Zhenro Properties Group Limited
正 榮 地 產 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6158 and Debt Stock Code: 4596, 40572, 40516, 40375, 40715)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024

INTERIM RESULTS AND OPERATIONAL HIGHLIGHTS

- For the six months ended 30 June 2024, the Group, together with its joint ventures and associated companies, recorded contracted sales of RMB3,427.5 million, representing a 64.6% year-over-year decrease as compared with the corresponding period in 2023.
- For the six months ended 30 June 2024, the revenue of the Group was RMB24,658.4 million (for the six months ended 30 June 2023: RMB18,501.0 million).
- For the six months ended 30 June 2024, the loss attributable to the owners of the parent was RMB2,343.4 million (for the six months ended 30 June 2023: RMB1,464.3 million).
- As at 30 June 2024, the Group, together with its joint ventures and associate companies, had a land bank with aggregate GFA of 11.52 million sq.m. (as at 31 December 2023: 12.98 million sq.m.).

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Director(s)**") of Zhenro Properties Group Limited ("**Zhenro Properties**" or the "**Company**") hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2024 (the "**Period**") together with the comparative figures for the corresponding period in 2023 as follows. The unaudited interim condensed consolidated results have been prepared in accordance with International Financial Reporting Standards (the "**IFRS**").

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	**2024** ***RMB'000*** **(Unaudited)**	2023 *RMB'000* (Unaudited)
REVENUE	*5*	**24,658,401**	18,500,994
Cost of sales		**(23,344,275)**	(17,166,780)
Gross profit		**1,314,126**	1,334,214
Other income and gains		**14,817**	52,977
Selling and distribution expenses		**(483,394)**	(432,415)
Administrative expenses		**(324,085)**	(352,889)
Impairment losses on financial assets, net		**(119,340)**	(216,222)
Other expenses	*6*	**(1,262,005)**	(723,136)
Fair value losses on investment properties		**(225,600)**	(121,183)
Fair value losses on financial assets at fair value through profit or loss		**–**	(12,117)
Finance costs	*7*	**(1,564,696)**	(673,390)
Share of profits and losses of:			
Joint ventures		**(17,302)**	(25,309)
Associates		**21,882**	(4,458)
LOSS BEFORE TAX	*8*	**(2,645,597)**	(1,173,928)
Income tax credit/(expense)	*9*	**137,227**	(410,779)
LOSS FOR THE PERIOD		**(2,508,370)**	(1,584,707)
Attributable to:			
Owners of the parent		**(2,343,441)**	(1,464,332)
Non-controlling interests		**(164,929)**	(120,375)
		(2,508,370)	(1,584,707)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic and diluted			
– For loss for the period	*11*	**RMB(0.54)**	RMB(0.34)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	**(2,508,370)**	(1,584,707)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(182,126)**	(666,601)
Exchange differences reclassified to profit or loss on dissolution of subsidiaries	**–**	148,347
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax	**(182,126)**	(518,254)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(182,126)**	(518,254)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(2,690,496)**	(2,102,961)
Attributable to:		
Owners of the parent	**(2,525,567)**	(1,982,586)
Non-controlling interests	**(164,929)**	(120,375)
	(2,690,496)	(2,102,961)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**1,232,814**	1,244,300
Investment properties		**7,781,300**	8,006,900
Right-of-use assets		**228,106**	247,203
Other intangible assets		**22**	28
Investments in joint ventures		**2,162,390**	2,179,692
Investments in associates		**6,368,347**	6,346,465
Deferred tax assets		**495,434**	578,263
Total non-current assets		**18,268,413**	18,602,851
CURRENT ASSETS			
Financial assets at fair value through profit or loss		**–**	2,701
Properties under development		**44,035,508**	64,430,208
Completed properties held for sale		**27,713,046**	29,801,224
Trade receivables	*12*	**397,320**	574,284
Due from related companies		**9,906,605**	10,281,064
Prepayments, other receivables and other assets		**20,494,182**	22,465,143
Tax recoverable		**1,830,895**	1,994,545
Cash and bank balances		**3,869,673**	5,035,609
Total current assets		**108,247,229**	134,584,778
CURRENT LIABILITIES			
Trade and bills payables	*13*	**17,356,892**	17,734,022
Other payables and accruals		**13,790,144**	13,522,987
Contract liabilities		**21,374,934**	45,469,076
Due to related companies		**5,277,325**	5,608,784
Interest-bearing bank and other borrowings		**26,607,568**	25,834,848
Senior notes		**24,398,465**	24,162,213
Corporate bonds		**1,220,019**	1,187,772
Perpetual capital securities		**1,400,575**	1,391,908
Tax payable		**3,891,624**	4,472,318
Lease liabilities		**7,900**	14,026
Total current liabilities		**115,325,446**	139,397,954

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 30 June 2024

	30 June 2024 *RMB'000* **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
NET CURRENT LIABILITIES	**(7,078,217)**	(4,813,176)
TOTAL ASSETS LESS CURRENT LIABILITIES	**11,190,196**	13,789,675
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**2,455,311**	3,165,631
Other payables and accruals	**1,436,558**	328,370
Lease liabilities	**4,090**	10,293
Corporate bonds	**3,874,475**	3,765,969
Deferred tax liabilities	**353,408**	367,883
Total non-current liabilities	**8,123,842**	7,638,146
Net assets	**3,066,354**	6,151,529
EQUITY		
Equity attributable to owners of the parent		
Share capital	**282**	282
Other reserves	**(6,415,012)**	(3,889,245)
	(6,414,730)	(3,888,963)
Non-controlling interests	**9,481,084**	10,040,492
Total equity	**3,066,354**	6,151,529

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

1. CORPORATE INFORMATION

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

The Company is an investment holding company. During the six months ended 30 June 2024, the Group was principally engaged in property development and property leasing.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

Going concern basis

For the six months ended 30 June 2024, the Group recorded a net loss of RMB2,508,370,000. As at 30 June 2024, (i) the Group's current liabilities exceeded its current assets by RMB7,078,217,000; (ii) the Group's total bank and other borrowings, senior notes, corporate bonds, perpetual capital securities and asset-backed securities amounted to RMB62,433,782,000, out of which RMB54,667,438,000 will be due for repayment within the next twelve months or on demand, while its cash and cash equivalents amounted to RMB1,235,843,000; (iii) the Group had not repaid an aggregate amount of principal and interest of RMB17,640,879,000 for certain senior notes and an aggregate amount of interest amounting to RMB1,624,572,000 for certain senior notes according to their scheduled repayment dates, triggering events of default for certain senior notes amounting to RMB9,921,939,000; (iv) an aggregate amount of principal of RMB14,826,022,000 for interest-bearing bank and other borrowings had not been repaid according to their scheduled repayment dates, triggering certain long term interest-bearing bank and other borrowings amounting to RMB5,169,086,000 becoming repayable on demand; (v) the Group failed to repay the principal and interest amounting to RMB1,220,019,000 for a corporate bond due in November 2022; (vi) the Group failed to repay the principal and interest amounting to RMB1,677,680,000 for the perpetual capital securities; and (vii) the Group failed to repay the principal and interest amounting to RMB1,040,811,000 for an asset-backed security due in April 2024.

The above events or conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. In view of such circumstances, the directors of the Company have undertaken a number of plans and measures to improve the Group's liquidity and financial position, including:

(a) The Group has been actively working with its legal advisor and financial advisers on its offshore holistic liability management solutions, in order to achieve a long-term sustainable capital structure, resolve its liquidity issue and stabilise the Group's operations, taking into account the interests of all its stakeholders;

2. BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

(b) The Group has been actively negotiating with existing lenders on the extension for repayments of certain borrowings. The Group may be able to extend the payment schedule for certain interest-bearing bank and other borrowings. Nevertheless, the confirmation of such extension is subject to the final approval from the lenders;

The Group has achieved considerable success in securing extensions for repayments of certain borrowings. For example, as of 30 June 2024, the Group successfully extended the maturity date of asset-backed securities of the aggregate outstanding amounts of RMB1,098,018,000 to May 2027, alleviating the pressure on liquidity within a reasonable timeframe;

(c) The Group has been actively negotiating with several financial institutions to obtain new loans at a reasonable cost for ensuring delivery of its property projects under development;

(d) The Group will continue to seek for other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures;

(e) The Group has prepared a business strategy plan mainly focusing on the acceleration of the sales of properties;

(f) The Group has implemented measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and

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

The directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 30 June 2024. They are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the following twelve months from 30 June 2024. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the unaudited interim condensed consolidated financial information of the Group for the period ended 30 June 2024 on a going concern basis.

Notwithstanding the above, given the volatility of the property sector in Chinese Mainland and the uncertainties to obtain continuous support from the banks and the Group's creditors, significant uncertainties exist as to whether the management of the Group will be able to implement the aforementioned plans and measures.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the unaudited interim condensed consolidated financial information.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised standards for the first time for the current period's financial information.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The nature and impact of the revised IFRSs are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

    The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

4. OPERATING SEGMENT INFORMATION

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

Geographical information

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

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue during the six months ended 30 June 2024 and 2023.

5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**24,617,558**	18,459,069
Revenue from other sources		
Gross rental income from investment property operating leases:		
Lease payments, including fixed payments	**40,843**	41,925
Total	**24,658,401**	18,500,994

5. REVENUE (Continued)

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of goods or services		
Sale of properties	**24,609,579**	18,441,853
Management consulting services	**7,979**	17,216
Total	**24,617,558**	18,459,069
Timing of revenue recognition		
Properties transferred at a point in time	**24,609,579**	18,441,853
Services transferred over time	**7,979**	17,216
Total	**24,617,558**	18,459,069

6. OTHER EXPENSES

An analysis of other expenses is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Impairment losses recognised for properties under development and completed properties held for sale	**1,198,502**	177,986
Foreign exchange loss, net	**33,783**	215,041
Net loss on disposal of financial assets at fair value through profit or loss	**87**	2,019
Losses on disposal of items of property, plant and equipment	**5**	363
Losses on disposal of subsidiaries	**–**	139,080
Losses on dissolution of subsidiaries	**–**	168,693
Others	**29,628**	19,954
Total	**1,262,005**	723,136

7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings, corporate bonds, senior notes and proceeds from asset-backed securities	**2,452,715**	2,468,547
Interest expense arising from revenue contracts	**423,550**	428,180
Interest on lease liabilities	**993**	2,236
Total interest expense on financial liabilities not at fair value through profit or loss	**2,877,258**	2,898,963
Less: Interest capitalised	**1,312,562**	2,225,573
Total	**1,564,696**	673,390

8. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of properties sold	**23,336,626**	17,031,921
Impairment losses recognised for properties under development and completed properties held for sale	**1,198,502**	177,986
Impairment losses of financial assets, net	**119,340**	216,222
Depreciation of items of property, plant and equipment	**11,494**	12,116
Depreciation of right-of-use assets	**14,287**	15,759
Amortisation of other intangible assets	**6**	11
Gain on disposal of items of property, plant and equipment, net	**(1)**	(2,550)
Losses on disposal of financial assets at fair value through profits or loss, net	**87**	2,019
Losses on disposal of subsidiaries	**–**	139,080
Fair value losses on investment properties	**225,600**	121,183
Fair value losses on financial assets at fair value through profit or loss	**–**	12,117
Foreign exchange loss, net	**33,783**	215,041
Losses on dissolution of subsidiaries	**–**	168,693
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**162,293**	236,047
Pension scheme contributions and social welfare	**28,269**	40,497

9. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong were not liable for income tax as they did not have any assessable income arising in Hong Kong for the six months ended 30 June 2024 and 2023.

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

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
Corporate income tax	**109,585**	204,148
LAT	**(315,166)**	44,311
Deferred tax	**68,354**	162,320
Total tax (credit)/charge for the period	**(137,227)**	410,779

10. DIVIDENDS

The board of directors has resolved not to pay an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 4,367,756,000 (six months ended 30 June 2023: 4,367,756,000) shares in issue during the period.

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2024 and 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the reporting periods.

The calculation of basic loss per share is based on:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent	**(2,343,441)**	(1,464,332)

	Number of shares For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period	**4,367,756,000**	4,367,756,000
Loss per share		
Basic and diluted	**RMB(0.54)**	RMB(0.34)

12. TRADE RECEIVABLES

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

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Less than 1 year	**29,001**	152,986
Over 1 year	**368,319**	421,298
Total	**397,320**	574,284

12. TRADE RECEIVABLES (Continued)

The Group applies the simplified approach to providing for ECLs prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rate of trade receivables is assessed to be 0.4% (2023: 0.4%). Based on evaluation on the expected loss rate and gross carrying amount, the directors of the Company are of the opinion that the ECL in respect of these balances is considered to be immaterial, and therefore, there has not been a loss allowance provision.

13. TRADE AND BILLS PAYABLES

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

	30 June 2024 *RMB'000* **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
Less than 1 year	**11,316,618**	16,507,435
Over 1 year	**6,040,274**	1,226,587
Total	**17,356,892**	17,734,022

The trade payables are unsecured and are normally settled based on the progress of construction. As at 30 June 2024, commercial acceptance bills of approximately RMB1,197,748,000 (31 December 2023: RMB1,225,210,000) issued by the Company's subsidiaries were overdue and unpaid.

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the Board, I hereby present to you the results and business review of the Group for the Period and its outlook for the second half of 2024.

RESULTS

During the Period, the revenue of the Group was RMB24,658.4 million; the loss was RMB2,508.4 million; and the loss attributable to owners of the parent was RMB2,343.4 million. The Board did not recommend the payment of any interim dividend for the Period.

MARKET AND BUSINESS REVIEW

China's real estate sector has experienced rapid development for more than 40 years. Standing at the historical point of 2024, we realised that China's real estate sector has transitioned from an era characterised by multiple attributes such as residence and investment, to an era of consumer goods. Meanwhile, the long-standing supply-demand relationship driven by sellers has also undergone significant changes.

Currently, due to the increasing adverse impacts resulting from changes in the global external environment, effective demand at home remains insufficient, and economic operations are divergent. Numerous risks and dangers in key areas persist, leading to difficulties and challenges in the transformation of new and old growth drivers. The real estate market in China is in the process of switching from the era of investment goods to the era of consumer goods, exhibiting four distinct trends during this period: a re-pricing of real estate and land; a decline in property sales and investment volume; a differentiated real estate market; and a rebalancing of assets and liabilities led by real estate and land. These four major trends have weakened the residents' demand for housing and willingness to purchase houses. The operating results of real estate enterprises continued to experience an overall negative growth, and withstood tremendous operating and capital pressure.

The Group's operations and liquidity remained under pressure due to the significant changes in the external environment. In the face of these challenges, the Group braved difficulties by adhering to its core mission of "ensuring delivery" and endeavoured to stabilise production and operation so to guarantee the smooth implementation of project works and insist on creating high quality products that strengthen customers' confidence, establish enterprise reputation and promote positive circulation.

Meanwhile, in order to address the liquidity issue, the Group continued to implement its liquidity management and cost-saving measures, proceeded to streamline the corporate structure and reduced the operating and administrative expenses of non-core businesses. At the same time, we sought extension and waiver of domestic and overseas financing as well as feasible and consensual solutions so as to safeguard the interests of the stakeholders.

OUTLOOK

Looking ahead to the second half of 2024, the Group will adhere to working idea of "ensuring delivery, improving quality, preserving value and stabilising operation", enhance sales quality and further improve the outcome of asset value recovery. We will devote all efforts to ensure that our operating activities are conducted in an orderly manner, follow our original vision and maintain strategic certainty in an effort to strengthen our financial risk management, achieve breakthroughs on the basis of stable operations, and seek new room for sustainable development.

APPRECIATION

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

Zhenro Properties Group Limited
LIU Weiliang
Chairman of the Board

Shanghai, PRC
29 August 2024

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT

Contracted Sales

During the Period, the Group, together with its joint ventures and associated companies, recorded contracted sales of RMB3,427.5 million, representing a decrease of 64.6% to that of the six months ended 30 June 2023; total contracted gross floor area ("**GFA**") sold amounted to 248,705 sq.m., representing a decrease of 62.2% to that of the six months ended 30 June 2023. Contracted average selling price ("**ASP**") for the six months ended 30 June 2024 was RMB13,781 per sq.m., whilst that for the six months ended 30 June 2023 was RMB14,700 per sq.m..

Revenue Recognized from Sales of Properties

Revenue recognized from sales of properties increased by 33.4% from RMB18,441.9 million for the six months ended 30 June 2023 to RMB24,609.6 million for the Period, primarily due to an increase in GFA being delivered and an increase in the recognized ASP. During the Period, the Group's recognized ASP from sales of properties was approximately RMB15,912 per sq.m., representing a decrease of 10.2% from RMB17,725 per sq.m. for the six months ended 30 June 2023, primarily due to the lower selling prices in the cities where the properties were delivered during the Period. During the Period, the properties delivered by the Group included Wuhan Zhenro Pinnacle, Fuzhou Riverview Zhenro Mansion, Foshan Jinmao Country Garden Zhenro Mansion, Hefei Zhenro Cifi Zhengwu Future, Xiamen Lianfa Zhenro Mansion and others.

Completed Properties Held for Sale

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

As at 30 June 2024, the Group had completed properties held for sale of RMB27,713.0 million, representing a decrease of 7.0% from RMB29,801.2 million as at 31 December 2023. The decrease was primarily due to a decrease in GFA for completed properties not yet delivered. The Group has obtained the construction completion certificates in respect of all completed properties held for sale.

Properties Under Development

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

As at 30 June 2024, the Group had properties under development of RMB44,035.5 million, representing a decrease of 31.7% from RMB64,430.2 million as at 31 December 2023. The decrease was primarily due to an increase in completed properties and a decrease in the number of projects developed by the Group in the first half of 2024.

PROPERTY INVESTMENT

Rental Income

The Group's rental income for the six months ended 30 June 2024 was approximately RMB40.8 million, representing a decrease of 2.6% from RMB41.9 million for the six months ended 30 June 2023. Rental income fell due to the poor overall market conditions during the Period.

Investment Properties

As at 30 June 2024, the Group had 11 investment properties with a total GFA of 684,476 sq.m. Out of the investment properties portfolio of the Group, 8 investment properties with a total GFA of 429,429 sq.m. had commenced leasing.

LAND BANK

During the Period, the Group did not replenish any land parcel. As at 30 June 2024, the Group, together with its joint ventures and associated companies, had a land bank with an aggregate GFA of 11.52 million sq.m..

FINANCIAL REVIEW

Revenue

The Group's revenue increased by 33.3% from RMB18,501.0 million for the six months ended 30 June 2023 to RMB24,658.4 million for the Period. The following table sets forth the Group's revenue for each of the components, the percentage of total revenue represented and the relevant changes for the periods indicated.

	Six months ended 30 June 2024		Six months ended 30 June 2023		
	Revenue	**% of Total Revenue**	Revenue	% of Total Revenue	Year-over-Year Change
	RMB'000	**%**	*RMB'000*	%	%
Sales of properties	**24,609,579**	**99.7**	18,441,853	99.7	33.4
Property lease	**40,843**	**0.2**	41,925	0.2	(2.6)
Management consulting services[(1)]	**7,979**	**0.1**	17,216	0.1	(53.7)
Total	**24,658,401**	**100.0**	18,500,994	100.0	33.3

Note:

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

Cost of Sales

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

The Group's cost of sales increased by 36.0% from RMB17,166.8 million for the six months ended 30 June 2023 to RMB23,344.3 million for the Period, primarily due to an increase in the revenue of the Group during the Period.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit decreased by 1.5% from RMB1,334.2 million for the six months ended 30 June 2023 to RMB1,314.1 million for the Period. Gross profit margin for the Period decreased by 1.9 percentage point to 5.3% from 7.2% for the six months ended 30 June 2023.

Other Income and Gains

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

Other income and gains decreased by 72.0% from RMB53.0 million for the six months ended 30 June 2023 to RMB14.8 million for the Period, primarily due to the decrease in interest income, government grants and forfeited deposits.

Selling and Distribution Expenses

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

The Group's selling and distribution expenses increased by 11.8% from RMB432.4 million for the six months ended 30 June 2023 to RMB483.4 million for the Period, which was consistent with the trend of revenue growth.

Administrative Expenses

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

The Group's administrative expenses decreased by 8.2% from RMB352.9 million for the six months ended 30 June 2023 to RMB324.1 million for the Period, primarily due to the fact that the Group streamlined its organisational structure and enhanced cost control over its administrative items during the Period.

Other Expenses

Other expenses increased by 74.5% from RMB723.1 million for the six months ended 30 June 2023 to RMB1,262.0 million for the Period, which mainly included the impairment losses recognized for properties under development and completed properties held for sale of RMB1,198.5 million (for the six months ended 30 June 2023: RMB178.0 million) and foreign exchange loss, net, of RMB33.8 million (for the six months ended 30 June 2023: RMB215.0 million).

Impairment Losses on Financial Assets, Net

Impairment losses on financial assets, net, decreased by 44.8% from RMB216.2 million for the six months ended 30 June 2023 to RMB119.3 million for the Period.

Fair Value Losses on Investment Properties

The Group develops and holds certain commercial properties on a long- term basis for rental income or capital appreciation. Under the impact of the unfavourable macro market environment, there was a slight decrease in the fair value of investment properties as a result of the decline in demand for commercial property. For the Period, the Group recorded fair value losses on investment properties of RMB225.6 million, as compared with fair value losses on investment properties of RMB121.2 million for the six months ended 30 June 2023.

Finance Costs

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

The Group's finance costs increased by 132.4% from RMB673.4 million for the six months ended 30 June 2023 to RMB1,564.7 million for the Period, primarily due to a lower capitalisation rate for interest on borrowings for the Period.

Share of Losses of Joint Ventures and Share of Profits of Associated Companies

The Group's share of losses of joint ventures was RMB17.3 million for the Period, compared with the share of losses of joint ventures of RMB25.3 million for the six months ended 30 June 2023, primarily due to an increase in loss for properties delivered by joint ventures.

The Group's share of profits of associated companies was RMB21.9 million for the Period, compared with the share of losses of associated companies of RMB4.5 million for the six months ended 30 June 2023, primarily due to an increase in profit for properties delivered by associated companies.

Income Tax Credit/Expense

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

During the period, the Group recorded income tax credit of RMB137.2 million, while income tax expenses of RMB410.8 million was recorded for the six months ended 30 June 2023. The change was primarily due to LAT reversal during the Period.

Loss for the Period

As a result of the foregoing, the Group's loss for the Period was RMB2,508.4 million, compared with a loss of RMB1,584.7 million for the six months ended 30 June 2023.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

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

Cash Positions

As at 30 June 2024, the Group had cash and bank balances of RMB3,869.7 million (31 December 2023: RMB5,035.6 million), which included cash and cash equivalents of RMB1,235.8 million (31 December 2023: RMB1,717.0 million), pledged deposits of RMB91.3 million (31 December 2023: RMB131.4 million) and restricted cash of RMB2,542.6 million (31 December 2023: RMB3,187.3 million).

Indebtedness

As at 30 June 2024, the Group had total outstanding bank and other borrowings of RMB29,062.9 million (31 December 2023: RMB29,000.5 million), corporate bond with carrying amounts of RMB5,094.5 million (31 December 2023: RMB4,953.7 million), senior notes with carrying amounts of RMB24,398.5 million (31 December 2023: RMB24,162.2 million) and senior perpetual capital securities (the "**PCS**") with carrying amounts of RMB1,400.6 million (31 December 2023: RMB1,391.9 million). The Group's borrowings are denominated in Renminbi, Hong Kong dollars and US dollars.

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

	As at 30 June 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
Current borrowings:		
Bank borrowings – secured	**216,303**	242,189
Bank borrowings – unsecured	**480,907**	478,877
Other borrowings – secured	**2,839,055**	2,674,189
Plus: current portion of non-current borrowings		
Bank borrowings – secured	**17,653,407**	17,423,140
Bank borrowings – unsecured	**1,354,543**	1,345,892
Other borrowings – secured	**4,063,353**	3,670,561
Senior notes and Corporate bonds	**25,618,484**	25,349,985
PCS *(Note)*	**1,400,575**	1,391,908
Total current borrowings	**53,626,627**	52,576,741
Non-current borrowings:		
Bank borrowings – secured	**1,602,050**	2,022,481
Other borrowings – secured	**853,261**	1,143,150
Corporate bonds	**3,874,475**	3,765,969
Total non-current borrowings	**6,329,786**	6,931,600
Total	**59,956,413**	59,508,341

Note: On 4 January 2022, the Company announced its exercise of option under the PCS to redeem the PCS in full. As at 31 December 2022 and up to the date of this announcement, the redemption had not taken place. Please refer to the section headed "NON-PAYMENT OF PRINCIPAL, INTEREST AND/OR DISTRIBUTION OF CERTAIN SENIOR NOTES AND PCS" below for further details.

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

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
Repayable within one year	**53,626,627**	52,576,741
Repayable in the second year	**1,753,911**	2,496,231
Repayable within three to five years	**4,575,875**	4,435,369
Total	**59,956,413**	59,508,341

Charge on Assets

As at 30 June 2024, the Group's asset portfolio which included property, plant and equipment with carrying value of RMB184.1 million (31 December 2023: RMB192.9 million), right-of-use assets with carrying value of RMB161.9 million (31 December 2023: RMB165.8 million), investment properties with carrying value of RMB6,065.1 million (31 December 2023: RMB6,277.3 million), properties under development with carrying value of RMB22,640.8 million (31 December 2023: RMB33,019.5 million), and completed properties held for sale with carrying value of RMB16,973.1 million (31 December 2023: RMB11,260.9 million) were pledged as security for the Group's secured borrowings.

FINANCIAL RISKS

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

During the Period, pre-sale of properties by Chinese property developers continued to decrease and financing continued to be difficult, which had adversely impacted the Group's ability to obtain financing from the capital markets and other sources, and significantly curtailed the funding available to the Group to address its upcoming debt maturities. The Group has implemented a wide range of liquidity management and cost saving measures including without limitation, seeking extensions and waivers regarding its financings, seeking disposal of assets, accelerating sales and cash collection, streamlining corporate structure, as well as reducing non-core business operations and administrative expenses so long as such measures do not affect the Group's delivery efforts and normal operations. The Company has also commenced the implementation of its holistic management solutions for its offshore indebtedness (the "**Offshore Holistic Liability Management Solutions**").

KEY FINANCIAL RATIOS

The Group's current ratio was 0.94 as at 30 June 2024 (31 December 2023: 0.97). The Group's net gearing ratio (defined as total borrowings less cash and bank balances divided by total equity as at 30 June 2024) was 1,829.1% as at 30 June 2024 (31 December 2023: 885.5%).

CONTINGENT LIABILITIES

Mortgage Guarantees

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

As at 30 June 2024, the material contingent liabilities incurred for the Group's provision of guarantees to financial institutions in respect of the mortgage loans they provided to the Group's customers were RMB21,063.9 million (31 December 2023: RMB29,210.5 million).

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

Other Financial Guarantees

As at 30 June 2024, the guarantees given to banks and other institutions in connection with borrowings made to the related companies and third parties by the Group were RMB2,800.5 million (31 December 2023: RMB2,886.9 million).

Legal Contingents

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

Commitments

As at 30 June 2024, the Group's capital commitment it had contracted but yet provided for was RMB8,661.0 million (31 December 2023: RMB9,329.1 million).

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above and the matters disclosed in the consolidated financial statements and the notes thereto, as at 30 June 2024, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

NON-PAYMENT OF PRINCIPAL, INTEREST AND/OR DISTRIBUTION OF CERTAIN SENIOR NOTES AND PCS

References are made to the announcements of the Company dated 10 April 2022, 31 May 2022, 30 June 2022, 3 August 2022, 30 August 2022, 9 November 2022, 12 December 2022, 6 March 2023, 14 March 2023, 31 March 2023, 5 May 2023, 15 September 2023, 6 March 2024 and 12 April 2024.

As at the date of this announcement, the Company had not made payment of the outstanding principal and/or the accrued distribution and/or the accrued interest that were due for the securities as set out in the following table:

Description of Debt Securities	**Payment Status**
7.125% Senior Notes due June 2022 (the "**2021 RMB Notes**")	Did not make payment for outstanding principal of RMB10,020,000 and accrued interest that were due
5.98% Senior Notes due April 2022 (the "**April 2021 Notes**")	Did not make payment for outstanding principal of US$23,361,000 and accrued interest that were due
8.3% Senior Notes due September 2023 (the "**June 2020 Notes**")	Did not make payment for outstanding principal of USD200,000,000 and accrued interest that were due
8.35% Senior Notes due March 2024 (the "**May 2020 Notes**")	Did not make payment for outstanding principal of USD200,000,000 and accrued interest that were due
7.875% Senior Notes due April 2024 (the "**January 2020 Notes**")	Did not make payment for outstanding principal of USD290,000,000 and accrued interest that were due
7.1% Senior Notes due September 2024 (the "**June 2021 Notes**")	Did not make payment for accrued interest that were due

Description of Debt Securities	Payment Status
7.35% Senior Notes due February 2025 (the "**September 2020 Notes**")	Did not make payment for accrued interest that were due
9.15% Senior Notes due May 2023 (the "**November 2019 Notes**")	Did not make payment for outstanding principal of US$300,000,000 and accrued interest that were due
8.7% Senior Notes due August 2022 (the "**October 2019 Notes**")	Did not make payment for outstanding principal of US$29,777,000 and accrued interest that were due
6.63% Senior Notes due January 2026 (the "**January 2021 Notes**")	Did not make payment for accrued interest that were due
6.7% Senior Notes due August 2026 (the "**February 2021 Notes**")	Did not make payment for accrued interest that were due
6.50% Senior Notes due September 2022 (the "**September 2021 Notes**")	Did not make payment for outstanding principal of US$31,239,000 and accrued interest that were due
PCS	Did not make payment for outstanding principal of US$200,000,000 and accrued distribution that were due
8.0% Senior Notes due March 2023 (the "**March 2022 Notes**")	Did not make payment for outstanding principal of US$728,623,000 and accrued interest that were due
8.0% Senior Notes due March 2023 (the "**March 2022 RMB Notes**")	Did not make payment for outstanding principal of RMB1,589,980,000 and accrued interest that were due

2021 RMB Notes, April 2021 Notes, October 2019 Notes and September 2021 Notes: Failure to pay the outstanding principal at maturity, and accrued interest upon expiration of the 30-day grace period, both constituted events of default under the 2021 RMB Notes, the April 2021 Notes, the October 2019 Notes and the September 2021 Notes. However, the non-payment under the respective senior notes has not triggered, and will not trigger, any cross-default under the terms of other senior notes and the PCS issued by the Company.

June 2020 Notes, May 2020 Notes, January 2020 Notes, June 2021 Notes, September 2020 Notes, November 2019 Notes, January 2021 Notes, February 2021 Notes, the PCS, March 2022 Notes and March 2022 RMB Notes: Failure to pay the outstanding principal at maturity, and accrued distribution and/or accrued interest upon expiration of the respective grace periods, both constituted events of default under the PCS and respective senior notes (as the case may be). If an event of default has occurred (such as 30-day grace period lapses) and is continuing, the trustee or holders of at least 25% in aggregate principal amount of the PCS and/or relevant senior notes then outstanding may, by written notice to the Company and to the trustee, declare the principal of, premium, if any, and accrued and unpaid distribution and/or interest on the relevant PCS and senior notes to be immediately due and payable (the "**Acceleration Notice**"). As at 30 June 2024 and up to the date of approval of this announcement, the Company has not received any Acceleration Notice as a result of the non-payment under the respective PCS and/or senior notes.

THE OFFSHORE HOLISTIC LIABILITY MANAGEMENT SOLUTIONS

References are made to the announcements of Zhenro Properties Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 10 April 2022, 11 April 2022, 31 May 2022, 30 June 2022, 3 August 2022, 30 August 2022, 9 November 2022, 12 December 2022, 6 March 2023, 14 March 2023, 31 March 2023, 5 May 2023, 10 August 2023, 15 September 2023, 1 November 2023, 2 January 2024, 24 January 2024, 31 January 2024, 6 March 2024, 11 April 2024, 2 July 2024, 15 July 2024, 29 July 2024, 9 August 2024, 12 August 2024, 16 August 2024 and 22 August 2024 (the "**Announcements**"). Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

The Company announces that the Longstop Date of the RSA has been further extended to 11:59 p.m. (Hong Kong time) on 29 August 2024, in accordance with the terms of the RSA.

The Company will make further announcement(s) on the progress of the Offshore Holistic Liability Management Solutions as and when appropriate.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the Period, there was no significant investment held by the Group.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group had a total of 1,108 employees, including management, sales personnel, etc. (31 December 2023: 1,566 employees).

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

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

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

SUBSEQUENT EVENTS

Save for the matters as disclosed under the section headed "THE OFFSHORE HOLISTIC LIABILITY MANAGEMENT SOLUTIONS" above, no material events were undertaken by the Group subsequent to 30 June 2024 and up to the date of this announcement.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

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

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

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

"**Accession**"). Following the execution of the Accession, the total amount of loan facilities made available to the Company under the 2020 Facility Agreement was approximately US$161,000,000 (the "**2020 Loan Facilities**", each a "**2020 Loan Facility**").

As provided in the 2020 Facility Agreement, if (i) Mr. OU Zongrong, Mr. OU Guoqiang and Mr. OU Guowei (collectively, the "**Relevant Persons**") collectively (a) do not or cease to, directly or indirectly, own at least 51% of the beneficial shareholding in the Company, carrying at least 51% of the voting right in the Company, of which at least 45% of the beneficial shareholding must, at all times from the date of the 2020 Facility Agreement for so long as any liability is outstanding or any commitment is in force, be free from any security; (b) are not or cease to be the single largest shareholder of the Company; and/or (c) do not or cease to have management control over the Company; and/or (ii) the chairman of the Company is not any of Mr. HUANG Xianzhi, Mr. LIU Weiliang (being an existing executive Director) or Mr. CHAN Wai Kin or any of the Relevant Persons, the commitments under the loan facilities may be cancelled and all amounts outstanding together with accrued interest and all other amounts accrued under the loan facilities may become immediately due and payable.

As at 30 June 2024 and as at the date of approval of this announcement, the Company had not made payment of the outstanding principal and/or the accrued interest that were due for the 2019 Loan Facilities and the 2020 Loan Facilities, which constituted an event of default under the 2019 Loan Facilities and the 2020 Loan Facilities. The Company has been working on the Offshore Holistic Liability Management Solutions, details of which are set out in the section headed "THE OFFSHORE HOLISTIC LIABILITY MANAGEMENT SOLUTIONS" above.

Save as disclosed in this announcement, as at 30 June 2024, the Directors are not aware of any circumstances that would trigger the disclosure requirement under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness. The Company has developed and implemented sound governance policies and measures with the Board being responsible for performing such corporate governance duties. The Company has adopted the Corporate Governance Code set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**") as the basis of the Company's corporate governance practices. The Board will continue to review and monitor the governance of the Company with reference to the principles and requirements set out in the Corporate Governance Code so as to maintain a high standard of corporate governance practices of the Company. So far as the Directors are aware, during the Period, the Company has complied with all the applicable code provisions set out in Part 2 of the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as its code of conduct regarding Directors' securities transactions. All Directors have confirmed, following specific enquiry made by the Company, that they have complied with the Model Code during the Period.

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

Saved as disclosed in this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Group during the Period (including sale of treasury shares). As at 30 June 2024, the Company did not have any treasury shares.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the Period (for the six months ended 30 June 2023: Nil).

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The Audit Committee consists of three members, namely Dr. LOKE Yu (alias LOKE Hoi Lam) and Mr. WANG Chuanxu, being independent non-executive Directors, and Mr. OU Guowei, a non-executive Director. Dr. LOKE Yu (alias LOKE Hoi Lam) has been appointed as the chairman of the Audit Committee, and is an independent non-executive Director possessing the appropriate professional qualifications as required under Rule 3.10(2) of the Listing Rules. The primary duties of the Audit Committee include: (i) making recommendations regarding the appointment and removal of external auditors of the Company; (ii) reviewing the accounting policies and financial positions of the Company; (iii) reviewing and supervising the internal audit functions and internal control structure of the Company; and (iv) reviewing and overseeing the risk management of the Company.

The Company's unaudited condensed consolidated interim results and interim report for the six months ended 30 June 2024 were reviewed by the Audit Committee before recommendation to the Board for approval.

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

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

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

Shanghai, PRC, 29 August 2024

As at the date of this announcement, 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.

* *For identification purpose only*