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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\$200,000,000 SENIOR PERPETUAL CAPITAL SECURITIES

Reference is made to the announcement of the Company dated 12 June 2019 in respect of the Senior Perpetual Capital Securities Issue.

On 12 June 2019, the Company entered into the Subscription Agreement with the Subscribers in connection with the Senior Perpetual Capital Securities Issue.

The Company intends to use the net proceeds of the Senior Perpetual Capital Securities 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 Senior Perpetual Capital Securities on the Stock Exchange. A confirmation of the eligibility for the listing of the Senior Perpetual Capital Securities has been received from the Stock Exchange for the listing of the Senior Perpetual Capital Securities by way of debt issues to professional investors only as described in the offering circular. Admission of the Senior Perpetual Capital Securities to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Senior Perpetual Capital Securities.

Reference is made to the announcement of the Company dated 12 June 2019 in respect of the Senior Perpetual Capital Securities Issue. The Board is pleased to announce that on 12 June 2019, the Company entered into the Subscription Agreement with the Subscribers in connection with the Senior Perpetual Capital Securities Issue .

THE SUBSCRIPTION AGREEMENT

Date: 12 June 2019

Parties to the Subscription Agreement

- (a) the Company;
- (b) the Subscribers.

Deutsche Bank, Standard Chartered Bank, BNP PARIBAS, CCB International, CLSA, CMB International, Goldman Sachs (Asia) L.L.C., Haitong International, The Bank of East Asia, Limited and HSBC have been appointed as the joint global coordinators, the joint lead managers and the joint bookrunners of the Senior Perpetual Capital Securities Issue . To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Deutsche Bank, Standard Chartered Bank, BNP PARIBAS, CCB International, CLSA, CMB International, Goldman Sachs (Asia) L.L.C., Haitong International, The Bank of East Asia, Limited and HSBC is an independent third party and not a connected person of the Company and its connected persons.

The Senior Perpetual Capital Securities have not been, and will not be, registered under the Securities Act. The Senior Perpetual Capital Securities will only be offered and sold by the Subscribers of the Senior Perpetual Capital Securities 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 Senior Perpetual Capital Securities will be offered to the public in Hong Kong.

PRINCIPAL TERMS AND CONDITIONS OF THE SENIOR PERPETUAL CAPITAL SECURITIES

The following is a summary of certain provisions of the Senior Perpetual Capital Securities. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the Senior Perpetual Capital Securities provided by the Company.

Securities Offered

Subject to certain conditions to completion, the Company will issue the Senior Perpetual Capital Securities in the aggregate principal amount of US\$200 million.

Issue Price

The issue price of the Senior Perpetual Capital Securities will be 100% of the principal amount of the Senior Perpetual Capital Securities.

Distributions

Subject to the terms and conditions of the Senior Perpetual Capital Securities, the Senior Perpetual Capital Securities confer a right to receive distributions (each a “**Distribution**”) from the Issue Date at the applicable Distribution Rate (as defined below). Distributions shall be payable on the Senior Perpetual Capital Securities semi-annually in arrear on each Distribution Payment Date in United States dollars, with the first Distribution Payment Date falling on 25 January 2020.

Distribution Rate

The rate of distribution (“**Distribution Rate**”) applicable to the Senior Perpetual Capital Securities shall be:

- (i) in respect of the period from, and including, the Issue Date to, but excluding, the First Reset Date, the Initial Distribution Rate; and
- (ii) in respect of the periods (A) from, and including, the First Reset Date to, but excluding, the Reset Date immediately after the First Reset Date and (B) from, and including, each Reset Date falling after the First Reset Date to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate.

Increase in Distribution Rate

Upon occurrence of a change of control triggering event or a relevant indebtedness default event, unless an irrevocable notice of redemption has been given by the Company or evidence is received by the trustee that the relevant event ceases to exist by the 30th day following the occurrence of such event, the then-prevailing Distribution Rate and subsequent Distribution Rate will increase by 5% per annum with effect from (and including) the 30th day after the occurrence of the relevant event, until the cure or remedy of such event.

Decrease in Distribution Rate

If following an increase in the Distribution Rate after a change of control triggering event or a relevant indebtedness default event, the relevant event ceases to exist upon evidence being given to the trustee, the Distribution Rate shall be decreased by 5% per annum with effect from (and including) the date falling 30 calendar days after the date the trustee receives such evidence.

Status of the Senior Perpetual Capital Securities

The Senior Perpetual Capital Securities are direct, unconditional, unsecured and unsubordinated obligations of the Company and senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Senior Perpetual Capital Securities; and at least *pari passu* in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law) and effectively subordinated to all existing and future secured obligations of the Company to the extent of the value of the collateral serving as security therefor and effectively subordinated to all existing and future obligations of the Company's subsidiaries and payments with respect to the Senior Perpetual Capital Securities are structurally subordinated to liabilities of the Company's subsidiaries, including the subsidiary guarantees of the Company's Existing Notes.

Redemption at the Option of the Company

The Company may at its option, on giving not less than 30 nor more than 60 days' notice to the holders of the Senior Perpetual Capital Securities and the trustee (which notice will be irrevocable), redeem in whole, but not in part, the Senior Perpetual Capital Securities:

- (i) on the First Reset Date; or
- (ii) on any Business Day after the First Reset Date (each, a "**Call Date**").

On expiry of any such notice period referred to above, the Company shall be bound to redeem the Senior Perpetual Capital Securities on the relevant Call Date at their principal amount together with any Distribution accrued to the date fixed for redemption (including any arrears of distribution and any additional distribution amount).

Purchase

The Company or any of its subsidiaries may at any time and from time to time purchase the Senior Perpetual Capital Securities at any price in the open market or otherwise.

Expected issue date

19 June 2019

Proposed use of proceeds

The Company intends to use the net proceeds of the Senior Perpetual Capital Securities Issue for refinancing its existing indebtedness.

Listing and rating

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

The Senior Perpetual Capital Securities are expected to be rated B2 by Moody's Investors Services.

DEFINITIONS

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

“April 2019 Notes”	US\$420 million 8.65% senior notes due 2023
“The Bank of East Asia, Limited”	The Bank of East Asia, Limited
“BNP PARIBAS”	BNP Paribas
“Board”	the board of Directors
“Business Day”	with respect to the First Reset Date, any day which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits in Hong Kong, New York and London)
“CCB International”	CCB International Capital Limited
“CLSA”	CLSA 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
“Distribution Payment Date”	25 January and 25 July in each year, starting on (and including) 25 January 2020
“Existing Notes”	the June 2018 Notes, the October 2018 Notes, the January 2019 Notes, the February 2019 Notes, the March 2019 Notes and the April 2019 Notes
“February 2019 Notes”	US\$230 million 9.8% senior notes due 2021
“First Reset Date”	25 January 2022 or if such day is not a Business Day, the next following Business Day
“Goldman Sachs (Asia) L.L.C.”	Goldman Sachs (Asia) L.L.C.
“Group”	the Company and its subsidiaries
“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
“Initial Distribution Rate”	10.25% per annum
“Initial Spread”	8.414%
“Issue Date”	19 June 2019
“January 2019 Notes”	US\$200 million 8.6% senior notes due 2020

“June 2018 Notes”	US\$400 million 10.5% senior notes due 2020
“March 2019 Notes”	US\$200,000,000 9.15% senior notes due 2022
“October 2018 Notes”	US\$350,000,000 12.5% senior notes due 2021
“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
“Relevant Reset Distribution Rate”	the Treasury Rate (as defined in the terms and conditions of the Senior Perpetual Capital Securities) with respect to the relevant Reset Date plus the Initial Spread plus the Step-Up Margin
“Reset Date”	each of the First Reset Date and each day falling every three calendar years after the First Reset Date
“Senior Perpetual Capital Securities”	the senior perpetual capital securities in the aggregate principal amount of US\$200 million to be issued by the Company subject to the terms and conditions of the Subscription Agreement
“Senior Perpetual Capital Securities Issue”	the proposed issue of the Senior Perpetual Capital Securities by the Company pursuant to the Subscription Agreement
“Securities Act”	the United States Securities Act of 1933, as amended
“Standard Chartered Bank”	Standard Chartered Bank
“Step-Up Margin”	means 5% per annum
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	Deutsche Bank, Standard Chartered Bank, BNP PARIBAS, CCB International, CLSA, CMB International, Goldman Sachs (Asia) L.L.C., Haitong International, The Bank of East Asia, Limited and HSBC
“Subscription Agreement”	the agreement dated 12 June 2019 entered into by and among the Subscribers and the Company in relation to the Senior Perpetual Capital Securities Issue

“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.

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

Hong Kong, 13 June 2019

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 Dr. Loke Yu (alias Loke Hoi Lam), Mr. Wang Chuanxu and Mr. Lin Hua.