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 and Debt Stock Code: 4596, 5100, 40572, 40516, 40375, 40715, 40116, 40225, 40250, 40047, 40826, 86029)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

INTERIM RESULTS AND OPERATIONAL HIGHLIGHTS

- For the six months ended 30 June 2022, the aggregated contracted sales of the Group, together with its joint ventures and associates, was RMB21,317 million.
- As at 30 June 2022, the Group had a total land bank with GFA of 22.15 million sq.m.
- For the six months ended 30 June 2022, revenue decreased by 19.6% to RMB12,868.2 million as compared to that for the corresponding period in 2021; loss for the period was RMB2,252.8 million as compared to profit for the corresponding period in 2021 of RMB1,503.7 million; and core loss(1) was RMB546.9 million as compared to a core profit(1) of RMB1,540.5 million for the corresponding period in 2021.
- As at 30 June 2022, contract liabilities (which is advanced sales proceeds) was RMB83,483.0 million.

Note:

(1) Core profit/loss represents the net profit/loss excluding changes in fair values of investment properties and financial assets, exchange gain or loss, gains or losses on disposal of financial assets, impairment losses, gain on repurchase of senior notes and the relevant deferred taxes.

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Director(s)**") of Zhenro Properties Group Limited (the "**Company**") hereby announces the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2022 (the "**Period**") together with the comparative figures for the corresponding period in 2021 as follows. The unaudited interim condensed consolidated results have been prepared in accordance with International Financial Reporting Standards (the "**IFRS**").

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Notes	**2022** **RMB'000** **(Unaudited)**	2021 *RMB'000* (Unaudited)
REVENUE	*5*	**12,868,194**	16,011,103
Cost of sales		**(11,578,780)**	(12,960,151)
Gross profit		**1,289,414**	3,050,952
Other income and gains	*5*	**206,432**	1,276,233
Selling and distribution expenses		**(484,413)**	(625,173)
Administrative expenses		**(427,259)**	(645,497)
Impairment losses on financial assets, net	*7*	**(697,550)**	(5,217)
Other expenses	*5*	**(1,147,045)**	(382,339)
Fair value gains or losses on investment properties		**(266,241)**	5,183
Fair value gains or losses from financial assets at fair value through profit or loss		**(113,674)**	9,508
Finance costs	*6*	**(384,565)**	(355,619)
Share of profits and losses of:			
Joint ventures		**(23,480)**	(3,710)
Associates		**159,989**	65,159
(LOSS)/PROFIT BEFORE TAX	*7*	**(1,888,392)**	2,389,480
Income tax expense	*8*	**(364,400)**	(885,828)
(LOSS)/PROFIT FOR THE PERIOD		**(2,252,792)**	1,503,652
Attributable to:			
Owners of the parent		**(2,611,071)**	1,166,138
Non-controlling interests		**358,279**	337,514
		(2,252,792)	1,503,652
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic and diluted			
– For (loss)/profit for the period	*10*	**RMB (0.60)**	RMB0.27

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(LOSS)/PROFIT FOR THE PERIOD	**(2,252,792)**	1,503,652
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(507,044)**	107,949
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods, net of tax	**(507,044)**	107,949
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	**(507,044)**	107,949
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	**(2,759,836)**	1,611,601
Attributable to:		
Owners of the parent	**(3,118,115)**	1,274,087
Non-controlling interests	**358,279**	337,514
	(2,759,836)	1,611,601

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	**30 June 2022 RMB'000 (Unaudited)**	31 December 2021 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**1,275,895**	1,256,586
Investment properties		**8,804,700**	9,862,000
Right-of-use assets		**338,406**	366,147
Other intangible assets		**84**	4,029
Investments in joint ventures		**2,235,351**	2,253,731
Investments in associates		**9,430,039**	10,842,477
Deferred tax assets		**1,928,274**	2,445,635
Total non-current assets		**24,012,749**	27,030,605
CURRENT ASSETS			
Financial assets at fair value through profit or loss		**325,600**	652,254
Properties under development		**123,586,736**	131,073,246
Completed properties held for sale		**7,485,285**	11,554,582
Trade receivables	*11*	**727,975**	768,412
Due from related companies		**18,892,613**	13,233,656
Prepayments, other receivables and other assets		**29,630,802**	28,462,160
Tax recoverable		**1,925,971**	1,946,202
Cash and bank balances		**14,229,727**	39,120,489
Total current assets		**196,804,709**	226,811,001
CURRENT LIABILITIES			
Trade and bills payables	*12*	**17,545,905**	20,379,909
Other payables and accruals		**9,686,539**	13,491,751
Contract liabilities		**83,482,978**	90,987,118
Due to related companies		**5,797,072**	7,167,094
Interest-bearing bank loans and other borrowings		**20,023,056**	25,865,230
Senior notes		**9,203,029**	6,493,906
Corporate bonds		**2,133,048**	2,070,623
Perpetual capital securities		**1,257,645**	–
Tax payable		**4,086,169**	5,030,496
Lease liabilities		**43,178**	47,438
Total current liabilities		**153,258,619**	171,533,565
NET CURRENT ASSETS		**43,546,090**	55,277,436
TOTAL ASSETS LESS CURRENT LIABILITIES		**67,558,839**	82,308,041

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)
As at 30 June 2022

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
NON-CURRENT LIABILITIES		
Interest-bearing bank loans and other borrowings	**14,549,489**	22,094,299
Other payables and accruals	**1,914,421**	907,110
Senior notes	**14,459,872**	15,246,258
Corporate bonds	**2,443,994**	2,368,227
Lease liabilities	**52,752**	68,109
Deferred tax liabilities	**488,065**	681,527
Total non-current liabilities	**33,908,593**	41,365,530
Net assets	**33,650,246**	40,942,511
EQUITY		
Equity attributable to owners of the parent		
Share capital	**282**	282
Reserves	**15,936,058**	19,353,914
	15,936,340	19,354,196
Non-controlling interests		
Perpetual capital securities	**–**	1,401,587
Other non-controlling interests	**17,713,906**	20,186,728
Total equity	**33,650,246**	40,942,511

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 January 2018.

The Company is an investment holding company. During the six months ended 30 June 2022, the Group was principally engaged in property development and property leasing.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

Going concern basis

The Group recorded a net loss of RMB2,252,792,000 for the six months ended 30 June 2022. As at 30 June 2022, the Group's total bank and other borrowings, senior notes, corporate bonds, perpetual capital securities and asset-based securities amounted to RMB66,358,869,000, out of which RMB32,991,093,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to RMB3,136,802,000. As at the date of this announcement, the Company has failed to meet the repayment obligations of certain senior notes, and the Company also expects that it may not be in a position to meet the repayment obligations of certain offshore indebtedness which will become due between August and October 2022 on time (please refer to paragraphs headed "Non-Payment of Principal and Interest of Senior Notes" and "Subsequent Events" under the "Management Discussion and Analysis" section of this announcement).

The above events or conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. In view of such circumstances, the directors of the Company consider that the Group has taken various measures and will have adequate funds available to enable it to operate as a going concern, taking into account the past operating performance of the Group and the following:

(a) The Group continues to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds.

(b) The Company is considering feasible holistic management solutions for its offshore indebtedness (the "Holistic Liability Management Solutions") and will engage external advisors to assist it with the Holistic Liability Management Solutions, in order to reach a consensual solution with all the stakeholders as soon as practicable.

(c) The Group is actively negotiating with several banks and financial institutions on the extension for repayments of certain borrowings. The Group may be able to extend the payment schedule for certain interest-bearing banks and other borrowings. Nevertheless, the confirmation of such extension is subject to the final approval from the banks.

(d) The Group is actively negotiating with several financial institutions to obtain new loans at a reasonable cost.

2. BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

(e) The Group continues to monitor capital expenditure to balance and relieve cash resource to support operations.

(f) The Group continues to take action to tighten cost controls over various operating expenses.

(g) The Group will continue to seek suitable opportunities to dispose of its equity interests in certain project development companies in order to generate additional cash inflows.

The directors of the Company have reviewed the Group's cash flow forecast covering a period of twelve months from the end of the reporting period. They are of the opinion that, although the Company expects that it may not be in a position to meet the repayment obligations of certain offshore indebtedness which will become due between August and October 2022 on time, taking into account of the above-mentioned plans and measures and on an assumption that such plans and measures can be carried out and implemented successfully, the Group will be able to solve its liquidity issues and will have sufficient working capital to finance its operations and meet its financial obligations in the foreseeable future. Accordingly, the directors of the Company believe it is appropriate to prepare the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2022 on a going concern basis.

Notwithstanding the above, given the volatility of the property sector in China and the uncertainties of obtaining 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 interim condensed consolidated financial statements.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised standards for the first time for the current period's financial information.

Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to IFRS Standards 2018–2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

The nature and impact of the revised IFRS Standards are described below:

(a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) Annual Improvements to IFRS Standards 2018–2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

- IFRS 9 *Financial Instruments:* clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.

- IFRS 16 *Leases:* removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property development and leasing and management consulting services by project location for the purpose of making decisions about resource allocation and performance assessment. No single location's revenue, net profit or total assets exceeded 10% of the Group's combined revenue, net profit or total assets during the period. As the business in all the locations have similar economic characteristics and with similar nature of property development and leasing and management, nature of the aforementioned business processes, type or class of customer for the aforementioned business and methods used to distribute the properties or provide the services, all locations were aggregated as one reportable operating segment.

Geographical information

No further geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue during the six months ended 30 June 2022 and 2021.

5. REVENUE, OTHER INCOME AND GAINS, OTHER EXPENSES

An analysis of revenue and other income and gains is as follows:

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Revenue from contracts with customers	**12,813,625**	15,946,259
Revenue from other sources:		
Gross rental income from investment property operating leases		
Lease payments, including fixed payments	**54,569**	64,844
	12,868,194	16,011,103

5. REVENUE, OTHER INCOME AND GAINS, OTHER EXPENSES (Continued)

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of goods or services		
Sale of properties	**12,774,282**	15,763,928
Sale of goods	**8,995**	61,988
Property management services	**–**	44,200
Management consulting services	**30,348**	76,143
Total revenue from contracts with customers	**12,813,625**	15,946,259
Timing of revenue recognition		
Properties transferred at a point in time	**12,783,277**	15,825,916
Services transferred over time	**30,348**	120,343
Total revenue from contracts with customers	**12,813,625**	15,946,259

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Interest income	**85,990**	315,004
Others	**4,336**	5,741
	90,326	320,745
Gains		
Forfeiture of deposits	**6,642**	9,844
Government grants	**2,086**	9,144
Exchange gain, net	**–**	29,053
Gain on disposal of subsidiaries, net	**42,727**	853,200
Gain on disposal of joint ventures, net	**16,451**	–
Gain on disposal of items of property, plant and equipment	**825**	39
Remeasurement gain on investments in joint ventures and associates held before business combination	**–**	771
Dividend income from financial assets at fair value through profit or loss	**–**	3,532
Net gain on disposal of financial assets at fair value through profit or loss	**–**	25,785
Gain on repurchase of senior notes	**47,375**	–
Gain on bargain purchase	**–**	24,120
	116,106	955,488
	206,432	1,276,233

5. REVENUE, OTHER INCOME AND GAINS, OTHER EXPENSES (Continued)

An analysis of other expenses is as follows:

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Impairment losses recognised for properties under development and completed properties held for sale	**881,978**	134,659
Impairment losses written off for properties completed held for sale	**–**	(1,462)
Exchange loss, net	**243,876**	–
Net loss on disposal of financial assets at fair value through profit or loss	**11,406**	–
Losses on senior note redemption at premium price	**–**	165,269
Donations	**2,800**	63,359
Others	**6,985**	20,514
	1,147,045	382,339

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank loans and other borrowings, corporate bonds, senior notes and proceeds from asset-backed securities	**2,516,545**	2,968,456
Interest expense arising from revenue contracts	**467,364**	521,425
Interest on lease liabilities	**3,248**	2,183
Total interest expense on financial liabilities not at fair value through profit or loss	**2,987,157**	3,492,064
Less: Interest capitalised	**2,602,592**	3,136,445
	384,565	355,619

7. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of properties sold	**11,558,003**	12,847,442
Impairment losses written off for completed properties held for sale	**–**	(1,462)
Impairment losses recognised for properties under development and completed properties held for sale	**881,978**	134,659
Impairment losses of financial assets, net	**697,550**	5,217
Depreciation of items of property, plant and equipment	**20,473**	29,338
Depreciation of right-of-use assets	**21,853**	22,122
Amortisation of other intangible assets	**109**	2,581
Gains on disposal of items of property, plant and equipment, net	**(711)**	(32)
Gain on disposal of subsidiaries, net	**(42,727)**	(853,200)
Gain on disposal of joint ventures, net	**(16,451)**	–
Fair value gains or losses on investment properties	**(266,241)**	5,183
Fair value gains or losses from financial assets at fair value through profit or loss	**(113,674)**	9,508
Exchange differences, net	**243,876**	(29,053)
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**292,788**	324,834
Pension scheme contributions and social welfare	**50,681**	63,147

8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong were not liable for income tax as they did not have any assessable income arising in Hong Kong for the six months ended 30 June 2022 and 2021.

Subsidiaries of the Group operating in Mainland China are subject to the People's Republic of China ("PRC") corporate income tax at a rate of 25%.

8. INCOME TAX (Continued)

Land appreciation tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
Corporate income tax	**110,134**	1,248,798
LAT	**51,031**	226,407
Deferred tax	**203,235**	(589,377)
Total tax charge for the period	**364,400**	885,828

9. DIVIDENDS

The board of directors did not recommend a final dividend for the year ended 31 December 2021 (2020: RMB551,261,000).

The board of directors has resolved not to pay an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amount is based on the loss or profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 4,367,756,000 (six months ended 30 June 2021: 4,367,756,000) shares in issue during the period.

No adjustment has been made to the basic (loss)/earnings per share amount presented for the six months ended 30 June 2022 and 2021 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the reporting periods.

10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Continued)

The calculation of basic (loss)/earnings per share is based on:

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss)/Earnings		
(Loss)/Profit attributable to ordinary equity holders of the parent	**(2,611,071)**	1,166,138
Shares		
Weighted average number of ordinary shares in issue during the period	**4,367,756,000**	4,367,756,000

11. TRADE RECEIVABLES

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

	30 June	31 December
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Less than 1 year	**678,834**	734,234
Over 1 year	**49,141**	34,178
	727,975	768,412

12. TRADE AND BILLS PAYABLES

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

	30 June	31 December
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Less than 1 year	**17,003,289**	19,659,552
Over 1 year	**542,616**	720,357
	17,545,905	20,379,909

As at 30 June 2022, commercial acceptance bills of approximately RMB2,307,471,000 issued by the Company's subsidiaries were overdue and unpaid.

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the Board, I hereby present to you the results and business review of the Group for the six months ended 30 June 2022 and its outlook for the second half of 2022.

RESULTS

For the six months ended 30 June 2022, the revenue of the Group was RMB12,868.2 million; the loss and the core loss[*(Note)*] (excluding changes in fair values of investment properties and financial assets, exchange gain or loss, gains or losses on disposal of financial assets, impairment losses, gain on repurchase of senior notes and the relevant deferred taxes) were RMB2,252.8 million and RMB546.9 million, respectively; and the loss attributable to owners of the parent was RMB2,611.1 million.

MARKET AND BUSINESS REVIEW

The first half of 2022 was an extraordinary half year for the real estate industry in the People's Republic of China (the "**PRC**"). Affected by the continuous in-depth adjustment of the real estate industry, compounded by the recurring novel coronavirus ("**COVID-19**") pandemic and other unexpected factors, the industry situation and corporate development have experienced unprecedented challenges. In addition, the frequent occurrence of negative credit events in the real estate industry has intensified the market concerns about the operation and credit status of real estate enterprises. As a result, the real estate enterprises were facing increasing financing difficulties and capital pressure, and were more prudent in land acquisition. Under the main policy of facilitating the stable and healthy development of the real estate market and the principle that "houses are for living in, not for speculation", the government and regulatory authorities have taken multi-pronged measures, and issued various policies to stabilize the economy and the property market in many cities since the second quarter of 2022 in order to support the housing demand from end users and upgraders. However, it takes time for the implementation and giving effect of policies, so the wait-and-see sentiment on the demand side remained strong. The overall sales of real estate enterprises generally recorded negative growth in the first half of the year 2022. During the Period, the Group, together with its joint ventures and associates, achieved contracted sales of approximately RMB21.317 billion.

PROMOTING STABLE OPERATION FOR A VIRTUOUS CIRCLE

The operations and liquidity of the Group have also been significantly affected by the drastic changes in the external environment. Against such a complicated backdrop, the Group was determined to forge ahead by focusing on the two major tasks of "guaranteeing completion and ensuring delivery" to stabilize production and operation, rebuild market confidence and promote a virtuous circle. To that end, (i) the Group has striven to overcome the unfavourable factors such as the COVID-19 pandemic,

Note: The Group believes that the presentation of core profit/loss, being a non-IFRS measure, will facilitate the evaluation of financial performance of the Group by excluding potential impact of certain non-operating and non-recurring items. Such non-IFRS measure may be defined differently from similar terms used by other companies. The Group's presentation of this non-IFRS measure should not be construed as an inference that the Group's future results will be unaffected by these items.

and actively coordinated and communicated with major strategic suppliers to ensure the projects were progressed in an orderly manner; (ii) insisting on the development of high-quality products, the Group has focused on the details of construction process, the quality of materials and the presentation of product effects to meet customer needs; (iii) the Group held a series of "Construction Open Day" in many places, allowing customers to know the latest development of projects in a fully standardized and transparent manner, and boosting customer confidence; and (iv) the Group provided one-stop delivery services to enhance customer experience in the delivery process, thereby building a strong corporate brand and reputation. During the Period, the Group delivered more than 20,000 new houses. On the other hand, in solving the liquidity problem, the Group has taken various measures, including requesting lenders for a loan extension, maintaining the stability of project construction and operation, seeking the disposal of assets, speeding up sales and cash collection, streamlining corporate structure and reducing expenses.

OUTLOOK

Looking into the second half of year 2022, the keynote of real estate policies will remain focused on "stabilizing the real estate market" and "houses are for living in, not for speculation". Local governments are required to carry out the "city-specific policies" to "make full use of the policy toolbox" (用足用好政策工具箱), in order to provide support for housing demand from end users and upgraders. Therefore, "guaranteeing the delivery of properties and stabilizing people's livelihood" will be the priority among priorities for all real estate enterprises and local governments. Due to the persistent effects of the housing stabilization policies, coupled with the continuously improving long-term mechanism in real estate, it is expected that the real estate market will gradually stabilize in the second half of the year.

At the stage when the real estate industry is transferring from high growing to stable development, on one hand, the Group will continue to commit to stable development by ensuring that the production and operation activities are carried out in an orderly manner, performing well in the delivery of properties in the second half of year 2022, strengthening sales and controlling expenditure to stabilize cash flows, paying attention to quality control to ensure stable delivery of products as well as maintaining positive communications with each of the stakeholders; on the other hand, the Group will alter according to changes by shifting management ideas flexibly as well as improving the management structure, policy and decision-making mechanism, in order to respond to internal and external developments in a rapid manner.

APPRECIATION

Finally, on behalf of the Board, I would like to express our sincere appreciation to all shareholders, investors, business partners and customers for their support, and all employees for their dedication and hard work. The Company will continue to uphold the core value of "prosperity from integrity" and achieve stable and sustainable growth while bringing maximum value to shareholders and investors.

Zhenro Properties Group Limited
HUANG Xianzhi
Chairman of the Board

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT

Contracted Sales

For the six months ended 30 June 2022, the Group, together with its joint ventures and associated companies, recorded contracted sales of RMB21,317 million, representing a decrease of 74.1% from the six months ended 30 June 2021; total contracted GFA sold amounted to approximately 1.3 million sq.m., representing a decrease of approximately 73.8% from the six months ended 30 June 2021. Contracted average selling price ("**ASP**") for the six months ended 30 June 2022 was RMB16,343 per sq.m., whilst that for the six months ended 30 June 2021 was RMB16,534 per sq.m..

The following table sets forth the geographic breakdown of the contracted sales of the Group, together with its joint ventures and associated companies, for the six months ended 30 June 2022.

	Contracted GFA Sold	**Contracted Sales**	**Contracted ASP**	**% of Contracted Sales**
	sq.m.	*RMB'000*	*RMB/sq.m.*	*%*
Yangtze River Delta region	524,107	10,071,987	19,217	47.2
Western Taiwan Straits region	409,390	5,963,924	14,568	28.0
Bohai Rim region	134,018	2,211,922	16,505	10.4
Central China region	122,620	1,306,983	10,659	6.1
Western China region	49,211	640,869	13,023	3.0
Pearl River Delta region	64,950	1,120,899	17,258	5.3
Total	1,304,296	21,316,584	16,343	100.0

Revenue Recognized from Sales of Properties

Revenue recognized from sales of properties decreased by approximately 19.0% from RMB15,763.9 million for the six months ended 30 June 2021 to RMB12,774.3 million for the six months ended 30 June 2022, primarily due to the delay of construction of certain projects as affected by the COVID-19 pandemic. During the Period, the Group's recognized ASP from sales of properties was approximately RMB13,360 per sq.m., representing a decrease of 11.0% from RMB15,004 per sq.m. for the six months ended 30 June 2021, primarily due to the decrease in the selling price of properties being delivered during the Period.

During the six months ended 30 June 2022, the properties delivered by the Group included Quanzhou Zhenro Baojia Riverside Mansion, Zhangzhou Xihu Zhenro Mansion, Chongqing Yuexi Zhenro Mansion, Nanjing Zhenro River Mansion, Suzhou Midea Zhenro Spring Courtyard and others. The following table sets forth the details of the revenue recognized from the sales of properties of the Group by geographical location for the periods indicated.

	Recognized Revenue from Sales of Properties		% of Recognized Revenue from Sale of Properties		Total GFA Delivered		Recognized ASP	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	RMB'000	*RMB'000*	**%**	%	***sq.m.***	*sq.m.*	***RMB/sq.m.***	*RMB/sq.m.*
Yangtze River Delta region	**7,881,749**	5,565,194	**61.7**	35.3	**440,644**	243,520	**17,887**	22,853
Western Taiwan Straits region	**3,528,385**	5,813,598	**27.6**	36.9	**372,531**	493,475	**9,471**	11,781
Bohai Rim region	**1,763**	330,802	**0.0**	2.1	**930**	25,033	**1,896**	13,215
Central China region	**23,532**	4,050,293	**0.2**	25.7	**2,710**	288,307	**8,683**	14,049
Western China region	**1,077,820**	4,041	**8.4**	0.0	**102,965**	333	**10,468**	12,131
Pearl River Delta region	**261,033**	–	**2.1**	–	**36,409**	–	**7,169**	–
Total	**12,774,282**	15,763,928	**100.0**	100.0	**956,189**	1,050,668	**13,360**	15,004

Completed Properties Held for Sale

Properties held for sale represent completed properties remaining unsold at the end of each financial period and are stated at the lower of cost and net realizable value. Cost of properties held for sale is determined by an apportionment of related costs incurred attributable to the unsold properties.

As at 30 June 2022, the Group had completed properties held for sale of RMB7,485.3 million, representing a decrease of 35.2% from RMB11,554.6 million as at 31 December 2021. The decrease was primarily due to the decrease in GFA completed. The Group has obtained the construction completion certificates in respect of all completed properties held for sale.

Properties Under Development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost comprising land costs, construction costs, capitalized interests and other costs directly attributable to such properties incurred during the development period and net realizable value. Upon completion, the properties are transferred to completed properties held for sale.

As at 30 June 2022, the Group had properties under development of RMB123,586.7 million, representing a decrease of 5.7% from RMB131,073.2 million as at 31 December 2021. The decrease was primarily due to a decrease in the number of projects developed by the Group in the first half of 2022.

PROPERTY INVESTMENT

Rental Income

The Group's rental income for the six months ended 30 June 2022 was approximately RMB54.6 million, representing a decrease of 15.8% from RMB64.8 million for the six months ended 30 June 2021. Rental income fell due to the impact of COVID-19 pandemic during the Period.

Investment Properties

As at 30 June 2022, the Group had 11 investment properties with a total GFA of approximately 684,476 sq.m. Out of the investment properties portfolio of the Group, 6 investment properties with a total GFA of approximately 393,353 sq.m. had commenced leasing.

LAND BANK

During the first half of 2022, the Group did not acquire any land parcel. As at 30 June 2022, the Group had a land bank with aggregate GFA of 22.15 million sq.m..

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 19.6% from RMB16,011.1 million for the six months ended 30 June 2021 to RMB12,868.2 million for the six months ended 30 June 2022. The following table sets forth the Group's revenue for each of the components, the percentage of total revenue represented and the relevant changes for the periods indicated.

	Six months ended 30 June 2022		Six months ended 30 June 2021		
	Revenue	**% of Total Revenue**	Revenue	% of Total Revenue	Year-over-Year Change
	RMB'000	***%***	*RMB'000*	*%*	*%*
Sales of properties	**12,774,282**	**99.3**	15,763,928	98.4	(19.0)
Property lease	**54,569**	**0.4**	64,844	0.4	(15.8)
Property management services	**–**	**–**	44,200	0.3	(100.0)
Management consulting services[1]	**30,348**	**0.2**	76,143	0.5	(60.1)
Sales of goods	**8,995**	**0.1**	61,988	0.4	(85.5)
Total	**12,868,194**	**100.0**	16,011,103	100.0	(19.6)

Note:

(1) Primarily includes revenue generated from provision of design consultation services to joint ventures and associated companies and third parties.

Cost of Sales

The Group's cost of sales primarily represents the costs directly incurred for the property development activities as well as leasing operations and management consulting services. The principal components of cost of sales for property development include cost of properties sold, which represents direct construction costs, land use right costs and capitalized interest costs on related borrowings for the purpose of property development during the period of construction.

The Group's cost of sales decreased by approximately 10.7% from RMB12,960.2 million for the six months ended 30 June 2021 to RMB11,578.8 million for the six months ended 30 June 2022, primarily due to the decrease in the revenue of the Group during the six months ended 30 June 2022.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit decreased by approximately 57.7% from RMB3,051.0 million for the six months ended 30 June 2021 to RMB1,289.4 million for the six months ended 30 June 2022. Gross profit margin for the six months ended 30 June 2022 decreased by 9.1 percentage point to 10.0% from 19.1% for the six months ended 30 June 2021.

Other Income and Gains

The Group's other income and gains primarily consist of interest income, commercial compensation, gain on disposal of subsidiaries and joint ventures, gain on repurchase of senior notes and others. Interest income primarily consists of interest income on bank deposits. Commercial compensation primarily represents forfeited deposits received from certain potential customers who did not subsequently enter into sales contracts with the Group and penalties received from certain customers due to their breach of sales or pre-sales contracts.

Other income and gains decreased by approximately 83.8% from RMB1,276.2 million for the six months ended 30 June 2021 to RMB206.4 million for the six months ended 30 June 2022, primarily due to a decrease in the gain on disposal of subsidiaries recorded by the Group during the Period.

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of advertising, marketing and business development expenses, sales and marketing staff costs, office expenses, fees paid to third-party sales agents, rental and other expenses relating to sales of properties and property leasing services.

The Group's selling and distribution expenses decreased by approximately 22.5% from RMB625.2 million for the six months ended 30 June 2021 to RMB484.4 million for the six months ended 30 June 2022, primarily due to the enhanced control over selling and distribution expenses by the Group during the Period.

Administrative Expenses

Administrative expenses primarily consist of management and administrative staff costs, entertainment expenses, office and meeting expenses, stamped duties and other taxes, rental costs, depreciation of property, plant and equipment, professional fees, travelling expenses, bank charges, listing expenses and other general office expenses and miscellaneous expenses.

The Group's administrative expenses decreased by approximately 33.8% from RMB645.5 million for the six months ended 30 June 2021 to RMB427.3 million for the six months ended 30 June 2022, primarily due to the fact that the Group streamlined its organizational structure and lowered its administrative expenses during the Period.

Other Expenses

Other expenses increased by 200.0% from RMB382.3 million for the six months ended 30 June 2021 to RMB1,147.0 million for the six months ended 30 June 2022, primarily due to exchange loss and impairment losses recognised for assets as a result of a decline in the overall housing demand and lower selling prices of its projects.

Fair Value Gains or Losses on Investment Properties

The Group develops and holds certain commercial properties on a long-term basis for rental income or capital appreciation. Under the impact of the unfavourable macro market environment and the COVID-19 pandemic, there was a decrease in the fair value of investment properties as a result of the decline in demand for commercial property. For the six months ended 30 June 2022, the Group recorded fair value losses on investment properties of RMB266.2 million, as compared with fair value gains on investment properties of RMB5.2 million for the six months ended 30 June 2021.

Finance Costs

Finance costs primarily consist of interest expenses for bank and other borrowings net of capitalized interest relating to properties under development.

The Group's finance costs increased by approximately 8.1% from RMB355.6 million for the six months ended 30 June 2021 to RMB384.6 million for the six months ended 30 June 2022, primarily due to a lower capitalization rate for interest on borrowings during the Period.

Share of Profits or Losses of Joint Ventures and Associated Companies

The Group's share of losses of joint ventures was RMB23.5 million for the six months ended 30 June 2022, compared with the share of losses of joint ventures of RMB3.7 million for the six months ended 30 June 2021, primarily due to a decrease in the number of properties delivered by and the decline in profit margin for joint ventures.

The Group's share of profits of associated companies was RMB160.0 million for the six months ended 30 June 2022, compared with the share of profits of associated companies of RMB65.2 million for the six months ended 30 June 2021, primarily due to an increase in the number of properties delivered by associated companies.

Income Tax Expenses

Income tax expenses represent corporate income tax and land appreciation tax ("**LAT**") payable by the Group's subsidiaries in the PRC.

The Group's income tax expenses decreased by approximately 58.9% from RMB885.8 million for the six months ended 30 June 2021 to RMB364.4 million for the six months ended 30 June 2022, primarily due to a decrease in the Group's profit before tax and a loss before tax was recorded during the Period.

Loss/Profit for the Period

As a result of the foregoing, the Group's loss for the six months ended 30 June 2022 was RMB2,252.8 million, compared with a profit of RMB1,503.7 million for the six months ended 30 June 2021.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The industry in which the Group engages is a capital-intensive industry. The Group has met, and expects to continue meeting, its operating capital, capital expenditure and other capital needs with proceeds from pre-sale and sale of properties, loans from commercial banks, proceeds from corporate debts or other securities offerings, and capital injections from shareholders. The Group's need for short-term liquid capital is mainly associated with loan repayments and capital needs for operation, and the Group's short-term liquid capital comes from cash balance, proceeds from pre-sale and sale of properties and new financings. The Group's need for long-term liquid capital is associated with capital allocated for new property development projects and repayment of long-term loan.

Cash Positions

As at 30 June 2022, the Group had cash and bank balances of RMB14,229.7 million (31 December 2021: RMB39,120.5 million), which included cash and cash equivalents of RMB3,136.8 million (31 December 2021: RMB14,727.1 million), pledged deposits of RMB587.9 million (31 December 2021: RMB8,132.4 million) and restricted cash of RMB10,505.0 million (31 December 2021: RMB16,261.0 million).

Indebtedness

As at 30 June 2022, the Group had total outstanding bank and other borrowings of RMB34,572.5 million (31 December 2021: RMB47,959.5 million), corporate bond with carrying amounts of RMB4,577.0 million (31 December 2021: RMB4,438.9 million), senior notes with carrying amounts of

RMB23,662.9 million (31 December 2021: RMB21,740.2 million) and senior perpetual capital securities ("**PCS**") with carrying amounts of RMB1,257.6 million (31 December 2021: Nil). The Group's borrowings are denominated in Renminbi, Hong Kong dollars and US dollars.

The following table sets forth the Group's total borrowings as at the dates indicated:

	As at 30 June 2022	As at 31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current borrowings:		
Bank borrowings – secured	**150,000**	434,240
Bank borrowings – unsecured	**460,987**	478,727
Other borrowings – secured	**3,838,061**	6,869,986
Other borrowings – unsecured	**–**	63,757
Plus: current portion of non-current borrowings		
Bank borrowings – secured	**9,929,385**	13,197,495
Bank borrowings – unsecured	**3,500,340**	3,389,358
Other borrowings – secured	**2,144,283**	1,431,667
Senior notes and Corporate bonds	**11,336,077**	8,564,529
PCS	**1,257,645**	–
Total current borrowings	**32,616,778**	34,429,759
Non-current borrowings:		
Bank borrowings – secured	**12,320,910**	18,573,989
Bank borrowings – unsecured	**186,000**	980,310
Other borrowings – secured	**2,042,579**	2,540,000
Senior notes and Corporate bonds	**16,903,866**	17,614,485
Total non-current borrowings	**31,453,355**	39,708,784
Total	**64,070,133**	74,138,543

The following table sets forth the maturity profiles of the Group's total borrowings as at the dates indicated:

	As at 30 June 2022 *RMB'000* (Unaudited)	As at 31 December 2021 *RMB'000* (Audited)
Repayable within one year	**32,616,778**	34,429,759
Repayable in the second year	**15,723,614**	17,314,850
Repayable within three to five years	**15,182,101**	21,701,354
Repayable more than five years	**547,640**	692,580
Total	**64,070,133**	74,138,543

Borrowing Costs

The Group's weighted average financing cost of debt was 6.98% for the six months ended 30 June 2022, compared with 6.8% for the year ended 31 December 2021. The increase was primarily due to the increase in the proportion of debt which bear higher borrowing costs.

Charge on Assets

As at 30 June 2022, the Group's asset portfolio which included property, plant and equipment with carrying value of RMB1,027.8 million (31 December 2021: RMB959.6 million), right-of-use assets with carrying value of RMB179.0 million (31 December 2021: RMB183.5 million), investment properties with carrying value of RMB5,890.5 million (31 December 2021: RMB6,317.7 million), properties under development with carrying value of RMB75,308.5 million (31 December 2021: RMB66,855.6 million), completed properties held for sale with carrying value of RMB1,638.9 million (31 December 2021: RMB1,898.1 million) were pledged as security for the Group's secured borrowings. As at 30 June 2022, no financial assets at fair value through profit or loss with carrying value (31 December 2021: RMB168.6 million) were pledged as security for the Group's secured borrowings.

OFF-BALANCE SHEET EQUITY DATA

For the six months ended 30 June 2022, revenue attributable to the Group in proportion to the equity in joint ventures and associated companies was approximately RMB3,741.3 million. As at 30 June 2022, cash and bank balances attributable to the Group in proportion to the equity in joint ventures and associated companies was approximately RMB2,850.7 million.

FINANCIAL RISKS

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is Renminbi. Any depreciation of Renminbi would adversely affect the value of any dividends the Group pays to shareholders outside of the PRC. The Group had cash at banks and borrowings denominated in foreign currencies, which exposed the Group to foreign exchange risk. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

Since the second half of 2021, the property sector in the PRC has continued to experience volatility. Pre-sale of properties by Chinese property developers has generally decreased and financing has become increasingly difficult, which have adversely impacted the Group's ability to obtain financing from the capital markets and other sources, and significantly curtailed the funding available to the Group to address its upcoming debt maturities. The Group is actively exploring all feasible solutions to resolve the liquidity issues.

KEY FINANCIAL RATIOS

The Group's current ratio was 1.3 as at 30 June 2022 (31 December 2021: 1.3).

The Group's net gearing ratio (defined as total borrowings less cash and bank balances divided by total equity as at 30 June 2022) was 148.1% as at 30 June 2022 (31 December 2021: 85.5%).

CONTINGENT LIABILITIES

Mortgage Guarantees

The Group provides mortgage guarantees to banks in respect of the mortgage loans they provided to the Group's customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificates to the customers, or (ii) the settlement of mortgage loans by the customers. If a purchaser defaults on the mortgage loan, the Group is typically required to repurchase the underlying property by paying off the mortgage loan. If it fails to do so, the mortgagee banks will auction the underlying property and recover the balance from the Group if the outstanding loan amount exceeds the net foreclosure sale proceeds.

As at 30 June 2022, the material contingent liabilities incurred for the Group's provision of guarantees to financial institutions in respect of the mortgage loans they provided to the Group's customers were RMB36,195.4 million (31 December 2021: RMB34,711.3 million).

The Directors confirm that the Group has not encountered defaults by purchasers in which it provided mortgage guarantees that, in aggregate, had a material adverse effect on the financial condition and results of operations of the Group.

Other Financial Guarantees

As at 30 June 2022, the guarantees given to banks and other institutions in connection with borrowings made to the related companies and third parties by the Group were RMB6,382.0 million (31 December 2021: RMB12,981.9 million).

Legal Contingents

The Group may be involved in lawsuits and other proceedings in its ordinary course of business from time to time. The Group believes that no liabilities resulting from these proceedings will have a material adverse effect on business, financial condition or results of operations of the Group.

Commitments

As at 30 June 2022, the Group's capital commitment it had contracted but yet provided for was RMB32,501.0 million (31 December 2021: RMB35,880.8 million).

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above and the matters disclosed in the interim condensed consolidated financial statements and the notes thereto, as at 30 June 2022, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

CONSENT SOLICITATION RELATING TO PCS

References are made to the announcements of the Company dated 4 January 2022, 18 February 2022, 21 February 2022, 4 March 2022, 7 March 2022, 13 March 2022, 16 March 2022 and 29 March 2022.

On 4 January 2022, the Company made an announcement in relation to the Company's exercise of its option pursuant to the Terms and Conditions of the PCS to redeem the PCS in full on 5 March 2022. However, since then, against the backdrop of the adverse market conditions, the Company's internal funds available for debt services became increasingly limited and it was expected that its then existing internal resources might be insufficient to address its debt maturities in March 2022, including the redemption of the PCS in full on 5 March 2022. Therefore, the Company solicited consents from beneficial owners of the PCS to certain proposed waiver and amendments in respect of the PCS pursuant to the consent solicitation as described in the consent solicitation memorandum, in order to improve the Company's overall financial condition and give it financial stability. The extraordinary resolution relating to the proposed waiver and amendments was passed at the PCS holders' meeting that was held on 28 March 2022. On 29 March 2022, the Company executed the supplemental trust deed to give effect to the revised proposed amendments.

For details regarding the consent solicitation relating to the PCS, please refer to the above-mentioned announcements.

EXCHANGE OFFER AND CONSENT SOLICITATION RELATING TO SENIOR NOTES

References are made to the announcements of the Company dated 21 February 2022, 4 March 2022, 13 March 2022, 14 March 2022, 21 March 2022, 29 March 2022 and 30 March 2022.

On 21 February 2022, the Company conducted the exchange offer and consent solicitation (the "**Exchange Offer and Consent Solicitation**") with respect to certain senior notes (the "**Exchange Notes**") held by non-U.S. persons outside the United States. The purpose of the Exchange Offer was to extend the Company's debt maturity profile, strengthen its balance sheet and improve cash flow management. The purpose of the Consent Solicitation was to eliminate substantially all of the restrictive covenants and to modify certain of the events of default, the definition of change of control and other provisions in the exchange notes indentures (the "**Exchange Notes Indentures**") and to waive any potential breaches that may arise as a result of the events described in the exchange offer and consent solicitation memorandum.

The Company has received requisite consents for the consent solicitations under the Exchange Offer and Consent Solicitation. As such, the proposed waivers as set forth in the exchange offer and consent solicitation memorandum have become effective. The execution of each of the supplemental indentures to each of the Exchange Notes Indentures, dated 14 March 2022, by and among the Company, certain of the Company's offshore subsidiary guarantors (if applicable) and the respective trustee of the corresponding Exchange Notes Indentures, giving effect to the proposed amendments in compliance with the conditions contained in each of the Exchange Notes Indentures.

With respect to the Exchange Notes submitted for exchange, eligible holders of the Exchange Notes validly accepted and exchanged in the Exchange Offer and Consent Solicitation received the applicable exchange and consent consideration on 29 March 2022. At the same time, the Company issued US$728,623,000 in aggregate principal amount of 8.0% senior notes due 2023 (the "**New USD Notes**") and RMB1,589,980,000 in aggregate principal amount of 8.0% senior notes due 2023 (the "**New RMB Notes**").

For details regarding the Exchange Offer and Consent Solicitation relating to the Exchange Notes, the New USD Notes and the New RMB Notes, please refer to the above-mentioned announcements.

CONCURRENT CONSENT SOLICITATION RELATING TO SENIOR NOTES

References are made to the announcements of the Company dated 21 February 2022, 7 March 2022, 13 March 2022 and 29 March 2022.

On 21 February 2022, the Company solicited consents from certain senior notes (the "**Consent Notes**" and each, a "**Series of Notes**") holders to certain proposed amendment and waiver to consent notes indentures pursuant to the concurrent consent solicitation (the "**Concurrent Consent Solicitation**") as described in the consent solicitation statement. The purpose of the Concurrent Consent Solicitation was to waive any potential breaches that may arise as a result of the events described under the consent solicitation statement and to amend the definition of change of control and the events of default provision in the consent notes indentures (the "**Consent Notes Indentures**") to carve out any default or event of default in respect of each Series of Notes as a result of a default or event of default occurring under the conditions set forth in the Consent Solicitation Statement.

The Company has received requisite consents for the consent solicitations under the Concurrent Consent Solicitation. As such, the proposed waivers as set forth in the consent solicitation statement have become effective. Execution of each of the consent supplemental indentures to each of the Consent Notes Indentures, dated 14 March 2022, by and among the Company, certain of the Company's offshore subsidiary guarantors and the Trustee, giving effect to the proposed amendment in compliance with the conditions contained in each of the Consent Notes Indentures. On 29 March 2022, the Company has paid the concurrent consent fee.

For details regarding the Concurrent Consent Solicitation relating to the Consent Notes, please refer to the above-mentioned announcements.

NON-PAYMENT OF PRINCIPAL AND INTEREST OF SENIOR NOTES

References are made to the announcements of the Company dated 10 April 2022, 31 May 2022 and 30 June 2022.

As at 30 June 2022, the Company has not made payment of the outstanding principal and/or the accrued interest that were due for the securities as set out in the following table:

Description of Debt Securities	**Payment Status**
7.125% Senior Notes due June 2022 (the "**2021 RMB Notes**")	Did not make payment for outstanding principal of RMB10,020,000 and accrued interest that were due
5.98% Senior Notes due April 2022 (the "**April 2021 Notes**")	Did not make payment for outstanding principal of US$23,361,000 and accrued interest that were due
8.3% Senior Notes due September 2023 (the "**June 2020 Notes**")	Did not make payment for accrued interest that were due
8.35% Senior Notes due March 2024 (the "**May 2020 Notes**")	Did not make payment for accrued interest that were due
7.875% Senior Notes due April 2024 (the "**January 2020 Notes**")	Did not make payment for accrued interest that were due
7.1% Senior Notes due September 2024 (the "**June 2021 Notes**")	Did not make payment for accrued interest that were due

Description of Debt Securities	Payment Status
7.35% Senior Notes due February 2025 (the "**September 2020 Notes**")	Did not make payment for accrued interest that were due
9.15% Senior Notes due May 2023 (the "**November 2019 Notes**")	Did not make payment for accrued interest that were due

2021 RMB Notes and April 2021 Notes: Failure to pay the outstanding principal at maturity, and accrued interest upon expiration of the 30-day grace period, both constituted events of default under 2021 RMB Notes and the April 2021 Notes. However, the non-payment under the respective senior notes has not triggered, and will not trigger, any cross-default under the terms of other senior notes and PCS issued by the Company.

June 2020 Notes, May 2020 Notes, January 2020 Notes, June 2021 Notes, September 2020 Notes and November 2019 Notes: Failure to pay the accrued interest upon expiration of the 30-day grace period constituted an event of default under the respective senior notes. If an event of default has occurred (such as 30-day grace period lapses) and is continuing, holders of at least 25% in aggregate principal amount of the relevant senior notes then outstanding may, by written notice to the Company and to the trustee, declare the principal of, premium, if any, and accrued and unpaid interest on the relevant senior notes to be immediately due and payable ("**Acceleration Notice**"). As at 30 June 2022 and up to the date of this announcement, the Company has not received any Acceleration Notice as a result of the non-payment under the respective senior notes.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Reference is made to the announcement of the Company dated 25 March 2022.

On 25 March 2022, Zhengyu (Foshan) Real Estate Development Co., Ltd.* (正裕(佛山)置業發展有限公司) ("**Zhengyu**" and an indirect subsidiary of the Company), Chengdu Tongchuangjin Trading Co., Ltd* (成都同創錦商貿有限責任公司) ("**Chengdu Tongchuangjin**"), Zhenglong (Foshan) Real Estate Development Co., Ltd.* (正隆(佛山)置業發展有限公司) ("**Zhenglong**"), Zhenro (Guangzhou) Real Estate Development Co., Ltd.* (正榮(廣州)置業發展有限公司) (an indirect wholly-owned subsidiary of the Company) and Hefan (Guangzhou) Equity Investment Management Co., Ltd.* (合凡(廣州)股權投資基金管理有限公司) entered into an equity transfer agreement, pursuant to which Zhengyu has agreed to dispose of, and Chengdu Tongchuangjin has agreed to purchase, 51% of the equity interest of Zhenglong for a consideration of RMB155,623,950, which shall be paid by Chengdu Tongchuangjin to Zhengyu in cash (the "**Zhenglong Disposal**").

Completion of the Zhenglong Disposal took place in April 2022. Upon completion of the Zhenglong Disposal, the Group no longer held any interest in Zhenglong and Zhenglong ceased to be accounted as a subsidiary of the Company.

For details regarding the Zhenglong Disposal, please refer to the announcement of the Company dated 25 March 2022.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries, joint ventures and associates by the Company during the six months ended 30 June 2022.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the six months ended 30 June 2022, there was no significant investment held by the Group.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group currently has no plan to make any significant investment or acquisition of capital assets.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group had a total of 852 employees (31 December 2021: 1,467 employees).

The Group recruits skilled and qualified personnel in local markets through various channels, such as on-campus recruitment programs, recruiting firms, internal referrals and advertisement on the Internet. The Group particularly values employees who demonstrate loyalty to their work and who values corporate culture, as well as those with relevant working experience. The Group's future development, to a considerable extent, depends on its ability to identify, hire, train and retain suitably skilled and qualified employees, including management personnel, with relevant professional skills. Therefore, the Group has established systematic training programs for employees, such as management as well as marketing and sales personnel, based on their positions and expertise.

The Group enters into labor contracts with all employees and offers employees competitive remuneration packages that include basic salaries, discretionary bonuses, performance-based payments and year-end bonuses. The Company has also adopted a share option scheme.

Under the applicable PRC laws and regulations, the Group is subject to social insurance contribution plans. The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all employees in Hong Kong.

SUBSEQUENT EVENTS

Save for the following matters, no material events were undertaken by the Group subsequent to 30 June 2022 and up to the date of this announcement.

Non-Payment of Principal and Interest of Senior Notes

Reference is made to the announcement of the Company dated 3 August 2022.

As at 3 August 2022 and up to the date of this announcement, the Company has not made payment of the outstanding principal and/or accrued interest that were due for the securities as set out in the following table:

Description of Debt Securities	Payment Status
8.7% Senior Notes due August 2022 (the "**October 2019 Notes**")	Did not make payment for outstanding principal of US$29,777,000 and accrued interest that were due
6.63% Senior Notes due January 2026 (the "**January 2021 Notes**")	Did not make payment for accrued interest that were due

October 2019 Notes: Failure to pay the outstanding principal at maturity, and accrued interest upon expiration of the 30-day grace period, both constituted events of default under the October 2019 Notes. However, such non-payment has not triggered, and will not trigger, any cross-default under the terms of other senior notes and PCS issued by the Company.

January 2021 Notes: Failure to pay the accrued interest upon expiration of the 30-day grace period constituted an event of default under the January 2021 Notes. If an event of default has occurred (such as 30-day grace period lapses) and is continuing, the trustee or holders of at least 25% in aggregate principal amount of the relevant senior notes then outstanding may serve an Acceleration Notice to the Company. As at the date of this announcement, the Company has not received any Acceleration Notice as a result of the non-payment of accrued interest under the January 2021 Notes.

Expected Non-Payment of Principal and Interest of PCS and/or Certain Senior Notes

As at the date of this announcement, the Company expects that it may not be in a position to meet the repayment obligations of certain offshore indebtedness which will become due between August and October 2022 on time as set out in the following table:

Description of Debt Securities	Expected Payment Status
6.50% Senior Notes due September 2022 (the "**September 2021 Notes**")	Expected non-payment for outstanding principal of US$31,239,000 and accrued interest that will be due
PCS	Expected non-payment for accrued distribution that will be due
6.7% Senior Notes due August 2026 (the "**February 2021 Notes**")	Expected non-payment for accrued interest that will be due
New USD Notes	Expected non-payment for accrued interest that will be due
New RMB Notes	Expected non-payment for accrued interest that will be due

September 2021 Notes: Failure to pay the outstanding principal at maturity, and accrued interest upon expiration of the 30-day grace period after maturity, both will constitute events of default under the September 2021 Notes. However, such expected non-payment will not trigger any cross-default under the terms of other senior notes and PCS issued by the Company.

PCS, February 2021 Notes, New USD Notes and New RMB Notes: Failure to pay the accrued distribution and/or accrued interest upon expiration of the 30-day grace period will constitute events of default under the respective PCS and senior notes. If an event of default has occurred (such as 30-day grace period lapses) and is continuing, the trustee or holders of at least 25% in aggregate principal amount of the PCS and/or relevant senior notes then outstanding may serve an Acceleration Notice to the Company. As at the date of this announcement, the 30-day grace period has not lapsed for the February 2021 Notes, the distribution payment is not due for the PCS, and the interest payments are not due for the New USD Notes and the New RMB Notes. As such, as at the date of this announcement, no event of default has occurred under the PCS, the February 2021 Notes, the New USD Notes and the New RMB Notes.

Disposal of Subsidiary

Reference is made to the announcement of the Company dated 12 August 2022.

On 12 August 2022, Zhenro Fortune (Fujian) Real Estate Co., Ltd.* (正榮財富(福建)置業有限公司) ("**Zhenro Fortune (Fujian)**" and a wholly-owned subsidiary of the Company), Quanzhou Junde Jingshui Investment (Limited Partnership)* (泉州雋德靜水投資合夥企業) ("**Quanzhou Junde Jingshui**") and Quanzhou Zhenglang Real Estate Development Co., Ltd.* (泉州正朗置業有限公司) ("**Quanzhou Zhenglang**") entered into an equity transfer agreement, pursuant to which Zhenro Fortune (Fujian) agreed to dispose of, and Quanzhou Junde Jingshui agreed to purchase, the sale equity interest representing 51% of the equity interest of Quanzhou Zhenglang, and the sale loan representing the aggregate amount outstanding and owing by Quanzhou Zhenglang to Zhenro Fortune (Fujian) as at the date of the agreement, for an aggregate consideration of RMB102,000,000, which shall be paid by Quanzhou Junde Jingshui to Zhenro Fortune (Fujian) in cash (the "**Quanzhou Zhenglang Disposal**").

As at the date of this announcement, completion of the Quanzhou Zhenglang Disposal has not yet taken place. Completion of the Quanzhou Zhenglang Disposal is expected to take place in September 2022. Upon completion of the Quanzhou Zhenglang Disposal, the Group will no longer hold any interest in Quanzhou Zhenglang and Quanzhou Zhenglang will cease to be accounted as a subsidiary of the Company.

For details regarding the Quanzhou Zhenglang Disposal, please refer to the announcement of the Company dated 12 August 2022.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "LISTING RULES")

Reference are made to the announcements of the Company dated 5 July 2019, 7 August 2020 and 29 September 2020.

In July 2019, pursuant to a facility agreement (the "**2019 Facility Agreement**") entered into between, among others, the Company as the borrower, certain wholly-owned subsidiaries of the Company as the original guarantors, Hang Seng Bank Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, The Bank of East Asia, Limited, Goldman Sachs (Asia) L.L.C. and BNP Paribas, acting through its Hong Kong Branch, collectively as the original lenders, for dual-currency term loan facilities in the amount of HK$234,000,000 and US$90,000,000 (totaling approximately US$120,000,000) (the "**2019 Loan Facilities**", each a "**2019 Loan Facility**") will be made available to the Company for a term of 36 months from the date of the 2019 Facility Agreement.

As provided in the 2019 Facility Agreement, if Mr. OU Zongrong, Mr. OU Guoqiang and Mr. OU Guowei collectively (a) do not or cease to, directly or indirectly, own at least 51% of the beneficial shareholding in the Company, carrying at least 51% of the voting right in the Company, of which at least 45% beneficial shareholding must, at any time on or after the first date of utilisation of the 2019 Loan Facility, be free from any security; (b) are not or cease to be the single largest shareholder of the Company; and/or (c) do not or cease to have management control over the Company, the commitments under the 2019 Loan Facilities may be cancelled and all amounts outstanding together with accrued interest and all other amounts accrued under the 2019 Loan Facilities may become immediately due and payable.

In August 2020, a facility agreement (the "**2020 Facility Agreement**") was entered into between, among others, the Company as the borrower, certain wholly-owned subsidiaries of the Company as the original guarantors, Bank of China (Hong Kong) Limited, CMB Wing Lung Bank Limited, Hang Seng Bank Limited and certain other financial institutions, collectively as lenders, for dual-currency term loan facilities in the amount of HK$273,000,000 and US$106,000,000 (totaling approximately US$141,000,000) for a term of 36 months from the date of the first utilisation of the loan facility. In September 2020, Chong Hing Bank Limited (as the lender) acceded to the 2020 Facility Agreement in accordance to the terms of the 2020 Facility Agreement (the "**Accession**"). Following the execution of the Accession, the total amount of loan facilities made available to the Company under the 2020 Facility Agreement equals to approximately US$161,000,000.

As provided in the 2020 Facility Agreement, if (i) Mr. OU Zongrong, Mr. OU Guoqiang and Mr. OU Guowei (collectively, the "**Relevant Persons**") collectively (a) do not or cease to, directly or indirectly, own at least 51% of the beneficial shareholding in the Company, carrying at least 51% of the voting right in the Company, of which at least 45% of the beneficial shareholding must, at all times from the date of the 2020 Facility Agreement for so long as any liability is outstanding or any commitment is in force, be free from any security; (b) are not or cease to be the single largest shareholder of the Company; and/or (c) do not or cease to have management control over the Company;

and/or (ii) the chairman of the Company is not any of Mr. HUANG Xianzhi, Mr. LIU Weiliang or Mr. CHAN Wai Kin (each being an existing executive Director) or any of the Relevant Persons, the commitments under the loan facilities may be cancelled and all amounts outstanding together with accrued interest and all other amounts accrued under the loan facilities may become immediately due and payable.

Save as disclosed above, as at 30 June 2022, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

IMPACT OF COVID-19 PANDEMIC

Since late March 2022, due to the recurring COVID-19 pandemic in the PRC and related lockdown in some cities, the operations of the Group have been affected significantly, and the progress of sales and asset disposals have been delayed. To cope with the situation, the Group carried out actions to minimize the impact of the COVID-19 pandemic on its business, including implementing measures to ensure construction of projects, guaranteeing punctual supply of units and minimizing the risks associated with units delivery. The Group will closely monitor the development of the COVID-19 pandemic and continue to assess the impact of the outbreak on the Group's finances and operations.

OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness. The Company has developed and implemented sound governance policies and measures with the Board being responsible for performing such corporate governance duties. The Board will continue to review and monitor the governance of the Company with reference to the Corporate Governance Code (the "**Corporate Governance Code**") set out in Appendix 14 to the Listing Rules so as to maintain a high standard of corporate governance practices of the Company.

So far as the Directors are aware, during the Period, the Company has complied with the code provisions set out in Part 2 of the Corporate Governance Code except for a deviation from the code provision C.2.1 which states that the roles of the chairman of the Board and chief executive officer should be separate and should not be performed by the same individual.

On 20 November 2019, Mr. WANG Benlong resigned and ceased to act as the executive Director, chief executive officer and the authorized representative of the Company. The Board expects that more time will be required to identify and appoint a suitable candidate as the chief executive officer of the Company. During the transitional period, Mr. HUANG Xianzhi, an executive Director of the Company and the chairman of the Board, has been appointed as the chief executive officer with effect from 20 November 2019, to temporarily take up the duties of Mr. WANG Benlong until a suitable candidate is appointed. Notwithstanding the deviation from code provision C.2.1, the Board believes that Mr. HUANG Xianzhi's extensive experience and knowledge, together with the support of the management, shall strengthen the solid and consistent leadership of the Group, and the vesting of the roles as the chairman and chief executive officer to Mr. HUANG would allow efficient business planning and decision, which the Board believes is in the best interest of the business development of the Group during this transitional period. The Company will, however, seek to re-comply with code provision C.2.1 by identifying and appointing a suitable and qualified candidate to fill the casual vacancy as soon as practicable.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its code of conduct regarding Directors' securities transactions. All Directors have confirmed, following specific enquiry made by the Company, that they have complied with the Model Code during the six months ended 30 June 2022.

PURCHASE, SALE OR REDEMPTION OF THE GROUP'S LISTED SECURITIES

Saved as disclosed in this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Group during the six months ended 30 June 2022.

CHANGES IN INFORMATION OF DIRECTORS

During the six months ended 30 June 2022, there was no change in information of directors required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: Nil).

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The Audit Committee consists of three members, namely Dr. LOKE Yu (alias LOKE Hoi Lam) and Mr. WANG Chuanxu, being independent non-executive Directors, and Mr. OU Guowei, the non-executive Director. Dr. LOKE Yu (alias LOKE Hoi Lam) has been appointed as the chairman of the Audit Committee, and is the independent non-executive Director possessing the appropriate professional qualifications. The primary duties of the Audit Committee include: (i) making recommendations regarding the appointment and removal of external auditors of the Company; (ii) reviewing the accounting policies and financial positions of the Company; (iii) reviewing and supervising the internal audit functions and internal control structure of the Company; and (iv) reviewing and overseeing the risk management of the Company.

The Company's unaudited condensed consolidated interim results and interim report for the six months ended 30 June 2022 were reviewed by the Audit Committee before recommendation to the Board for approval.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.zhenrodc.com). The interim report will be despatched to the shareholders of the Company and will be available on the website of the Stock Exchange and that of the Company in due course.

By order of the Board
Zhenro Properties Group Limited
HUANG Xianzhi
Chairman of the Board

Shanghai, PRC, 30 August 2022

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

* *For identification purposes only*