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**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)**

## **ISSUANCE OF US\$280,000,000 12.5% SENIOR NOTES DUE 2021**

Reference is made to the announcement of the Company dated 19 September 2018 in respect of the Proposed Notes Issue.

On 19 September 2018, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with Deutsche Bank, BNP PARIBAS, CEB International, China Industrial Securities International, CMB International, Future Land Resources, Haitong International, HSBC and UBS in connection with the Notes Issue.

The Company intends to use the net proceeds of the Notes Issue for refinancing its existing indebtedness. The Company may adjust its plans in response to changing market conditions and thus, reallocate the use of the net proceeds.

The Company will seek a listing of the Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the Notes has been received from the Stock Exchange for the listing of the Notes by way of debt issues to professional investors only as described in the offering memorandum. Admission of the Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Notes.

Reference is made to the announcement of the Company dated 19 September 2018 in respect of the Proposed Notes Issue. The Board is pleased to announce that on 19 September 2018, the Company, together with the Subsidiary Guarantors, entered into the Purchase Agreement with Deutsche Bank, BNP PARIBAS, CEB International, China Industrial Securities International, CMB International, Future Land Resources, Haitong International, HSBC and UBS in connection with the Notes Issue.

## **THE PURCHASE AGREEMENT**

Date: 19 September 2018

### **Parties to the Purchase Agreement**

- (a) the Company;
- (b) the Subsidiary Guarantors;
- (c) Deutsche Bank;
- (d) BNP PARIBAS;
- (e) CEB International;
- (f) China Industrial Securities International;
- (g) CMB International;
- (h) Future Land Resources;
- (i) Haitong International;
- (j) HSBC; and
- (k) UBS.

Deutsche Bank, BNP PARIBAS, CEB International, China Industrial Securities International, CMB International, Future Land Resources, Haitong International, HSBC and UBS have been appointed as the joint global coordinators, the joint lead managers and the joint bookrunners of the Notes Issue. They are also the initial purchasers of the Notes. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Deutsche Bank, BNP PARIBAS, CEB International, China Industrial Securities International, CMB International, Future Land Resources, Haitong International, HSBC and UBS is an independent third party and not a connected person of the Company and its connected persons.

The Notes and the Subsidiary Guarantees have not been, and will not be, registered under the Securities Act. The Notes and the Subsidiary Guarantees will only be offered and sold by the initial purchasers of the Notes outside the United States in compliance with Regulation S under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. None of the Notes and the Subsidiary Guarantees will be offered to the public in Hong Kong.

### **Principal terms of the Notes**

The following is a summary of certain provisions of the Notes and the Indenture. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the Indenture, the Notes, the Subsidiary Guarantees, and the JV Subsidiary Guarantees, if any.

### **Notes Offered**

Subject to certain conditions to completion, the Company will issue the Notes in the aggregate principal amount of US\$280,000,000. The Notes will mature on 2 January 2021, unless earlier redeemed in accordance with the terms thereof.

### ***Offering Price***

The offering price of the Notes will be 97.78% of the principal amount of the Notes.

### ***Interest and Interest Payment Dates***

The Notes will bear interest from and including 2 October 2018 at a rate of 12.5% per annum payable semi-annually in arrears on 2 April and 2 October of each year, commencing on 2 April 2019.

### ***Ranking of the Notes***

The Notes are (1) general obligations of the Company; (2) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes; (3) at least pari passu in right of payment with the June 2018 Notes and all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law); (4) guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors, if any, on a senior basis, subject to certain limitations; (5) effectively subordinated to the secured obligations (if any) of the Company, the Subsidiary

Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and (6) effectively subordinated to all existing and future obligations of the subsidiaries of the Company which are not providing guarantees under the Notes.

### *Events of default*

The events of default under the Notes include, among others: (a) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise; (b) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days; (c) default in the performance or breach of the provisions of certain covenants under the Indenture relating to consolidation, merger and sale of assets, the failure by the Company to make or consummate an offer to purchase in the manner described in the Indenture; (d) default by the Company or certain of its subsidiaries in the performance of or breaches of any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice by the trustee or the holders of 25% or more in aggregate principal amount of the Notes; (e) there occurs with respect to any indebtedness of the Company or certain of its subsidiaries having an outstanding principal amount of US\$10.0 million or more in the aggregate for such indebtedness (i) an event of default that has caused the holder of such indebtedness to declare such indebtedness to be due and payable prior to its stated maturity and/or (ii) the failure to make a principal payment when due; (f) one or more final judgments or orders for the payment of money are rendered against the Company or certain of its subsidiaries and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such persons to exceed US\$10.0 million (in excess of amounts which the Company's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect; (g) an involuntary case or other proceeding is commenced against the Company or any of its significant subsidiaries (or any group of subsidiaries that together would constitute a significant subsidiary) under bankruptcy, insolvency or similar law, which remains undismissed and unstayed for a period of 60 consecutive days; (h) voluntary bankruptcy or insolvency proceedings commenced by the Company or any of its significant subsidiaries (or any group of subsidiaries that together would constitute a significant subsidiary); or consent to the entry of an order for relief in an involuntary case under any such law; or consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any of the Company's

significant subsidiaries (or any group of subsidiaries that together would constitute a significant subsidiary) or for all or substantially all of the property and assets of the Company or any of its significant subsidiaries (or any group of subsidiaries that together would constitute a significant subsidiary); or effects any general assignment for the benefit of creditors; (i) any Subsidiary Guarantor or JV Subsidiary Guarantor denying or disaffirming its obligations under its Subsidiary Guarantee or JV Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee or JV Subsidiary Guarantee being determined to be unenforceable or invalid or for any reason ceasing to be in full force and effect.

If an event of default (other than the default specified in clause (g) and (h) above) occurs and is continuing under the Indenture, the trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Company (and to the trustee if such notice is given by the holders) may, and the trustee at the request of such holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an event of default specified in (g) and (h) above occurs with respect to the Company or any of its significant subsidiary (or any group of subsidiaries that together would constitute a significant subsidiary), the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder.

## **Covenants**

The Notes and the Indenture governing the Notes will limit the Company's ability and the ability of certain of its subsidiaries to, among other things:

- (a) incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- (b) declare dividends;
- (c) make investments or other specified restricted payments;
- (d) issue or sell capital stock of certain of its subsidiaries;
- (e) guarantee indebtedness of certain of its subsidiaries;
- (f) sell assets;
- (g) create liens;

- (h) enter into sale and leaseback transactions;
- (i) engage in any business other than permitted business;
- (j) enter into agreements that restrict certain of its subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- (k) enter into transactions with shareholders or affiliates; and
- (l) effect a consolidation or merger.

### ***Optional Redemption of the Notes***

- (1) At any time and from time to time prior to 2 January 2021, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.
- (2) At any time and from time to time prior to 2 January 2021, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 112.5% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption.

### **Proposed use of proceeds**

The Company intends to use the net proceeds of the Notes Issue for refinancing its existing indebtedness.

## **Listing and rating**

The Company will seek a listing of the Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the Notes has been received from the Stock Exchange for the listing of the Notes by way of debt issues to professional investors only as described in the offering memorandum. Admission of the Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Notes.

The Notes are expected to be rated B- by Standard & Poor's Rating Services and B3 by Moody's Investors Services.

## **DEFINITIONS**

In this announcement, the following expressions shall have the meanings set forth below unless the context requires otherwise:

“BNP PARIBAS”	BNP Paribas
“Board”	the board of Directors
“CEB International”	CEB International Capital Corporation Limited
“China Industrial Securities International”	China Industrial Securities International Brokerage Limited
“CMB International”	CMB International Capital Limited
“Company”	Zhenro Properties Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Deutsche Bank”	Deutsche Bank AG, Singapore Branch
“Directors”	the directors of the Company

“Group”	the Company and its subsidiaries
“Future Land Resources”	Future Land Resources Limited
“Haitong International”	Haitong International Securities Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited
“Indenture”	the written agreement entered into between the Company, the Subsidiary Guarantors as guarantors and Citicorp International Limited as trustee, that specifies the terms and conditions of the Notes including the covenants, events of default, interest rate of the Notes and the maturity date
“JV Subsidiary Guarantee”	limited recourse guarantees given by the JV Subsidiary Guarantors on the Notes
“JV Subsidiary Guarantor”	each subsidiary of the Company which in the future provides a JV Subsidiary Guarantee
“Notes”	the 12.5% senior notes due 2021 in the aggregate principal amount of US\$280,000,000 to be issued by the Company
“Notes Issue”	the issue of the Notes by the Company
“PRC”	the People’s Republic of China, excluding Hong Kong, Macao Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement
“Purchase Agreement”	the agreement dated 19 September 2018 entered into by and among Deutsche Bank, BNP PARIBAS, CEB International, China Industrial Securities International, CMB International, Future Land Resources, Haitong International, HSBC, UBS, the Company and the Subsidiary Guarantors in relation to the Notes Issue



“Securities Act”	the United States Securities Act of 1933, as amended
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantees”	the guarantees provided by the Subsidiary Guarantors in respect of the Notes
“Subsidiary Guarantors”	certain subsidiaries of the Company that on the issue date of the Notes will provide guarantees to secure the Company’s obligations under the Notes
“UBS”	UBS AG Hong Kong Branch
“United States”	the United States of America
“U.S. Dollars” or “US\$”	United States dollar(s), the lawful currency of the United States
“%”	per cent.
“June 2018 Notes”	10.5% senior notes due 2020 issued on 28 June 2018 in the aggregate principal amount of US\$250,000,000

By Order of the Board  
**Zhenro Properties Group Limited**  
**Huang Xianzhi**  
*Chairman*

Hong Kong, 20 September 2018

*As at the date of this announcement, the executive directors of the Company are Mr. Huang Xianzhi, Mr. Wang Benlong and Mr. Chan Wai Kin, the non-executive directors of the Company are Mr. Ou Guoqiang and Mr. Ou Guowei, and the independent non-executive directors of the Company are Mr. Loke Yu (alias Loke Hoi Lam), Mr. Shen Guoquan and Mr. Wang Chuanxu.*