

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No securities may be offered or sold in the United States absent registration or an applicable exemption from registration requirements. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the company making the offer, management, as well as financial statements. The Company does not intend to make any public offering of securities in the United States.



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)

- (1) RESULTS OF EXCHANGE OFFER AND CONSENT SOLICITATION RELATING TO (i) 8.5% SENIOR NOTES DUE MAY 2022 (STOCK CODE: 40680, ISIN: XS2341214059, COMMON CODE: 234121405) AND (ii) 9.5% SENIOR NOTES DUE JULY 2022 (STOCK CODE: 40439, ISIN: XS2247412518, COMMON CODE: 224741251) AND CONSENT SOLICITATION RELATING TO 12.0% SENIOR NOTES DUE APRIL 2023 (STOCK CODE: 40845, ISIN: XS2386495100, COMMON CODE: 238649510) AND**
- (2) PROPOSED ISSUE OF US\$201,435,116 8.75% SENIOR NOTES DUE APRIL 2023 (ISIN: XS2476291062, COMMON CODE: 247629106) AND US\$428,400,884 9.75% SENIOR NOTES DUE DECEMBER 2023 (ISIN: XS2476292037, COMMON CODE: 247629203)**

Reference is made to the announcement of the Company dated April 28, 2022 and May 11, 2022 (collectively, the “**Announcements**”). Unless otherwise defined, capitalized terms in this announcement will have the same meaning as those defined in the Announcements as the context requires.

1. RESULTS OF THE EXCHANGE OFFER AND CONSENT SOLICITATION

The Exchange Offer and Consent Solicitation expired at 4:00 p.m., London time, on May 16, 2022. The Company hereby informs Eligible Holders that, as at the Extended Expiration Deadline, US\$262,172,000, representing approximately 90.47% of the aggregate principal amount of the outstanding May 2022 Notes (excluding the May 2022 Notes that was repurchased but not yet canceled by the Company), and US\$367,664,000, representing approximately 83.66% of the aggregate principal amount of the outstanding July 2022 Notes (excluding the July 2022 Notes that was repurchased but not yet canceled by the Company), respectively, has been validly tendered for exchange and accepted pursuant to the Exchange Offer and Consent Solicitation. In accordance with the terms of the Exchange Offer and Consent Solicitation, the Company has waived the Minimum Acceptance Amount requirement for the July 2022 Notes.

With respect to the Exchange Notes submitted for exchange, subject to the fulfilment or waiver of all other conditions precedent to the Exchange Offer and Consent Solicitation, Eligible Holders of the Exchange Notes validly accepted and exchanged in the Exchange Offer and Consent Solicitation will receive the applicable Exchange and Consent Consideration on the date of settlement, which is expected to be on or about May 18, 2022.

In addition, as the requisite consents have been obtained, subject to the fulfillment or waiver of the conditions to the Exchange Offer and Consent Solicitation, the Company plans to execute the supplemental indentures of the Exchange Notes (the “**Exchange Notes Supplemental Indentures**”) on May 18, 2022 to give effect to the proposed amendments to the Exchange Notes Indentures. From and after the execution of the Exchange Notes Supplemental Indentures and payment of the Exchange and Consent Consideration to Eligible Holders who have validly tendered their Exchange Notes, each present and future holder of the Exchange Notes will be bound by the terms of the Exchange Notes Indentures as amended by the Exchange Notes Supplemental Indentures. All documents and materials related to the Exchange Offer and Consent Solicitation will be made available, subject to eligibility, on the Exchange Website: <https://bonds.morrowsodali.com/zhongliangexchange>.

2. RESULTS OF THE CONSENT SOLICITATION

The Consent Solicitation expired at 4:00 p.m., London time, on May 16, 2022.

The Company is pleased to announce that it has received the Requisite Consents necessary to effect the Proposed Amendment to the Consent Notes Indenture.

As the Requisite Consents have been received, subject to the fulfillment or waiver of the conditions to the Consent Solicitation, the Company and the Subsidiary Guarantors intend to execute the Supplemental Indenture with respect to the Consent Notes Indenture with the Trustee as soon as practicable to give effect to the Proposed Amendment.

The Company currently expects any Consent Fee due will be paid on May 18, 2022, subject to the consummation of the Consent Solicitation and satisfaction of the conditions for payment of the Consent Fee as set forth in the consent solicitation statement dated April 28, 2022 and the supplemental consent solicitation statement dated May 11, 2022.

All documents and materials related to the Consent Solicitation will be made available, subject to eligibility, on the Consent Website: <https://bonds.morrowsodali.com/zhongliangconsent>.

3. PROPOSED ISSUE OF NEW NOTES

Upon completion of the Exchange Offer and Consent Solicitation, the Company will issue US\$201,435,116 in aggregate principal amount of 8.75% senior notes due 2023 (the “**April 2023 New Notes**”) and US\$428,400,884 in aggregate principal amount of 9.75% senior notes due 2023 (the “**December 2023 New Notes**” and, together with the April 2023 New Notes, the “**New Notes**”).

Principal terms of the April 2023 New Notes

The following is a summary of certain provisions of the April 2023 New Notes and the indenture governing the April 2023 New Notes (the “**April 2023 New Notes Indenture**”). This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the April 2023 New Notes Indenture, the April 2023 New Notes, the guarantees provided by the Subsidiary Guarantors and the JV Subsidiary Guarantors, if any.

Amount and Tenor

Subject to the fulfillment or waiver of the conditions precedent to the Exchange Offer and Consent Solicitation, the Company will issue US\$201,435,116 of the April 2023 New Notes pursuant to the Exchange Offer and Consent Solicitation, which will mature on April 15, 2023 (the “**Maturity Date**”), unless earlier redeemed pursuant to the terms thereof.

Interest

The April 2023 New Notes will bear interest from and including May 18, 2022 at the rate of 8.75% per annum, payable in arrears on October 15, 2022 and April 15, 2023.

Ranking of the April 2023 New Notes

The April 2023 New 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 April 2023 New Notes; (3) at least *pari passu* in right of payment with the existing 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 Non-Guarantor Subsidiaries.

Events of Default

The April 2023 New Notes contain certain customary events of default, including default in the payment of principal, or of any premium, on the April 2023 New Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants and other events of default specified in the April 2023 New Notes Indenture. If an event of default occurs and is continuing, the trustee under the April 2023 New Notes Indenture, as the case may be, or the holders of at least 25% of the April 2023 New Notes then outstanding may declare the principal of the April 2023 New Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

The events of default provision under the April 2023 New Notes will carve out the default of the Excluded Indebtedness and other defaults whose occurrence is as a result of any default or event of default under the Excluded Indebtedness.

Covenants

Subject to certain qualifications and exceptions, the April 2023 New Notes and the April 2023 New Notes 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 Restricted Subsidiaries;
- (d) guarantee indebtedness of certain of Restricted Subsidiaries;
- (e) sell assets;
- (f) allocate proceeds from Specified Asset Sales;
- (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 the Restricted 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 for the April 2023 New Notes

At any time and from time to time prior to April 15, 2023, the Company may at its option redeem the April 2023 New Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the April 2023 New Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date of the April 2023 New Notes.

Principal terms of the December 2023 New Notes

The following is a summary of certain provisions of the December 2023 New Notes and the indenture governing the December 2023 New Notes (the “**December 2023 New Notes Indenture**”). This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the December 2023 New Notes Indenture, the December 2023 New Notes, the guarantees provided by the Subsidiary Guarantors and the JV Subsidiary Guarantors, if any.

Amount and Tenor

Subject to the fulfillment or waiver of the conditions precedent to the Exchange Offer and Consent Solicitation, the Company will issue US\$428,400,884 of the December 2023 New Notes pursuant to the Exchange Offer and Consent Solicitation, which will mature on December 31, 2023, unless earlier redeemed pursuant to the terms thereof.

Interest

The December 2023 New Notes will bear interest from and including May 18, 2022 at the rate of 9.75% per annum, payable in arrears on December 31, 2022, June 30, 2023 and December 31, 2023.

Ranking of the December 2023 New Notes

The December 2023 New 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 December 2023 New Notes; (3) at least *pari passu* in right of payment with the existing 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 Non-Guarantor Subsidiaries.

Events of Default

The December 2023 New Notes contain certain customary events of default, including default in the payment of principal, or of any premium, on the December 2023 New Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants and other events of default specified in the December 2023 New Notes Indenture. If an event of default occurs and is continuing, the trustee under the December 2023 New Notes Indenture, as the case may be, or the holders of at least 25% of the December 2023 New Notes then outstanding may declare the principal of the December 2023 New Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

The events of default provision under the December 2023 New Notes will carve out the default of the Excluded Indebtedness and other defaults whose occurrence is as a result of any default or event of default under the Excluded Indebtedness.

Covenants

Subject to certain qualifications and exceptions, the December 2023 New Notes and the December 2023 New Notes 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 Restricted Subsidiaries;
- (d) guarantee indebtedness of Restricted Subsidiaries;
- (e) sell assets;
- (f) allocate proceeds from Specified Asset Sales;
- (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 the Restricted 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 for the December 2023 New Notes

At any time and from time to time prior to December 31, 2023, the Company may at its option redeem the December 2023 New Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the December 2023 New Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date of the December 2023 New Notes.

4. REMAINING EXCHANGE NOTES

The Company has secured a successful result under the Exchange Offer and Consent Solicitation and the concurrent Consent Solicitation to enable it to effectively extend the maturity profile of its offshore indebtedness due this year and avoid certain events of default under the New Notes and the Consent Notes in respect of any non-payment of the Exchange Notes.

The Company would like to reiterate to holders of the remaining Exchange Notes that the liquidity issues faced by developers, including the Company, in the PRC property sector continues to be severe. The purpose of the Exchange Offer and Consent Solicitation is to allow sufficient time for the Company to overcome short-term liquidity difficulties and pressure on cash flow by improving the Group's overall financial condition, extending its debt maturity profile, strengthening its balance sheet and improving cash flow management. The Company believes that conducting the Exchange Offer and Consent Solicitation is in the best interest of all its stakeholders and represents the best offer it can make to the holders of the Exchange Notes under their impending maturities.

Given the current circumstances, the Company does not expect to be in a position to make timely repayments in accordance with the terms of the remaining Exchange Notes upon their maturities. With respect to the Exchange Notes that remain outstanding, the Company will continue to communicate with such holders. Despite the completion of Exchange Offer and Consent Solicitation, the Company urges holders of the remaining Exchange Notes to exchange the remaining Exchange Notes for the New Notes under substantially the same terms as those of the Exchange Offer and Consent Solicitation. The Company encourages such holders to contact the Company as soon as practicable in order to come to mutually agreeable arrangements for such exchange.

FURTHER DETAILS

For a detailed statement of the terms and conditions of the Exchange Offer and Consent Solicitation, Eligible Holders should refer to the Exchange Offer and Consent Solicitation Memorandum. For a detailed statement of the terms and conditions of the Consent Solicitation, Eligible Holders should refer to the Consent Solicitation Statement. Morrow Sodali Limited has been appointed as the Information, Exchange and Tabulation Agent for the Exchange Offer and

Consent Solicitation, and as the Information and Tabulation Agent for the Consent Solicitation. To contact Morrow Sodali Limited in London, +44 20 4513 6933 and in Hong Kong, +852 2319 4130 or via email at zhongliang@investor.morrowsodali.com.

The Exchange Offer and Consent Solicitation Memorandum and all related documents in connection with the Exchange Offer and Consent Solicitation will be available in electronic format to Eligible Holders via the Exchange Website: <https://bonds.morrowsodali.com/zhongliangexchange>. The Consent Solicitation Statement and all related documents in connection with the Consent Solicitation will be available in electronic format to Eligible Holders via the Consent Website: <https://bonds.morrowsodali.com/zhongliangconsent>. Any requests for additional copies of the Exchange Offer and Consent Solicitation Memorandum and Consent Solicitation Statement should be directed to Morrow Sodali Limited at the above contact points.

GENERAL

The New Notes have not been registered under the U.S. Securities Act, or the securities laws of any state and may not be offered or sold in the United States absent registration or an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This announcement is not an offer to purchase or a solicitation of an offer to sell securities and neither this announcement nor anything herein forms the basis for any contract or commitment whatsoever. This announcement does not constitute, and may not be used in connection with, any form of offer or solicitation in any place where such offers or solicitations are not permitted by law. This announcement is not for release, publication or distribution in or into, or to any person resident and/or located in, any jurisdiction where such release, publication or distribution is unlawful.

Forward-looking statements in this announcement, including, among others, those statements relating to the Exchange Offer and Consent Solicitation and consent solicitation are based on current expectations. These statements are not guarantees of future events or results. Future events and results involve risks, uncertainties and assumptions and are difficult to predict with any precision. Actual events and results could vary materially from the description contained herein due to many factors including changes in the market and price for the Exchange Notes, changes in the business and financial condition of the Company and its subsidiaries, changes in the property development industry, and changes in the capital markets in general.

Shareholders, holders of the Exchange Notes or the Consent Notes and potential investors should note that completion of the Exchange Offer and Consent Solicitation and the Consent Solicitation remains subject to the fulfilment or waiver of the conditions precedent to the Exchange Offer and Consent Solicitation and the Consent Solicitation as set forth in the Exchange Offer and Consent Solicitation Memorandum, the Consent Solicitation Statement and summarized in the Announcements. No assurance can be given that the Exchange Offer and Consent Solicitation and the Consent Solicitation will be completed and the Company reserves the right to amend, withdraw or terminate the Exchange Offer and Consent Solicitation and the Consent Solicitation with or without conditions.

The Company may, at its sole discretion, amend or waive certain of the conditions precedent to the Exchange Offer and Consent Solicitation and the Consent Solicitation. As the Exchange Offer and Consent Solicitation and the Consent Solicitation may or may not proceed or complete, shareholders, holders of the Exchange Notes or the Consent Note and potential investors should exercise caution when dealing in the shares of the Company, the Exchange Notes or the Consent Notes.

The distribution of this announcement in certain jurisdictions may be restricted by law. Persons into whose possession this announcement comes are required to inform themselves about, and to observe, any such restrictions. This announcement is provided to you because you are a non-U.S. person outside the United States in accordance with Regulation S.

IMPORTANT NOTICE — THE EXCHANGE OFFER AND CONSENT SOLICITATION AND THE CONSENT SOLICITATION IS AVAILABLE ONLY TO INVESTORS WHO ARE NOT U.S. PERSONS (WITHIN THE MEANING OF REGULATION S) AND ARE OUTSIDE THE UNITED STATES. U.S. PERSONS (AS DEFINED UNDER REGULATION S), PERSONS ACTING FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS AND PERSONS LOCATED IN THE UNITED STATES ARE NOT PERMITTED TO TENDER THE EXCHANGE NOTES IN THE EXCHANGE OFFER AND CONSENT SOLICITATION OR PARTICIPATE IN THE CONSENT SOLICITATION.

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

Hong Kong, May 17, 2022

As at the date of this announcement, Mr. Yang Jian, Mr. Chen Hongliang, Mr. He Jian 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.