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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Director(s)**") of Zhenro Properties Group Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2024 together with the comparative figures for the preceding financial year as follows. The annual results have been prepared in accordance with IFRS Accounting Standards ("**IFRSs**").

ANNUAL RESULTS AND OPERATIONAL HIGHLIGHTS

- For the year ended 31 December 2024, the Group, together with its joint ventures and associated companies, recorded contracted sales of RMB6,729.0 million, representing a 56.3% year-over-year decrease from 2023.

- For the year ended 31 December 2024, the revenue of the Group was RMB33,416.9 million (for the year ended 31 December 2023: RMB38,774.9 million).

- For the year ended 31 December 2024, the loss attributable to the owners of the parent was RMB6,829.8 million (for the year ended 31 December 2023: RMB8,467.9 million).

- As at 31 December 2024, the Group, together with its joint ventures and associate companies, had a land bank with aggregate GFA of 9.95 million sq.m. (as at 31 December 2023: 12.98 million sq.m.).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	4	**33,416,906**	38,774,935
Cost of sales		**(31,453,104)**	(36,596,210)
Gross profit		**1,963,802**	2,178,725
Other income and gains	4	**30,647**	82,244
Selling and distribution expenses		**(797,318)**	(922,979)
Administrative expenses		**(629,542)**	(655,900)
Impairment losses on financial assets, net		**(664,343)**	(1,426,423)
Other expenses	4	**(3,123,457)**	(4,594,607)
Fair value losses on investment properties		**(573,200)**	(644,419)
Fair value losses on financial assets at fair value through profit or loss		**–**	(254,155)
Finance costs	6	**(3,730,262)**	(2,588,893)
Share of profits and losses of:			
Joint ventures		**38,430**	(28,178)
Associates		**116,467**	(149,697)
LOSS BEFORE TAX	5	**(7,368,776)**	(9,004,282)
Income tax expense	7	**(170,270)**	(481,280)
LOSS FOR THE YEAR		**(7,539,046)**	(9,485,562)
Attributable to:			
Owners of the parent		**(6,829,835)**	(8,467,942)
Non-controlling interests		**(709,211)**	(1,017,620)
		(7,539,046)	(9,485,562)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	9	**RMB(1.56) yuan**	RMB(1.94) yuan

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024	2023
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(7,539,046)**	(9,485,562)
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	**(230,467)**	(54,417)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(258,063)**	(128,618)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(488,530)**	(183,035)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(8,027,576)**	(9,668,597)
Attributable to:		
Owners of the parent	**(7,318,365)**	(8,650,977)
Non-controlling interests	**(709,211)**	(1,017,620)
	(8,027,576)	(9,668,597)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**522,152**	1,244,300
Investment properties		**7,433,700**	8,006,900
Right-of-use assets		**222,173**	247,203
Other intangible assets		**16**	28
Investments in joint ventures		**2,254,602**	2,179,692
Investments in associates		**6,359,924**	6,346,465
Deferred tax assets		**19,201**	578,263
Total non-current assets		**16,811,768**	18,602,851
CURRENT ASSETS			
Financial assets at fair value through profit or loss		**–**	2,701
Properties under development		**33,373,365**	64,430,208
Completed properties held for sale		**29,483,387**	29,801,224
Trade receivables	*10*	**262,670**	574,284
Due from related companies		**9,916,396**	10,281,064
Prepayments, other receivables and other assets	*11*	**18,589,696**	22,465,143
Tax recoverable		**1,760,203**	1,994,545
Restricted cash and pledged deposits		**1,969,388**	3,318,649
Cash and cash equivalents		**1,215,294**	1,716,960
Total current assets		**96,570,399**	134,584,778
CURRENT LIABILITIES			
Trade and bills payables	*12*	**16,349,689**	17,734,022
Other payables and accruals	*13*	**15,737,159**	13,522,987
Contract liabilities		**13,841,193**	45,469,076
Due to related companies		**5,375,738**	5,608,784
Interest-bearing bank and other borrowings		**26,795,849**	25,834,848
Senior notes		**24,514,674**	24,162,213
Corporate bonds		**1,496,056**	1,187,772
Perpetual capital securities		**1,412,671**	1,391,908
Tax payable	*7*	**3,913,574**	4,472,318
Lease liabilities		**1,536**	14,026
Total current liabilities		**109,438,139**	139,397,954
NET CURRENT LIABILITIES		**(12,867,740)**	(4,813,176)
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,944,028**	13,789,675

	Notes	**2024**	2023
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**1,032,050**	3,165,631
Other payables and accruals	*13*	**1,305,123**	328,370
Corporate bonds		**3,602,479**	3,765,969
Deferred tax liabilities		**279,287**	367,883
Lease liabilities		**4,874**	10,293
Total non-current liabilities		**6,223,813**	7,638,146
Net (liabilities)/assets		**(2,279,785)**	6,151,529
EQUITY			
Equity attributable to owners of the parent			
Share capital		**282**	282
Reserves		**(11,207,610)**	(3,889,245)
		(11,207,328)	(3,888,963)
Non-controlling interests		**8,927,543**	10,040,492
Total equity		**(2,279,785)**	6,151,529

NOTES TO FINANCIAL STATEMENTS

31 December 2024

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 21 July 2014. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 January 2018. The registered office of the Company is located at Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

During the year, the Group was principally involved in property development and property leasing.

In the opinion of the directors of the Company, the ultimate controlling shareholder of the Company is Mr. Ou Zongrong.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and interpretations) approved by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern basis

The Group recorded a net loss of RMB7,539,046,000 for the year ended 31 December 2024. As at 31 December 2024, (i) the Group recorded net current liabilities and net liabilities amounted to RMB12,867,740,000 and RMB2,279,785,000, respectively; (ii) the Group's aggregate principal and interest of interest-bearing bank and other borrowings, senior notes, corporate bonds, perpetual capital securities and asset-backed securities amounted to RMB69,477,634,000, out of which RMB63,537,982,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to RMB1,215,294,000; (iii) the Group had not repaid an aggregate amount of principal and interest of RMB21,406,730,000 for certain senior notes and an aggregate amount of interest amounting to RMB1,464,816,000 for certain senior notes according to their scheduled repayment dates, triggering events of default for certain senior notes amounting to RMB7,583,850,000; (iv) an aggregate amount of principal of RMB18,148,651,000 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 RMB7,149,749,000, becoming repayable on demand; (v) the Group failed to repay the principal and interest amounting to RMB1,252,621,000 for a corporate bond due in November 2022; (vi) the Group failed to repay the outstanding amount of RMB1,041,088,000 for the asset-backed securities due in July 2024, and (vii) the Group failed to repay the principal and interest amounting to RMB1,750,150,000 for the perpetual capital securities.

2.1 BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

The above conditions indicate the existence of material uncertainties which cast significant doubt over 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.

(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.

(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.

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

2.1 BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

The directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2024. They are of the opinion that, taking into account the above-mentioned 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 twelve months from 31 December 2024. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

(a) successfully completing the holistic restructuring of its offshore indebtedness;

(b) successfully negotiating with the Group's existing lenders for the renewal or extension for repayment of the Group's interest-bearing bank and other borrowings;

(c) successfully securing project development loans for qualified project development in a timely manner;

(d) successfully obtaining additional new sources of financing as and when needed;

(e) successfully carrying out the Group's business strategy plan including the acceleration of the sales of properties;

(f) successfully implementing measures to speed up the collection of the outstanding sales proceeds and effectively control costs and expenses; and

(g) successfully disposing of the Group's equity interests in certain project development companies when suitable.

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 consolidated financial statements.

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRS Accounting Standards for the first time for the current year's financial statements.

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 the impact of the revised IFRS Accounting Standards 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. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property development and leasing and commercial property management by project locations for the purpose of making decisions about resource allocation and performance assessment, while no single location's revenue, net profit or total assets exceed 10% of the Group's consolidated revenue, net profit or total assets, respectively. As the economic characteristics are similar in all the locations, where the nature of property development and leasing and management are similar, and the nature of the aforementioned business processes, the type or class of customer for the aforementioned business and the methods used to distribute the properties or provide the services are also similar, all locations were aggregated as one reportable operating segment.

Geographical information

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

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 for the years ended 31 December 2023 and 2024.

4. REVENUE, OTHER INCOME AND GAINS, OTHER EXPENSES

An analysis of revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers	**33,340,442**	38,697,406
Revenue from other sources		
Gross rental income from investment property operating leases:		
Lease payments, including fixed payments	**76,464**	77,529
Total	**33,416,906**	38,774,935

4. REVENUE, OTHER INCOME AND GAINS, OTHER EXPENSES (Continued)

Revenue from contracts with customers

(a) ***Disaggregated revenue information***

	2024	2023
	RMB'000	*RMB'000*
Types of goods or services		
Sale of properties	**33,331,088**	38,648,331
Management consulting services	**9,354**	42,851
Sale of goods	**–**	6,224
Total	**33,340,442**	38,697,406
Timing of revenue recognition:		
Properties or goods transferred at a point in time	**33,331,088**	38,654,555
Services transferred over time	**9,354**	42,851
Total	**33,340,442**	38,697,406

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024	2023
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of properties	**30,178,205**	36,074,192

4. REVENUE, OTHER INCOME AND GAINS, OTHER EXPENSES (Continued)

Revenue from contracts with customers (Continued)

(b) ***Performance obligations***

Information about the Group's performance obligations is summarised below:

Sale of properties

For property sales contracts, the Group recognises revenue equal to the contract amount when the purchaser obtains the physical possession or the legal title of the completed property.

Management consulting services

For management consulting services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date. The majority of the management consulting service contracts do not have a fixed term. The term of the contracts for pre-delivery and consulting services is generally set to expire when the counterparties notify the Group that the services are no longer required.

Sale of goods

Revenue from sales of goods is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Payment of the transaction price is due immediately at the point the customer has accepted the materials.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2024	2023
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**11,488,190**	30,646,827
After one year	**2,353,003**	14,822,249
Total	**13,841,193**	45,469,076

4. REVENUE, OTHER INCOME AND GAINS, OTHER EXPENSES (Continued)

Revenue from contracts with customers (Continued)

(b) ***Performance obligations (Continued)***

An analysis of other income and gains is as follows:

	2024	2023
	RMB'000	*RMB'000*
Other income		
Interest income	**21,917**	50,813
Others	**1,879**	6,306
Total other income	**23,796**	57,119
Gains		
Forfeiture of deposits	**5,312**	13,050
Government grants	**443**	7,074
Gain on lease term termination	**1,096**	–
Gain on disposal of items of property, plant and equipment	**–**	4,795
Gain on disposal of financial assets at fair value through profit or loss	**–**	206
Total gains	**6,851**	25,125
Total other income and gains	**30,647**	82,244

An analysis of other expenses is as follows:

	2024	2023
	RMB'000	*RMB'000*
Impairment losses recognised for properties under development and completed properties held for sale	**2,328,116**	4,375,883
Impairment losses recognised for property, plant and equipment	**700,196**	–
Foreign exchange differences, net	**54,514**	160,866
Losses on disposal of subsidiaries, net	**–**	25,243
Losses on disposal of financial assets at fair value through profit or loss	**87**	9,710
Losses on disposal of items of property, plant and equipment	**6**	367
Donations	**500**	500
Others	**40,038**	22,038
Total other expenses	**3,123,357**	4,594,607

5. LOSS BEFORE TAX

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

		2024	2023
		RMB'000	*RMB'000*
Cost of properties sold		**31,452,175**	36,582,585
Impairment losses recognised for properties under development, completed properties held for sale	*4*	**2,328,116**	4,375,883
Impairment losses recognised for property, plant and equipment		**700,196**	–
Depreciation of items of property, plant and equipment		**21,958**	24,231
Depreciation of right-of-use assets		**20,220**	33,275
Amortisation of other intangible assets		**12**	20
Losses on disposal of financial assets at fair value through profit or loss, net		**87**	9,504
Losses/(gains) on disposal of items of property, plant and equipment, net	*4*	**6**	(4,428)
Gains on lease term termination		**(1,096)**	–
Losses on disposal of subsidiaries, net		**–**	25,243
Auditors' remuneration		**5,500**	6,700
Impairment losses on financial assets, net		**664,343**	1,426,423
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		**313,828**	369,615
Pension scheme contributions and social welfare		**51,767**	61,928

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2024	2023
	RMB'000	*RMB'000*
Interest on interest-bearing bank and other borrowings, corporate bonds, senior notes and proceeds from asset-backed securities	**4,597,336**	4,602,796
Interest expense arising from revenue contracts	**783,402**	1,222,247
Interest on lease liabilities	**998**	2,645
Total interest expense on financial liabilities not at fair value through profit or loss	**5,381,736**	5,827,688
Less: Interest capitalised	**(1,651,474)**	(3,238,795)
Total	**3,730,262**	2,588,893

7. 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 profits currently arising in Hong Kong for the year ended 31 December 2024.

Subsidiaries of the Group operating in Mainland China were subject to PRC CIT at a rate of 25% for the year.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the 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 Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	2024	2023
	RMB'000	*RMB'000*
Current tax:		
PRC CIT	**159,091**	214,416
PRC LAT	**(459,287)**	2,202
Deferred tax	**470,466**	264,662
Total tax charged for the year	**170,270**	481,280

A reconciliation of income tax expense applicable to loss before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the income tax expense at the effective income tax rate is as follows:

	2024	2023
	RMB'000	*RMB'000*
Loss before tax	**(7,368,776)**	(9,004,282)
At the statutory income tax rate	**(1,842,194)**	(2,251,071)
Profits and losses attributable to joint ventures and associates	**(38,724)**	44,469
Expenses not deductible for tax	**8,695**	11,144
Tax losses and deductible temporary differences utilised from previous years	**(559,961)**	(179,246)
Deductible temporary differences not recognised	**1,033,460**	1,313,460
Tax losses not recognised	**1,913,459**	1,540,873
Provision for LAT	**(459,287)**	2,202
Tax effect on LAT	**114,822**	(551)
Tax charge at the Group's effective rate	**170,270**	481,280

7. INCOME TAX (Continued)

The share of tax charge attributable to joint ventures and associates amounted to RMB116,565,000 for the year (2023: RMB70,589,000). The share of tax credit attributable to joint ventures and associates amounting to RMB64,933,000 for the year (2023: RMB129,881,000) is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

Tax payable in the consolidated statement of financial position represents:

	2024	2023
	RMB'000	*RMB'000*
PRC CIT payable	**2,803,490**	2,989,394
PRC LAT payable	**1,110,084**	1,482,924
Total tax payable	**3,913,574**	4,472,318

8. DIVIDENDS

The board of directors does not recommend the payment of final dividend for the year ended 31 December 2024 (2023: Nil).

9. 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 year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,367,756,000 (2023: 4,367,756,000) outstanding during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2024 and 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

The calculations of the basic and diluted loss per share amounts are based on:

	2024	2023
Loss		
Loss attributable to ordinary equity holders of the parent (RMB'000)	**(6,829,835)**	(8,467,942)
Shares		
Weighted average number of ordinary shares in issue during the year	**4,367,756,000**	4,367,756,000
Loss per share		
Basic and diluted	**RMB(1.56)**	RMB(1.94)

10. TRADE RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**262,670**	574,284

Trade receivables mainly represent rentals receivable from tenants, sales of properties, sales of goods and sales of consultation service. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to diversified customers, there is no significant concentration of credit risk. Included in the Group's trade receivables of sales of properties are mainly due from state-owned enterprises and government departments. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values. An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Less than 1 year	**104,306**	152,986
Over 1 year	**158,364**	421,298
Total	**262,670**	574,284

Receivables that were neither past due nor impaired relate to diversified customers including state-owned enterprises and government departments, for whom there was no recent history of default and high collectability.

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 0.7% (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.

11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024	2023
	RMB'000	*RMB'000*
Deposits	**969,801**	1,302,947
Other tax recoverable	**1,465,214**	2,603,006
Due from non-controlling shareholders of subsidiaries	**14,244,906**	14,683,930
Contract cost assets	**886,506**	1,441,693
Proceeds from pre-sales of properties deposited in accounts of local governments and related agencies	**907,436**	1,818,423
Prepayments for construction cost	**8,390**	25,412
Other receivables	**816,747**	859,332
	19,299,000	22,734,743
Impairment allowance	**(709,304)**	(269,600)
Total	**18,589,696**	22,465,143

The movements in provision for impairment of other receivables and deposits are as follows:

	2024	2023
	RMB'000	*RMB'000*
Carrying amount at 1 January	**269,600**	75,732
Impairment losses recognised	**439,704**	304,703
Disposal of subsidiaries	**–**	(110,835)
Carrying amount at 31 December	**709,304**	269,600

Prepayments, other receivables and other assets are unsecured, non-interest-bearing and have no fixed terms of repayment.

The Group performs impairment assessment under ECL model on other receivables and deposits, which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. As at 31 December 2024, the ECLs were RMB709,304,000 (31 December 2023: RMB269,600,000).

12. 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:

	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**15,194,182**	16,507,435
Over 1 year	**1,155,507**	1,226,587
Total	**16,349,689**	17,734,022

The trade payables are unsecured and are normally settled based on the progress of construction. As at 31 December 2024, commercial acceptance bills of approximately RMB1,144,767,000 (2023: RMB1,225,210,000) issued by the Company's subsidiaries were overdue and unpaid.

13. OTHER PAYABLES AND ACCRUALS

	2024	2023
	RMB'000	*RMB'000*
Advances from non-controlling shareholders of subsidiaries and third parties	**4,378,420**	4,686,623
Retention deposits related to construction	**1,086,953**	1,428,020
Payroll and welfare payable	**67,895**	92,592
Deposits related to sales of properties	**69,516**	79,868
Business tax and surcharges	**623,332**	488,838
Maintenance fund	**171,716**	233,681
Proceeds from asset-backed securities *(note)*	**2,525,416**	2,355,149
Interest payables	**8,098,439**	4,459,873
Others	**20,595**	26,713
	17,042,282	13,851,357
Less: Current portion	**15,737,159**	13,522,987
Non-current portion	**1,305,123**	328,370

13. OTHER PAYABLES AND ACCRUALS (Continued)

Note: The balance represented proceeds received from a special purpose entity ("SPE") set up by a financial institution in Mainland China for issuance of asset-backed securities, to which the Group has collateralised certain future trade receivables for the remaining receipts from sales of properties. Under an assignment arrangement between the Group and the SPE, as and when the Group receives the sales proceeds from customers, the Group would remit any cash flows it collects on behalf of the SPE. As at 31 December 2024, the current portion of the proceeds from asset-backed securities was RMB1,220,293,000 (2023: RMB2,026,779,000) and the non-current portion was RMB1,305,123,000 (2023: RMB328,370,000). As of 31 December 2024, the Group failed to repay the outstanding amount of RMB1,041,088,000 for the asset-backed securities due in July 2024, which constituted an event of default. During the year ended 31 December 2024, the Group successfully negotiated with creditors of asset-backed securities on the extension for repayments of principal and interest thereon. Repayments of the outstanding amounts of RMB198,579,000, RMB150,241,000 and RMB1,135,508,000 have been extended to 17 September 2026, 8 November 2026 and 20 May 2027, respectively.

The interest payables included in other payables represent the overdue interest on interest-bearing bank and other borrowings, senior notes, corporate bonds, perpetual capital securities, and asset-backed securities, the non-repayment of which constitutes an event of default.

Except for the asset-backed securities and certain advances from non-controlling shareholders amounting to RMB2,525,416,000 (2023: RMB2,355,149,000) and RMB437,467,000 (2023: RMB460,313,000), respectively, which bear interest at fixed interest rates ranging from 6% to 13% per annum (2023: 6% to 13%), other payables and the remaining advances from non-controlling shareholders of subsidiaries are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables at the end of each of the reporting periods approximated to their corresponding carrying amounts.

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 year ended 31 December 2024 and its outlook for 2025.

RESULTS

For the year ended 31 December 2024, the revenue of the Group was RMB33,416.9 million; the loss was RMB7,539.0 million; and the loss attributable to owners of the parent was RMB6,829.8 million. The Board did not recommend the payment of a final dividend for the year ended 31 December 2024.

MARKET AND BUSINESS REVIEW

In 2024, China's real estate sector remained in a phase of deep adjustment. Key indicators such as national real estate development investment, newly started construction area, and sales area of newly built commercial housing continued to decline, residents' willingness to purchase houses remained weak, and real estate companies were under huge operational pressures. However, since September 2024, on the basis of previous supportive policies, the meeting of the Political Bureau of the Central Committee proposed the goal of "promoting the stabilization and recovery of the real estate market". Governments at all levels have further implemented multi-dimensional policy measures to effectively stabilize the market, bringing hope for the industry's steady recovery.

Over the past year, amid severe circumstances, the Group's operations and liquidity were significantly impacted. In the face of numerous pressures and challenges, the Group braved difficulties, maintained overall operational stability, ensured orderly progress in production and construction, and achieved breakthroughs in some key and challenging projects. The Group prioritized "ensuring delivery" as a core mission, and approximately 26,900 new homes were delivered in 2024. Committed to providing high-quality products and services to meet customer needs, the Group also bolstered customers' confidence and established corporate reputation. In the "Report of Housing Satisfaction of Urban Residents in China in 2024" released by China Index Academy, the Group's customer satisfaction score was significantly higher than the industry average.

Meanwhile, in order to address liquidity issues, the Group has continued to implement liquidity management and cost saving measures since 2022 and 2023, including seeking financing extension and exemption, accelerating sales and cash collection, further streamlining the corporate organisational structure, and significantly reducing administrative expenses. The Group has been actively working with its legal advisor and financial advisers on its offshore holistic liability management solutions to assist it with a holistic restructuring of its offshore indebtedness, in order to achieve a long-term sustainable capital structure and stabilise the Group's operations, taking into account the interest of all stakeholders.

OUTLOOK

Looking ahead to 2025, China's real estate industry will continue to move forward in difficulties. The Group will brave difficulties by actively seeking new growth opportunities while striving to maintain operational stability, so as to drive the long-term development of the Company. At the end of 2024, the meeting of the Political Bureau of the Central Committee further proposed "stabilizing the property market", and the Central Economic Work Conference once again emphasized "continuous efforts to promote the stabilization and recovery of the real estate market", releasing an even more resolute tone for stabilizing the PRC property market. The Group will seize the opportunity from the recovery of the economy and the real estate market by increasing marketing efforts and improving the sales quality, so as to further improve the outcome of asset value recovery. The Group will continue to adhere to the operating principles of "safety, health, and sustainability", strengthen financial risk management, optimise asset structure and strictly control operating costs to ensure the financial stability the Group. In addition, the Group will continue to improve product and service quality to win customer favor. The Group will also continue to enhance its internal management system and operational efficiency to improve business quality, thereby promoting its 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

28 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT

Contracted Sales

For the year ended 31 December 2024 ("**Year 2024**"), the Group, together with its joint ventures and associated companies, recorded contracted sales of RMB6,729.0 million, representing a 56.3% year-over-year decrease from the year ended 31 December 2023 ("**Year 2023**"); total contracted gross floor area ("**GFA**") sold amounted to approximately 458,886 million sq.m., representing a 55.3% year-over-year decrease from Year 2023. Contracted average selling price ("**ASP**") for Year 2024 was RMB14,664 per sq.m., whilst that for Year 2023 was RMB14,986 per sq.m.

The following table sets forth the geographic breakdown of the contracted sales of the Group, together with its joint ventures and associated companies, in Year 2024.

	Contracted GFA Sold	**Contracted Sales**	**Contracted ASP**	**% of Contracted Sales**
	sq.m.	*RMB'000*	*RMB/sq.m.*	*%*
Yangtze River Delta Region	205,017	3,026,088	14,760	45.0
Western Taiwan Straits Region	105,502	1,717,511	16,279	25.5
Bohai Rim Region	17,014	373,362	21,944	5.5
Central China Region	65,377	647,502	9,904	9.6
Western China Region	7,996	137,765	17,230	2.0
Pearl River Delta Region	57,980	826,762	14,259	12.4
Total	458,886	6,729,990	14,664	100.0

Revenue Recognized from Sales of Properties

Revenue recognized from sales of properties decreased by 13.8% from RMB38,648.3 million for Year 2023 to RMB33,331.1 million for Year 2024, primarily due to a decrease in GFA being delivered. The Group's recognized ASP from sales of properties for Year 2024 was RMB17,340 per sq.m., representing a 12.4% increase from RMB15,433 per sq.m. for Year 2023, primarily due to the increase in the proportion of properties with higher selling price being delivered in Year 2024.

During Year 2024, the properties delivered by the Group included Fuzhou Riverview Zhenro Mansion, Suzhou Poly Zhenro Oriental Mansion, Fuyang Yingzhou Zhenro Mansion, Foshan Jinmao Country Garden Zhenro Mansion, Xiamen Lianfa Zhenro Mansion and others.

The following table sets forth the geographic breakdown of the revenue recognized from sales of properties of the Group for the years indicated:

	Recognized Revenue from Sales of Properties		% of Recognized Revenue from Sale of Properties		Total GFA Delivered		Recognized ASP	
	Year 2024	Year 2023	**Year 2024**	Year 2023	**Year 2024**	Year 2023	**Year 2024**	Year 2023
	RMB'000	*RMB'000*	**%**	%	***sq.m.***	*sq.m.*	***RMB/sq.m.***	*RMB/sq.m.*
Yangtze River Delta Region	**9,429,723**	20,405,330	**28.3**	52.8	**554,219**	1,156,372	**17,014**	17,646
Western Taiwan Straits Region	**10,495,646**	8,297,508	**31.5**	21.5	**659,923**	570,774	**15,904**	14,537
Central China Region	**8,294,078**	6,184,660	**24.9**	16.0	**421,980**	482,727	**19,655**	12,812
Western China Region	**2,948,443**	3,760,833	**8.8**	9.7	**151,187**	294,372	**19,502**	12,776
Pearl River Delta Region	**2,163,198**	–	**6.5**	–	**132,544**	–	**16,321**	–
Total	**33,331,088**	38,648,331	**100.0**	100.0	**1,919,853**	2,504,245	**17,340**	15,433

Completed Properties Held for Sale

Completed 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 31 December 2024, the Group had completed properties held for sale of RMB29,483.4 million, representing a 1.0% decrease from RMB29,801.2 million as at 31 December 2023. The decrease was primarily due to a decrease in GFA for completed properties by the Group in Year 2024. The Group has obtained the construction completion certificates in respect of all completed properties held for sale.

Properties Under Development

Properties under development are properties 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 31 December 2024, the Group had properties under development of RMB33,373.4 million, representing a 48.2% decrease 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 Year 2024.

PROPERTY INVESTMENT

Rental Income

The Group's rental income for Year 2024 was RMB76.5 million, representing a 1.4% decrease from RMB77.5 million for Year 2023. Rental income in Year 2024 fell due to poor overall market conditions.

Investment Properties

As at 31 December 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, eight investment properties with a total GFA of 429,429 sq.m. had commenced leasing.

LAND BANK

In Year 2024, the Group did not replenish any land parcel. As at 31 December 2024, the Group, together with its joint ventures and associated companies, had a land bank with an aggregate GFA of 9.95 million sq.m.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by 13.8% from RMB38,774.9 million for Year 2023 to RMB33,416.9 million for Year 2024, which was primarily attributable to a decrease in GFA being delivered. 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 years indicated.

	Year 2024		Year 2023		
	Revenue	**% of Total Revenue**	Revenue	% of Total Revenue	Year-over-Year Change
	RMB'000	**%**	*RMB'000*	%	%
Sales of properties	**33,331,088**	**99.7**	38,648,331	99.7	(13.9)
Property lease	**76,464**	**0.2**	77,529	0.2	(1.4)
Management consulting services[1]	**9,354**	**0.1**	42,851	0.1	(78.2)
Sales of goods	**–**	**0.0**	6,224	0.0	(100.0)
Total	**33,416,906**	**100.0**	38,774,935	100.0	(13.9)

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 decreased by 14.1% from RMB36,596.2 million for Year 2023 to RMB31,453.1 million for Year 2024, primarily due to a decrease in GFA being delivered by the Group during Year 2024.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit decreased by 9.9% from RMB2,178.7 million for Year 2023 to RMB1,963.8 million for Year 2024. Gross profit margin for Year 2024 increased by 0.3 percentage point to 5.9% from 5.6% for Year 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 62.8% from RMB82.2 million for Year 2023 to RMB30.6 million for Year 2024, primarily due to the decrease in interest income, forfeiture of deposits and government grants during Year 2024.

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 decreased by 13.6% from RMB923.0 million for Year 2023 to RMB797.3 million for Year 2024, primarily due to the enhanced control over selling and distribution expenses with the overall reduction in sales and marketing campaigns of the Group during Year 2024.

Administrative Expenses

Administrative expenses primarily consist of management and administrative staff costs, entertainment expenses, office and meeting expenses, stamp 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 4.0% from RMB655.9 million for Year 2023 to RMB629.5 million for Year 2024, primarily because the Group streamlined its organizational structure and enhanced cost control over its administrative items during Year 2024.

Other Expenses

Other expenses decreased by 32.0% from RMB4,594.6 million for Year 2023 to RMB3,123.5 million for Year 2024, which mainly include foreign exchange loss, net, of RMB54.5 million (Year 2023: RMB160.9 million) and the impairment losses recognized for properties under development and completed properties held for sale of RMB2,328.1 million (Year 2023: RMB4,375.9 million) as a result of a decline in the overall housing demand and lower selling prices of projects held by the Group.

Impairment losses on financial assets, net, decreased by 53.4% from RMB1,426.4 million for Year 2023 to RMB664.3 million for Year 2024.

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 decrease in the fair value of investment properties as a result of the decline in demand for commercial property. For Year 2024, the Group recorded fair value losses on investment properties of RMB573.2 million, as compared with fair value losses on investment properties of RMB644.4 million for Year 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 44.1% from RMB2,588.9 million for Year 2023 to RMB3,730.3 million for Year 2024, primarily due to a lower capitalization rate for interest on borrowings in Year 2024.

Share of Profits of Joint Ventures and Associated Companies

The Group's share of profits of joint ventures was RMB38.4 million for Year 2024, compared with the share of losses of RMB28.2 million for Year 2023, primarily due to increase in the number of properties delivered by and the increase in profit margin for joint ventures.

The Group's share of profits of associated companies was RMB116.5 million for Year 2024, compared with the share of losses of RMB149.7 million for Year 2023, primarily due to the increase in the number of properties delivered by and the increase in profit margin for associated companies.

Income Tax Expense

Income tax expense represents corporate income tax ("**CIT**") and land appreciation tax payable by the Group's subsidiaries in the PRC.

The Group's income tax expense decreased from RMB481.3 million for Year 2023 to RMB170.3 million for Year 2024, primarily due to a decrease in the Group's CIT for Year 2024.

Loss for the Year

As a result of the foregoing, the Group's loss for Year 2024 was RMB7,539.0 million, compared with a loss of RMB9,485.6 million for Year 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 31 December 2024, the Group had cash and bank balances of RMB3,184.7 million (31 December 2023: RMB5,035.6 million), which included cash and cash equivalents of RMB1,215.3 million (31 December 2023: RMB1,717.0 million), pledged deposits of RMB63.9 million (31 December 2023: RMB131.4 million) and restricted cash of RMB1,905.5 million (31 December 2023: RMB3,187.3 million).

Indebtedness

As at 31 December 2024, the Group had total outstanding bank and other borrowings of RMB27,827.9 million (31 December 2023: RMB29,000.5 million), corporate bond with carrying amounts of RMB5,098.5 million (31 December 2023: RMB4,953.7 million), senior notes with carrying amounts of RMB24,514.7 million (31 December 2023: RMB24,162.2 million) and senior perpetual capital securities (the "**PCS**") with carrying amounts of RMB1,412.7 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 31 December	
	2024	2023
	RMB'000	*RMB'000*
Current borrowings:		
Bank borrowings – secured	**216,303**	242,189
Bank borrowings – unsecured	**484,677**	478,877
Other borrowings – secured	**2,620,851**	2,674,189
Plus: current portion of non-current borrowings		
Bank borrowings – secured	**17,714,212**	17,423,140
Bank borrowings – unsecured	**1,368,090**	1,345,892
Other borrowings – secured	**4,391,716**	3,670,561
Senior notes and Corporate bonds	**26,010,730**	25,349,985
PCS	**1,412,671**	1,391,908
Total current borrowings	**54,219,250**	52,576,741
Non-current borrowings:		
Bank borrowings – secured	**980,650**	2,022,481
Other borrowings – secured	**51,400**	1,143,150
Corporate bonds	**3,602,479**	3,765,969
Total non-current borrowings	**4,634,529**	6,931,600
Total	**58,853,779**	59,508,341

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

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Repayable within one year	**54,219,250**	52,576,741
Repayable within the second year	**337,050**	2,496,231
Repayable within the third to fifth years	**4,297,479**	4,435,369
Total	**58,853,779**	59,508,341

Charge on Assets

As at 31 December 2024, the Group's asset portfolio which included property, plant and equipment with carrying value of RMB209.8 million (31 December 2023: RMB192.9 million), right-of-use assets with carrying value of RMB156.9 million (31 December 2023: RMB165.8 million), investment properties with carrying value of approximately RMB5,826.0 million (31 December 2023: RMB6,277.3 million), properties under development with carrying value of RMB19,887.7 million (31 December 2023: RMB33,019.5 million) and completed properties held for sale with carrying value of RMB22,500.3 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.

In Year 2024, 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 0.88 as at 31 December 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) was –2,441.9% as at 31 December 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 31 December 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 RMB19,760.2 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 31 December 2024, the guarantees given to banks and other institutions in connection with borrowings made to the related companies and a third party by the Group were RMB2,760.5 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 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 31 December 2024, the Group's capital commitment contracted but yet provided for was RMB7,955.2 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 31 December 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, 12 April 2024, 10 September 2024 and 4 February 2025.

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 US$200,000,000 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 US$200,000,000 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 US$290,000,000 and accrued interest that were due
7.1% Senior Notes due September 2024 (the "**June 2021 Notes**")	Did not make payment for outstanding principal of US$340,000,000 and accrued interest that were due
7.35% Senior Notes due February 2025 (the "**September 2020 Notes**")	Did not make payment for outstanding principal of US$350,000,000 and 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

Description of Debt Securities	Payment Status
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 31 December 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 (collectively, the "**Announcements**") of the Company dated 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, 22 August 2024, 30 August 2024, 6 September 2024, 13 September 2024, 19 September 2024, 31 October 2024, 28 November 2024 and 2 January 2025.

The Company and its advisors will continue to engage in discussions with various stakeholders and endeavour to achieve the holistic restructuring of the offshore debts of the Company that safeguards stakeholders' interests and ensures fair treatment of all applicable creditors. The Company is grateful for the broad-based support of its creditors for their continuing support and engagement with the Company during the process.

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

DISPOSALS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

During Year 2024, there was no material acquisition or disposal of subsidiaries, joint ventures and associates by the Company.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During Year 2024, 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

During Year 2024, the Group had an average number of 927 employees (Year 2023: average 1,549 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 31 December 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 31 December 2024 and up to 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. In light of this, the Company has commenced the implementation for 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 31 December 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

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

Save as disclosed in this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities (including sale of treasury shares) of the Group during Year 2024.

FINAL DIVIDEND

The Board did not recommend the payment of final dividend for Year 2024 (Year 2023: Nil).

As at 31 December 2024, there was no arrangement under which a shareholder of the Company had waived or agreed to waive any dividends.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company (the "**AGM**") will be held on Friday, 20 June 2025. A notice convening the AGM will be published on the Company's website and the Stock Exchange's website and dispatched to the shareholders of the Company in accordance with the requirements of the Listing Rules in due course. For the purpose of determination of eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 17 June 2025 to Friday, 20 June 2025 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to be entitled to attend and vote at the forthcoming AGM to be held on Friday, 20 June 2025, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Monday, 16 June 2025.

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 (the "**Corporate Governance Code**") set out in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices and has complied with all the applicable code provisions.

The Board will continue to review and monitor the governance of the Company with reference to the Corporate Governance Code so as to maintain a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules 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 Year 2024.

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 Ms. YANG Yongyi, Mr. WANG Chuanxu and Mr. XIE Jun, being independent non-executive Directors, Ms. YANG Yongyi has been appointed as the chairman of the Audit Committee, and is the independent non-executive Director possessing the appropriate professional qualifications. 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 Group's audited consolidated financial statements for the Year 2024 were reviewed by the Audit Committee before recommendation to the Board for approval.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of the independent auditor's report from the external auditor of the Company:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the *Basis for Disclaimer of Opinion* section of our report, it is not possible for us to form an opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Multiple Uncertainties Relating to Going Concern

As set out in note 2.1 to the consolidated financial statements, the Group recorded a net loss of RMB7,539,046,000 for the year ended 31 December 2024. As at 31 December 2024, (i) the Group recorded net current liabilities and net liabilities amounted to RMB12,867,740,000 and RMB2,279,785,000, respectively; (ii) the Group's aggregate principal and interest of interest-bearing bank and other borrowings, senior notes, corporate bonds, perpetual capital securities and asset-backed securities amounted to RMB69,477,634,000, out of which RMB63,537,982,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to RMB1,215,294,000; (iii) the Group had not repaid an aggregate amount of principal and interest of RMB21,406,730,000 for certain senior notes and an aggregate amount of interest amounting to RMB1,464,816,000 for certain senior notes according to their scheduled repayment dates, triggering events of default for certain senior notes amounting to RMB7,583,850,000; (iv) an aggregate amount of principal of RMB18,148,651,000 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 RMB7,149,749,000 becoming repayable on demand; (v) the Group failed to repay the principal and interest amounting to RMB1,252,621,000 for a corporate bond due in November 2022; (vi) the Group failed to repay the outstanding amount of RMB1,041,088,000 for the asset-backed securities due in July 2024, and (vii) the Group failed to repay the principal and interest amounting to RMB1,750,150,000 for the perpetual capital securities. These conditions, together with other matters disclosed in note 2.1 to the consolidated financial statements, indicate the existence of material uncertainties which cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking plans and measures to improve the Group's liquidity and financial position, which are set out in note 2.1 to the consolidated financial statements. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including: (i) successfully completing the holistic restructuring of its offshore indebtedness; (ii) successfully negotiating with the Group's existing lenders for the renewal or extension for repayment of the Group's interest-bearing bank and other borrowings; (iii) successfully securing project development loans for qualified project development timely; (iv) successfully obtaining additional new sources of financing as and when needed; (v) successfully carrying out the Group's business strategy plan including the acceleration of the sales of properties; (vi) successfully implementing measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and (vii) successfully and timely implementation of the plans to dispose of its equity interests in certain project development companies, and timely collection of the proceeds.

As a result of these multiple uncertainties, their potential interaction, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate. Should the Group fail to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying amount 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 consolidated financial statements.

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

The annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.zhenrodc.com). The annual report will be despatched to the shareholders of the Company and will be available on the website 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, 28 March 2025

As at the date of this announcement, the executive Directors of the Company are Mr. Liu Weiliang and Mr. Li Yang, and the independent non-executive Directors of the Company are Mr. Wang Chuanxu, Mr. Xie Jun and Ms. Yang Yongyi.

* *For identification purpose only*