the U.S. During the Year, the Group performed regular review on GMR's business performance and its business strategies and prospect. It is considered that the investment in GMR's would achieve long term capital appreciation to the Group with stable average annual yield.

#### 2. AHR

AHR, primarily focusing on property investment and management segment, is currently 99%-controlled by the Group. AHR diversified its previous investment in single family houses to senior housing communities in order to seize the potential opportunity for the current strong demand on retirement communities and elderly care industries in the USA for higher-than-average annualised yield.

### *Other operations*

The Group has operated a hotel in Zhengzhou City in the PRC since 2022 and will regularly review the Singapore property market to explore different business opportunities.

### *Overall*

The Company will make use of the Group's financial, human and technological resources to seize business growth opportunities and enhance its portfolio, asset base and brand image in the PRC, USA and overseas markets. The Group remains optimistic and confident about the future, and believes that with the efforts of all employees, the Group will overcome the current difficult conditions and move forward steadily.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the Year, the Company has repurchased the US\$160 million 12.5% senior notes due 2024 (the "2024 Notes") in the open market in an aggregate principal amount of US\$15.5 million, representing approximately 9.7% of the 2024 Notes issued. As the 2024 Notes matured on 23 April 2024, the 2024 Notes were delisted from the Stock Exchange on the same day.

During the Year, the Company has repurchased the US\$103.478 million 7% senior notes due 2025 (the "2025 Notes") in the open market in an aggregate principal amount of US\$5.0 million, representing approximately 4.8% of the 2025 Notes issued.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (whether on the Stock Exchange or not) during the Year.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has applied the principles and complied with all code provisions (the "Code Provision(s)") and, where applicable, the recommended best practices of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "CG Code") throughout the Year, save for the deviations which are explained below.

Pursuant to Code Provision C.5.1 of the CG Code, Board meetings should be held at least four times a year at approximately quarterly intervals. Although only two regular Board meetings were held during the Year, the Board considered that sufficient meetings had been held as business operations were under the management and the supervision of the executive Directors. In addition, senior management of the Group has provided to the Directors the information in respect of the Group's business development and activities from time to time and, when required, *ad hoc* Board meetings were held to discuss matters.

Pursuant to Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive of the Company should be segregated. The Company is of the view that it is in the best interest of the Company that Mr. Zhang with his profound expertise in the property business, shall continue in his dual capacity as chairman and chief executive officer. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board composition and structure taking into account the background and experience of the Directors.

## **COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") as set out in Appendix C3 to the Listing Rules as the code of conduct for Directors in their dealings in the securities of the Company. The Company has made specific enquiry with all the Directors and, all the Directors confirmed that they have fully complied with the required standards set out in the Model Code during the Year.

## **AUDIT COMMITTEE**

The Audit Committee is primarily responsible to assist the Board in reviewing and monitoring the financial reporting process, risk management and internal control systems of the Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The Audit Committee comprises three independent non-executive Directors, namely Mr. Liu Da, Mr. Ma Yuntao and Dr. Li Huiqun.

The Audit Committee has reviewed, with the management and the external auditor of the Company, the accounting principles and practices adopted by the Group and discussed, among other things, auditing and financial reporting matters including the review of the consolidated financial statements of the Group for the Year.

## **SCOPE OF WORK OF PRISM HONG KONG LIMITED**

The figures in respect of the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Group's auditor, Prism Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Prism Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Prism Hong Kong Limited in this announcement.

## **EXTRACT OF INDEPENDENT AUDITOR'S REPORT**

The following is the extract of the independent auditor's report from the external auditor of the Company:

### **Disclaimer of opinion**

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the Hong Kong Companies Ordinance.

## **Basis for disclaimer of opinion**

### *Material uncertainties relating to going concern*

As set out in note 2.1 to the consolidated financial statements, the Group incurred net loss of RMB2,172,935,000 for the year ended 31 December 2024 and as at 31 December 2024, the Group's liabilities include bank and other borrowings and relevant interest payable with their carrying amounts of RMB5,699,592,000 and RMB553,765,000, respectively, of which RMB5,133,009,000 have been due for settlement within one year or repayable on demand are included in current liabilities in the consolidated statement of financial position, while its available cash and cash equivalent amounted to RMB317,544,000.

In addition, as at 31 December 2024, the Group had defaulted or cross defaulted of certain bank and other borrowings, with the aggregate principal amount and interest payables of RMB3,841,383,000. These conditions, together with other matters disclosed in note 2.1 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

The consolidated financial statements have been prepared by the directors of the Company on a going concern basis, the validity of which depends upon the results of the successful implementation and outcome of the measures, as detailed in note 2.1 to the consolidated financial statements, to be undertaken by the Group. In view of the extent of the material uncertainties relating to the results of those measures to be undertaken by the Group which might cast a significant doubt on the Group's ability to continue as going concern, we have disclaimed our audit opinion on the consolidated financial statements.

Should the going concern assumption be inappropriate, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

## **PUBLIC FLOAT**

As at the date of this announcement, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

## **FINAL DIVIDEND**

The Board did not recommend the payment of a final dividend for the year ended 31 December 2024.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the Shareholders who are entitled to attend and vote at the 2025 annual general meeting of the Company (“2025 AGM”) which is expected to be held on Friday, 13 June 2025, the register of members of the Company expected to be closed on Monday, 9 June 2025 to Friday, 13 June 2025, both days inclusive. In order to qualify for attending and voting at the 2025 AGM, all transfer documents should be lodged for registration with the Company’s Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong expected not later than 4:30 p.m. on Friday, 6 June 2025.

## **ANNUAL GENERAL MEETING**

The 2025 AGM will be held on Friday, 13 June 2025 and the notice of the 2025 AGM will be published and despatched in the manner as required by the Listing Rules and the Articles of Association in due course.

## **APPRECIATION**

We would like to take this opportunity to express our gratitude to the Shareholders for their continuing support, and our appreciation to all staff members for their dedication and contribution to the Group.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This results announcement is available for viewing on the website of the Stock Exchange at <http://www.hkexnews.hk> under “Latest Listed Company Information” and on the website of the Company at <http://www.zensunenterprises.com> under “Investor Relations”.

The annual report of the Company for the Year will be available on the aforementioned websites in due course and despatched to Shareholders upon request.

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

Hong Kong, 28 March 2025

*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.*

\* For identification purposes only