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If you have sold or transferred all your shares in Zhenro Properties Group Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE 2024 LEASE AGREEMENTS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**



Capitalised terms on this cover page shall have the same meanings as those defined in “Definitions” in this circular.

A letter from the Board is set out on pages 6 to 21 of this circular.

A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 22 to 23 of this circular.

A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 24 to 52 of this circular.

A notice convening the EGM of the Company to be held at Room 3201, 32/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Wednesday, 28 February 2024 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. Shareholders who intend to appoint a proxy to attend and vote at the EGM shall complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

All times and dates specified herein refers to Hong Kong local times and dates.

9 February 2024

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DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context requires otherwise.

“2024 Lease Agreements”	collectively, the 2024 Fuzhou Mabao Lease Agreement, the 2024 Fuzhou Mawei Lease Agreement, the 2024 Putian Fortune Centre Lease Agreement and the 2024 Putian Street Lease Agreement
“2024 Fuzhou Mabao Lease Agreement”	the lease management agreement dated 29 December 2023 entered into between Zhenro Minhou Investment and Zhenro Commercial Management (Fuzhou) in relation to the lease of the property known as “Fuzhou Mabao Zhenro Fortune Centre* (福州馬保正榮財富中心)”
“2024 Fuzhou Mawei Lease Agreement”	the lease management agreement dated 29 December 2023 entered into between Zhenro Real Estate (Mawei) and Zhenro Commercial Management (Fuzhou Mawei) in relation to the lease of the property known as “Fuzhou Mawei Zhenro Fortune Centre* (福州馬尾正榮財富中心)”
“2024 Putian Fortune Centre Lease Agreement”	the lease management agreement dated 29 December 2023 entered into between Zhenro Real Estate (Fujian) and Zhenro Commercial Management (Putian) in relation to the lease of the property known as “Putian Fortune Centre* (莆田財富中心)”
“2024 Putian Street Lease Agreement”	the lease management agreement dated 29 December 2023 entered into between Zhenro Real Estate (Fujian) and Zhenro Commercial Management (Putian) in relation to the lease of the property known as “Putian Zhenro Street* (莆田正榮街)”
“associate(s)”	has the meaning as ascribed to it under the Listing Rules
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Zhenro Properties Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 6158)
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened and held at Room 3201, 32/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Wednesday, 28 February 2024 at 11:00 a.m. for the purpose of considering and, if thought fit, approving the 2024 Lease Agreements and the respective transactions contemplated thereunder
“Existing Lease Agreements”	collectively, the Existing Lease Agreement (Putian), Existing Lease Agreement (Fuzhou Mabao) and Existing Lease Agreement (Fuzhou Mawei)
“Existing Lease Agreement (Fuzhou Mabao)”	the lease management agreement dated 16 December 2020 entered into between Zhenro Minhou Investment and Zhenro Commercial Management (Fuzhou) in relation to the lease of the property known as “Fuzhou Mabao Zhenro Fortune Centre* (福州馬保正榮財富中心)”
“Existing Lease Agreement (Fuzhou Mawei)”	the lease management agreement dated 16 December 2020 entered into between Zhenro Real Estate (Mawei) and Zhenro Commercial Management (Fuzhou Mawei) in relation to the lease of the property known as “Fuzhou Mawei Zhenro Fortune Centre* (福州馬尾正榮財富中心)”
“Existing Lease Agreement (Putian)”	the lease management agreement dated 10 December 2020 entered into between Zhenro Real Estate (Fujian) and Zhenro Commercial Management (Putian) in relation to the lease of the property known as “Putian Fortune Centre* (莆田財富中心)” (including “Putian Zhenro Street* (莆田正榮街)”)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors
“Independent Financial Adviser”	Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser of The Company to advise the Independent Board Committee and the Independent Shareholders in respect of the 2024 Lease Agreements and the respective transactions contemplated thereunder

DEFINITIONS

“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM for the resolution in respect of the 2024 Lease Agreements and the respective transactions contemplated thereunder
“independent third party(ies)”	a person, or in the case of a company, the company or its ultimate beneficial owner(s), who is independent of and not connected with the Company and its subsidiaries, and their respective connected persons, ultimate beneficial owner(s) or associates
“Joint Announcement”	the joint announcement dated 29 December 2023 jointly published by the Company and Zhenro Services
“Latest Practicable Date”	6 February 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Lessees”	collectively, Zhenro Commercial Management (Fuzhou), Zhenro Commercial Management (Fuzhou Mawei) and Zhenro Commercial Management (Putian)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 to the Listing Rules
“Mr. Ou”	Mr. Ou Zongrong
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$0.00001 each of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SOHO”	small office and home office

DEFINITIONS

“subsidiary”	has the meaning as ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“US\$”	United States dollar, the lawful currency of the United States of America
“Zero Origin”	Zero Origin Limited, a company incorporated in Hong Kong with limited liability
“Zhenro Commercial Management”	Zhenro Commercial Management Co., Ltd.* (正榮商業管理有限公司), a company established in the PRC with limited liability and is owned as to 99% by Zhenro Services and 1% by Zero Origin
“Zhenro Commercial Management (Fuzhou)”	Fuzhou Zhenro Commercial Management Co., Ltd* (福州正榮商業管理有限公司), a company established in the PRC and an indirect non wholly-owned subsidiary of Zhenro Services
“Zhenro Commercial Management (Fuzhou Mawei)”	Fuzhou Mawei Zhenro Commercial Management Co., Ltd* (福州市馬尾區正榮商業管理有限公司), a company established in the PRC and an indirect non wholly-owned subsidiary of Zhenro Services
“Zhenro Commercial Management (Putian)”	Zhenro (Putian) Commercial Management Co., Ltd* (正榮(莆田)商業管理有限公司), a company established in the PRC and an indirect non wholly-owned subsidiary of Zhenro Services
“Zhenro Minhou Investment”	Zhenro (Minhou) Investment Development Co., Ltd* (正榮(閩侯)投資發展有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company
“Zhenro Real Estate (Fujian)”	Zhenro Fortune (Fujian) Real Estate Co., Ltd* (正榮財富(福建)置業有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company
“Zhenro Real Estate (Mawei)”	Zhenro (Mawei) Real Estate Development Co., Ltd* (正榮(馬尾)置業發展有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company
“Zhenro Services”	Zhenro Services Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 6958)
“Zhenro Services Board”	the board of directors of Zhenro Services

DEFINITIONS

“Zhenro Services Group”	Zhenro Services and its subsidiaries
“Zhenro Services Independent Shareholders”	the shareholders of Zhenro Services who are not required to abstain from voting at the Zhenro Services EGM for the resolution in respect of the 2024 Lease Agreements and the respective transactions contemplated thereunder
“%”	per cent.

* *For identification purposes only*

LETTER FROM THE BOARD

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)

Executive Directors:

Mr. Liu Weiliang (*Chairman of the Board*)
Mr. Li Yang

Non-executive Director:

Mr. Ou Guowei

Independent Non-executive Directors:

Dr. Loke Yu (alias Loke Hoi Lam)
Mr. Wang Chuanxu
Mr. Xie Jun

Registered office:

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

*Principal place of business
in Hong Kong:*

Room 3201, 32/F
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

9 February 2024

To the Shareholders

Dear Sir or Madam

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE 2024 LEASE AGREEMENTS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to the Joint Announcement in relation to the 2024 Lease Agreements.

The purpose of this circular is to provide the Shareholders with, among other things, (i) further information on the 2024 Lease Agreements and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee; (iii) the advice from the Independent Financial Adviser; and (iv) a notice convening the EGM.

LETTER FROM THE BOARD

2. THE 2024 LEASE AGREEMENTS

Reference is also made to the joint announcement of the Company and Zhenro Services dated 19 May 2021 in relation to, among others, the Existing Lease Agreements. As the Existing Lease Agreements were due to expire on 31 December 2023, on 29 December 2023, members of the Group (as lessors) and members of the Zhenro Services Group (as lessees) entered into the 2024 Lease Agreements in respect of the lease of certain commercial properties for a term of two years ending 31 December 2025.

2.1 2024 Putian Fortune Centre Lease Agreement

Certain principal terms of the 2024 Putian Fortune Centre Lease Agreement are set out below:

Date	:	29 December 2023												
Parties	:	(a) Zhenro Real Estate (Fujian), as lessor (b) Zhenro Commercial Management (Putian), as lessee												
Particulars of the property	:	A property for residential, retail, SOHO and office uses with shopping mall at No. 1688, Liyuan East Road, Zhenhai Street, Licheng District, Putian City* (莆田市荔城區鎮海街道荔園東路1688號), which is known as “Putian Fortune Centre* (莆田財富中心)”												
Term of the lease	:	The two years ending 31 December 2025												
Total site area	:	218,649.03 square meters												
Annual rent	:	<table><thead><tr><th></th><th colspan="2">For the year ending 31 December</th></tr><tr><th></th><th>2024</th><th>2025</th></tr><tr><th></th><th colspan="2"><i>(RMB)</i></th></tr></thead><tbody><tr><td>Annual rent</td><td>39,357,439.91</td><td>40,538,163.11</td></tr></tbody></table>		For the year ending 31 December			2024	2025		<i>(RMB)</i>		Annual rent	39,357,439.91	40,538,163.11
	For the year ending 31 December													
	2024	2025												
	<i>(RMB)</i>													
Annual rent	39,357,439.91	40,538,163.11												

LETTER FROM THE BOARD

The annual rent under the 2024 Putian Fortune Centre Lease Agreement payable by the lessee to the lessor was determined after arm's length negotiations between the parties with reference to the prevailing market rent for comparable premises in the vicinity of the property. After a professional urban market research on the prognosis of the commercial development of Putian, combined with the current rents under the lease contracts of all tenants of the property and the cost incurred in commercial operational management, a sublease model is adopted by Zhenro Commercial Management (Putian) for the commercial operational management of the property developed by the Company, and the rental cost of "Putian Fortune Centre* (莆田财富中心)" is determined to be RMB39,357,439.91 for 2024. The annual rent for the year ending 31 December 2025 represents an increment of 3% from the annual rent of the year ending 31 December 2024.

Historical transaction amounts	For the year ended 31 December		
	2021	2022	2023
	<i>(RMB)</i>		
Annual rent	35,698,357	37,483,275	39,357,439

The historical amount for each year was the relevant portion of annual rent paid by the lessee to the lessor under the Existing Lease Agreement (Putian) in respect of "Putian Fortune Centre* (莆田财富中心)".

Payment terms : The rent payable under the 2024 Putian Fortune Centre Lease Agreement shall be payable by the lessee to the lessor in equal sum, representing 50% of the annual rent, in arrears on a bi-annual basis. The first rental payment will be made on or before 31 July 2024.

Conditions precedent : The 2024 Putian Fortune Centre Lease Agreement shall be conditional upon:

- (a) the Company having fulfilled its obligations under the Listing Rules in respect of the 2024 Putian Fortune Centre Lease Agreement, including but not limited to obtaining approval from the Independent Shareholders; and

LETTER FROM THE BOARD

- (b) Zhenro Services having fulfilled its obligations under the Listing Rules in respect of the 2024 Putian Fortune Centre Lease Agreement, including but not limited to obtaining approval from the Zhenro Services Independent Shareholders.

Each of the parties shall use its best endeavours to procure the fulfilment of the conditions above. None of the conditions above may be waived by the parties.

In the event that any of the conditions above are not fulfilled by 31 March 2024 (or such later date as the parties may agree in writing), all rights, obligations and liabilities of the parties to the 2024 Putian Fortune Centre Lease Agreement shall cease and terminate and neither party shall have any claim against the other in respect of the 2024 Putian Fortune Centre Lease Agreement save for any antecedent breach and/or any rights or obligations which may have accrued thereunder prior to such termination.

Further assurance : Each party shall from time to time upon the request of the other party execute any additional documents and do any other acts or things (including without limitation, making amendments to and/or suspending the term of the 2024 Putian Fortune Centre Lease Agreement) which may reasonably be required to ensure that each of the Company and Zhenro Services will be in compliance with the Listing Rules in respect of the 2024 Putian Fortune Centre Lease Agreement and the transactions contemplated thereunder.

2.2 2024 Putian Street Lease Agreement

Certain principal terms of the 2024 Putian Street Lease Agreement are set out below:

Date : 29 December 2023

Parties : (a) Zhenro Real Estate (Fujian), as lessor
(b) Zhenro Commercial Management (Putian), as lessee

LETTER FROM THE BOARD

Particulars of the property : A shopping street adjacent to “Putian Fortune Centre* (莆田財富中心)” at South Zone, No. 1688, Liyuan East Road, Zhenhai Street, Licheng District, Putian City* (莆田市荔城區鎮海街道荔園東路1688號南區), which is known as “Putian Zhenro Street* (莆田正榮街)”

Term of the lease : The two years ending 31 December 2025

Total site area : 32,115.8 square meters

Annual rent : **For the year ending 31 December**
2024 **2025**
(RMB)

Annual rent	10,779,298.84	11,102,677.80
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The annual rent under the 2024 Putian Street Lease Agreement payable by the lessee to the lessor was determined after arm’s length negotiations between the parties with reference to the prevailing market rent for comparable premises in the vicinity of the property. After a professional urban market research on the prognosis of the commercial development of Putian, combined with the current rents under the lease contracts of all tenants of the property and the cost incurred in commercial operational management, a sublease model is adopted by the Zhenro Commercial Management (Putian) for the commercial operational management of the property developed by the Company, and the rental cost of “Putian Zhenro Street* (莆田正榮街)” is determined to be RMB10,779,298.84 for 2024. The annual rent for the year ending 31 December 2025 represents an increment of 3% from the annual rent of the year ending 31 December 2024.

Historical transaction amounts : **For the year ended 31 December**
2021 **2022** **2023**
(RMB)

Annual rent	9,777,143	10,266,000	10,779,300
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LETTER FROM THE BOARD

The historical amount for each year was the relevant portion of annual rent paid by the lessee to the lessor under the Existing Lease Agreement (Putian) in respect of “Putian Zhenro Street* (莆田正榮街)”.

Payment terms : The rent payable under the 2024 Putian Street Lease Agreement shall be payable by the lessee to the lessor in equal sum, representing 50% of the annual rent, in arrears on a bi-annual basis. The first rental payment will be made on or before 31 July 2024.

Conditions precedent : The 2024 Putian Street Lease Agreement shall be conditional upon:

- (c) the Company having fulfilled its obligations under the Listing Rules in respect of the 2024 Putian Street Lease Agreement, including but not limited to obtaining approval from the Independent Shareholders; and
- (d) Zhenro Services having fulfilled its obligations under the Listing Rules in respect of the 2024 Putian Street Lease Agreement, including but not limited to obtaining approval from the Zhenro Services Independent Shareholders.

Each of the parties shall use its best endeavours to procure the fulfilment of the conditions above. None of the conditions above may be waived by the parties.

In the event that any of the conditions above are not fulfilled by 31 March 2024 (or such later date as the parties may agree in writing), all rights, obligations and liabilities of the parties to the 2024 Putian Street Lease Agreement shall cease and terminate and neither party shall have any claim against the other in respect of the 2024 Putian Street Lease Agreement save for any antecedent breach and/or any rights or obligations which may have accrued thereunder prior to such termination.

LETTER FROM THE BOARD

Further assurance : Each party shall from time to time upon the request of the other party execute any additional documents and do any other acts or things (including without limitation, making amendments to and/or suspending the term of the 2024 Putian Street Lease Agreement) which may reasonably be required to ensure that each of the Company and Zhenro Services will be in compliance with the Listing Rules in respect of the 2024 Putian Street Lease Agreement and the transactions contemplated thereunder.

2.3 2024 Fuzhou Mabao Lease Agreement

Certain principal terms of the 2024 Fuzhou Mabao Lease Agreement are set out below:

Date : 29 December 2023

Parties : (a) Zhenro Minhou Investment, as lessor
(b) Zhenro Commercial Management (Fuzhou), as lessee

Particulars of the property : No. 18, Xinbao Road, Mabao Village, Shangjie Town, Minhou County, Fuzhou City* (福州市閩侯縣上街鎮馬保村新保路18號), which is a property for residential, retail, SOHO and office uses with shopping mall known as “Fuzhou Mabao Zhenro Fortune Centre* (福州馬保正榮財富中心)”

Term of the lease : The two years ending 31 December 2025

Total site area : 57,360.29 square meters

Annual rent	For the year ending 31 December	
	2024	2025
	<i>(RMB)</i>	
Annual rent	18,499,950	19,054,949

LETTER FROM THE BOARD

The annual rent under the 2024 Fuzhou Mabao Lease Agreement was determined after arm's length negotiations between the parties with reference to the prevailing market rent for comparable premises in the vicinity of the property. After a professional urban market research on the prognosis of the commercial development of Fuzhou, combined with the current rents under the lease contracts of all tenants of the property and the cost incurred in commercial operational management, a sublease model is adopted by Zhenro Commercial Management (Fuzhou) for the commercial operational management of the property developed by the Company, and the rental cost of Fuzhou Mabao Zhenro Fortune Centre* (福州馬保正榮財富中心) is determined to be RMB18,499,950 for 2024. The annual rent for the year ending 31 December 2025 represents an increment of 3% from the annual rent of the year ending 31 December 2024.

Historical transaction amounts	For the year ended 31 December		
	2021	2022	2023
	<i>(RMB)</i>		
Annual rent	16,780,000	17,619,000	18,499,950

The historical amount for each year was the annual rent paid by the lessee to the lessor under the Existing Lease Agreement (Fuzhou Mabao).

Payment terms : The rent payable under the 2024 Fuzhou Mabao Lease Agreement shall be payable by the lessee to the lessor in equal sum, representing 50% of the annual rent, in arrears on a bi-annual basis. The first rental payment will be made on or before 31 July 2024.

Conditions precedent : The 2024 Fuzhou Mabao Lease Agreement shall be conditional upon:

- (a) the Company having fulfilled its obligations under the Listing Rules in respect of the 2024 Fuzhou Mabao Lease Agreement, including but not limited to obtaining approval from the Independent Shareholders; and

LETTER FROM THE BOARD

- (b) Zhenro Services having fulfilled its obligations under the Listing Rules in respect of the 2024 Fuzhou Mabao Lease Agreement, including but not limited to obtaining approval from the Zhenro Services Independent Shareholders.

Each of the parties shall use its best endeavours to procure the fulfilment of the conditions above. None of the conditions above may be waived by the parties.

In the event that any of the conditions above are not fulfilled by 31 March 2024 (or such later date as the parties may agree in writing), all rights, obligations and liabilities of the parties to the 2024 Fuzhou Mabao Lease Agreement shall cease and terminate and neither party shall have any claim against the other in respect of the 2024 Fuzhou Mabao Lease Agreement save for any antecedent breach and/or any rights or obligations which may have accrued thereunder prior to such termination.

Further assurance : Each party shall from time to time upon the request of the other party execute any additional documents and do any other acts or things (including without limitation, making amendments to and/or suspending the term of the 2024 Fuzhou Mabao Lease Agreement) which may reasonably be required to ensure that each of the Company and Zhenro Services will be in compliance with the Listing Rules in respect of the 2024 Fuzhou Mabao Lease Agreement and the transactions contemplated thereunder.

2.4 2024 Fuzhou Mawei Lease Agreement

Certain principal terms of the 2024 Fuzhou Mawei Lease Agreement are set out below:

Date : 29 December 2023

Parties : (a) Zhenro Real Estate (Mawei), as lessor
(b) Zhenro Commercial Management (Fuzhou Mawei), as lessee

LETTER FROM THE BOARD

Particulars of the property : Zhenro Fortune Centre, No. 168 Shangqi Road, Luoxing Street, Mawei District, Fuzhou* (福州市馬尾區羅星街道上岐路168號正榮財富中心), which is a property for residential and retail uses with shopping mall known as “Fuzhou Mawei Zhenro Fortune Centre* (福州馬尾正榮財富中心)”

Term of the lease : The two years ending 31 December 2025

Total site area : 19,738.41 square meters

Annual rent :

For the year ending 31 December	
2024	2025
<i>(RMB)</i>	

Annual rent	1,212,750	1,249,132.5
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The annual rent under the 2024 Fuzhou Mawei Lease Agreement was determined after arm’s length negotiations between the parties with reference to the prevailing market rent for comparable premises in the vicinity of the property. After a professional urban market research on the prognosis of the commercial development of Fuzhou, combined with the current rents under the lease contracts of all tenants of the property and the cost incurred in commercial operational management, a sublease model is adopted by Zhenro Commercial Management (Fuzhou Mawei) for the commercial operational management of the property developed by the Company, and the rental cost of Fuzhou Mawei Zhenro Fortune Centre* (福州馬尾正榮財富中心) is determined to be RMB1,212,750 for 2024. The annual rent for the year ending 31 December 2025 represents an increment of 3% from the annual rent of the year ending 31 December 2024.

Historical transaction amounts :

For the year ended 31 December		
2021	2022	2023
<i>(RMB)</i>		

Historical annual rent	1,100,000	1,155,000	1,212,750
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The historical amount for each year was the annual rent paid by the lessee to the lessor under the Existing Lease Agreement (Fuzhou Mawei).

LETTER FROM THE BOARD

Payment terms : The rent payable under the 2024 Fuzhou Mawei Lease Agreement shall be payable by the lessee to the lessor in equal sum, representing 50% of the annual rent, in arrears on a bi-annual basis. The first rental payment will be made on or before 31 July 2024.

Condition precedent : The 2024 Fuzhou Mawei Lease Agreement shall be conditional upon:

- (a) the Company having fulfilled its obligations under the Listing Rules in respect of the 2024 Fuzhou Mawei Lease Agreement, including but not limited to obtaining approval from the Independent Shareholders; and
- (b) Zhenro Services having fulfilled its obligations under the Listing Rules in respect of the 2024 Fuzhou Mawei Lease Agreement, including but not limited to obtaining approval from the Zhenro Services Independent Shareholders.

Each of the parties shall use its best endeavours to procure the fulfilment of the conditions above. None of the conditions above may be waived by the parties.

In the event that any of the conditions above are not fulfilled by 31 March 2024 (or such later date as the parties may agree in writing), all rights, obligations and liabilities of the parties to the 2024 Fuzhou Mawei Lease Agreement shall cease and terminate and neither party shall have any claim against the other in respect of the 2024 Fuzhou Mawei Lease Agreement save for any antecedent breach and/or any rights or obligations which may have accrued thereunder prior to such termination.

Further assurance : Each party shall from time to time upon the request of the other party execute any additional documents and do any other acts or things (including without limitation, making amendments to and/or suspending the term of the 2024 Fuzhou Mawei Lease Agreement) which may reasonably be required to ensure that each of the Company and Zhenro Services will be in compliance with the Listing Rules in respect of the 2024 Fuzhou Mawei Lease Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

The aggregate rental income payable under the 2024 Lease Agreements for the period from 1 January 2024 to 29 February 2024 (the “**Relevant Period**”) amounts to approximately RMB11,642,000. The highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the aggregated rental income payable under the 2024 Lease Agreements for the Relevant Period is less than 5%.

In light of the requirements under Rule 14A.36 of the Listing Rules, prior to entering into any renewal of the 2024 Lease Agreements or other potential transactions between the Group and any connected person(s) of the Company, the management team of the Company will assess the relevant Listing Rules implications and seek professional advice as appropriate, with a view to ensuring that the connected transactions of the Company will only take effect after shareholders’ approval (where required under Chapter 14A of the Listing Rules) has been obtained.

3. REASONS FOR AND BENEFITS OF THE 2024 LEASE AGREEMENTS

The three projects for which the Zhenro Services Group intends to continue upon the expiry of the Existing Lease Agreements are Putian Fortune Center* (莆田財富中心) (including Putian Zhenro Street* (莆田正榮街)), Fuzhou Mabao Zhenro Fortune Centre* (福州馬保正榮財富中心) and Fuzhou Mawei Zhenro Fortune Centre* (福州馬尾正榮財富中心). Since the opening of the above commercial properties, each of the Lessees has been providing high-quality business management services to the Company, and together they have won several recognitions in the industry with excellent past performance, including “Annual City Promotion Award for China Shopping Centres (中國購物中心年度城市推動獎)”, “TOP10 Quality Commerce (品質型商業)” and “2021 Golden Light Award” for Putian Wealth Center* (莆田財富中心), as well as “Shopping Centre in the Garden” for Fuzhou Zhenro Fortune Centre. The core business of the Company is real estate development and sales, while each of the Lessees has extensive experience in commercial operational management of these properties, which gives them a competitive edge in this industry. In view of the outstanding past performance of each of the Lessees, the Group has decided to enter into the 2024 Lease Agreements with the Lessees such that there is no disruption to the existing arrangement currently in force. The Board is also of the view that the 2024 Lease Agreements will enable the Group to receive a stable rental income and diversify operational risks on the commercial properties, and to save labour costs and operating costs in managing leases with individual tenants.

Mr. Ou Guowei is a non-executive Director and is also a son of Mr. Ou, who is the controlling shareholder of the Company. Mr. Ou Guowei also indirectly owned approximately 25.13% of the issued shares of Zhenro Services as at the Latest Practicable Date. As such, Mr. Ou Guowei is or may be regarded as having interest in respect of the relevant board resolutions in connection with the 2024 Lease Agreements. As a good corporate governance practice, Mr. Ou Guowei had abstained from voting on the relevant resolutions of the Board approving the 2024 Lease Agreements.

Mr. Liu Weiliang is an executive Director and a non-executive director of Zhenro Services. As a good corporate governance practice, Mr. Liu Weiliang had also abstained from voting on the relevant resolutions of the Board approving the 2024 Lease Agreements.

LETTER FROM THE BOARD

Save for the aforesaid, none of the other Directors had or may be regarded as having a material interest in the 2024 Lease Agreements and the respective transactions contemplated thereunder, and therefore none of the other Directors had abstained from voting on the relevant resolutions of the Board.

4. INFORMATION ON THE PARTIES

4.1 The Group

The Company is an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange. The Company is an investing holding company. The Group is principally engaged in property development and property leasing. The ultimate controlling shareholder of the Company is Mr. Ou.

Each of Zhenro Real Estate (Fujian), Zhenro Real Estate (Mawei) and Zhenro Minhou Investment is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company, and is principally engaged in real estate development and sales.

4.2 Zhenro Services Group

Zhenro Services is an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange. Zhenro Services Group is principally engaged in the provision of property management services, value-added services to non-property owners, community value-added services and commercial property management services. Mr. Ou Guoqiang and Mr. Ou Guowei, each being a son of Mr. Ou, through their respective investment companies, owned an aggregate of approximately 44.43% of the issued shares of Zhenro Services as at the date of the Latest Practicable Date.

Each of the Lessees is a company established in the PRC with limited liability and wholly-owned by Zhenro Commercial Management, which is in turn owned as to 99% by Zhenro Services and 1% by Zero Origin Limited. To the best of the knowledge, information and belief of the Board, and having made all reasonable enquiries, (i) Zero Origin is principally engaged in investment holding and is ultimately beneficially owned by Mr. Liu Pingshan, Mr. Wang Zhiming and other individuals or entities (each holding not more than 10% equity interests in Zero Origin); (ii) Mr. Liu Pingshan and Mr. Wang Zhiming are controlling shareholders of Shan Tian Investment Company Limited, which in turn owns 24.4% of the issued share capital of Zhenro Services; and (iii) Zero Origin and its ultimate beneficial owners are independent third parties of the Company.

Each of the Lessees is principally engaged in commercial operational management and property consultancy services in the PRC.

LETTER FROM THE BOARD

5. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Company and Zhenro Services were indirectly owned as to approximately 45.73% by Mr. Ou and approximately 44.43% by Mr. Ou's family members. Members of Zhenro Services Group are therefore connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the 2024 Lease Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to the annual rental income under the 2024 Lease Agreements, on an aggregated basis, exceeds 5% and the annual rental income exceeds HK\$10 million, the 2024 Lease Agreements and the transactions contemplated thereunder (including the proposed annual caps) are subject to the reporting, announcement, circular, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

6. INTERNAL CONTROL MEASURES

- (a) Prior to entering into the 2024 Lease Agreements, the Group has obtained market information through various channels, review the quotes for properties of similar conditions in the vicinity of the properties under the 2024 Lease Agreements and compare them with the quotes offered by the Zhenro Services Group, so as to ensure that the rent charged by the Group from the Zhenro Services Group are fair and reasonable and on normal commercial terms.
- (b) The operation department of the Company will conduct regular checks on a monthly basis to monitor the performance of the terms and conditions of the 2024 Lease Agreements by the Lessees, to ensure that the Lessees will not receive more preferential treatment as compared to that received by independent third party lessees. For instance, the operation department of the Company will check whether the Lessees discharge their payment obligations punctually, obtain the required licenses for their operations as required under the 2024 Lease Agreements and use the properties in a safe, reasonable and proper manner.
- (c) The risk control and compliance department of the Company will conduct annual review and assessment of the internal control procedures of the Group, including but not limited to the review on whether the transactions are conducted in accordance with the terms of the 2024 Lease Agreements.
- (d) The independent non-executive directors and the external auditors of the Company will also conduct annual review on the transactions contemplated under the 2024 Lease Agreements in accordance with the Listing Rules.

LETTER FROM THE BOARD

7. GENERAL

The Company has established the IBC comprising all three independent non-executive Directors to advise the Independent Shareholders as to whether the terms of each of the 2024 Lease Agreements and the transactions contemplated thereunder are fair and reasonable, and whether the respective transactions contemplated thereunder (including the annual rent) are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser.

Red Sun Capital Limited has been appointed as the Independent Financial Adviser by the Company to advise the IBC and the Independent Shareholders in this regard.

8. EGM

The Company will convene and hold the EGM for the Independent Shareholders to consider and, if thought fit, to approve the 2024 Lease Agreements and the transactions contemplated thereunder.

A notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular. In accordance with the requirements of the Listing Rules, all votes to be taken at the EGM will be by way of poll. An announcement on the poll vote results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for the EGM is enclosed herewith. Shareholders who intend appoint a proxy to attend and vote the EGM shall complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjourned meeting thereof should the Shareholders so wish and in such event, the form of proxy shall be deemed to be revoked.

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, Mr. Ou, Mr. Ou's family members and their respective associates (including RoYue Limited, RoJing Limited, RoJing ZR (PTC) Limited and Warm Shine Limited, who in aggregate held 2,214,398,000 Shares, representing approximately 50.70% of the issued share capital of the Company, as at the Latest Practicable Date) will be required to abstain from voting on the resolution approving each of the 2024 Lease Agreements and the transactions contemplated thereunder at the EGM. Save as disclosed above, to the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, as at the Latest Practicable Date,

LETTER FROM THE BOARD

no other Shareholders had a material interest in the 2024 Lease Agreements and therefore no other Shareholder will be required to abstain from voting on the resolution(s) approving the 2024 Lease Agreements and the transactions contemplated thereunder at the EGM.

9. RECOMMENDATION

The Board (including the independent non-executive Directors after taking into consideration the advice of the Independent Financial Adviser) is of the view that, although the transactions contemplated under the 2024 Lease Agreements are not in the ordinary and usual course of business of the Group, the terms of the 2024 Lease Agreements and the respective transactions contemplated thereunder (including the annual rent) are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to each of the 2024 Lease Agreements and the respective transactions contemplated thereunder (including the annual rent) at the EGM.

10. ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee set out on pages 22 to 23 of this circular, the letter from the Independent Financial Adviser set out on pages 24 to 52 of this circular, and the general information set out in the appendix to this circular.

Yours faithfully
By order of the Board
Zhenro Properties Group Limited
Liu Weiliang
Chairman of the Board

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation from the Independent Board Committee, prepared for the purpose of inclusion in this circular from the Independent Board Committee to the Independent Shareholders regarding the 2024 Lease Agreements.

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)

9 February 2024

To the Independent Shareholders

Dear Sir or Madam

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE 2024 LEASE AGREEMENTS**

We refer to the circular dated 9 February 2024 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings as defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders as to whether the terms of each of the 2024 Lease Agreements and the transactions contemplated thereunder are fair and reasonable, and whether the respective transactions contemplated thereunder (including the annual rent) are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser.

Red Sun Capital Limited has been appointed by the Board as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the 2024 Lease Agreements and the transactions contemplated thereunder. Details of the advice from the Independent Financial Adviser, together with the reasons for its opinion, the key assumptions made and the principal factors taken into consideration in arriving at such advice, are set out in its letter on pages 24 to 52 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 6 to 21 of the Circular and the additional information set out in the appendix to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the information as set out in the letter from the Board, the terms of the 2024 Lease Agreements and the respective transactions contemplated thereunder, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as set out in its letter of advice, we are of the view that, although the transactions contemplated under the 2024 Lease Agreements are not in the ordinary and usual course of business of the Group, the terms of each of the 2024 Lease Agreements and the transactions contemplated thereunder are fair and reasonable, and the respective transactions contemplated thereunder (including the annual rent) are on normal commercial terms and in the interests of the Company and its shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to each of the 2024 Lease Agreements and the respective transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully

For and on behalf of the independent board committee of

Zhenro Properties Group Limited

Dr. Loke Yu

(alias Loke Hoi Lam)

Independent Non-executive

Director

Mr. Wang Chuanxu

Independent Non-executive

Director

Mr. Xie Jun

Independent Non-executive

Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the full text of the letter from Red Sun Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated thereunder the 2024 Lease Agreements and the respective annual rent for the purpose of inclusion in this circular.



红日资本有限公司
RED SUN CAPITAL LIMITED

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China Insurance Group Building,
141 Des Voeux Road Central,
Hong Kong

Tel: (852) 2857 9208

Fax: (852) 2857 9100

9 February 2024

*To: the Independent Board Committee and the Independent Shareholders of
Zhenro Properties Group Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE 2024 LEASE AGREEMENTS

I. INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2024 Lease Agreements, namely the 2024 Putian Fortune Centre Lease Agreement, the 2024 Putian Street Lease Agreement, the 2024 Fuzhou Mabao Lease Agreement and the 2024 Fuzhou Mawei Lease Agreement, and the transactions contemplated thereunder (together the “**Continuing Connected Transactions**”) (including the respective annual rent for the two years ending 31 December 2025), details of which are contained in the letter from the Board (the “**Letter from the Board**”) as set out in the circular to the Shareholders dated 9 February 2024 (the “**Circular**”), of which this letter forms part. This letter contains our advice to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions and the respective annual rental income. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

Reference is made to the joint announcement of the Company and Zhenro Services dated 19 May 2021 in relation to, among others, the Existing Lease Agreements. As the Existing Lease Agreements are due to expire on 31 December 2023, on 29 December 2023, members of the Group (as lessors) and members of the Zhenro Services Group (as lessees) entered into the 2024 Lease Agreements in respect of the lease of certain commercial properties for a term of two years ending to 31 December 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Company issued a joint announcement dated 29 December 2023 (the “**Joint Announcement**”) setting out that the Group (as lessors) entered into the 2024 Lease Agreements on 29 December 2023, namely, the 2024 Putian Fortune Centre Lease Agreement, the 2024 Putian Street Lease Agreement, the 2024 Fuzhou Mabao Lease Agreement and the 2024 Fuzhou Mawei Lease Agreement with Zhenro Services Group (as lessees) in respect of the lease of certain commercial properties for a term of two years from 1 January 2024 to 31 December 2025 (both days inclusive).

As set out in the Letter from the Board, the Company and Zhenro Services are indirectly owned as to approximately 45.73% by Mr. Ou approximately 44.43% by Mr. Ou’s family member, as at the Latest Practicable Date. Members of Zhenro Services Group are therefore connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the 2024 Lease Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. In addition, as the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to the annual rental income under the 2024 Lease Agreements, on an aggregated basis, exceed 5% and the annual rental income exceeds HK\$10 million, the 2024 Lease Agreements and the transactions contemplated thereunder (including the proposed annual caps) are subject to the reporting, announcement, circular, annual review and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The EGM will be convened and held to seek the approval of the Independent Shareholders on the entering into of the 2024 Lease Agreements and the transactions contemplated thereunder (including the annual rent).

As set out in the Letter from the Board, Mr. Ou Guowei is a non-executive Director and is also the son of Mr. Ou, who is the controlling shareholder of Zhenro Properties. Mr. Ou Guowei also indirectly owns approximately 25.13% of the issued shares of Zhenro Services as at the Latest Practicable Date. As such, Mr. Ou Guowei is or may be regarded as having interest in respect of the relevant board resolutions in connection with the 2024 Lease Agreements. As a good corporate governance practice, Mr. Ou Guowei had abstained from voting on the relevant resolutions of the Board approving the 2024 Lease Agreements.

Mr. Liu Weiliang is an executive Director and a non-executive director of Zhenro Services. As a good corporate governance practice, Mr. Liu Weiliang had also abstained from voting on the relevant resolutions of the Board approving the 2024 Lease Agreements.

Save for the aforesaid, none of the other Directors had or may be regarded as having a material interest in the 2024 Lease Agreements and the respective transactions contemplated thereunder, and therefore none of the other Directors had abstained from voting on the relevant resolutions of the Board.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

II. THE INDEPENDENT BOARD COMMITTEE

The Board comprises of two executive Directors, namely, Mr. Liu Weiliang and Mr. Li Yang, one non-executive Director, namely, Mr. Ou Guowei, and three independent non-executive Directors, namely, Dr. Loke Yu (alias Loke Hoi Lam), Mr. Wang Chuanxu and Mr. Xie Jun.

The Independent Board Committee comprising all the independent non-executive Directors, namely Dr. Loke Yu (alias Loke Hoi Lam), Mr. Wang Chuanxu and Mr. Xie Jun has been established to advise the Independent Shareholders in relation to the 2024 Lease Agreements and the transactions contemplated thereunder (including the annual rent). Red Sun Capital Limited has been appointed by the Board with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

III. OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company or any relevant parties in connection with the 2024 Lease Agreements, namely the 2024 Putian Fortune Centre Lease Agreement, the 2024 Putian Street Lease Agreement, the 2024 Fuzhou Mabao Lease Agreement and the 2024 Fuzhou Mawei Lease Agreement. Accordingly, we are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the transactions contemplated under the 2024 Lease Agreements.

Save for our appointment as the Independent Financial Adviser, Red Sun Capital Limited did not act as an independent financial adviser to the Company under the Listing Rules in the past two years. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

IV. BASIS OF OUR ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions, beliefs and representations for matters relating to the Group, Zhenro Services Group and their respective shareholders and management contained in the Circular and the information and representations provided to us by the Group and/or its senior management (the “**Management**”) and/or the Directors. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the Management and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all such statements, information, opinions, beliefs and representations contained or referred to in the Circular (including this letter) or otherwise provided or made or given by the Group and/or the Management and/or the Directors and for which it is/they are solely responsible were true and accurate, and valid and complete in all material respects at the time they were made and given and continue to be true and accurate, and valid and complete in all material respects as at the date of the Circular. We have assumed that all the opinions, beliefs and representations for matters relating to the Group and Zhenro Services Group made or provided by the Management and/or the Directors contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or the Management and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have been provided with sufficient information and documents to enable us to reach an informed view and the Company has assured us no material information has been withheld from us to allow us to reasonably rely on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions, beliefs and representations provided to us by the Group and/or the Management and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification nor have we conducted any independent investigation into information provided by the Directors and the Management, background, business or affairs or future prospects of the Company, Zhenro Services Group and, where applicable, their respective shareholder(s) and subsidiaries or affiliates, and their respective history, experience and track records, or the prospects of the markets in which they respectively operate.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the 2024 Lease Agreements and the transactions contemplated thereunder, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

V. BACKGROUND INFORMATION OF THE CONTINUING CONNECTED TRANSACTIONS

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors and reasons:

1. Information of the Group

As set out in the Letter from the Board, the Company is principally engaged in property development and property leasing. The ultimate controlling shareholder of Company is Mr. Ou. Besides, each of Zhenro Real Estate (Fujian), Zhenro Real Estate (Mawei) and Zhenro Minhou Investment is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company, and is principally engaged in real estate development and sales.

The following sets out the financial information of the Group for the years ended 31 December 2021 and 2022 as extracted from the annual report of the Group for the year ended 31 December 2022 (the “**2022 Annual Report**”) and the financial information for the six months ended 30 June 2022 and 2023 as extracted from the interim report of the Group for the six months ended 30 June 2023 (the “**2023 Interim Report**”), respectively:

Summary of the consolidated statement of comprehensive income of the Group extracted from the 2022 Annual Report and 2023 Interim Report

	For the six months ended		For the year ended	
	30 June		31 December	
	2023	2022	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue	18,500,994	12,868,194	25,895,478	36,992,368
Cost of sales	(17,166,780)	(11,578,780)	(24,146,144)	(31,609,978)
Gross profit	1,334,214	1,289,414	1,749,334	5,382,390
(Loss)/profit for the year/period attributable to:	(1,584,707)	(2,252,792)	(14,617,223)	1,195,513
— owners of the Company	(1,464,332)	(2,611,071)	(12,877,046)	809,005
— holders of perpetual capital securities	—	—	7,750	122,808
— non-controlling interests	(120,375)	358,279	(1,747,927)	263,700

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial performance for the six months ended 30 June 2022 (the “1H2022”) and the six months ended 30 June 2023 (the “1H2023”)

As set out in the 2023 Interim Report, the Group’s revenue increased by approximately RMB5,632.8 million or 43.8% from approximately RMB12,868.2 million for 1H2022 to approximately RMB18,501.0 million for 1H2023. Such increase was mainly attributable to the increase in revenue generated from sales or properties from approximately RMB12,774.3 million for 1H2022 to approximately RMB18,441.9 million for 1H2023. For 1H2023, loss attributable to owners of the Company amounted to approximately RMB1,464.3 million, representing a decrease of approximately 43.9% as compared to approximately RMB2,611.7 million for 1H2022.

Financial performance for the year ended 31 December 2022 (the “FY2022”) and the year ended 31 December 2021 (the “FY2021”)

As set out in the 2022 Annual Report, the Group’s revenue decreased by approximately RMB11,096.9 million or 30.0% from approximately RMB36,992.4 million for FY2021 to approximately RMB25,895.5 million for FY2022. Such decrease was mainly attributable to the decrease in revenue generated from sales of properties from approximately RMB36,518.8 million for FY2021 to approximately RMB25,707.6 million for FY2022. For FY2022, loss attributable to owners of the Company amounted to approximately RMB12,877.0 million, as compared to profit attributable to owners of the Company amounted to approximately RMB809.0 million for FY2021.

Summary of the consolidated statement of financial position of the Group extracted from the 2022 Annual Report and the 2023 Interim Report

	As at 30 June 2023 RMB’000 (unaudited)	As at 31 December 2022 RMB’000 (audited)	2021 RMB’000 (audited)
Non-current assets	19,656,442	20,954,039	27,030,605
Current assets	156,293,448	173,512,253	226,811,001
Non-current liabilities	3,469,371	6,634,440	41,365,530
Current liabilities	157,371,861	170,352,195	171,533,565
Equity attributable to the owners of the Company	2,758,710	4,758,934	19,354,196

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial position as at 30 June 2023 and 31 December 2022

Total assets of the Group as at 30 June 2023 primarily comprised of (i) properties under development, which amounted to approximately RMB98,643.1 million, representing a decrease of approximately 13.0% as compared to approximately RMB113,364.4 million as at 31 December 2022; (ii) prepayments, other receivables and other assets, which amounted to approximately RMB23,698.5 million, representing a decrease of approximately 10.0% as compared to approximately RMB26,333.0 million as at 31 December 2022; and (iii) completed properties held for sale, which amounted to approximately RMB11,857.4 million, representing an increase of approximately 19.7% as compared to approximately RMB9,904.2 million as at 31 December 2022.

Total liabilities of the Group as at 30 June 2023 primarily comprised of (i) contract liabilities, which amounted to approximately RMB63,173.6 million, representing a decrease of approximately 17.7% as compared to approximately RMB76,723.2 million as at 31 December 2022; (ii) interest-bearing bank and other borrowings (current portion), which amounted to approximately RMB27,274.8 million, representing an increase of approximately 6.1% as compared to approximately RMB25,701.1 million as at 31 December 2022; and (iii) senior notes, which amounted to approximately RMB24,512.1 million, representing an increase of approximately 2.7% as compared to approximately RMB23,859.5 million as at 31 December 2022.

As at 30 June 2023, the equity attributable to owners of the Company amounted to approximately RMB2,758.7 million, representing a decrease of approximately RMB2,000.2 million or 42.0% as compared to approximately RMB4,758.9 million as at 31 December 2022.

Financial position as at 31 December 2022 and 31 December 2021

Total assets of the Group as at 31 December 2022 primarily comprised of (i) properties under development, which amounted to approximately RMB113,364.4 million, representing a decrease of approximately 13.5% as compared to approximately RMB131,073.2 million as at 31 December 2021; (ii) prepayments, other receivables and other assets, which amounted to approximately RMB26,333.0 million, representing a decrease of approximately 7.5% as compared to approximately RMB28,462.2 million as at 31 December 2021; and (iii) due from related companies, which amounted to approximately RMB11,529.0 million, representing a decrease of approximately 12.9% as compared to approximately RMB13,233.7 million as at 31 December 2021.

Total liabilities of the Group as at 31 December 2022 primarily comprised of (i) contract liabilities, which amounted to approximately RMB76,723.2 million, representing a decrease of approximately 15.7% as compared to approximately RMB90,987.1 million as at 31 December 2021; (ii) interest-bearing bank and other borrowings (current portion), which amounted to approximately RMB25,701.1 million, representing a decrease of approximately 0.6% as compared to approximately

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RMB25,865.2 million as at 31 December 2021; and (iii) senior notes (current portion), which amounted to approximately RMB23,859.5 million, representing an increase of approximately 267.4% as compared to approximately RMB6,493.9 million as at 31 December 2021.

As at 31 December 2022, the equity attributable to owners of the Company amounted to approximately RMB4,758.9 million, representing a decrease of approximately RMB14,595.3 million or 75.4% as compared to approximately RMB19,354.2 million as at 31 December 2021.

2. Information of the Zhenro Services Group

With reference to the Letter from the Board, Zhenro Services is an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange.

Zhenro Services Group is principally engaged in the provision of property management services, value-added services to non-property owners, community value-added services and commercial property management services.

Mr. Ou Guoqiang and Mr. Ou Guowei, each being a son of Mr. Ou, through their respective investment companies, own an aggregate of approximately 44.43% of the issued shares of Zhenro Services as at the Latest Practicable Date. In addition, each of the Lessees is a company established in the PRC with limited liability and wholly-owned by Zhenro Commercial Management, which is in turn owned as to 99% by Zhenro Services and 1% by Zero Origin. To the best of the knowledge, information and belief of the Board and the Zhenro Services Board, and having made all reasonable enquiries, (i) Zero Origin is principally engaged in investment holding and is ultimately beneficially owned by Mr. Liu Pingshan, Mr. Wang Zhiming and other individuals or entities (each holding not more than 10% equity interests in Zero Origin); (ii) Mr. Liu Pingshan and Mr. Wang Zhiming are controlling shareholders of Shan Tian Investment Company Limited, which in turn owns 24.4% of the issued share capital of Zhenro Services; and (iii) Zero Origin and its ultimate beneficial owners are independent third parties of the Company. Each of the Lessees is principally engaged in commercial operational management and property consultancy services in the PRC.

3. Overview of the PRC industry landscape

Based on preliminary gross domestic product data¹ published by the National Bureau of Statistics of China in January 2024, for the year ended 31 December 2023, the gross domestic product (“GDP”) of the PRC recorded a growth of approximately 5.2% compared to the corresponding period in the prior year (比上年同期增長).

¹ Data published by National Bureau of Statistics, the PRC (source: https://www.stats.gov.cn/sj/zxfb/202401/120240118_1946691.html)

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Pursuant to the 14th Five Year Plan (the “**14th FYP**”)* (十四五規劃) announced by the PRC government in March 2021, the target urbanisation rate of the resident population* (常住人口城鎮化率) for the next five years from 2021 is approximately 65.0%. Based on publication by the PRC government in relation to the 14th FYP, the PRC government will focus on enhancing the quality and efficacy of the overall economy with a view to attain sustainable and healthy development through, among others, (i) the improvement of supply chain modernisation* (提升產業鏈供應鏈現代化水平); (ii) the development of strategic new industries* (發展戰略性新興產業); (iii) the acceleration of modern service industries development* (加快發展現代服務業); (iv) the coordination of infrastructure construction advancement* (統籌推進基礎設施建設); and (v) the acceleration of the development of digitalisation* (加快數位化發展).

We also noted the strict implementation of the three red lines* (三條紅線) from around the second half of 2020 by the PRC government on the PRC real estate development industry², which was one of the core policy directives for the property development industry issued by the PRC government at the relevant time. More recently, The People’s Bank of China* (中國人民銀行) and China Banking and Insurance Regulatory Commission* (中國銀行保險監督管理委員會) jointly issued the announcement titled “Provision of Financial Support for the Stability and Healthy Development of the Real Estate Market*” (關於做好當前金融支持房地產市場平穩健康發展工作的通知)³ dated 23 November 2022 in relation to (i) ensure stable and orderly real estate financing* (保持房地產融資平穩有序); (ii) proactively carry out “guarantee delivery of vacant possession” related financial services* (積極做好“保交樓”金融服務); (iii) proactively cooperate on risk management of real estate development enterprises in difficulties* (積極配合做好受困房地產企業風險處置); (iv) protect the legal rights and interests of residential property financial consumers* (依法保障住房金融消費者合法權益); (v) adjust part of the financial management policies in stages* (階段性調整部分金融管理政策); and (vi) provide greater financial support on leasing of residential properties* (加大住房租賃金融支持力度).

Accordingly, the development of the PRC property market continues to be influenced by PRC government policies at a national and regional level, which is intended to promote sustainable and healthy long-term development of the property development industry, the then prevailing market environment as well as the overall economic conditions of the PRC.

² PRC government published article in relation to finance and land related policies dated 1 March 2021 (source: www.gov.cn/xinwen/2021-03/01/content_5589400.htm)

³ Announcement of Provision of Financial Support for the Stability and Healthy Development of the Real Estate Market* 《關於做好當前金融支持房地產市場平穩健康發展工作的通知》 jointly published by The People’s Bank of China* (中國人民銀行) and China Banking and Insurance Regulatory Commission* (中國銀行保險監督管理委員會) dated 23 November 2022 (source: www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=1082913&generalType=0)

VI. PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Reasons for and benefits of entering into the 2024 Lease Agreements

We have summarised the following reasons for and benefits of entering into the 2024 Lease Agreements from the Letter from the Board.

The three projects for which the Zhenro Services Group intends to continue upon the expiry of the Existing Lease Agreements are Putian Fortune Center* (莆田財富中心) (including Putian Zhenro Street* (莆田正榮街)), Fuzhou Mabao Zhenro Fortune Centre* (福州馬保正榮財富中心) and Fuzhou Mawei Zhenro Fortune Centre* (福州馬尾正榮財富中心). Since the opening of the above commercial properties, each of the Lessees has been providing business management services to the Group, and together they have won several recognitions in the industry, including “Annual City Promotion Award for China Shopping Centres (中國購物中心年度城市推動獎)”, “TOP10 Quality Commerce (品質型商業)” and “2021 Golden Light Award” for Putian Wealth Center* (莆田財富中心), as well as “Shopping Centre in the Garden” for Fuzhou Zhenro Fortune Centre. The core business of the Group is real estate development and sales, while each of the Lessees has extensive experience in commercial operational management of these properties, which gives them a competitive edge in this industry. In view of the past performance of each of the Lessees, the Group has decided to enter into the 2024 Lease Agreements with the Lessees such that there is no disruption to the existing arrangement currently in force. The Board is also of the view that the 2024 Lease Agreements will enable the Group to receive a stable rental income and diversify operational risks on the commercial properties, and to save labour costs and operating costs in managing leases with individual tenants.

In view of that, (i) the Group has an established business relationship with the Zhenro Services Group; (ii) the Group is principally engaged in property development and property leasing, and the Continuing Connected Transactions are a furtherance of the Group’s principal businesses; and (iii) the 2024 Lease Agreements shall broaden the revenue base of the Group and that, if approved, the Continuing Connected Transactions can be conducted in an effective and efficient manner without the need for the Company to seek Shareholders’ approval on a transaction-by-transaction basis, we concur with the Directors’ view that the Continuing Connected Transactions are in the interests of the Company as a whole.

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2. Principal terms of the 2024 Lease Agreements

2.1 2024 Putian Fortune Centre Lease Agreement

The following principal terms of the 2024 Putian Fortune Centre Lease Agreement has been extracted from the Letter from the Board:

Date	:	29 December 2023												
Parties	:	(a) Zhenro Real Estate (Fujian), as lessor and (b) Zhenro Commercial Management (Putian), as lessee												
Particulars of the property	:	A property for residential, retail, SOHO and office uses with shopping mall at No. 1688, Liyuan East Road, Zhenhai Street, Licheng District, Putian City* (莆田市荔城區鎮海街道荔園東路 1688號), which is known as “Putian Fortune Centre* (莆田財富中心)”												
Term of the lease	:	The two years ending 31 December 2025												
Total site area	:	218,649.03 square meters												
Annual rent	:	<table><thead><tr><th></th><th colspan="2">For the year ending 31 December</th></tr><tr><th></th><th>2024</th><th>2025</th></tr><tr><th></th><th colspan="2"><i>(RMB)</i></th></tr></thead><tbody><tr><td>Annual rent</td><td>39,357,439.91</td><td>40,538,163.11</td></tr></tbody></table>		For the year ending 31 December			2024	2025		<i>(RMB)</i>		Annual rent	39,357,439.91	40,538,163.11
	For the year ending 31 December													
	2024	2025												
	<i>(RMB)</i>													
Annual rent	39,357,439.91	40,538,163.11												

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The annual rent under the 2024 Putian Fortune Centre Lease Agreement payable by the lessee to the lessor was determined after arm's length negotiations between the parties with reference to the prevailing market rent for comparable premises in the vicinity of the property. After a professional urban market research on the prognosis of the commercial development of Putian, combined with the current rents under the lease contracts of all tenants of the property and the cost incurred in commercial operational management, a sublease model is adopted by the Zhenro Commercial Management (Putian) for the commercial operational management of the property developed by the Company, and the rental cost of "Putian Fortune Centre* (莆田财富中心)" is determined to be RMB39,357,439.91 for 2024. The annual rent for the year ending 31 December 2025 represents an increment of 3% from the annual rent of the year ending 31 December 2024.

Historical transaction amounts	:	For the year ended/ending 31 December		
		2021	2022	2023
		<i>(RMB)</i>		
Annual rent		35,698,357	37,483,275	39,357,439

The historical amount for each year was the relevant portion of annual rent paid by the lessee to the lessor under the Existing Lease Agreement (Putian) in respect of "Putian Fortune Centre* (莆田财富中心)".

Payment terms : The rent payable under the 2024 Putian Fortune Centre Lease Agreement shall be payable by the lessee to the lessor in equal sum, representing 50% of the annual rent, in arrears on a bi-annual basis. The first rental payment will be made on or before 31 July 2024.

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Conditions precedent : The 2024 Putian Fortune Centre Lease Agreement shall be conditional upon:

- (a) the Company having fulfilled its obligations under the Listing Rules in respect of the 2024 Putian Fortune Centre Lease Agreement, including but not limited to obtaining approval from the Independent Shareholders; and
- (b) Zhenro Services having fulfilled its obligations under the Listing Rules in respect of the 2024 Putian Fortune Centre Lease Agreement, including but not limited to obtaining approval from the Zhenro Services Independent Shareholders.

Each of the parties shall use its best endeavours to procure the fulfilment of the conditions above. None of the conditions above may be waived by the parties.

In the event that any of the conditions above are not fulfilled by 31 March 2024 (or such later date as the parties may agree in writing), all rights, obligations and liabilities of the parties to the 2024 Putian Fortune Centre Lease Agreement shall cease and terminate and neither party shall have any claim against the other in respect of the 2024 Putian Fortune Centre Lease Agreement save for any antecedent breach and/or any rights or obligations which may have accrued thereunder prior to such termination.

Further assurance : Each party shall from time to time upon the request of the other party execute any additional documents and do any other acts or things (including without limitation, making amendments to and/or suspending the term of the 2024 Putian Fortune Centre Lease Agreement) which may reasonably be required to ensure that each of the Company and Zhenro Services will be in compliance with the Listing Rules in respect of the 2024 Putian Fortune Centre Lease Agreement and the transactions contemplated thereunder.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2.2 2024 Putian Street Lease Agreement

The following principal terms of the 2024 Putian Street Lease Agreement has been extracted from the Letter from the Board:

Date	:	29 December 2023												
Parties	:	(a) Zhenro Real Estate (Fujian), as lessor and (b) Zhenro Commercial Management (Putian), as lessee												
Particulars of the property	:	A shopping street adjacent to “Putian Fortune Centre* (莆田財富中心)” at South Zone, No. 1688, Liyuan East Road, Zhenhai Street, Licheng District, Putian City* (莆田市荔城區鎮海街道荔園東路 1688號南區), which is known as “Putian Zhenro Street* (莆田正榮街)”												
Term of the lease	:	The two years ending 31 December 2025												
Total site area	:	32,115.8 square meters												
Annual rent	:	<table><thead><tr><th></th><th colspan="2">For the year ending 31 December</th></tr><tr><th></th><th>2024</th><th>2025</th></tr><tr><th></th><th colspan="2"><i>(RMB)</i></th></tr></thead><tbody><tr><td>Annual rent</td><td>10,779,298.84</td><td>11,102,677.80</td></tr></tbody></table>		For the year ending 31 December			2024	2025		<i>(RMB)</i>		Annual rent	10,779,298.84	11,102,677.80
	For the year ending 31 December													
	2024	2025												
	<i>(RMB)</i>													
Annual rent	10,779,298.84	11,102,677.80												

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The annual rent under the 2024 Putian Street Lease Agreement payable by the lessee to the lessor was determined after arm's length negotiations between the parties with reference to the prevailing market rent for comparable premises in the vicinity of the property. After a professional urban market research on the prognosis of the commercial development of Putian, combined with the current rents under the lease contracts of all tenants of the property and the cost incurred in commercial operational management, a sublease model is adopted by the Zhenro Commercial Management (Putian) for the commercial operational management of the property developed by the Company, and the rental cost of "Putian Zhenro Street* (莆田正榮街)" is determined to be RMB10,779,298.84 for 2024. The annual rent for the year ending 31 December 2025 represents an increment of 3% from the annual rent of the immediately year ending 31 December 2024.

Historical transaction amounts	:	For the year ended/ending 31 December		
		2021	2022	2023
			(RMB)	
Annual rent		9,777,143	10,266,000	10,779,300

The historical amount for each year was the relevant portion of annual rent paid by the lessee to the lessor under the Existing Lease Agreement (Putian) in respect of "Putian Zhenro Street* (莆田正榮街)".

Payment terms : The rent payable under the 2024 Putian Street Lease Agreement shall be payable by the lessee to the lessor in equal sum, representing 50% of the annual rent, in arrears on a bi-annual basis. The first rental payment will be made on or before 31 July 2024.

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Conditions precedent : The 2024 Putian Street Lease Agreement shall be conditional upon:

- (a) the Company having fulfilled its obligations under the Listing Rules in respect of the 2024 Putian Street Lease Agreement, including but not limited to obtaining approval from the Independent Shareholders; and
- (b) Zhenro Services having fulfilled its obligations under the Listing Rules in respect of the 2024 Putian Street Lease Agreement, including but not limited to obtaining approval from the Zhenro Services Independent Shareholders.

Each of the parties shall use its best endeavours to procure the fulfilment of the conditions above. None of the conditions above may be waived by the parties.

In the event that any of the conditions above are not fulfilled by 31 March 2024 (or such later date as the parties may agree in writing), all rights, obligations and liabilities of the parties to the 2024 Putian Street Lease Agreement shall cease and terminate and neither party shall have any claim against the other in respect of the 2024 Putian Street Lease Agreement save for any antecedent breach and/or any rights or obligations which may have accrued thereunder prior to such termination.

Further assurance: Each party shall from time to time upon the request of the other party execute any additional documents and do any other acts or things (including without limitation, making amendments to and/or suspending the term of the 2024 Putian Street Lease Agreement) which may reasonably be required to ensure that each of the Company and Zhenro Services will be in compliance with the Listing Rules in respect of the 2024 Putian Street Lease Agreement and the transactions contemplated thereunder.

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2.3 2024 Fuzhou Mabao Lease Agreement

The following principal terms of the 2024 Fuzhou Mabao Lease Agreement has been extracted from the Letter from the Board:

Date	:	29 December 2023												
Parties	:	(a) Zhenro Minhou Investment, as lessor and (b) Zhenro Commercial Management (Fuzhou), as lessee												
Particulars of the property	:	No. 18, Xinbao Road, Mabao Village, Shangjie Town, Minhou County, Fuzhou City* (福州市閩侯縣上街鎮馬保村新保路18號), which is a property for residential, retail, SOHO and office uses with shopping mall known as “Fuzhou Mabao Zhenro Fortune Centre* (福州馬保正榮財富中心)”												
Term of the lease	:	The two years ending 31 December 2025												
Total site area	:	57,360.29 square meters												
Annual rent	:	<table><thead><tr><th></th><th colspan="2">For the year ending 31 December</th></tr><tr><th></th><th>2024</th><th>2025</th></tr><tr><th></th><th colspan="2"><i>(RMB)</i></th></tr></thead><tbody><tr><td>Annual rent</td><td>18,499,950</td><td>19,054,948.5</td></tr></tbody></table>		For the year ending 31 December			2024	2025		<i>(RMB)</i>		Annual rent	18,499,950	19,054,948.5
	For the year ending 31 December													
	2024	2025												
	<i>(RMB)</i>													
Annual rent	18,499,950	19,054,948.5												

The annual rent under the 2024 Fuzhou Mabao Lease Agreement was determined after arm’s length negotiations between the parties with reference to the prevailing market rent for comparable premises in the vicinity of the property. After a professional urban market research on the prognosis of the commercial development of Fuzhou, combined with the current rents under the lease contracts of all tenants of the property and the cost incurred in commercial operational management, a sublease model is adopted by Zhenro Commercial Management (Fuzhou) for the commercial operational management of the property developed by the Company, and the rental cost of Fuzhou Mabao Zhenro Fortune Centre* (福州馬保正榮財富中心) is determined to be RMB18,499,950 for 2024. The annual rent for the year ending 31 December 2025 represents an increment of 3% from the annual rent of the year ending 31 December 2024.

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Historical transaction amounts	:	For the year ended/ending 31 December		
		2021	2022	2023

(RMB)

Annual rent	16,780,000	17,619,000	18,499,950
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The historical amount for each year was the annual rent paid by the lessee to the lessor under the Existing Lease Agreement (Fuzhou Mabao).

Payment terms : The rent payable under the 2024 Fuzhou Mabao Lease Agreement shall be payable by the lessee to the lessor in equal sum, representing 50% of the annual rent, in arrears on a bi-annual basis. The first rental payment will be made on or before 31 July 2024.

Conditions precedent : The 2024 Fuzhou Mabao Lease Agreement shall be conditional upon:

- (a) the Company having fulfilled its obligations under the Listing Rules in respect of the 2024 Fuzhou Mabao Lease Agreement, including but not limited to obtaining approval from the Independent Shareholders; and
- (b) Zhenro Services having fulfilled its obligations under the Listing Rules in respect of the 2024 Fuzhou Mabao Lease Agreement, including but not limited to obtaining approval from the Zhenro Services Independent Shareholders.

Each of the parties shall use its best endeavours to procure the fulfilment of the conditions above. None of the conditions above may be waived by the parties.

In the event that any of the conditions above are not fulfilled by 31 March 2024 (or such later date as the parties may agree in writing), all rights, obligations and liabilities of the parties to the 2024 Fuzhou Mabao Lease Agreement shall cease and terminate and neither party shall have any claim against the other in respect of the 2024 Fuzhou Mabao Lease Agreement save for any antecedent breach and/or any rights or obligations which may have accrued thereunder prior to such termination.

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Further assurance : Each party shall from time to time upon the request of the other party execute any additional documents and do any other acts or things (including without limitation, making amendments to and/or suspending the term of the 2024 Fuzhou Mabao Lease Agreement) which may reasonably be required to ensure that each of the Company and Zhenro Services will be in compliance with the Listing Rules in respect of the 2024 Fuzhou Mabao Lease Agreement and the transactions contemplated thereunder.

2.4 2024 Fuzhou Mawei Lease Agreement

The following principal terms of the 2024 Fuzhou Mawei Lease Agreement has been extracted from the Letter from the Board:

Date : 29 December 2023

Parties : (a) Zhenro Real Estate (Mawei), as lessor and
: (b) Zhenro Commercial Management (Fuzhou Mawei), as lessee

Particulars of the property : Zhenro Fortune Centre, No.168 Shangqi Road, Luoxing Street, Mawei District, Fuzhou* (福州市馬尾區羅星街道上岐路168號正榮財富中心), which is a property for residential and retail uses with shopping mall known as “Fuzhou Mawei Zhenro Fortune Centre* (福州馬尾正榮財富中心)”

Term of the lease : The two years ending 31 December 2025

Total site area : 19,738.41 square meters

Annual rent :

	For the year ending 31 December	
	2024	2025
	<i>(RMB)</i>	
Annual rent	1,212,750	1,249,132.5

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The annual rent under the 2024 Fuzhou Mawei Lease Agreement was determined after arm's length negotiations between the parties with reference to the prevailing market rent for comparable premises in the vicinity of the property. After a professional urban market research on the prognosis of the commercial development of Fuzhou, combined with the current rents under the lease contracts of all tenants of the property and the cost incurred in commercial operational management, a sublease model is adopted by Zhenro Commercial Management (Fuzhou Mawei) for the commercial operational management of the property developed by the Company, and the rental cost of Fuzhou Mawei Zhenro Fortune Centre* (福州馬尾正榮財富中心) is determined to be RMB1,212,750 for 2024. The annual rent for year ending 31 December 2025 represents an increment of 3% from the annual rent of the year ending 31 December 2024.

Historical transaction amounts	:	For the year ended/ending 31 December			
		2021	2022	2023	
			<i>(RMB)</i>		
		Annual rent	1,100,000	1,155,000	1,212,750

The historical amount for each year was the annual rent paid by the lessee to the lessor under the Existing Lease Agreement (Fuzhou Mawei).

Payment terms : The rent payable under the 2024 Fuzhou Mawei Lease Agreement shall be payable by the lessee to the lessor in equal sum, representing 50% of the annual rent, in arrears on a bi-annual basis. The first rental payment will be made on or before 31 July 2024.

Conditions precedent : The 2024 Fuzhou Mawei Lease Agreement shall be conditional upon:

- (a) the Company having fulfilled its obligations under the Listing Rules in respect of the 2024 Fuzhou Mawei Lease Agreement, including but not limited to obtaining approval from the Independent Shareholders; and

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- (b) Zhenro Services having fulfilled its obligations under the Listing Rules in respect of the 2024 Fuzhou Mawei Lease Agreement, including but not limited to obtaining approval from the Zhenro Services Independent Shareholders.

Each of the parties shall use its best endeavours to procure the fulfilment of the conditions above. None of the conditions above may be waived by the parties.

In the event that any of the conditions above are not fulfilled by 31 March 2024 (or such later date as the parties may agree in writing), all rights, obligations and liabilities of the parties to the 2024 Fuzhou Mawei Lease Agreement shall cease and terminate and neither party shall have any claim against the other in respect of the 2024 Fuzhou Mawei Lease Agreement save for any antecedent breach and/or any rights or obligations which may have accrued thereunder prior to such termination.

Further assurance : Each party shall from time to time upon the request of the other party execute any additional documents and do any other acts or things (including without limitation, making amendments to and/or suspending the term of the 2024 Fuzhou Mawei Lease Agreement) which may reasonably be required to ensure that each of the Company and Zhenro Services will be in compliance with the Listing Rules in respect of the 2024 Fuzhou Mawei Lease Agreement and the transactions contemplated thereunder.

The aggregate rental income payable under the 2024 Lease Agreements for the period from 1 January 2024 to 29 February 2024 (the “**Relevant Period**”) amounts to approximately RMB11,642,000. The highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the aggregated rental income payable under the 2024 Lease Agreements for the Relevant Period is less than 5%.

In light of the requirements under Rule 14A.36 of the Listing Rules, prior to entering into any renewal of the 2024 Lease Agreements or other potential transactions between the Group and any connected person(s) of the Company, the management team of the Company will assess the relevant Listing Rules implications and seek professional

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advice as appropriate, with a view to ensuring that the connected transactions of the Company will only take effect after shareholders' approval (where required under Chapter 14A of the Listing Rules) has been obtained.

3 Our analysis on the principal terms of the 2024 Lease Agreements and work performed on the internal control procedures

3.1 Our work performed on the 2024 Lease Agreements

As advised by the Management, the annual rent under the 2024 Lease Agreements payable by the lessee to the lessor was determined after arm's length negotiations between the parties with reference to the respective prevailing market rent for comparable premises in the vicinity of the respective property. With a view to determine whether the annual rent under the 2024 Lease Agreements are fair and reasonable, we have carried out the following work.

Pursuant to each of the 2024 Putian Fortune Centre Lease Agreement, the 2024 Putian Street Lease Agreement, the 2024 Fuzhou Mabao Lease Agreement and the 2024 Fuzhou Mawei Lease Agreement, it is noted that the respective rent payable thereunder shall be payable by the lessee to the lessor in equal sum, representing 50% of the annual rent, on a bi-annual basis (the "**Payment Terms**"). In this connection, we have conducted market research on payment terms under tenancy/leasing/rental agreements entered into by issuers listed on the Stock Exchange, the relevant agreement of which is in effect as at the date of the Joint Announcement. Based on our market research, which covered both connected or non-connected transactions, the payment terms under the identified tenancy/leasing/rental agreements ranged from rent payable, in part or in whole, one month in advance to 12 months in arrears (the "**Market Payment Terms**"). Given the Payment Terms are within range of and in line with the Market Payment Terms, we consider the Payment Terms to be on normal commercial terms.

In addition, we have also obtained and reviewed sample of recent historical transactions, i.e. transacted during the year ended 31 December 2023, being the most recent financial year under the Existing Lease Agreements and noted that the rent charged by the Group under the Existing Lease Agreements was comparable to the rent of properties of similar conditions in the vicinity of the properties.

Furthermore, we have obtained and reviewed the market research conducted on the prevailing rent of the districts/county in the vicinity of the subject properties (the "**Market Rental**") of which the subject properties under the 2024 Lease Agreements are located, among others, (i) Licheng District in Putian City, where (a) "Putian Fortune Centre* (莆田财富中心)" under the 2024 Putian Fortune Centre Lease Agreement is situated, the range of the relevant Market Rental was approximately RMB28.8 (Xinyi Xintiandi* located at Hongbei Street*) to RMB53.0 (Zhengrong·Times Square* located at Dongyuan East Road* and Beida North Street* intersection per leasable square metre ("**sq.m.**") per month, of which approximately RMB44.3 per leasable sq.m. per month

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under the 2024 Putian Fortune Centre Lease Agreement is within the aforesaid range; and (b) “Putian Zhenro Street* (莆田正榮街)” under the 2024 Putian Street Lease Agreement is located, the range of the relevant Market Rental was approximately RMB17.0 (Yitian Holiday World* located at Wenxian East Road*) to RMB45.5 (a retail/commercial property located at Tianjiuwan Square*) per leasable sq.m. per month, of which approximately RMB34.6 per leasable sq.m. per month is within the aforesaid range; (ii) Minhou County in Fuzhou City, where “Fuzhou Mabao Zhenro Fortune Centre* (福州馬保正榮財富中心)” under the 2024 Fuzhou Mabao Lease Agreement is situated, the range of the relevant Market Rental was approximately RMB25.0 (Xin Tong Center* located at Wulongjiang Avenue*) to RMB46.1 (a retail/commercial property located at Guobin Avenue*) per leasable sq.m. per month, of which approximately RMB38.5 per leasable sq.m. per month under the 2024 Fuzhou Mabao Lease Agreement is within the aforesaid range; and (iii) Mawei District in Fuzhou City, where “Fuzhou Mawei Zhenro Fortune Centre* (福州馬尾正榮財富中心)” under the 2024 Fuzhou Mawei Lease Agreement is situated, the range of the relevant Market Rental was approximately RMB3.3 (a retail/commercial property in Guohang Ocean Blue Wave Bay* located at Jiangbin East Avenue*) to RMB13.0 (another retail/commercial property Guohang Ocean Blue Wave Bay* located at Jiangbin East Avenue*) per leasable sq.m. per month, of which approximately RMB8.4 per leasable sq.m. per month under the 2024 Fuzhou Mawei Lease Agreement is within the aforesaid range. Based on aforesaid market research and information provided by the Management, the findings of our work performed indicated that the respective annual rent under the 2024 Lease Agreements are within range or no less favourable than the Market Rental and thus supported that the respective annual rent under the 2024 Lease Agreements are in line with the Market Rental, being rental rate of comparable commercial properties of similar locations, and therefore is fair and reasonable and on normal commercial terms.

3.2 Internal control procedures and corporate governance measures

We also noted from the Letter from the Board that the Group has adopted the following internal control and corporate governance measures with a view to ensure that the terms of the Group’s transactions with the Zhenro Services Group under the 2024 Lease Agreements are fair and reasonable and not prejudicial to the interests of the Company and the Independent Shareholders:

- (i) prior to entering into the 2024 Lease Agreements, the Group has obtained market information through various channels, review the quotes for properties of similar conditions in the vicinity of the properties under the 2024 Lease Agreements and compare them with the quotes offered by the Zhenro Services Group, so as to ensure that the rent charged by the Group from the Zhenro Services Group are fair and reasonable and on normal commercial terms;

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- (ii) the operation department of the Company will conduct regular checks on a monthly basis to monitor the performance of the terms and conditions of the 2024 Lease Agreements by the Lessees, to ensure that the Lessees will not receive more preferential treatment as compared to that received by independent third party lessees. For instance, the operation department of the Company will check whether the Lessees discharge their payment obligations punctually, obtain the required licenses for their operations as required under the 2024 Lease Agreements and use the properties in a safe, reasonable and proper manner;
- (iii) the risk control and compliance department of the Company will conduct annual review and assessment of the internal control procedures of the Group, including but not limited to the review on whether the transactions are conducted in accordance with the terms of the 2024 Lease Agreements; and
- (iv) the independent non-executive directors and the external auditors of the Company will also conduct annual review on the transactions contemplated under the 2024 Lease Agreements in accordance with the Listing Rules.

In this connection, we have obtained and reviewed the internal procedures of the Group governing the transactions contemplated under the 2024 Lease Agreements which involves, among others, the review of terms of the relevant transactions by the approval personnel from the Group, segregation of duties and regularly monitored by the relevant personnel from various internal departments of the Company (including but not limited to the operation department, risk, control and compliance department). With a view to ensure that the transactions pursuant to the 2024 Lease Agreements are conducted on normal commercial terms, the relevant personnel and the management of the Group shall review and ensure the transactions contemplated under the 2024 Lease Agreements are conducted in accordance with the relevant terms of the 2024 Lease Agreements.

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3.3 *Our findings*

Having considered the work performed by us as set out above, in particular, (i) our work performed on the annual rent, including market research, and our findings thereof; (ii) our analysis and work performed on the pricing policies and internal control procedures in connection with the Continuing Connected Transactions as set out in the Letter from the Board, including the pricing basis; (iii) the transactions contemplated under the 2024 Lease Agreements are a furtherance of the Group's principal businesses and that the Group would broaden its income base; and (iv) the counter party is a group company which is familiar with our internal processes and that the Company confirmed that there had been no material late payment or default incidents under the Existing Lease Agreements, thus an appropriate lessee, we considered that the terms of the 2024 Lease Agreements, which was determined subject to the internal control procedures, are fair and reasonable.

4 **Basis and rationale for determining the annual rent income under the 2024 Lease Agreements (the "Annual Rent Income")**

The historical transaction amount under the respective Existing Lease Agreements was the annual rent paid by the lessee to the lessor. The Annual Rent Income for the respective subject properties represent the rent payable by the lessee to the lessor pursuant to the 2024 Lease Agreements, respectively, further details of which are set out below:

	For the year ended/ending		
	31 December		
	2021	2022	2023
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Historical transaction amounts under the			
Existing Lease Agreements			
— Putian Fortune Centre	35,698,357	37,483,275	39,357,439
— Putian Street	9,777,143	10,266,000	10,779,300
— Fuzhou Mabao	16,780,000	17,619,000	18,499,950
— Fuzhou Mawei	1,100,000	1,155,000	1,212,750

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	For the year ending	
	31 December	
	2024	2025
	<i>RMB million</i>	<i>RMB million</i>
Annual Rent Income under the 2024 Lease Agreements		
— Putian Fortune Centre	39,357,439.91	40,538,163.11
	(the “ 2024 Putian FC Rent Income ”)	(the “ 2025 Putian FC Rent Income ”)
— Putian Street	10,779,298.84	11,102,677.80
	(the “ 2024 Putian Street Rent Income ”)	(the “ 2025 Putian Street Rent Income ”)
— Fuzhou Mabao	18,499,950	19,054,948.5
	(the “ 2024 Fuzhou Mabao Rent Income ”)	(the “ 2025 Fuzhou Mabao Rent Income ”)
— Fuzhou Mawei	1,212,750	1,249,132.5
	(the “ 2024 Fuzhou Mawei Rent Income ”)	(the “ 2025 Fuzhou Mawei Rent Income ”)

2024 Putian Fortune Centre Lease Agreement — Annual Rent Income

As set out in the Letter from the Board, the annual rent income under the 2024 Putian Fortune Centre Lease Agreement payable by the lessee to the lessor was determined after arm’s length negotiations between the parties with reference to, among others, the prevailing market rent for comparable premises in the vicinity of the property. The 2024 Putian FC Rent Income from the “Putian Fortune Centre* (莆田财富中心)” was determined to be RMB39,357,439.91. The annual rent for the year ending 31 December 2025 represents an increment of 3% from the annual rent of the year ending 31 December 2024.

2024 Putian Street Lease Agreement — Annual Rent Income

As set out in the Letter from the Board, the annual rent income under the 2024 Putian Street Lease Agreement payable by the lessee to the lessor was determined after arm’s length negotiations between the parties with reference to, among others, the prevailing market rent for comparable premises in the vicinity of the property. The 2024 Putian Street Rent Income from the “Putian Zhenro Street* (莆田正榮街)” was

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determined to be RMB10,779,298.84. The annual rent for the year ending 31 December 2025 represents an increment of 3% from the annual rent of the year ending 31 December 2024.

2024 Fuzhou Mabao Lease Agreement — Annual Rent Income

We noted from the Letter from the Board, the annual rent income under the 2024 Fuzhou Mabao Lease Agreement payable by the lessee to the lessor was determined after arm's length negotiations between the parties with reference to, among others, the prevailing market rent for comparable premises in the vicinity of the property. The 2024 Fuzhou Mabao Rent Income from the "Fuzhou Mabao Zhenro Fortune Centre* (福州馬保正榮財富中心)" was determined to be RMB18,499,950 for 2024. The annual rent for the year ending 31 December 2025 represents an increment of 3% from the annual rent of the year ending 31 December 2024.

2024 Fuzhou Mawei Lease Agreement — Annual Rent Income

Based on the Letter from the Board, the annual rent income under the 2024 Fuzhou Mawei Lease Agreement payable by the lessee to the lessor was determined after arm's length negotiations between the parties with reference to, among others, the prevailing market rent for comparable premises in the vicinity of the property. The 2024 Fuzhou Mawei Rent Income from the Fuzhou Mawei Zhenro Fortune Centre* (福州馬尾正榮財富中心) was determined to be RMB1,212,750 for 2024. The annual rent for the years ending 31 December 2025 represents an increment of 3% from the annual rent of the year ending 31 December 2024.

Our analysis and work performed in connection with the Annual Rent Income under the 2024 Lease Agreements

In assessing the fairness and reasonableness of the Annual Rent Income under the respective 2024 Lease Agreements, we have (i) obtained and reviewed the 2024 Putian Fortune Centre Lease Agreement, the 2024 Putian Street Lease Agreement, the 2024 Fuzhou Mabao Lease Agreement and the 2024 Fuzhou Mawei Lease Agreement, and cross-checked the rental amount stated in the respective lease agreements for the year ending 31 December 2024 and 2025 against the respective amounts under the Annual Rent Income; (ii) obtained and reviewed the rental information in relation the properties of similar conditions in the vicinity of the respective properties under each of the 2024 Putian Fortune Centre Lease Agreement, the 2024 Putian Street Lease Agreement, the 2024 Fuzhou Mabao Lease Agreement and the 2024 Fuzhou Mawei Lease Agreement as compiled by the Management, and compare them with the rental payable by the Zhenro Services Group under the respective lease agreements, so as to ensure that the rent charged by the Zhenro Properties Group to the Zhenro Services Group are fair and reasonable and on normal commercial terms; and (iii) reviewed the historical transaction amounts under the respective Existing Lease Agreements and noted that the year-on-year fluctuation was approximately 5%, such fluctuation represented the historical year-on-year rental increment under the Existing Lease Agreements, which was considered to be fair and reasonable for the reasons as set out in the joint announcement of the Company

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and the Zhenro Services Group dated 19 May 2021. Given the 3% rental increase under the 2024 Lease Agreements are largely in line with the historical year-on-year rental increment under the Existing Lease Agreements and not less favourable than the consumer price index* (居民消費價格指數⁴) in the PRC in the past five years as published by the National Bureau of Statistics, the PRC, such is considered to be reasonable. Based on the above factors and analysis, we considered the basis of the annual rent income under the 2024 Lease Agreements to be fair and reasonable so far as the Company and the Independent Shareholders are concerned.

VII. RECOMMENDATION

Having considered the factors as set out in this letter above, in particular,

- (i) the reasons for and benefits of the 2024 Lease Agreements;
- (ii) the transactions contemplated under the 2024 Lease Agreements is a furtherance and continuance of the Group's existing principal businesses and shall broaden the revenue base of the Group;
- (iii) the services contemplated under the 2024 Lease Agreements shall be conducted in the ordinary and usual course of business of the Group and on normal commercial terms, to be governed by the internal procedures, so that the terms of the transactions contemplated thereunder shall be no less favourable to the Group than similar transactions conducted with independent third parties to the Group under the same conditions; and
- (iv) the basis for determining the Annual Rent Income is reasonable, details of which are set out under the section headed "4. Basis and rationale for determining the annual rent income under the 2024 Lease Agreements" in this letter above,

we are of the view that the transactions contemplated under the 2024 Lease Agreements with the Zhenro Services Group, are in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and the terms of which, including the Annual Rent Income, are fair and reasonable so far as the Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, that the Independent Shareholders to vote in favour of the relevant ordinary resolution to approve the 2024 Lease Agreements (including the Annual Rent Income) at the EGM.

⁴ Data published by National Bureau of Statistics, the PRC (source: (i) <https://data.stats.gov.cn/easyquery.htm?cn=A01&zj=A010301&sj=202312>; and (ii) <https://data.stats.gov.cn/easyquery.htm?cn=C01&zj=A0902&sj=2022e>)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Yours faithfully
For and on behalf of
Red Sun Capital Limited
Lewis Lai
Managing Director

Mr. Lewis Lai is a licensed person registered with the SFC and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has around 17 years of experience in the corporate finance industry.

** for identification purposes only*

1. 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.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company or its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interest in the Shares or underlying Shares

Name of Director/Chief Executive	Name of Group member/ associated corporation	Capacity/Nature of interest ⁽¹⁾	Number of Shares	Approximate percentage of shareholding in the Company
Mr. Ou Guowei	The Company	Interest in controlled corporation ⁽³⁾	217,140,000 ⁽²⁾	4.97%

Notes:

- (1) All interests stated are long positions.
- (2) These 217,140,000 Shares are all held by Warm Shine Limited.
- (3) Mr. Ou Guowei is the sole legal and beneficial owner of Warm Shine Limited and is deemed to be interested in the Shares in which Warm Shine Limited is interested under the SFO.

Interest in the debentures of the Company

Name of Director/Chief Executive	Name of Group member/ associated corporation	Capacity/Nature of interest ⁽¹⁾	Principal amount of debentures	Approximate percentage of holding in the debentures of same class in issue
Mr. Ou Guowei	The Company	Interest in controlled corporation ⁽³⁾	US\$1,410,000 ⁽²⁾	0.19% ⁽⁴⁾

Notes:

- (1) All interests stated are long positions.
- (2) These debentures are all held by Strike Investment Holdings Limited.
- (3) Mr. Ou Guowei is the sole legal and beneficial owner of Strike Investment Holdings Limited and is deemed to be interested in the debentures in which Strike Investment Holdings Limited is interested under the SFO.
- (4) The debentures are the green senior notes due March 2023 with an aggregate principal amount of US\$728,623,000 bearing interest at a rate of 8.0% per annum.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Directors' service contracts

As at the Latest Practicable Date, none of the Directors had any existing and proposed service contract with any members of the Group other than contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

(c) Directors' interest in contracts and assets of the Group and other interests

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2022, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries.

As at the Latest Practicable Date, save for service contracts of the Directors and the 2024 Lease Agreements, none of the Directors was materially interested in any contract, or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the date of this circular and which is significant in relation to the business of the Group.

(d) Directors' interests in competing business

As at the Latest Practicable Date, in so far as the Directors were aware of, none of the Directors and their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

3. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualification
Red Sun Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any asset which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2022, being the date to which the latest audited financial statements of the Group was made up.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date and to the best knowledge of the Directors, there was no material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up.

5. DOCUMENTS ON DISPLAY

A copy of each of the following documents will be published on the website of the Stock Exchange at www.hkexnews.com and the website of the Company at www.zhenrodc.com for a period of 14 days from the date of this circular:

- (1) the 2024 Fuzhou Mabao Lease Agreement;
- (2) the 2024 Fuzhou Mawei Lease Agreement;
- (3) the 2024 Putian Fortune Centre Lease Agreement; and
- (4) the 2024 Putian Street Lease Agreement.

6. MISCELLANEOUS

In the event of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

NOTICE OF EXTRAORDINARY GENERAL MEETING

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the “**EGM**”) of Zhenro Properties Group Limited (the “**Company**”) will be held at Room 3201, 32/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Wednesday, 28 February 2024 at 11:00 a.m. for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT** the 2024 Fuzhou Mabao Lease Agreement (as defined in the circular of the Company dated 9 February 2024 (the “**Circular**”)) and the transactions (including the annual rent) contemplated thereunder be and are hereby confirmed, approved and ratified; and the directors of the Company (the “**Directors**”) be and are hereby authorised to sign, execute, seal (where required) and deliver all such documents and take such action as they may deem necessary, desirable, expedient or appropriate in connection with or to implement or give effect to the 2024 Fuzhou Mabao Lease Agreement and the transactions contemplated thereunder.”
2. “**THAT** the 2024 Fuzhou Mawei Lease Agreement (as defined in the Circular) and the transactions (including the annual rent) contemplated thereunder be and are hereby confirmed, approved and ratified; and the Directors be and are hereby authorised to sign, execute, seal (where required) and deliver all such documents and take such action as they may deem necessary, desirable, expedient or appropriate in connection with or to implement or give effect to the 2024 Fuzhou Mawei Lease Agreement and the transactions contemplated thereunder.”
3. “**THAT** the 2024 Putian Fortune Centre Lease Agreement (as defined in the Circular) and the transactions (including the annual rent) contemplated thereunder be and are hereby confirmed, approved and ratified; and the Directors be and are hereby authorised to sign, execute, seal (where required) and deliver all such documents and take such action as they may deem necessary, desirable, expedient or appropriate in connection with or to implement or give effect to the 2024 Putian Fortune Centre Lease Agreement and the transactions contemplated thereunder.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. “**THAT** the 2024 Putian Street Lease Agreement (as defined in the Circular) and the transactions (including the annual rent) contemplated thereunder be and are hereby confirmed, approved and ratified; and the Directors be and are hereby authorised to sign, execute, seal (where required) and deliver all such documents and take such action as they may deem necessary, desirable, expedient or appropriate in connection with or to implement or give effect to the 2024 Putian Street Lease Agreement and the transactions contemplated thereunder.”

By order of the Board
Zhenro Properties Group Limited
Liu Weiliang
Chairman of the Board

Hong Kong, 9 February 2024

Notes:

- (i) A shareholder entitled to attend and vote at the above meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her; a proxy need not be a shareholder of the Company.
- (ii) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s), and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.
- (iii) In order to be valid, a form of proxy 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 together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting or not less than 48 hours before the time appointed for the holding of any adjournment thereof. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.
- (iv) For determining the entitlement of shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 26 February 2024 to Wednesday, 28 February 2024, both days inclusive, during which period no share transfers can be registered. In order to be eligible to attend and vote at the EGM, all share 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 Friday, 23 February 2024.
- (v) If typhoon signal No. 8 or above, or a “black” rainstorm warning is in effect any time after 7:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will post an announcement on the website of Company at <http://www.zhenrodc.com> and on the website of the Stock Exchange at www.hkexnews.hk to notify shareholders of the Company of the date, time and place of the rescheduled meeting.

As at the date of this notice, the executive Directors are Mr. Liu Weiliang and Mr. Li Yang, the non-executive Director is Mr. Ou Guowei, and the independent non-executive Directors are Dr. Loke Yu (alias Loke Hoi Lam), Mr. Wang Chuanxu and Mr. Xie Jun.