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Zhenro 正榮地產

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)

INSIDE INFORMATION

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(3) SUSPENSION OF TRADING OF THE SECURITIES, FEBRUARY 2021 NOTES,
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Debt Securities	ISIN/Common Code	Stock code
6.50% Senior Notes due September 2022 (the “ September 2021 Notes ”)	XS2383329237/238332923	40826
Senior Perpetual Capital Securities (the “ Securities ”)	XS2013512608/201351260	4596
6.7% Senior Notes due August 2026 (the “ February 2021 Notes ”)	XS2293750670/229375067	40572
8.0% Senior Notes due March 2023 (the “ March 2022 Notes ”)	XS2449192942/244919294	5100
8.0% Senior Notes due March 2023 (the “ March 2022 RMB Notes ”)	XS2449193320/2449193322	86029

This announcement is made by Zhenro Properties Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2), 37.47A, 37.47B and 37.47E of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 10 April 2022, 11 April 2022, 31 May 2022, 30 June 2022 and 3 August 2022 (the “**Announcements**”). Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

BACKGROUND

The Group has been making its best efforts in managing its liquidity and maintaining the stability of its operations through ensuring construction and delivery for its projects, seeking to extend the repayment schedule for its financings, seeking disposal of assets, accelerating sales and cash collection, as well as reducing its operational expenses. However, due to continuous COVID-19 pandemic, unfavorable housing market conditions and financial environment, the operations of the Group have continued to be affected significantly. The Group's contracted sales and tight liquidity have not been fundamentally improved and asset disposals were slower than expected. As at the date of this announcement, while the development and progress in respect of the majority of the Group's property projects have remained on schedule, the Group remains under significant pressure.

Taking into account the Company's current tight liquidity situation and with a view to treat all creditors fairly, save as disclosed in the Announcements, 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, including but not limited to those set out in the sections headed "The September 2021 Notes" and "The Securities, the February 2021 Notes, the March 2022 Notes and the March 2022 RMB Notes" in this announcement.

The Company is considering feasible holistic management solutions for its offshore indebtedness (the "**Holistic Liability Management Solutions**") in order to achieve a more stable capital structure, resolve its liquidity issue and stabilize the Group's operations, taking into account the interest of all its stakeholders.

APPOINTMENT OF EXTERNAL ADVISOR

At the recommendation of the independent non-executive directors of the Company and as a first step in promoting the Holistic Liability Management Solutions, the Company has appointed Ernst & Young (China) Advisory Limited ("**E&Y**") to conduct an independent business review on the Group. E&Y will evaluate the Group's capital structure, liquidity position and operating condition, and will analyze the Group's current situation under different scenarios. E&Y shall report the findings of the evaluation and analysis directly to the independent non-executive directors of the Company. As at the date of this announcement, such evaluation and analysis is ongoing.

The Company will maintain active communications with creditors and will uphold the principles of equitability and fairness in the seeking of the Holistic Liability Management Solutions. The Company is also in the process of engaging other external advisors, including legal advisor and financial advisor, and will update the market as soon as practicable on any material developments.

THE SEPTEMBER 2021 NOTES

Pursuant to the terms of the September 2021 Notes, all outstanding principal amount on the September 2021 Notes together with the accrued and unpaid interest thereon are due and payable on the maturity date of 1 September 2022. As at the date of this announcement, the Company has not made payment of the remaining outstanding principal of US\$31,239,000, and interest thereon (the “**Expected Non-Payment of the September 2021 Notes**”). Failure to pay such principal at maturity will constitute an event of default under the September 2021 Notes, and failure to pay such interest upon expiration of the 30-day grace period after maturity will constitute an event of default under the September 2021 Notes. The Expected Non-Payment of the September 2021 Notes has not triggered, and will not trigger, any cross-default under the terms of the securities as set out in the following table.

Description of Debt Securities	ISIN/Common Code	Stock code
6.63% Senior Notes due January 2026	XS2279711779/227971177	40516
February 2021 Notes	XS2293750670/229375067	40572
5.95% Senior Notes due March 2022	XS2308085112/230808511	Not applicable
5.98% Senior Notes due April 2022	XS2329241447/232924144	Not applicable
7.125% Senior Notes due June 2022	XS2358480155/235848015	Not applicable
8.70% Senior Notes due August 2022	XS2050860308/205086030	Not applicable
March 2022 Notes	XS2449192942/244919294	5100
March 2022 RMB Notes	XS2449193320/2449193322	86029
Securities	XS2013512608/201351260	4596
8.3% Senior Notes due September 2023	XS2185842924/218584292	40250
8.35% Senior Notes due March 2024	XS2152219973/215221997	40225
7.875% Senior Notes due April 2024	XS2099413093/209941309	40116
7.1% Senior Notes due September 2024	XS2346158822/234615882	40715
7.35% Senior Notes due February 2025	XS2226898216/222689821	40375
9.15% Senior Notes due May 2023	XS2076026983/207602698	40047

DELISTING OF THE SEPTEMBER 2021 NOTES

Notice is also given that as the September 2021 Notes will mature on 1 September 2022, the September 2021 Notes will be delisted from the Stock Exchange on 1 September 2022. After its delisting from the Stock Exchange, noteholders requiring further information in relation to the September 2021 Notes may contact the Company at 62/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong or ir@zhenro.com.

THE SECURITIES, THE FEBRUARY 2021 NOTES, THE MARCH 2022 NOTES AND THE MARCH 2022 RMB NOTES

The distribution payment date for the Securities is 28 September 2022 and the last day of grace period is 28 October 2022. The interest payment dates for the February 2021 Notes, March 2022 Notes and March 2022 RMB Notes are 4 August 2022, 28 September 2022 and 28 September 2022, respectively, and the last day of grace period for each of the February 2021 Notes, March 2022 Notes and March 2022 RMB Notes are 3 September 2022, 28 October 2022 and 28 October 2022, respectively.

As at the date of this announcement, the Company expects that it will not be in a position to pay the distribution of the Securities (the “**Expected Non-Payment of the Securities**”) and to pay the interest for February 2021 Notes, March 2022 Notes and March 2022 RMB Notes (the “**Expected Non-Payment of February 2021 Notes, March 2022 Notes and March 2022 RMB Notes**”) before the expiration of the relevant 30-day grace periods. Such expected non-payments will constitute an event of default under the Securities, February 2021 Notes, March 2022 Notes and March 2022 RMB Notes upon expiration of the relevant grace periods.

Pursuant to the trust deed of the Securities and the respective indenture of the February 2021 Notes, March 2022 Notes and March 2022 RMB 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 Securities and/or 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 distributions or interest on the Securities and/or the relevant senior notes to be immediately due and payable. 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 Securities, and the interest payments are not due for the March 2022 Notes and the March 2022 RMB Notes. As such, no event of default has occurred under the Securities, the February 2021 Notes, the March 2022 Notes and the March 2022 RMB Notes. Therefore, as at the date of this announcement, the Expected Non-Payment of the Securities and the Expected Non-Payment of February 2021 Notes, March 2022 Notes and March 2022 RMB Notes have not triggered any cross-default under the terms of the securities as set out in the following table.

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6.63% Senior Notes due January 2026	XS2279711779/227971177	40516
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7.35% Senior Notes due February 2025	XS2226898216/222689821	40375
9.15% Senior Notes due May 2023	XS2076026983/207602698	40047

SUSPENSION OF TRADING OF THE SECURITIES, FEBRUARY 2021 NOTES, MARCH 2022 NOTES AND MARCH 2022 RMB NOTES

In this connection, at the request of the Company, trading of the Securities, February 2021 Notes, the March 2022 Notes and the March 2022 RMB Notes of the Company on the Stock Exchange will be suspended with effect from 9:00 a.m. on 31 August 2022 and will remain suspended until further notice.

Shareholders of the Company and other investors are reminded to consider the related risks and exercise caution when dealing in the securities of the Company, and to seek professional advice from their own professional or financial advisers when in doubt.

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

Hong Kong, 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.