

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Zhongliang Holdings Group Company Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company nor is it a solicitation of any vote or approval in any jurisdiction. Neither this circular nor any copy thereof may be released into or distributed directly or indirectly in the United States or any other jurisdiction where such release or distribution might be unlawful. This circular does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No securities may be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the company making the offer, its management, as well as financial statements. The Company does not intend to make any public offering of securities in the United States.



**Zhongliang Holdings Group Company Limited**

**中梁控股集团有限公司**

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

**(Stock code: 2772)**

**POSSIBLE TRANSACTION IN CONNECTION WITH  
THE OFFSHORE DEBTS HOLISTIC SOLUTION INVOLVING  
ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE  
AND  
NOTICE OF EGM**

Unless the context otherwise requires, capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 8 to 27 of this circular. A notice convening the EGM of Zhongliang Holdings Group Company Limited to be held at 8/F., Wheelock House, 20 Pedder Street, Central, Hong Kong at 10:00 a.m. on Thursday, 28 December 2023 is set out on pages EGM-1 to EGM-2 of this circular. A proxy form for use at the EGM is also enclosed and published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<http://www.zldcgroup.com>).

Shareholders who intend to appoint a proxy to attend the EGM shall complete and sign the enclosed proxy form in accordance with the instructions printed thereon and return it to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (i.e. not later than 10:00 a.m. on Tuesday, 26 December 2023 (Hong Kong Time)) or the adjourned meeting (as the case may be). Completion and return of the proxy form shall not preclude Shareholders from attending, speaking and voting in person at the EGM or at any adjournment thereof if they so wish.

12 December 2023

<b>CONTENTS</b>
-----------------

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	8
<b>Notice of the Extraordinary General Meeting</b> .....	EGM-1

## DEFINITIONS

*In this circular, the following expressions shall have the following meanings unless the context requires otherwise:*

“Accumulated Sales”	the accumulated Contracted Sales calculated from 1 January 2023 to the applicable specific end dates (both days inclusive) in relation to the Convertible Bonds
“AHG”	an ad-hoc group of offshore creditors of the Company who are Consenting Creditors, representing approximately 38.5% of the aggregate outstanding principal amount of the Scheme Debts as at the date of the RSA
“Announcement”	the announcement of the Company dated 20 November 2023 in relation to the possible transactions in connection with the Restructuring involving, among others, the Issue of Senior Notes and the Issue of Convertible Bonds under the Specific Mandate
“Board”	the board of the Company
“Cash Sweep”	the cash sweep relating to certain disposal of assets, the details of each of which are set out in the RSA Term Sheet appended to the announcement of the Company dated 16 July 2023
“CB Conversion Period”	the period during which the Convertible Bonds can be converted into the Shares
“CB Conversion Price”	the conversion price per Share (subject to adjustments) in respect of the Convertible Bonds
“CB Conversion Shares”	the Shares to be issued upon conversion of the Convertible Bonds
“CB Indenture”	the indenture to be entered into between the Company, the Subsidiary Guarantors as guarantors and a trustee that specifies the terms and conditions of the Convertible Bonds
“CB Issue Amount”	the original principal amount of the Convertible Bonds issued on the Restructuring Effective Date
“CB Mandatory Redemption Date”	has the meaning ascribed to it under the section headed “3. ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE”
“CB PIK Interest”	paid-in-kind interest under the Convertible Bonds

## DEFINITIONS

“CB Relevant Events”	events including (i) the Shares cease to be listed or admitted to trading on the Stock Exchange; (ii) the Shares are suspended for a period equal to or exceeding 30 consecutive trading days on the Stock Exchange; or (iii) a change of control triggering event
“Company”	Zhongliang Holdings Group Company Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 2772)
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Consenting Creditors”	a person, on behalf of itself or, where such Consenting Creditor is an investment manager, on behalf of funds or accounts managed or advised by it, holding a beneficial interest as principal in the Scheme Debts who has agreed to be bound by the terms of the RSA as a Consenting Creditor in accordance with the terms of the RSA
“Contracted Sales”	in respect of each relevant period from 1 January 2023 to the applicable specific end dates (both days inclusive) in relation to the Convertible Bonds, the cumulative contracted sales of the Company and certain restricted subsidiaries, joint ventures and associates for that period, as disclosed in the latest annual results of the Company or otherwise publicly announced on the Stock Exchange, or, if not so disclosed or announced, calculated consistently with the contracted sales data for the year ended 31 December 2022 as disclosed in the Company’s annual results announced on the Stock Exchange on 30 March 2023
“controlling shareholder”	has the same meaning as ascribed to it under the Listing Rules
“Convertible Bonds” or “CB”	the 3.0% convertible bonds for a term of 3.5 years to be issued by the Company
“Director(s)”	the director(s) of the Company

## DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened and held at 8/F., Wheelock House, 20 Pedder Street, Central, Hong Kong at 10:00 a.m. on Thursday, 28 December 2023, or any adjournment thereof, for the Shareholders to consider and, if thought fit, to approve by way of poll, the Issue of Convertible Bonds and the transactions contemplated thereunder (including the grant of the Specific Mandate for the Issue of the CB Conversion Shares)
“Existing Notes”	the US\$ denominated senior notes issued by the Company, as set out in (a) to (e) under the section headed “8. INFORMATION OF THE SCHEME DEBTS UNDER THE SCHEME”
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Holistic Solution”	the holistic solution for certain offshore debts of the Company involving a proposed Scheme
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	third parties independent of and not connected with (within the meaning of the Listing Rules) any directors, chief executive or substantial shareholders of the Company, its subsidiaries and their respective associates
“Information Agent”	D. F. King
“Issue of Convertible Bonds”	the issue of the Convertible Bonds subject to the occurrence of and on the Restructuring Effective Date
“Issue of Senior Notes”	the issue of the Senior Notes subject to the occurrence of and on the Restructuring Effective Date
“JV Subsidiary Guarantor”	a non-wholly owned restricted subsidiary which guarantees the payment of the Convertible Bonds as designated by the Company pursuant to the respective terms of the the Convertible Bonds from time to time
“Latest Practicable Date”	5 December 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular

## DEFINITIONS

“Liangzhong”	Liangzhong International Co., Ltd., a company incorporated in the British Virgin Islands with limited liability and a Scheme Creditor
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Majority AHG”	the member(s) of the AHG holding two-thirds (66 2/3%) the aggregate outstanding principal amount of the Restricted Debts held by the AHG at the relevant time
“Majority Consenting Creditors”	at any time, Consenting Creditors who hold (beneficially, as principal) an aggregate outstanding principal amount of more than 50% of the outstanding principal amount of the Scheme Debts held in aggregate by all Consenting Creditors at that time
“Mr. Yang”	Mr. Yang Jian, an executive Director and the chairman of the Company
“PRC”	the People’s Republic of China
“Record Time”	the time designated by the Company for the determination of claims of Scheme Creditors for the purposes of voting at the Scheme Meeting
“Reference Date”	1 January 2024
“Required Principal”	with respect to any CB Mandatory Redemption Date, the greater of (a) zero and (b) a principal amount of the Convertible Bonds calculated as (i) the “Principal amount to be redeemed” set forth in the applicable table on such CB Mandatory Redemption Date minus (ii) the aggregate principal amount of the Convertible Bonds redeemed (other than the aggregate principal amount redeemed by prior redemptions on any CB Mandatory Redemption Date pursuant to the RSA) on or prior to such CB Mandatory Redemption Date (which have not been deducted from the Required Principal on a prior CB Mandatory Redemption Date pursuant to the RSA). If the amount under (ii) is greater than (i), such excess portion shall be carried forward as though it forms part of (ii) for the purposes of the redemptions pursuant to the RSA on future CB Mandatory Redemption Date (with allocation by chronological order)

## DEFINITIONS

“Restricted Debts”	with respect to a Consenting Creditor at any time, the aggregate outstanding principal amount of Scheme Debts set out in the Restricted Debts Notice then most recently delivered by that Consenting Creditor, as modified from time to time by any transfer notices (as applicable) delivered by that Consenting Creditor to the Information Agent, subject to evidence satisfactory to the Information Agent having been provided in accordance with the RSA
“Restricted Debts Notice”	a notice setting out the details of the Restricted Debts in the form set out in the RSA
“Restructuring”	a consensual restructuring of the offshore indebtedness of the Company, to be conducted materially in the manner envisaged by, and materially on the terms set out in, the RSA
“Restructuring Effective Date”	the day on which all the Scheme Debts will be cancelled and all guarantees in connection with the Scheme Debts will be released and the Scheme Consideration will be distributed to the Scheme Creditors, with the conditions precedent to the Restructuring Effective Date having been either satisfied or waived (as the case may be)
“RMB”	Renminbi, the lawful currency of the PRC
“RSA”	the restructuring support agreement dated 14 July 2023 entered into by, among others, the Company and the AHG, as amended from time to time
“RSA Fee”	with respect to each Consenting Creditor and subject to and in accordance with the terms of the RSA, an amount in cash equal to 0.25% of the aggregate principal amount of the eligible restricted debt held by such Consenting Creditor as of the RSA Fee deadline
“Scheme”	the scheme of arrangement proposed to be effected pursuant to section 674 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) between the Company and the Scheme Creditors for the purpose of implementing the Restructuring, as contemplated under the RSA

## DEFINITIONS

“Scheme Consideration”	the Scheme Consideration to be distributed to the Scheme Creditors on the Restructuring Effective Date, being upfront cash payment of 1% of the outstanding principal amount of the Scheme Debts, the Senior Notes and the Convertible Bonds, in exchange for the discharge and release of the relevant Scheme Debts claims of the Scheme Creditors against the Company
“Scheme Creditors”	creditors of the Company whose claims against the Company and any Subsidiary Guarantors under the Scheme Debts are (or will be) the subject of the Scheme
“Scheme Debts”	the Existing Notes and certain offshore debts of the Company under the Scheme
“Scheme Documents”	the composite document to be circulated by the Company to the Scheme Creditors in relation to the Scheme, which will include (among other things) an explanatory statement and the terms of the Scheme
“Scheme Meeting”	the meeting of the Scheme Creditors to vote on the Scheme convened pursuant to an order of the court (and any adjournment of such meeting)
“Senior Notes”	the one tranche of new US\$ denominated senior notes in an aggregate principal amount that equals 99% of the outstanding principal amount of the Scheme Debts held by all Scheme Creditors as of the Record Time, plus all accrued and unpaid interest on such Scheme Debts up to (but excluding) the Reference Date minus the principal amount of the Convertible Bonds calculated by reference to the Reference Date, plus the additional Senior Notes amount
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share Option Scheme”	the share option scheme adopted by the Company on 19 June 2019
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of the Company



## DEFINITIONS

“Specific Mandate”	the specific mandate to be granted by the Shareholders at the EGM to issue the CB Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantors”	the same subsidiary guarantors of the Existing Notes and certain subsidiaries of the Company
“United States”	The United States of America, its territories and possessions and all areas subject to its jurisdiction
“US\$”	United States dollar, the lawful currency of the United States of America
“VWAP”	the volume-weighted average price per Share, a measurement that shows the average price of a security, adjusted for its volume
“%”	per cent.

LETTER FROM THE BOARD



**Zhongliang Holdings Group Company Limited**

**中梁控股集团有限公司**

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

**(Stock code: 2772)**

*Executive Directors:*

Mr. Yang Jian (*Chairman*)  
Mr. Chen Hongliang (*Co-President*)  
Mr. He Jian (*Co-President*)  
Mr. Yau Sze Ka (*Albert*)

*Registered Office:*

190 Elgin Avenue, George Town  
Grand Cayman KY1-9008  
Cayman Islands

*Independent non-executive Directors:*

Mr. Wang Kaiguo  
Mr. Wu Xiaobo  
Mr. Au Yeung Po Fung

*Head Office in the PRC:*

20/F, No. 3 Shanghai Convention & Exhibition  
Center of International Sourcing  
235 Yunling East Road  
Putuo District, Shanghai, China

*Principal Place of Business in Hong Kong:*

27/F, Queen's Road Centre  
152 Queen's Road Central, Central  
Hong Kong

12 December 2023

*To the Shareholders*

Dear Sir or Madam,

**POSSIBLE TRANSACTION IN CONNECTION WITH  
THE OFFSHORE DEBTS HOLISTIC SOLUTION INVOLVING  
ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE  
AND  
NOTICE OF EGM**

**1. INTRODUCTION**

Reference is made to the Announcement.

The purpose of this circular is to provide you with, among others, details of the Issue of Convertible Bonds and the transactions contemplated thereunder, including the issue of the CB Conversion Shares under the Specific Mandate and notice of the EGM.

## LETTER FROM THE BOARD

### 2. BACKGROUND

References are made to the announcements of the Company dated 13 November 2022, 22 November 2022, 17 February 2023, 1 June 2023, 16 July 2023, 14 August 2023 and 4 September 2023 in relation to, among others, the Holistic Solution and the Scheme.

As set out in those announcements, the Company proposed to implement the Holistic Solution through the Scheme which would be effected pursuant to the laws of Hong Kong. As at the date of this circular, taking into account the additional Consenting Creditors who have acceded to the RSA subsequent to 4 September 2023, the Consenting Creditors holding approximately 92% of the aggregate outstanding principal amount of the Scheme Debts have acceded to the RSA. By such accession, the Consenting Creditors have undertaken to take all such actions as are necessary to, among other things, vote in favour of the Scheme in respect of the aggregate outstanding principal amount of all the Scheme Debts held by them at the Record Time at the Scheme Meeting.

The Scheme involves, as part of the Scheme Consideration and in exchange for the discharge and release of the relevant Scheme Debts claims by the Scheme Creditors against the Company, the Issue of Senior Notes and the Issue of Convertible Bonds to the Scheme Creditors on the Restructuring Effective Date.

Issue of Convertible Bonds are subject to Shareholders approval under the Listing Rules. This circular sets out further details on the key terms of the Convertible Bonds in connection with the Restructuring.

The Restructuring is conditional upon, inter alia, the following conditions being satisfied, or in the case of item (a), (b), and (f) waived by the Majority Consenting Creditors, on or prior to the Restructuring Effective Date:

- (a) the obtaining of all relevant approvals, pre-approvals or consents, as applicable, including without limitation, delivery of respective court orders in respect of the Scheme, approval in-principle for the listing and quotation of the Senior Notes and the Convertible Bonds on the SGX-ST or another stock exchange of international standing, necessary approvals for the issuance and conversion of the Convertible Bonds, including listing approval or conditional approval for the CB Conversion Shares, unconditional approval from the Shareholders as required for the issuance of new Shares as contemplated with respect to the Convertible Bonds, and any board approvals of the Company required to consummate the Scheme;
- (b) the settlement of all professional fees associated with the Scheme that the Company has agreed to pay;
- (c) payment of the RSA Fee to the Consenting Creditors;
- (d) each Scheme Document being in a form agreed with the Majority AHG acting reasonably;

## LETTER FROM THE BOARD

- (e) the Company announcing the date set for the Restructuring Effective Date; and
- (f) the satisfaction of each of the specific conditions precedent contained in each of the Scheme Documents.

The Restructuring Effective Date shall occur on the date on which all outstanding Scheme Debts will be cancelled and all guarantees in connection with the Scheme Debts will be released and the Scheme Consideration will be distributed to the Scheme Creditors, with the above conditions precedent to the Restructuring having being satisfied or waived, and before the longstop date or such later date as extended by agreement in writing between the Company and the Majority AHG, and such extended date shall be notified in writing to the Consenting Creditors.

As at the Latest Practicable Date, none of the conditions to the Restructuring as set out above had been fulfilled.

### 3. ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

Subject to the occurrence of and on the Restructuring Effective Date, the Company will issue the Convertible Bonds in the aggregated principal amount elected by the Scheme Creditors, subject to the current cap in the aggregate principal amount of US\$140,000,000. The Convertible Bonds shall be allocated to the Scheme Creditors who have elected such option on a pro rata basis if the aggregated principal amount of the Convertible Bonds elected by the Scheme Creditors exceeds the current cap amount.

The principal terms of the Convertible Bonds are set out below:

<b>Issuer:</b>	The Company
<b>Principal amount:</b>	The aggregate principal amount of Convertible Bonds elected by the Scheme Creditors, subject to the current cap of US\$140,000,000.
<b>Issue date:</b>	Restructuring Effective Date
<b>Maturity:</b>	1 July 2027
<b>Interest commencement date:</b>	1 January 2024, being the Reference Date
<b>Interest:</b>	Interest shall commence to accrue from the Reference Date and is payable semi-annually in arrears on the outstanding principal amount of the Convertible Bonds at 3.0% per annum.

## LETTER FROM THE BOARD

Interest on the outstanding principal amount of the Convertible Bonds shall be paid in the following manner:

- (a) for the first year after the Reference Date, interest may be paid in cash or as CB PIK Interest, at the election of the Company; and
- (b) from the beginning of the second year after the Reference Date, interest shall be paid in cash.

**CB Conversion Period:** The Convertible Bonds are convertible from the later of (a) 10 trading days after the Restructuring Effective Date, and (b) the date that the conditional listing approval from the Stock Exchange in respect of the Shares may be converted under the Convertible Bonds become unconditional and fully effective to ten trading days prior to maturity.

**Conversion price:** The Scheme Creditors may at their election, at any time during the CB Conversion Period, convert the Convertible Bonds into Shares at the CB Conversion Price as calculated below.

Subject to the terms and conditions of the Convertible Bonds, the CB Conversion Price will initially be 1.3 times the VWAP of the Shares for 30 trading days immediately preceding (and excluding) the Restructuring Effective Date, which price shall not be lower than HK\$1.2 per Share or higher than HK\$2.0 per Share. The CB Conversion Price may be adjusted upon the occurrence of the adjustment events set out in the paragraph headed "Adjustment events" below. Such adjustments shall apply on and from the date of the RSA.

The minimum CB Conversion Price of HK\$1.2 per Share represents:

- (a) a premium of approximately 163.7% over the closing price of HK\$0.455 per Share as quoted on the Stock Exchange on 13 July 2023, being the last trading day prior to the signing of the RSA on 14 July 2023;
- (b) a premium of approximately 252.9% over the closing price of HK\$0.340 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

## LETTER FROM THE BOARD

- (c) a premium of approximately 228.8% over the average closing price of HK\$0.365 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately preceding the Latest Practicable Date; and
- (d) a discount of approximately 87% over the net asset value per Share of the Company as at 30 June 2023.

The CB Conversion Price was determined after arms' length negotiations between the Company and the AHG after taking into account, among other things, the Share price performance of the Company and the assessment of acceptability of the Scheme Creditors towards the terms of the Restructuring with a view to achieving a sustainable capital structure. The minimum initial CB Conversion Price is at a premium to the closing price of HK\$0.455 per Share as quoted on the Stock Exchange on 13 July 2023, being the last trading day prior to the signing of the RSA on 14 July 2023, is value accretive for existing Shareholders and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**Conversion Price Reset:** Subject to the terms of the Convertible Bonds, the CB Conversion Price shall be subject to a reset mechanism at the end of 6 months, 18 months and 24 months after the Reference Date (each, a “**Reset Date**”), if the 30-trading-day VWAP of the Shares at immediately preceding (and excluding) the relevant Reset Date (the “**Average Market Price**”) is less than the CB Conversion Price, the CB Conversion Price shall be adjusted to the higher of (i) the Average Market Price and (ii) HK\$0.8 per Share.

## LETTER FROM THE BOARD

The minimum reset adjusted CB Conversion Price of HK\$0.8 per Share represents:

- (a) a premium of approximately 75.8% over the closing price of HK\$0.455 per Share as quoted on the Stock Exchange on 13 July 2023, being the last trading day prior to the signing of the RSA on 14 July 2023;
- (b) a premium of approximately 135.3% over the closing price of HK\$0.340 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (c) a premium of approximately 119.2% over the average closing price of HK\$0.365 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately preceding the Latest Practicable Date; and
- (d) a discount of approximately 92% over the net asset value per share of the Company as at 30 June 2023.

**Adjustment events:**

Subject to the terms of the Convertible Bonds, the CB Conversion Price shall be subject to adjustment upon the occurrence of adjustment events including:

- (a) an alteration to the nominal value of the Shares as a result of consolidation, sub-division, redesignation or reclassification;
- (b) in relation to any capitalization of profits or reserves:
  - (i) an issue (other than in lieu of cash dividend and other than issue that would amount to capital distribution) of any Shares credited as fully paid to the Shareholders by way of capitalization of profits or reserves (including any share premium account);
  - (ii) an issue of Shares by way of a scrip dividend where the aggregate value of such issue exceeds the amount of the relevant cash dividend or the relevant part thereof and which would not have constituted a capital distribution;
- (c) a capital distribution to the Shareholders;

## LETTER FROM THE BOARD

- (d) an issue of Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares, in each case at less than 85% of the current market price per Share on the date of the first public announcement of the terms of the issue or grant;
- (e) an issue of other securities to all or substantially all Shareholders as a class by way of rights, or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any other securities;
- (f) an issue (otherwise than as mentioned in paragraph (d) above) of any Shares (other than Shares issued on the exercise of conversion rights attaching to the Convertible Bonds) or issue or grant (otherwise than as mentioned in paragraph (d) above) any options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares, in each case at a price per Share which is less than 85% of the current market price on the date of the first public announcement of the terms of such issue;
- (g) other issues wholly for cash of securities (otherwise than as mentioned in paragraph (d), (e) or (f) above) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than 85% of the current market price on the date of the first public announcement of the terms of issue of such securities;
- (h) modification of the rights of conversion, exchange or subscription attached to any such securities as are mentioned in paragraph (g) above (other than in accordance with the terms of such securities), so that the consideration per Share is less than 85% of the current market price on the date of announcement of the proposal for such modification; and



## LETTER FROM THE BOARD

- (i) issues, sale or distribution by the Company or any of its subsidiaries any securities in connection with an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the CB Conversion Price falls to be adjusted under paragraph (d), (e), (f) or (g) above).

If any doubt shall arise as to whether an adjustment falls to be made to the CB Conversion Price or as to how an adjustment to the CB Conversion Price under the abovementioned events should be made, the Company will consult an independent financial advisor or a certified accountant to opine on adjustments to the CB Conversion Price.

**Maximum number of  
CB Conversion Shares  
to be issued:**

Assuming the principal amount of the Convertible Bonds (not including any CB PIK Interest) is all converted in full at the minimum initial CB Conversion Price of HK\$1.2 per Share, an aggregate of up to 910,000,000 CB Conversion Shares will be issued based on the agreed exchange rate of US\$1 = HK\$7.8, which represent:

- (a) approximately 25.4% of the existing issued share capital of the Company as at the Latest Practicable Date; and
- (b) approximately 20.3% of the issued share capital of the Company as enlarged by the issue of such CB Conversion Shares.

Assuming the principal amount of the Convertible Bonds (not including any CB PIK Interest) is all converted in full at the reset adjusted CB Conversion Price of HK\$0.8 per Share, an aggregate of up to 1,365,000,000 CB Conversion Shares will be issued based on the agreed exchange rate of US\$1 = HK\$7.8, which represent:

- (a) approximately 38.1% of the existing issued share capital of the Company as at the Latest Practicable Date; and
- (b) approximately 27.6% of the issued share capital of the Company as enlarged by the issue of such CB Conversion Shares.

## LETTER FROM THE BOARD

The CB Conversion Shares, upon full conversion at the reset adjusted CB Conversion Price of HK\$0.8 per Share, shall have an aggregate nominal value of up to HK\$13,650,000.

**Security and guarantee:** The Convertible Bonds will be secured by:

- (a) the charges over the issued shares of the Subsidiary Guarantors granted by the Company and the relevant Subsidiary Guarantors in favor of a collateral agent; and
- (b) equity interests in certain companies held by the relevant subsidiaries of the Company.

The Convertible Bonds will be guaranteed by the Subsidiary Guarantors and JV Subsidiary Guarantor (if any).

**Cash Sweep:** The Convertible Bonds will benefit from the Cash Sweep.

**Redemption events:** (a) Mandatory Redemption

The Convertible Bonds shall be repayable in the amounts and on the redemption dates in the redemption schedule as set forth below (each, a “**CB Mandatory Redemption Date**”).

- (i) The Company shall redeem the Required Principal of the Convertible Bonds at a redemption price equal to 100% of the principal amount of the Convertible Bonds redeemed plus accrued and unpaid interest, if any, to (but excluding) the relevant CB Mandatory Redemption Date as set forth below (the “**CB Mandatory Redemption Schedule**”).

<b>CB Mandatory Redemption Date</b>	<b>Principal amount to be redeemed</b>
The date falling 18 months after the Reference Date	3% of the CB Issue Amount of the Convertible Bonds
The date falling 24 months after the Reference Date	3% of the CB Issue Amount of the Convertible Bonds
The date falling 30 months after the Reference Date	3% of the CB Issue Amount of the Convertible Bonds
The date falling 36 months after the Reference Date	6% of the CB Issue Amount of the Convertible Bonds

## LETTER FROM THE BOARD

- (ii) If the Accumulated Sales from 1 January 2023 to the date falling 9 months after the Reference Date exceeds RMB120 billion, the Company shall redeem an additional Required Principal of 3% of the CB Issue Amount of the Convertible Bonds on the date falling 12 months after the Reference Date, and the CB Mandatory Redemption Schedule shall therefore be updated and replaced as follows:

<b>CB Mandatory Redemption Date</b>	<b>Principal amount to be redeemed</b>
The date falling 12 months after the Reference Date	3% of the CB Issue Amount of the Convertible Bonds
The date falling 18 months after the Reference Date	3% of the CB Issue Amount of the Convertible Bonds
The date falling 24 months after the Reference Date	3% of the CB Issue Amount of the Convertible Bonds
The date falling 30 months after the Reference Date	3% of the CB Issue Amount of the Convertible Bonds
The date falling 36 months after the Reference Date	6% of the CB Issue Amount of the Convertible Bonds

## LETTER FROM THE BOARD

(iii) If the Accumulated Sales from 1 January 2023 to the date falling 21 months after the Reference Date exceeds RMB160 billion, the Company shall redeem (a) Required Principal of 6% of the CB Issue Amount (instead of 3% of the CB Issue Amount) of the Convertible Bonds on the date falling 24 months after the Reference Date and (b) Required Principal of 6% of the CB Issue Amount (instead of 3% of the CB Issue Amount) of the Convertible Bonds on the date falling 30 months after the Reference Date. The CB Mandatory Redemption Schedule for the principal amount to be redeemed by the Company on and from the date falling 24 months after the Reference Date shall be as follows:

<b>CB Mandatory Redemption Date</b>	<b>Principal amount to be redeemed</b>
The date falling 24 months after the Reference Date	6% of the CB Issue Amount of the Convertible Bonds
The date falling 30 months after the Reference Date	6% of the CB Issue Amount of the Convertible Bonds
The date falling 36 months after the Reference Date	6% of the CB Issue Amount of the Convertible Bonds

## LETTER FROM THE BOARD

(iv) If the Accumulated Sales from 1 January 2023 to the date falling 33 months after the Reference Date exceeds RMB180 billion, the Company shall redeem Required Principal of 20% of the CB Issue Amount (instead of 6% of the CB Issue Amount) of the Convertible Bonds on the date falling 36 months after the Reference Date. The CB Mandatory Redemption Schedule for the principal amount to be redeemed by the Company on and from the date falling 36 months after the Reference Date shall be as follows:

<b>CB Mandatory Redemption Date</b>	<b>Principal amount to be redeemed</b>
The date falling 36 months after the Reference Date	20% of the CB Issue Amount of the Convertible Bonds

For each scenario under (i) to (iv) above, any remaining balance of the principal amount under the Convertible Bonds, plus accrued and unpaid interest, shall be paid on the maturity date of the Convertible Bonds.

(b) **Optional Redemption**

Subject to the terms of the Convertible Bonds, at any time and from time to time during the tenor of the Convertible Bonds, the Company has the right to redeem the Convertible Bonds, in whole or in part at a redemption price of 100% plus any accrued and unpaid cash interest on such redeemed Convertible Bonds up to but excluding the relevant redemption date.

## LETTER FROM THE BOARD

### (c) Redemption for CB Relevant Event

Subject to the terms of the Convertible Bonds, following the occurrence of a CB Relevant Event, the holder of each Convertible Bond will have the right at such holder's option, to require the Company to redeem all or some only of that holder's Convertible Bonds on the Convertible Bonds Relevant Event Redemption Date (as defined below) at a redemption price of 100% of such Convertible Bonds as at such date together with interest accrued and unpaid to such date, by completing, signing and depositing at the specified office of any paying agent a duly completed and signed notice of redemption by not later than 45 days following a CB Relevant Event, or, if later, 45 days following the date upon which notice thereof is given to the holders of the Convertible Bonds by the Company. The "**CB Relevant Event Redemption Date**" shall be the fourteenth day after the expiry of such period of 45 days as referred to above.

#### **Ranking:**

The CB Conversion Shares, when allotted and issued to a holder, shall rank *pari passu* in all respects with the Shares in issue on the date on which such holder is registered as such in the Company's register of members.

#### **Voting rights:**

The holder(s) of the Convertible Bonds shall not have any right to attend or vote in any general meeting of the Company.

#### **Transferability:**

The Convertible Bonds will be freely transferable subject to conditions under the CB Indenture.

#### **Listing:**

Application will be made for the listing and quotation of the Convertible Bonds issued under the Scheme on the SGX-ST or another stock exchange with international standing.

Application will be made by the Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the CB Conversion Shares.

## **LETTER FROM THE BOARD**

### **Specific Mandate**

The CB Conversion Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders at the EGM.

The Issue of Convertible Bonds and the transactions contemplated thereunder are subject to the passing of necessary resolution by the Shareholders at the EGM. The issue of the CB Conversion Shares is conditional upon, among others, the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the CB Conversion Shares.

#### **4. INFORMATION ON THE PARTIES**

##### **Information on the Company**

The Company is a company incorporated in the Cayman Islands with limited liability, which is listed on the main board of the Stock Exchange. The Company is principally engaged in real estate development in the PRC with its headquarters located in Shanghai and rooted in the Yangtze River Delta with a national footprint. The Group is a nationwide real estate enterprise and has land bank across five core economic areas in China, namely, the Yangtze River Delta, the Midwest China, the Bohai Economic Rim, West Coast Economic Zone and the Pearl River Delta.

#### **5. REASONS FOR AND BENEFITS OF THE POSSIBLE TRANSACTIONS IN CONNECTION WITH THE RESTRUCTURING**

As the industry has been challenged by adverse liquidity and financing situations since mid-2021, the Group has implemented decisive measures and stabilized cash flow by accelerating sales and cash collection, lowering cost and enhancing operating efficiency, reduction of land banking and preservation of cash and controlling interest-bearing debts, and achieved a stable financial status to enable prompt property delivery, stable operations and onshore financing.

The Group's total interest-bearing debts were approximately RMB23.1 billion as at 30 June 2023 (out of which onshore interest-bearing debts amounted to approximately RMB14.6 billion whereas offshore interest-bearing debts amounted to approximately RMB8.5 billion). Such total outstanding indebtedness comprised bank and other borrowings of approximately RMB16,412 million and senior notes of approximately RMB6,697 million.

Further details of the indebtedness situation of the Group as at 30 June 2023 are set out in the interim report of the Company for the six months ended 30 June 2023 and published on the website of Hong Kong Exchanges and Clearing Limited on 12 September 2023.

Due to the current market condition, the liquidity of the Group is constrained. The aggregate cash and bank balances (including restricted cash and pledged deposits) of the Group was approximately RMB14.4 billion as at 30 June 2023. Under the current strict requirement of local government policies, substantially most of the Group's cash are under strict pre-sale cash escrow in designated bank accounts at project-level in order to ensure completion of the properties under

## LETTER FROM THE BOARD

development. With respect to its onshore debts, as at 30 June 2023, substantially most of the Group's onshore interest-bearing debts were loans with project pledges. The Group has been proactively working with onshore banks and lending institutions to extend the maturity at due dates of such onshore loans.

### **Indebtedness and the Holistic Solution**

Over the past year, the Group has been actively working with its advisers to assess its current financial and operational conditions with a view to formulate a holistic solution in relation to the Company's certain offshore indebtedness. The Group and members of the AHG, together with their respective advisers, have been engaged in constructive dialogue towards a consensual restructuring of the Company's offshore indebtedness. As a result, the Holistic Solution and the Scheme were formulated and are intended to alleviate the Company from the pressure of its offshore indebtedness, allow adequate financial flexibility, enable the Group to better manage its business operations, and maximize value for all stakeholders. The Holistic Solution and the Scheme have received overwhelming support by the Consenting Creditors. As at the date of this circular, the Consenting Creditors holding approximately 92% of the aggregate outstanding principal amount of the Scheme Debts have acceded to the RSA and have undertaken to take all such actions as are necessary to vote in favour of the Scheme at the Scheme Meeting.

The Holistic Solution will be implemented through the Scheme, the effect of which is that once the Scheme becomes effective, all the Scheme Debts claims of the Scheme Creditors will be discharged and extinguished and the Scheme Creditors will not be allowed to make any claim against the Company in respect of their Scheme Debts.

The purpose of the Issue of Convertible Bonds is for the implementation of the Scheme, which offers Scheme Creditors incentives in the form of Scheme Consideration in exchange for extending the maturity profiles of the Group's debts, thereby reducing the overall debt pressure of the Group and enabling the Group to better manage its business operations. The Issue of Convertible Bonds will also increase the capital base through the issue of new Shares and help the Company achieve a sustainable capital structure should the holders of the Convertible Bonds choose to convert the Convertible Bonds into the CB Conversion Shares. For illustration purpose only, assuming the amount of the debts of the Group has remained unchanged since 30 June 2023 and that all offshore interest-bearing debts of RMB8.5 billion would be Scheme Debts, on the Restructuring Effective Date, the Convertible Bonds and the Senior Notes will be issued as Scheme Consideration, and the Group's total interest-bearing debts (including the Convertible Bonds of US\$140 million (being approximately RMB1.0 billion) and the Senior Notes in the aggregated principal of US\$1.1 billion (being approximately RMB7.9 billion) under the Scheme) will be approximately RMB23.5 billion. The Scheme will alleviate the current debt pressure of the Group, provide the Group with additional time to meet its repayment obligations and improve liquidity of the Group. No proceeds will be received by the Group from the Issue of Convertible Bonds.



## **LETTER FROM THE BOARD**

The Group will continue to explore different means to generate cashflow in order to improve the overall liquidity of the Group and to settle its remaining outstanding debts, including but not limited to: (i) actively communicate with banks to secure relevant project development loans for qualified project development in a timely manner; (ii) seek other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures; (iii) focus on accelerating the sales of properties based on its business plans; (iv) implement measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and (v) seek suitable opportunities to dispose of its equity interests in certain project development companies in order to generate additional cash inflows.

Hence, the Directors consider that the terms and conditions of the Issue of Convertible Bonds are fair and reasonable based on the current market conditions and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Mr. Yang, who set up a discretionary trust and the trustee of which indirectly wholly owns Liangzhong, which is a Scheme Creditor and will receive Scheme Consideration under the Scheme, is considered to have an interest in the Scheme and the Issue of Convertible Bonds (being part of the Scheme) and has abstained from voting on the board resolutions in relation to the Issue of Convertible Bonds.

Save as disclosed above, none of the Directors has a material interest in the Issue of Convertible Bonds.

### **6. EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not carried out any equity fund raising activities in the past 12 months immediately before the Latest Practicable Date.

### **7. EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY**

The table below illustrates the shareholding structure of the Company in relation to the Issue of Convertible Bonds under the Scheme:

- (a) as at the Latest Practicable Date;
- (b) immediately upon full conversion of the Convertible Bonds at the minimum CB Conversion Price of HK\$1.2 per Share; and
- (c) immediately upon full conversion of the Convertible Bonds at the minimum reset adjusted CB Conversion Price of HK\$0.8 per Share,

## LETTER FROM THE BOARD

further assuming there is no other change in the issued share capital of the Company from the Latest Practicable Date up to the date of the full conversion of the aforementioned instruments and based on the agreed exchange rate of US\$1 = HK\$7.8:

	(a) As at the Latest Practicable Date		(b) Immediately upon full conversion of the Convertible Bonds at the minimum CB Conversion Price of HK\$1.2 per Share based on the assumptions stated above		(c) Immediately upon full conversion of the Convertible Bonds at the minimum reset adjusted CB Conversion Price of HK\$0.8 based on the assumptions stated above	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Liangzhong	2,822,167,839	78.79	2,822,167,839	62.83	2,822,167,839	57.05
Liangtai International Co., Ltd	59,414,060	1.66	59,414,060	1.32	59,414,060	1.20
Holder of Convertible Bonds	0	0.00	910,000,000	20.26	1,365,000,000	27.59
Other Shareholders	<u>700,209,601</u>	<u>19.55</u>	<u>700,209,601</u>	<u>15.59</u>	<u>700,209,601</u>	<u>14.16</u>
Total:	<u>3,581,791,500</u>	<u>100</u>	<u>4,491,791,500</u>	<u>100</u>	<u>4,946,791,500</u>	<u>100</u>

The Stock Exchange has granted the Company a public float waiver under Rule 8.08(1)(a) of the Listing Rules to accept a lower public float percentage of the total issued share capital of 17.06%, which the Company has maintained at all times since its listing. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as Liangzhong intends to elect the Senior Notes only under the Scheme, and other than Liangzhong, none of the Scheme Creditors is a Shareholder, it is expected that none of the Scheme Creditors will hold more than 10% of the enlarged share capital of the Company upon full conversion of the Convertible Bonds and the Company will be able to meet the prescribed public float requirement at all times and upon full conversion of the Convertible Bonds.

Under the terms of the Convertible Bonds, there is no conversion restriction on the Convertible Bonds if the Company's public float falls below the minimum level as permitted under the Listing Rules. In order to ensure the minimum public float is met upon conversion of the Convertible Bonds, when the CB Conversion Period begins, the Company will monitor its public float on a continuous basis and use its best efforts to ensure the conversion of the Convertible Bonds will not cause the public float of the Company to drop below the prescribed public float requirement.

As at the Latest Practicable Date, there were 15,200,000 outstanding share options with an exercise price of HK\$5.83 per share option which entitle the holders of the share options to subscribe for 15,200,000 Shares under the Share Option Scheme. Save as disclosed above, as at the Latest Practicable Date, the Company had no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

## LETTER FROM THE BOARD

### 8. INFORMATION ON THE SCHEME DEBTS UNDER THE SCHEME

The Scheme Creditors comprise the persons who hold beneficial interests as principal in, or who are the lenders under, the following Existing Notes and certain offshore private debts as at the Record Time for the Scheme:

- (a) the New York law-governed 8.5% senior notes due May 2022 (the “**May 2022 Notes**”) issued by the Company and guaranteed by the Subsidiary Guarantors. As at the Latest Practicable Date, the aggregate principal amount of the May 2022 Notes outstanding was US\$16,153,000;
- (b) the New York law-governed 9.5% senior notes due July 2022 (the “**July 2022 Notes**”) issued by the Company and guaranteed by the Subsidiary Guarantors. As at the Latest Practicable Date, the aggregate principal amount of the July 2022 Notes outstanding was US\$12,574,000;
- (c) the New York law-governed 12.0% senior notes due April 2023 (the “**April 2023 Notes I**”) issued by the Company and guaranteed by the Subsidiary Guarantors. As at the Latest Practicable Date, the aggregate principal amount of the April 2023 Notes I outstanding was US\$200,000,000;
- (d) the New York law-governed 8.75% senior notes due April 2023 (the “**April 2023 Notes II**”) issued by the Company and guaranteed by the Subsidiary Guarantors. As at the Latest Practicable Date, the aggregate principal amount of the April 2023 Notes II outstanding was US\$224,224,517;
- (e) the New York law-governed 9.75% senior notes due December 2023 (the “**December 2023 Notes**”) issued by the Company and guaranteed by the Subsidiary Guarantors. As at the Latest Practicable Date, the aggregate principal amount of the December 2023 Notes outstanding was US\$473,848,483; and
- (f) certain offshore private debts of the Company,

provided that the Company may, at its election, include any additional debt in the Scheme, provided that it obtains the prior written consent of the Majority AHG (such consent not to be unreasonably withheld) and, to the extent that the excluded debt is held by a member of the AHG, consent shall also be required from that member of the AHG.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, save for Liangzhong, each of the Scheme Creditors was independent of the Company and connected persons of the Company. Save for Liangzhong, no Shareholder was required to abstain from voting. The Company does not expect that any additional creditors to be included in the Scheme (if any) would be a connected person of the Company.

## LETTER FROM THE BOARD

### 9. LISTING RULES IMPLICATIONS

#### Issue of Convertible Bonds under Specific Mandate

The CB Conversion Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders at the EGM. The Issue of Convertible Bonds and the transactions contemplated thereunder are subject to the passing of necessary resolution by the Shareholders at the EGM. The issue of the CB Conversion Shares is conditional upon, among others, the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the CB Conversion Shares.

### 10. EGM

The notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular.

Pursuant to the Listing Rules and the Memorandum and Articles of Association of the Company, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under the Listing Rules.

A proxy form for use at the EGM is enclosed with this circular and is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.zldcgroup.com>). In order to be valid, Shareholders who intend to appoint a proxy to attend the EGM shall complete the proxy form in accordance with the instructions printed thereon and return the proxy form, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority, to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (i.e. not later than 10:00 a.m. on Tuesday, 26 December 2023 (Hong Kong Time)) or the adjourned meeting (as the case may be). Completion and delivery of the proxy form will not preclude Shareholders from attending, speaking and voting at the EGM or at any adjournment thereof should they so wish.

Save that Liangzhong and Ms. Xu Xiaoqun, being the spouse of Mr. Yang and through her discretionary trust, holding in total approximately 80.45% of the total number of issued Shares as at the Latest Practicable Date, and being interested in the transactions contemplated under the Scheme Consideration and shall abstain from voting for the resolution to approve the Issue of Convertible Bonds under the Specific Mandate and the transactions contemplated thereunder at the EGM, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder was required to abstain from voting for the resolution to approve the Issue of Convertible Bonds under the Specific Mandate and the transactions contemplated thereunder at the EGM.

## LETTER FROM THE BOARD

### 11. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### 12. RECOMMENDATIONS

The Board is of the view that the terms of the Issue of Convertible Bonds and the transactions contemplated thereunder, which have been agreed after arm's length negotiations, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution for approving the Issue of Convertible Bonds and the transactions contemplated thereunder to be proposed at the EGM.

**Completion of the transactions set out in this circular is subject to the fulfilment or waiver of the conditions precedent as set out in this circular. The transactions set out in this circular may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.**

Yours faithfully,

By order of the Board

**Zhongliang Holdings Group Company Limited**

**Yang Jian**

*Chairman*

# NOTICE OF THE EXTRAORDINARY GENERAL MEETING



## Zhongliang Holdings Group Company Limited

### 中梁控股集团有限公司

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

**(Stock code: 2772)**

## NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an extraordinary general meeting (the “**EGM**”) of Zhongliang Holdings Group Company Limited (the “**Company**”) will be held at 8/F., Wheelock House, 20 Pedder Street, Central, Hong Kong at 10:00 a.m. on Thursday, 28 December 2023 for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolution as ordinary resolution of the Company.

Unless otherwise defined, capitalised terms used herein shall have the same meanings as ascribed to them in the circular of the Company dated 12 December 2023 (the “**Circular**”).

### ORDINARY RESOLUTION

1. “**THAT**

- (a) the Issue of Convertible Bonds and the transactions contemplated thereunder including but not limited to the issue of 3.0% convertible bonds of the Company for a term of 3.5 years which are convertible into ordinary shares of the Company pursuant to the terms of the Convertible Bonds, details of which are set out in the Circular, be and are hereby generally and unconditionally approved, confirmed and ratified;
- (b) any one director of the Company be and is hereby authorised to do all such acts and things and sign, ratify or execute all such documents and take all such steps as the director in his/her discretion may consider necessary, appropriate, desirable and expedient to implement, give effect to or in connection with the Issue of Convertible Bonds and any of the transactions contemplated thereunder including but not limited to the Issue of Convertible Bonds; and
- (c) the directors of the Company be and are hereby granted a specific mandate to exercise the powers of the Company to allot, issue and deal with the CB Conversion Shares.”

By order of the Board  
**Zhongliang Holdings Group Company Limited**  
**Yang Jian**  
*Chairman*

Hong Kong, 12 December 2023

## NOTICE OF THE EXTRAORDINARY GENERAL MEETING

*Notes:*

1. All resolution(s) at the meeting will be taken by poll (except where the chairman in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Listing Rules. The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.zldcgroup.com>) in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant proxy form. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
3. In order to be valid, the proxy form together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (i.e. not later than 10:00 a.m. on Tuesday, 26 December 2023 (Hong Kong Time)) or the adjourned meeting (as the case may be). Delivery of the proxy form shall not preclude shareholders of the Company from attending, speaking and voting in person at the EGM or at any adjournment thereof and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For determining shareholders' eligibility to attend, speak and vote at the EGM, the register of members of the Company will be closed from Thursday, 21 December 2023 to Thursday, 28 December 2023, both dates inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend, speak and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 20 December 2023.
5. A circular containing further details concerning the resolution set out in the above notice will be sent to all shareholders of the Company.
6. If tropical cyclone warning signal number 8 or above or "extreme conditions" caused by super typhoon, or a black rainstorm warning signal is in effect any time and remains in force 2 hours before the time of the EGM, the meeting will be postponed or adjourned. The Company will publish an announcement on the website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the website of the Company (<http://www.zldcgroup.com>) to notify shareholders of the Company of the date, time and place of the rescheduled meeting.
7. References to time and dates in this notice are to Hong Kong time and dates.
8. As at the date of this notice, Mr. Yang Jian, Mr. Chen Hongliang, Mr. He Jian and Mr. Yau Sze Ka (Albert) are the executive Directors, and Mr. Wang Kaiguo, Mr. Wu Xiaobo and Mr. Au Yeung Po Fung are the independent non-executive Directors.