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Zhongliang Holdings Group Company Limited

中梁控股集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2772)

ISSUANCE OF US\$200 MILLION 9.5% SENIOR NOTES DUE 2022

On 21 October 2020, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with Guotai Junan International, UBS, BOC International, China CITIC Bank International, CCB International, CMB International, Credit Suisse, Deutsche Bank, Standard Chartered Bank, BOCOM International and Vision Capital International Holdings Limited in connection with the Notes Issue.

MiFID II professionals/ECPs-only/No PRIIPs KID — Manufacturer target market (MiFID II product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as the Notes are not available to retail in the EEA or in the UK.

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.

On 21 October 2020, the Company, together with the Subsidiary Guarantors, entered into the Purchase Agreement with Guotai Junan International, UBS, BOC International, China CITIC Bank International, CCB International, CMB International, Credit Suisse, Deutsche Bank, Standard Chartered Bank, BOCOM International and Vision Capital International Holdings Limited in connection with the Notes Issue.

THE PURCHASE AGREEMENT

Date: 21 October 2020

Parties to the Purchase Agreement

- (a) the Company;
- (b) the Subsidiary Guarantors;
- (c) Guotai Junan International;
- (d) UBS;
- (e) BOC International;
- (f) China CITIC Bank International;
- (g) CCB International;
- (h) CMB International;
- (i) Credit Suisse;
- (j) Deutsche Bank;
- (k) Standard Chartered Bank;

(l) BOCOM International; and

(m) Vision Capital International Holdings Limited.

Guotai Junan International, UBS, BOC International, China CITIC Bank International, CCB International, CMB International, Credit Suisse, Deutsche Bank and Standard Chartered Bank are the joint global coordinators, which are, together with BOCOM International and Vision Capital International Holdings Limited, the joint bookrunners and joint lead managers in respect of the offer and sale of the Notes. 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 Guotai Junan International, UBS, BOC International, China CITIC Bank International, CCB International, CMB International, Credit Suisse, Deutsche Bank, Standard Chartered Bank, BOCOM International and Vision Capital International Holdings Limited is an independent third party and not a connected person of the Company and its connected persons.

MiFID II professionals/ECPs-only/No PRIIPs KID — Manufacturer target market (MiFID II product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as the Notes are not available to retail in the EEA or in the UK.

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 nor 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\$200 million. The Notes will mature on 29 July 2022, unless earlier redeemed in accordance with the terms thereof.

Offering Price

The offering price of the Notes will be 98.937% of the principal amount of the Notes.

Interest and Interest Payment Dates

The Notes will bear interest from (and including) 29 October 2020 at the rate of 9.5% per annum, payable in arrears on 29 July 2021, 29 January 2022 and 29 July 2022.

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 Existing Notes (as defined in the Indenture) 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 Non-Guarantor Subsidiaries (as defined in the Indenture).

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 or 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 (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice by China Construction Bank (Asia) Corporation Limited as 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\$30.0 million (or the dollar equivalent thereof) or more in the aggregate for all such indebtedness (i) an event of default that has caused the holder thereof to declare such indebtedness to be due and payable prior to its stated maturity and/or (ii) the failure to make a principal or interest 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\$30.0 million (or the dollar equivalent thereof) 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 certain of its subsidiaries with respect to it or its debts under any applicable bankruptcy, insolvency or

other similar law seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or certain of its subsidiaries or for any substantial part of the property and assets of the Company or certain of its subsidiaries, and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days or an order for relief is entered against the Company or certain of its subsidiaries under any applicable bankruptcy, insolvency or other similar law; (h) the Company or certain of its subsidiaries commence voluntary bankruptcy, insolvency or other similar proceedings, consent to such similar action or effect any general assignment for the benefit of creditors; and (i) any Subsidiary Guarantor or JV Subsidiary Guarantor (if any) denies or disaffirms its obligations under its guarantee or, except as permitted by the Indenture, any such 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 an event of default specified in (g) or (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, may, by written notice to the Company, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. If an event of default specified in clause (g) or (h) above occurs, the principal of, the 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 will limit the Company's ability and the ability of certain of its subsidiaries to, among other things:

- (a) incur additional indebtedness and issue disqualified or preferred stock;
- (b) make investments, dividend payments or other specified restricted payments;
- (c) issue or sell capital stock of certain of its subsidiaries;
- (d) guarantee indebtedness of certain of its subsidiaries;
- (e) sell assets;
- (f) create liens;
- (g) enter into sale and leaseback transactions;
- (h) engage in any business other than permitted business;
- (i) enter into agreements that restrict certain of its subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- (j) enter into transactions with shareholders or affiliates; and

(k) effect a consolidation or merger.

Optional Redemption

At any time prior to 29 July 2022, 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 plus the applicable premium as of, and accrued and unpaid interest (if any) to (but not including), the redemption date. Neither the trustee nor the paying agent is responsible for calculating or verifying the applicable premium.

At any time prior to 29 July 2022, the Company may, at its option, 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 109.5% 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 (including the aggregate principal amount of any Additional Notes (as defined in the Indenture) on the date on which such Additional Notes were issued) remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

Reasons for the Notes Issue

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

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 Fitch Ratings and BB by Lianhe Global.

DEFINITIONS

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

“Board”	the board of Directors
“BOC International”	BOCI Asia Limited
“BOCOM International”	BOCOM International Securities Limited
“CCB International”	CCB International Capital Limited
“China CITIC Bank International”	China CITIC Bank International Limited
“CMB International”	CMB International Capital Limited
“Company”	Zhongliang Holdings Group Company 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”	has the meaning ascribed to it under the Listing Rules
“Credit Suisse”	Credit Suisse (Hong Kong) Limited
“Deutsche Bank”	Deutsche Bank AG, Hong Kong Branch
“Directors”	the directors of the Company
“EEA”	the European Economic Area
“Existing Notes”	(i) the US\$400 million 11.5% senior notes due 2021 (issued on 26 September 2019), (ii) the US\$200 million 9.75% senior notes due 2020 (issued on 26 November 2019), (iii) the US\$250 million 8.75% senior notes due 2021 (issued on 18 February 2020) and (iv) the US\$250 million 8.75% senior notes due 2021 (issued on 29 June 2020)
“Guotai Junan International”	Guotai Junan Securities (Hong Kong) Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Indenture”	the written agreement entered into between the Company, the Subsidiary Guarantors as guarantors and China Construction Bank (Asia) Corporation 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 Guarantees”	limited recourse guarantees given by the JV Subsidiary Guarantors on the Notes
“JV Subsidiary Guarantors”	certain subsidiaries of the Company, other than the Subsidiary Guarantors, that guarantee the Company’s obligations under the Notes
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	the US\$200 million 9.5% senior notes due 2022 to be issued by the Company
“Notes Issue”	the issue of the Notes by the Company
“PRC”	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
“PRIIPs”	Packaged retail and insurance-based investment products (as defined by Regulation (EU) No 1286/2014, as amended)
“Purchase Agreement”	the agreement dated 21 October 2020 entered into by and among Guotai Junan International, UBS, BOC International, China CITIC Bank International, CCB International, CMB International, Credit Suisse, Deutsche Bank, Standard Chartered Bank, BOCOM International, Vision Capital International Holdings Limited, the Company and the Subsidiary Guarantors in relation to the Notes Issue
“Securities Act”	the United States Securities Act of 1933, as amended
“Standard Chartered Bank”	Standard Chartered Bank
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantees”	guarantees for the Notes to be provided by the Subsidiary Guarantors

“Subsidiary Guarantors”	certain existing non-PRC subsidiaries of the Company that on the issue date of the Notes will provide guarantees for the Notes
“UBS”	UBS AG Hong Kong Branch
“UK”	the United Kingdom
“US\$”	United States dollar(s), the lawful currency of the United States
“United States”	the United States of America
“Vision Capital International Holdings Limited”	Vision Capital International Holdings Limited
“%”	per cent

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

Hong Kong, 22 October 2020

As at the date of this announcement, Mr. Yang Jian, Mr. Chen Hongliang, Mr. Li Heli and Mr. Yau Sze Ka (Albert) are the executive Directors; and Mr. Wang Kaiguo, Mr. Wu Xiaobo and Mr. Au Yeung Po Fung are the independent non-executive Directors.