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**Zhenro Properties Group Limited**

**正榮地產集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6158)**

**CONSENT SOLICITATION RELATING TO  
SENIOR PERPETUAL CAPITAL SECURITIES  
(ISIN: XS2013512608; Common Code: 201351260; Stock Code: 4596)**

Reference is made to the announcements of Zhenro Properties Group Limited (the “**Company**”) dated 4 January 2022 (the “**Announcement**”) in relation to the senior perpetual capital securities issued by the Company (the “**Securities**”). As described in the Announcement, the Company exercised its option pursuant to the Terms and Conditions of the Securities to redeem the Securities in full on 5 March 2022.

However, since the Announcement was made, against the backdrop of the adverse market conditions, the Company’s internal funds available for debt services became increasingly limited. As such, the Company expects that its existing internal resources may be insufficient to address its upcoming debt maturities in March 2022, including the redemption of the Securities in full on 5 March 2022.

Therefore, the Company is soliciting consents from Beneficial Owners of the Securities to certain Proposed Waiver and Amendments in respect of the Securities pursuant to the Consent Solicitation as described in the Consent Solicitation Memorandum.

The principal purpose of the Consent Solicitation and the Proposed Waiver and Amendments is to improve the Company’s overall financial condition and give it financial stability by (i) waiving and forgiving any default and all claims against the Company under the Trust Deed that has occurred or which may occur arising from (a) the Company not redeeming the Securities on 5 March 2022 and (b) the Company paying Distributions in respect of the Securities at the Initial Distribution Rate for the period from, and including, 25 January 2022 to, but excluding, 6 March 2023, and (ii) making certain modifications to the Terms and Conditions of the Securities with respect to the definition of “First Reset Date” and “Change of Control” and removing “Relevant Indebtedness Default Event” from the events that will trigger an increase in the “Distribution Rate”.

## INTRODUCTION

On the date of this announcement, the Company is soliciting consents from Beneficial Owners of the Securities to the Proposed Waiver and Amendments (as defined below) to the trust deed dated as of 19 June 2019 (as amended or supplemented to the date hereof, the “**Trust Deed**”), by and among the Company and Citicorp International Limited, as trustee, constituting the senior perpetual capital securities (ISIN: XS2013512608, Common Code: 201351260) issued by the Company on 19 June 2019 (the “**Securities**”), upon the terms and subject to the conditions set forth in the consent solicitation memorandum dated 18 February 2022 (the “**Consent Solicitation Memorandum**”).

Unless otherwise defined, capitalized terms in this announcement will have the same meaning as those defined in the Consent Solicitation Memorandum or the Trust Deed.

## CONSENT SOLICITATION

### Background and Purpose of the Consent Solicitation

During the latter half of 2021, Chinese property developers and the capital markets that have funded growth and development of the sector have experienced an inflection point. Reduced bank lending for real estate development has adversely affected access by property developers to onshore capital. Reduced bank lending for mortgage finance for buyers, combined with buyers’ concerns about the ability of property developers to complete projects, has adversely affected property sales. In addition, the use of pre-sale proceeds is also restricted under the applicable PRC laws. Negative reaction to these onshore events by offshore capital markets has curtailed the Company’s funding sources to address upcoming maturities.

Since the beginning of 2022, the property sector in China has continued to experience volatility. Reduced bank lending for real estate development, coupled with certain negative credit events, have intensified market concerns over the operations of Chinese property developers. As a result, pre-sale of Chinese property developers has generally decreased. The Company also experienced a noticeable decline of its aggregate contracted sales in recent months. Specifically, the aggregate contracted sales of the Company for the month ended 31 January 2022 were 29.5% lower compared to the corresponding period ended 31 January 2021.

In accordance with the terms of the Securities, the Company announced on 4 January 2022 that it will fully redeem the Securities on 5 March 2022. However, against the backdrop of the adverse market conditions, the Company subsequently experienced short-term liquidity pressure due to limited access to external capital to refinance its existing indebtedness. As such, the Company expects that its existing internal resources may be insufficient to address its upcoming debt maturities in March 2022, including the redemption of the Securities in full on 5 March 2022.

The Company anticipates that the market condition in the real estate sector remains under pressure in 2022, and therefore, in the absence of a sharp recovery in the market and a resurgence of various financing options, the Company remains cautious about its liquidity in the near term. The Company, therefore, is working on generating sufficient cash flow to meet its financial commitments, and as part of these efforts, the Company is conducting the Consent Solicitation, as described in the Consent Solicitation Memorandum. In addition to the Consent Solicitation, the Company is also considering to conduct other liability management exercises in the near future in respect of its other outstanding offshore senior notes.

If the Consent Solicitation is not successfully consummated, the Company may not be able to fully redeem the Securities, and may consider alternative debt restructuring exercise.

### **Summary of the Terms of the Consent Solicitation**

The Company is inviting the Securityholders to consider and, if thought fit, to approve by way of an extraordinary resolution (the “**Extraordinary Resolution**”) at a meeting of the holders of the Securities (the “**Meeting**”), proposed waiver in respect to the Securities as set forth in the Consent Solicitation Memorandum (the “**Proposed Waiver**”) and proposed amendments to the Securities as set forth in the Consent Solicitation Memorandum (the “**Proposed Amendments**”) and, together with the Proposed Waiver, the “**Proposed Waiver and Amendments**”), and to be entered into by and among the Company and the Trustee of a supplemental trust deed in relation to the Securities giving effect to the Proposed Waiver and Amendments (the “**Supplemental Trust Deed**”), by submitting a consent instruction in respect of all or some of their Securities (the “**Consent Instruction**”) pursuant to the instructions of the Consent Solicitation set out in the Consent Solicitation Memorandum. As of the date of the Consent Solicitation Memorandum, US\$200,000,000 in aggregate principal amount of the Securities are outstanding.

By validly delivering Consent Instruction, Securityholders will be deemed to have given consent in the Consent Solicitation. A consenting Securityholder must consent to the Proposed Waiver and Amendments as an entirety and may not consent selectively with respect to certain aspect of the Proposed Waiver and Amendments. All Consent Instructions delivered and accepted will be deemed to be Consent Instructions to the Proposed Waiver and Amendments as a whole.

The Proposed Waiver and Amendments will become effective upon execution of and delivery to the Trustee the Supplemental Documents, but will only become operative upon the payment of the Consent Fee and Step-up Fee. If the Proposed Waiver and Amendments are accepted and effected, all the outstanding Securities will be subject to the Proposed Waiver and Amendments.

### **Consent Fee and Step-up Fee**

With respect to the Securities, the Company is offering the Securityholders on the Payment Date (as defined below):

- (a) a consent fee per US\$1,000 principal amount of US\$10.0 (the “**Consent Fee**”) to each Securityholder whose valid Consent Instruction in favour of the Extraordinary Resolution is received by the Tabulation and Information Agent not later than the Expiration Time (as defined below); and
- (b) a step-up fee per US\$1,000 principal amount of US\$7.5 (the “**Step-up Fee**” and, together with the Consent Fee, the “**Consent Fee and Step-up Fee**”) to each Securityholder whose valid Consent Instruction in favour of the Extraordinary Resolution is received by the Tabulation and Information Agent not later than the Expiration Time.

Payment of the Consent Fee and Step-up Fee is subject to (i) the Meeting being validly convened and quorate, (ii) the Extraordinary Resolution being passed at such Meeting and (iii) the Supplemental Documents being executed.

## Summary Timetable of the Consent Solicitation

The following summarizes the anticipated timetable for the Consent Solicitation. All references to times are to Central European Time unless otherwise stated.

<b>Event</b>	<b>Time and Date</b>	<b>Description</b>
Announcement of the Consent Solicitation	18 February 2022	<p>The notice of the Meeting published and delivered to the Clearing Systems. An announcement regarding the Consent Solicitation published on The Stock Exchange of Hong Kong Limited.</p> <p>Consent Solicitation Memorandum to be made available to Securityholders on the Consent Website.</p>
Expiration Time	5:00 p.m. on 11 March 2022	<p>Deadline for receipt by the Tabulation and Information Agent of valid Consent Instructions from Beneficial Owners of the Securities to be eligible for the Consent Fee and Step-up Fee.</p> <p>Such Consent Instructions must be in favour of the Extraordinary Resolution in order for such Beneficial Owners to be eligible for the Consent Fee and Step-up Fee.</p> <p>This will also be the deadline for making any other arrangements to attend or be represented to vote at the Meeting. Beneficial Owners of Securities making such other arrangements will not be eligible to receive the Consent Fee and Step-up Fee.</p>

<b>Event</b>	<b>Time and Date</b>	<b>Description</b>
The Meeting	10:00 a.m. (Hong Kong time) on 14 March 2022	The Meeting to be held at the offices of Sidley Austin at 39/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong (or by audio or video conference call if the Company elects to hold any Virtual Meeting and the Trustee concurs in such election).
Results Date	15 March 2022	Date on which the notice of the results of the Meetings are to be delivered to Euroclear and Clearstream for distribution to the relevant Securityholders.
Execution Date	15 March 2022	Date on which the Supplemental Indenture is expected to be executed and relevant Securityholders notified of such execution.
Payment Date	As soon as practicable (currently expected to be on or about 28 March 2022) after the execution of the Supplemental Indenture, as determined by the Company	Date on which the Company is expected to pay the Consent Fee and Step-up Fee.

### **Conditions to the Consent Solicitation**

The obligation of the Company to accept Consent Instructions and pay the Consent Fee and Step-up Fee with respect to the Securities is conditional upon, among others:

- Approval of the Proposed Waiver and Amendments by the requisite majority of the Securityholders; and
- Execution of the Supplemental Documents by each of the parties contemplated therein as applicable.

The Company may, in its sole discretion, waive any of the conditions of, in whole or in part, at any time and from time to time or otherwise amend, the Consent Solicitation at any time prior to the acceptance of Consent Instructions. No Consent Fee or Step-up Fee will be paid if (1) the Consent Solicitation is terminated or (2) any of the conditions is not satisfied (or waived) for any reason.

Unless all other conditions have been satisfied (or waived by the Company), receipt of the Requisite Consents by the Tabulation and Information Agent will not obligate us to accept the Consent Instructions or pay the Consent Fee and Step-up Fee to consenting Securityholders, or obligate the Company, the Subsidiary Guarantors or the Trustee to execute the Supplemental Documents.

### **Further Details**

The Company has appointed Admiralty Harbour Capital Limited as the Solicitation Agent, and D.F. King Ltd as Tabulation and Information Agent with respect to the Consent Solicitation. The Consent Solicitation Memorandum, this announcement and all documents related to the Consent Solicitation can be found on the Consent Website: <https://sites.dfkingltd.com/zhenro>. Requests for copies of the Consent Solicitation Memorandum and related documents may be directed to the Tabulation and Information Agent at the address and telephone number as set forth below. The contact information of Admiralty Harbour Capital Limited and D.F. King Ltd is set out as follows:

#### **Admiralty Harbour Capital Limited**

Address:  
17/F, Prosperity Tower  
39 Queen's Road Central  
Hong Kong  
E-mail: [zhenro@ahfghk.com](mailto:zhenro@ahfghk.com)

#### **D.F. King Ltd**

In London:  
65 Gresham Street  
London EC2V 7NQ  
United Kingdom  
Telephone: + 44 20 7920 9700

In Hong Kong:  
Suite 1601, 16th Floor, Central Tower  
28 Queen's Road Central  
Hong Kong  
Telephone: + 852 3953 7208

Email: [zhenro@dfkingltd.com](mailto:zhenro@dfkingltd.com)  
Consent Website: <https://sites.dfkingltd.com/zhenro>

**THIS ANNOUNCEMENT IS NOT AN OFFER TO PURCHASE, A SOLICITATION OF AN OFFER TO PURCHASE, OR A SOLICITATION OF AN OFFER TO SELL, THE SECURITIES.**

**SHAREHOLDERS, SECURITYHOLDERS AND POTENTIAL INVESTORS SHOULD NOTE THAT COMPLETION OF THE CONSENT SOLICITATION IS SUBJECT TO THE FULFILLMENT OR WAIVER OF THE CONDITIONS PRECEDENT TO THE CONSENT SOLICITATION AS SET FORTH IN THE CONSENT SOLICITATION MEMORANDUM, AND SUMMARIZED IN THIS ANNOUNCEMENT. NO ASSURANCE CAN BE GIVEN THAT THE CONSENT SOLICITATION WILL BE COMPLETED AND THE COMPANY RESERVES THE RIGHT TO AMEND, WITHDRAW OR TERMINATE THE CONSENT SOLICITATION WITH OR WITHOUT CONDITIONS.**

**THE COMPANY MAY, IN ITS SOLE DISCRETION, AMEND OR WAIVE CERTAIN OF THE CONDITIONS PRECEDENT TO THE CONSENT SOLICITATION. AS THE CONSENT SOLICITATION MAY OR MAY NOT PROCEED, SHAREHOLDERS, SECURITYHOLDERS AND POTENTIAL INVESTORS SHOULD EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY OR THE SECURITIES.**

The Consent Solicitation is not being made to (nor will the delivery of Consents be accepted from or on behalf of) Securityholders in any jurisdiction where the making or acceptance of the Consent Solicitation would not comply with the laws of such jurisdiction. If the Company becomes aware of any jurisdiction in which the making of the Consent Solicitation or the delivery of Consents would not be in compliance with applicable laws, the Company may or may not, in its sole discretion, make an effort to comply with any such law. If, after such effort, if any, the Company cannot comply with any such law, and Consent Solicitation will not be made to (nor will tenders or Consents be accepted from or on behalf of) any Securityholders residing in such jurisdiction.

**FORWARD-LOOKING STATEMENTS**

Forward-looking statements in this announcement are based on current expectations, assumptions, estimates and projections about the Company and its industry. These statements are not guarantees of future performance and that the Company’s actual results of operations, financial condition and liquidity, and the development of the industry in which the Company operates may differ materially from those made in, or suggested by, the forward-looking statements in this announcement. Future events and results involve some risks, uncertainties and assumptions that are difficult to predict. Important factors that could cause those differences include, but are not limited to, changes in the competitive environment and regulatory environment of the industry in the PRC relevant to the business of the Company, changes in the business and financial condition of the Company and its subsidiaries and changes in the general economic trend in the PRC.

**DEFINITIONS**

Unless the context otherwise requires, terms used in this announcement shall have the following respective meanings:

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|---------------------|---|
| “Beneficial Owners” | Unless the context otherwise requires, references to “Beneficial Owner” in respect of the Securities include (i) each person who is shown in the records of a Clearing System as a holder of a Security (also referred to as “Direct Participants” and each a “Direct Participant”) (except that one Clearing System shall not be treated as the holder of the Securities held in the account of another Clearing System when holding on behalf of the first Clearing System’s accountholders) and (ii) each person holding a Security through a broker dealer, bank, custodian, trust company or other nominee who in turn holds the Security through a Direct Participant in a Clearing System; |
| “Board”             | the board of Directors of the Company;  |
| “Clearstream”       | Clearstream Banking S.A.;   |

“Company”	Zhenro Properties Group Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 6158);
“Consents”	the consent of a Securityholder to the applicable Proposed Waiver and Amendments;
“Consent Instruction”	the electronic voting and blocking instruction to vote in respect of the Extraordinary Resolution and to block the Securities (which must be in specified denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof) in the relevant Clearing Systems, given in such form as is specified by the Clearing Systems from time to time which Consent Instruction must be delivered through the relevant Clearing System by a Direct Participant in accordance with the procedures of the relevant Clearing System instructing the relevant Clearing System that the vote(s) attributable to the Securities which are the subject of such electronic voting instruction should be cast in a particular way in relation to the Extraordinary Resolution, which instructions shall form part of a block voting instruction to be issued by the Principal Paying Agent appointing the Tabulation and Information Agent (or its nominee) as proxy in respect of the Securities in relation to the Meeting. Each Consent Instruction delivered as contemplated in this Consent Solicitation Memorandum may be shared with the Principal Paying Agent;
“Consent Solicitation”	the invitation to each of the Beneficial Owners of the Securities consider and, if thought fit, to approve the Extraordinary Resolution by submitting Consent Instructions at or prior to the Expiration Time;
“Consent Solicitation Memorandum”	the consent solicitation memorandum dated 18 February 2022 in relation to the Consent Solicitation;
“Director(s)”	the director(s) of the Company;
“Euroclear”	Euroclear Bank SA/NV;
“Expiration Time”	at 5:00 p.m. on 11 March 2022, as may be extended by the Company from time to time subject to applicable law and the Meeting Provisions and subject also as provided herein;
“Extraordinary Resolution”	the extraordinary resolution to be proposed, considered and voted upon at the Meeting to approve the Proposals (as set out in the Notice of Meeting);
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Meeting”	the meeting (or any adjournment thereof) of the Securityholders convened by the Company pursuant to the Notice of Meeting at which such Securityholders will be asked to consider and, if thought fit, to approve the Extraordinary Resolution;
“Meeting Provisions”	the provisions regulating meetings of the Securityholders, as set out in Schedule 3 to the Trust Deed;
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Principal Paying Agent”	Citibank N.A., London Branch, as principal paying agent with respect to the Securities;
“Proposed Amendments”	the Proposed Amendments with respect to the Securities as set forth in the section of the Consent Solicitation Memorandum entitled “The Proposals”;
“Proposed Waiver”	the Proposed Waiver with respect to the Securities as set forth in the section of the Consent Solicitation Memorandum entitled “The Proposals” and, together with the Proposed Amendments, the “Proposed Waiver and Amendments”;
“Requisite Consents”	the consents being validly delivered from the Securityholders satisfactory as set forth in the Consent Solicitation Memorandum;
“Securities”	the senior perpetual capital securities (ISIN: XS2013512608/ Common Code: 201351260) issued by the Company on 19 June 2019;
“Securityholder”	the registered holder of a Security or Securities, as the case may be and, all Securityholders collectively, “Securityholders”;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental Documents”	The Supplemental Trust Deed and any other document necessary or desirable to give effect to the Proposals if approved pursuant to the Extraordinary Resolution;
“Supplemental Trust Deed”	The deed supplemental to the Trust Deed to be entered into by, <i>inter alios</i> , the Company and Citicorp International Limited, as trustee, in the event that the Extraordinary Resolution is approved at the Meeting;
“Trust Deed”	the trust deed dated 19 June 2019 entered into by the Company and Citicorp International Limited as trustee (in such capacity, the “ <b>Trustee</b> ”) constituting the Securities, as amended and supplemented;

“U.S.” or “United States” the United States of America;  
“U.S. Securities Act” the United States Securities Act of 1933, as amended; and  
“US\$” United States dollars, the lawful currency of the United States.

By order of the Board  
**Zhenro Properties Group Limited**  
**Huang Xianzhi**  
*Chairman of the Board*

Hong Kong, 18 February 2022

*As at the date of this announcement, the executive Directors are Mr. Huang Xianzhi, Mr. Liu Weiliang, Mr. Li Yang and Mr. Chan Wai Kin, the non-executive Director is Mr. Ou Guowei, and the independent non-executive Directors are Dr. Loke Yu (alias Loke Hoi Lam), Mr. Wang Chuanxu and Mr. Lin Hua.*