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Zhongliang Holdings Group Company Limited

中 梁 控 股 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2772)

UPDATE ON THE IMPLEMENTATION OF PLANS AND MEASURES IN RESOLVING THE DISCLAIMER OF OPINION

The board (the “**Board**”) of directors (the “**Directors**”) of Zhongliang Holdings Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to provide a further update on the plans and measures implemented by the Group (the “**Plans and Measures**”) with a view to improving the liquidity and financial position of the Group and resolving the disclaimer of opinion issued by the Company’s auditor (the “**Auditor**”) relating to going concern (the “**Disclaimer of Opinion**”) as set out in the Company’s annual report for the year ended 31 December 2025 (the “**Annual Report**”) and as previously disclosed in the Company’s update announcements dated 31 March 2026 and 30 June 2026 (the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement have the same meanings as those defined in the Annual Report and the Announcements.

This announcement provides an update on the implementation of the Plans and Measures up to the date of this announcement (the “**Update Period**”), including (i) the quantitative progress achieved; (ii) a comparison of the progress against the cash flow forecast (the “**Forecast**”) prepared by the management for the period from 1 January 2026 to 31 December 2026 (the “**Forecasted Period**”); (iii) the material difficulties and uncertainties encountered; and (iv) the outstanding actions and expected timetable for addressing the matters giving rise to the Disclaimer of Opinion.

BACKGROUND

Matters Giving Rise to the Disclaimer of Opinion

As disclosed in the Annual Report, the Auditor issued the Disclaimer of Opinion on the consolidated financial statements of the Group, due to the existence of material uncertainties which cast significant doubt on the Group’s ability to continue as a going concern, details of which are set out in note 2.1 (pages 105 to 107) to the consolidated financial statements in the Annual Report.

As advised by the Auditor, it had requested written agreements or confirmation and supporting documents in order to substantiate the Group's ability to continue as a going concern for at least 12 months from 31 December 2025, including but not limited to (i) the signed agreements or written confirmation for the renewal, extension or replacement of the bank loans and other borrowings which will be due within twelve months from 31 December 2025 and payable to construction contractors and other development vendors within twelve months from 31 December 2025, (ii) signed or confirmed new loan agreements for project development, (iii) signed or confirmed agreements for alternative financing and borrowings, (iv) supporting documents for the sales of properties and the respective cash collection, (v) records of payments to construction contractors and other development vendors, and (vi) sales and purchase agreements or memorandum of understanding or written confirmation with respect to the disposal of the Group's interests in property projects or property project companies.

As the Plans and Measures were still being formulated or implemented and a number of the relevant arrangements had not been completed or documented in legally binding agreements as at the date of the Annual Report, there was insufficient appropriate audit evidence, including sufficient written agreements or confirmations available to the Auditor, which were beyond control of the Company. Having considered that (i) the material uncertainties related to the PRC government policies impacting the overall economy and the real estate industry, which significantly affected the Group's ability and effectiveness to implement the Plans and Measures; and (ii) the insufficiency of written and supporting documents for the ongoing Plans and Measures as mentioned above, the Auditor considered that the audit evidence obtained was insufficient to satisfy itself about the appropriateness of the use of the going concern basis in the preparation of the financial statements for the year ended 31 December 2025.

Management's Position

In assessing whether the Plans and Measures would be sufficient to address the material uncertainties relating to going concern, the Directors reviewed the Forecast. In preparing the Forecast, the management had taken into account the Group's financial position and, *inter alia*, the following underlying assumptions (the "**Assumptions**") and estimated financial effects in respect of the Plans and Measures:

- (i) renewal or extension and repayment for the total borrowings of RMB7.8 billion which were expected to become due during the Forecasted Period was based on the status of the then negotiations with the lenders and the past records of successful renewal of the borrowings of the Group. The assumption was based on (a) the ongoing negotiations with the lenders; (b) the absence, as at the date of preparation of the Forecast, of any formal acceleration or enforcement action of material borrowings; and (c) the Group's historical experience in renewing or extending its borrowings;

- (ii) sales of properties by the subsidiaries during the Forecasted Period at a discount to the average selling price as compared with that in 2025 for prudence sake;
- (iii) collection of sales proceeds at an assumed collection rate based on the Group's historical collection rate for the year ended 31 December 2025;
- (iv) negotiation with contractors and vendors to extend or otherwise manage their payment schedules. It was projected by the expected payment pace with reference to the project's needs and historical payment pattern, based on the management experience. As at the date of preparation of the Forecast, payment arrangements remained subject to negotiation or informal understanding;
- (v) implementation of stringent cost controls and further streamlining of the Group's organizational structure on a continuous basis. The Company expected that the Group's administrative and selling expenses would be reduced by around 20%–30% during the Forecasted Period as compared with the year ended 31 December 2025; and
- (vi) while the Company would continue to look for opportunities to dispose of its property projects or project companies to generate cash, for prudent sake, no proceeds were projected to be generated by the Group from such disposal during the Forecasted Period. Accordingly, any delay or failure to complete a disposal would not, by itself, result in a shortfall against the Forecast. Any disposal proceeds realised would provide additional liquidity not included in the Forecast.

The Directors are of the opinion, based on the Assumptions, taking into account the Plans and Measures, that the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the following twelve months from 31 December 2025. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements of the Group on a going concern basis.

Audit Committee's View

The audit committee of the Company (the “**Audit Committee**”) has critically reviewed the Disclaimer of Opinion, the management's position concerning the Disclaimer of Opinion (the “**Management's Position**”) and the Plans and Measures taken by the Group. In performing its review, the Audit Committee has (i) held meetings with the Auditor, where it was advised that, for the Disclaimer of Opinion to be removed in the Company's subsequent audited financial statements, the Group would need to provide concrete evidence and supporting documents demonstrating that the Group has available financial resources to meet its payment obligations falling due for at least twelve months from the date of approval of the relevant financial statements; (ii) reviewed the Forecast and enquired of the management as to the basis of the key assumptions, including but not limited to the repayment schedules in respect of bank borrowings, other borrowings and amount payable to construction contractors and vendors, the implementation of cost-control measures and the status of any proposed project or project company disposal; and

(iii) discussed with the Auditor the financial position of the Group, measures taken and to be taken by the Group, and considered the Auditor's rationale and understood its consideration in arriving its opinion.

The Audit Committee understands that the Auditor's review of the Forecast and discussions with the Audit Committee do not constitute an audit opinion or other assurance on the Forecast or the Assumptions. The Auditor had not obtained sufficient appropriate audit evidence to satisfy itself as to the appropriateness of the use of the going concern basis, principally because a number of the renewal, extension, refinancing and other measures assumed in the Forecast had not been completed or supported by binding written agreements (the "**Auditor's Concerns**"). Having discussed with the management and the Auditor and considered the situation, the Audit Committee understood the basis on which the Auditor formed the Disclaimer of Opinion.

Notwithstanding the Auditor's Concerns, the Audit Committee considered that management had taken reasonable steps in formulating the Plans and Measures, given that:

- (a) the assumptions concerning renewal or extension of borrowings were based on the status of negotiations with the lenders, the absence of formal acceleration or enforcement action of material borrowings as at the relevant date and the Group's historical experience with such lenders;
- (b) the sales and cash collection assumptions were based on project-by-project sales plans, available saleable resources, expected average selling prices and historical cash collection rates;
- (c) specific cost-control measures, including but not limited to workforce reduction, office consolidation and reduction of marketing expenses, had already been implemented;
- (d) the Forecast did not assume any proceeds from uncertain disposals of property projects or project companies; and
- (e) the Audit Committee had requested the management to report regularly on actual performance against the Forecast and to revise the Forecast where material deviations arose.

Based on the above, the Audit Committee concluded that (i) the Forecast had been prepared on a reasonable basis and the Assumptions were consistent with its understanding of the then current market conditions of the PRC real estate industry; and (ii) nothing had come to its attention to suggest that the adoption of the going concern basis was unreasonable.

The Audit Committee nevertheless acknowledged that the Plans and Measures were subject to material uncertainties and that its conclusion did not eliminate or resolve the Auditor's Concerns. In particular, completion of the relevant debt extensions, refinancing and payment rescheduling remained dependent on the agreement and cooperation of lenders, contractors and vendors and other external parties.

IMPLEMENTATION OF PLANS AND MEASURES

During the Update Period, the Company continued to implement the Plans and Measures to address the Disclaimer of Opinion, to the extent applicable. The status of the implementation of the Plans and Measures is summarized as follows:

(a) Actively negotiate with the Group's existing debt holders to seek renewal, extension and replacement of bank loans and other borrowings

During the eight-month period ended 31 August 2026, the Group has entered into binding agreements to extend certain borrowings in an accumulated principal amount of approximately RMB500 million, with the longest extension reaching 2029. For the extended borrowings, the Group was able to lower the interest rates to reduce its annual financing costs over the loan period.

The Group has continued to use its best efforts to negotiate with the Group's existing debt holders to seek renewal or extension for repayment of the Group's bank and other borrowings, and has maintained ongoing communication with such debt holders. The management continues to prioritize this ongoing communication and assess different potential credit structures to facilitate the process.

(b) Actively communicate with banks to timely secure relevant project development loans for qualified project development

The Group has continued to communicate with banks to timely secure relevant project development loans for qualified project development.

The Group has obtained a new borrowing from bank in the amount of approximately RMB6.8 million during the eight-month period ended 31 August 2026 for project development, which has been drawn down as at 31 August 2026. The borrowing bears interest rate at 4.3% per annum, has a tenor of two years and is secured by properties under development of the project.

(c) Continue to seek for other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures

The Group has continued to seek for alternative sources of financing to address upcoming financial obligations and future operating cash flow requirements.

During the eight-month period ended 31 August 2026, the facilities of approximately RMB2.0 million has been approved and definitive agreements have been executed, bearing interest rate at 5.5% per annum with a tenor of three years and secured by properties of the project, which will be drawn down on or before December 2026 for the project use.

(d) Acceleration of sales of properties and speed up collection of outstanding sales proceeds

The Group has focused on accelerating the sales of properties to address the uncertainties relating to going concern. Given that the market has not shown material recovery, the Group's current priority remains preserving property value, while keeping appropriate pace of acceleration of sales of properties so as to fulfill the obligations of the Group.

The Group has also been taking measures to speed up the collection of outstanding sales proceeds. The Group has collected outstanding sales proceeds of approximately RMB1,707 million in aggregate during the eight-month period ended 31 August 2026.

Under the current strict requirement of local government policies, substantially most of the Group's cash were under strict pre-sale cash escrow in designated bank accounts at project-level in order to ensure completion of the properties under development.

The Directors consider that no revision is presently necessary because contracted sales for the first eight-months of the year were broadly consistent with the Forecast. The Company will reassess the Forecast after reviewing the sales results from time to time.

(e) Effectively control costs and expenses

The Group has been actively taking measures for controlling costs and expenses, particularly distribution expenses and administrative expenses. The measures implemented during the Update Period included a reduction in headcount of employees, reduction of remuneration, consolidation of regional offices, renegotiation of service contracts and reduction of discretionary marketing and promotional expenditure. The Group's total distribution expenses and administrative expenses for the eight-month period ended 31 August 2026 decreased by approximately 31% as compared with that for the corresponding period in 2025. The cost-control measures were in line with the Forecast.

(f) continue to negotiate with construction contractors and other development vendors to manage payment schedules

The Group has maintained active communication with construction contractors and other development vendors to manage its payment schedules.

As at 31 December 2025, the Group had amounts payable to construction contractors and other development vendors of approximately RMB21.4 billion which were due or expected to fall due during the Forecasted Period. The Group expects to continue negotiations in respect of the outstanding payables. If an extension cannot be agreed, the Group intends to prioritise payments necessary to maintain construction.

(g) continue to seek suitable opportunities to dispose of its equity interest in certain project development companies in order to generate additional cash inflows

The Group has been seeking suitable opportunities to dispose of its equity interests in certain project development companies in order to generate additional cash inflows and/or reduce its indebtedness.

As at the date of this announcement, the Group has not entered into any binding agreement for the disposal of an interest in any property development project or project company. Preliminary discussions had taken place in respect of one projects, but no price or material commercial terms had been agreed.

As no proceeds from disposals were included in the Forecast, the absence of completed disposals did not constitute a shortfall against the Forecast. Any disposal proceeds realised would provide additional liquidity. Completion of any disposal remains subject to market conditions, price negotiations, due diligence, internal approvals and, where applicable, regulatory requirements.

There is no material change to the Plans and Measures. The Plans and Measures are implemented on a continuous basis. These efforts are ongoing and would require time to formulate or implement due to ongoing changes in market conditions. The Company will continue to implement the Plans and Measures with a view to have the Disclaimer of Opinion removed as soon as practicable.

OUTSTANDING MATTERS AND EXPECTED TIMETABLE

The principal outstanding actions of the Plans and Measures are as follows:

Plans and Measures	Outstanding action	Current difficulty/ uncertainty	Target timetable	Contingency action
Borrowings	Execute binding renewal, extension or refinancing agreements	Subject to lenders' credit approval and negotiations	On going	Replacement financing, phased repayment or asset disposal
Project development loans	Obtain approval and draw down	Credit approval and fulfilment of drawdown conditions	On going	Use project-level sales proceeds and reduce capital expenditure
Alternative financing	Complete definitive agreements	Due diligence, security arrangements and credit approval	On going	Explore other lenders and equity or shareholder financing

Plans and Measures	Outstanding action	Current difficulty/ uncertainty	Target timetable	Contingency action
Property sales	Achieve sales and collection targets	Weak market demand and cautious buyer sentiment	On going	Increase use of agencies, revise launch plans and pricing
Costs control	Achieve 20%–30% full-year reduction	Certain fixed operating costs cannot be further reduced	By 31 December 2026	Additional organisational streamlining
Contractor/vendor payables	Manage payment schedules	Subject to contractors’/vendors’ liquidity and commercial agreement	On going	Prioritise critical project payments and revise construction schedules
Disposals	Identify purchasers and agree binding terms	Valuation, due diligence and market conditions	By 31 December 2026	No proceeds assumed in Forecast

The Company currently expects that the Plans and Measures will continue to be implemented throughout the remainder of 2026 and into 2027.

The removal of the Disclaimer of Opinion will ultimately depend on, among other things, the Group demonstrating by sufficient appropriate audit evidence that it has available financial resources to meet its obligations as and when they fall due for at least twelve months from the date of approval of its relevant consolidated financial statements. The timing and outcome of the Auditor’s assessment remain subject to its independent audit procedures. Accordingly, the Company cannot presently provide assurance that the Disclaimer of Opinion will be removed by a particular date.

The effectiveness and results of the implementation of the Plans and Measures are subject to multiple uncertainties (the “**Uncertainties**”), including: (i) the willingness of the existing debt holders to renew or extend the repayment of the Group and the banks or other financial institutions to provide alternative financing and borrowings to the Group depends on a variety of factors, such as the credit assessments on the Group, their internal policies and approvals and market conditions; (ii) the sales of properties are affected by sentiment of the customers and prevailing market conditions; (iii) although cost rationalisation efforts have been implemented, the savings achieved may not be sufficient to substantially alleviate the Group’s overall liquidity constraints, (iv) the accommodation of the contractors and vendors on the Group’s delay payments is subject to their own financial conditions and stability, their assessment of the Group’s ability to settle the payments and the prevailing market conditions in the real estate industry, and (v) the disposal of property projects or project companies is subject to market opportunity, negotiations,

valuation assessments, or due diligence to be conducted. These external uncertainties directly affect the Group's ability to implement the Plans and Measures effectively. Given that several of the initiatives were conditional, incomplete, or dependent on external factors beyond the Group's control, the implementation of the Plan and Measures has yet to resolve the Disclaimer of Opinion.

While China's real estate market remains stable overall, it still faces multiple pressures, particularly the persistent difficulties faced by private-owned developers in financing and property sales. In 2026, the PRC government continued to introduce a series of supportive policies to stabilise the property market, which demonstrates the government's continued and firm determination to support the overall economy and the real estate industry. However, market confidence remains insufficient, the overall real estate industry's operating environment remains harsh. It is expected that the recovery of China real estate industry will take a long time.

ASSESSMENT OF THE BOARD

Having made due and careful enquiry, and having considered the implementation progress of the Plans and Measures and the current market condition, the Board is of the view, subject to the Assumptions and Uncertainties, that (i) certain progress has been made in implementing the Plans and Measures during the Update Period, including the renewal or extension of borrowings of approximately RMB500 million with lower interest rate, cash repayment of borrowings of approximately RMB502 million, cash collection of sales proceeds of approximately RMB1,707 million and a reduction in administrative and selling expenses of approximately 31%, which was broadly in line with the Forecast; (ii) although their effectiveness remains dependent on the completion of outstanding debt extension and refinancing arrangements, improvement in property sales and cash collections and continued cooperation from construction contractors and other vendors, the Plans and Measures remain capable of improving the Group's liquidity position; and (iii) the Assumptions underlying the Company's assessment on going concern remain valid. The Group is continuing to address the matters giving rise to the Disclaimer of Opinion. However, the outstanding matters and the absence of binding agreements for certain material measures, the Board is not presently in a position to conclude that the Disclaimer of Opinion will be removed by a particular date.

ASSESSMENT OF THE AUDIT COMMITTEE

The Audit Committee has enquired and noted:

- (i) the quantitative progress in implementing each of the Plans and Measures;
- (ii) the actual sales, cash collections, payment and expenditure, repayment and financing progress during the Update Period against the Forecast; and

(iii) the outstanding actions, implementation difficulties, target timetable and contingency measures described in this announcement.

Having made due and careful enquiry, the Audit Committee is of the view that, (i) the management has made reasonable implementation progress during the Update Period; (ii) the management is taking appropriate steps to respond to the implementation of Plans and Measures, including actively and continuously negotiating with existing debt holders in respect of borrowings, seeking for alternative financing, accelerating sales of properties and collection of sales proceeds and managing payment schedules to contractors and vendors; and (iii) although the effectiveness remains subject to the completion of the outstanding actions and the Uncertainties, no material concern has been identified regarding management's commitment to implementing the Plans and Measures, which continue to address the relevant areas identified in the Auditor's Concerns.

However, the Audit Committee remains concerned about the implementation and the outstanding actions to be taken under the Plans and Measures, and requested the management to (i) take all necessary actions to address the uncertainties regarding going concern underlying the Disclaimer of Opinion with a view to resolving the going concern issue as soon as practicable; (ii) prioritise obtaining binding written agreements for material debt extensions, refinancing and repayment rescheduling arrangements; (iii) closely monitor property sales and cash collections and update the Forecast where necessary; (iv) report to the Audit Committee at least quarterly on the implementation progress of the Plans and Measures, and promptly formulate additional measures if there is any material shortfall; and (v) maintain regular discussions with the Auditor on the form and sufficiency of supporting evidence required to address the Auditor's Concerns.

The Group remains committed to executing the Plans and Measures and will continue to monitor its liquidity position and financial stability, with a view to further strengthening its capital structure and enhancing shareholder value. The Company will publish announcement(s) for the updates regarding the Disclaimer of Opinion as and when appropriate in accordance with the Listing Rules and/or as required by the Stock Exchange.

The above-mentioned information contained in this announcement is unaudited and is only based on preliminary internal information of the Group, which may differ from figures to be disclosed in the audited or unaudited consolidated financial statements to be published by the Company on an annual or half-yearly basis due to various uncertainties during the process of collating such information. As such, the above data is provided for investors' reference only. Shareholders and potential investors are reminded to consider the related risks and exercise caution when dealing in the securities of the Company.

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

Hong Kong, 5 October 2026

As at the date of this announcement, Mr. Yang Jian, Mr. Chen Hongliang, Mr. Zhao Peng and Mr. Yeung Tak Yip are the executive Directors, and Mr. Au Yeung Po Fung, Mr. Wong Kai Hing and Ms. Chak Wai Ting are the independent non-executive Directors.