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Zhenro Properties Group Limited

正榮地產集團有限公司

(Incorporated in the Cayman Islands with limited liability)

**(Stock Code: 6158 and Debt Stock Code: 4596, 5100, 40572, 40516, 40375, 40715,
40116, 40225, 40250, 40047, 86029)**

VOLUNTARY ANNOUNCEMENT

This announcement is made by Zhenro Properties Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

BUSINESS UPDATE AND APPOINTMENTS OF EXTERNAL ADVISORS

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

As disclosed in the Company’s announcement dated 30 August 2022, the Company has appointed E&Y to conduct an independent business review on the Group. As at the date of this announcement, such evaluation and analysis have been substantially completed and it is currently expected that E&Y shall report the results of its evaluation and analysis directly to the independent non-executive directors of the Company within this month.

Since the second half of 2021, there have been significant changes to the macro environment of the property sector in China and a number of real estate companies have successively encountered debt repayment issues, indicating accelerated deterioration of the industry’s business environment. The sustained COVID-19 pandemic, unfavorable housing market conditions and challenging financial environment continued to adversely affect the operations of the Group. The Group has been working relentlessly to ensure delivery of completed properties and the stabilization of its business operations in order to preserve value for all stakeholders. Meanwhile, the Group has implemented a wide range of liquidity management and cost saving measures including without limitation, seeking extensions and waivers regarding its financings, seeking disposal of assets, accelerating sales and cash collection, streamlining corporate structure, as well as reducing non-core business operations and administrative expenses so long as such measures do not affect the Group’s delivery efforts and normal operations.

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 liquidity pressure due to the unfavourable market environment. Taking into account the Group's current tight liquidity situation and with a view to treating all creditors fairly, the Group expects that members of the Group may not be in a position to meet their repayment obligations when due or within the grace periods. If the Group fails to meet its repayment obligations when due and is unable to reach a timely resolution with its creditors, it may result in the acceleration of relevant financial obligations or other enforcement actions. As at the date of this announcement, the Company has not received any notice of acceleration from its offshore creditors.

In order to further promote the Holistic Liability Management Solutions and to pursue a transparent communication with offshore creditors, the Company has further appointed Alvarez & Marsal Corporate Finance Limited together with E&Y as its joint financial advisors and Sidley Austin as its legal advisor. The Company and its advisory teams will maintain active communication with the Group's creditors and will uphold the principles of equitability and fairness in the seeking of the Holistic Liability Management Solutions, with a view to reaching a consensual solution as soon as practicable. The Company is aware of the formation of an ad hoc group of creditors comprising certain holders of the Company's offshore notes (the "AHG") and the Company encourages the AHG and other offshore creditors to contact the joint financial advisors in respect of the progress of the Holistic Liability Management Solutions:

Alvarez & Marsal Corporate Finance Limited

Address: Room 405-7, 4/F, St. George's Building, 2 Ice House Street, Central, Hong Kong

Telephone: +852 3102 2600

Email: ProjectZhenro@alvarezandmarsal.com

Ernst & Young (China) Advisory Limited

Address: 50/F, Shanghai World Financial Center, 100 Century Avenue, Pudong New Area, Shanghai, China (Postal code: 200120)

Telephone: +86 21 2228 8888

Email: ProjectZhenro@cn.ey.com

The Company will closely monitor the situation and will update the market as soon as practicable on any material developments.

2019 DEBT FINANCING PLAN

Pursuant to the terms of a 6% debt financing plan (“**2019 Debt Financing Plan**”) issued by Zhenro Properties Holdings Company Limited (正榮地產控股股份有限公司) (“**Zhenro Properties Holdings**”), a wholly-owned subsidiary of the Company, with an aggregate principal amount of RMB1.05 billion and listed on the Beijing Financial Assets Exchange, all outstanding principal amount on the 2019 Debt Financing Plan together with the accrued and unpaid interest thereon were due and payable on the maturity date of 4 November 2022. As at the date of this announcement, Zhenro Properties Holdings has not made payment of the outstanding principal amount of RMB1.05 billion, and interest thereon, which constituted an event of default under the 2019 Debt Financing Plan. The Group will continue to communicate with the creditor to seek extension of the debt.

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, 9 November 2022

As at the date of this announcement, the executive directors of the Company are Mr. Huang Xianzhi, Mr. Liu Weiliang and Mr. Li Yang, 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. Xie Jun.