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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)**

#### **OFFER TO EXCHANGE RELATING TO**

#### **(i) 8.5% SENIOR NOTES DUE MAY 2022**

**(ISIN: XS2341214059, COMMON CODE: 234121405)**

#### **AND**

#### **(ii) 9.5% SENIOR NOTES DUE JULY 2022**

**(STOCK CODE: 40439, ISIN: XS2247412518, COMMON CODE: 224741251)**

Reference is made to the announcements of the Company dated April 28, 2022, May 11, 2022, May 17, 2022 and May 18, 2022 (the “**Announcements**”) in relation to, among others, the Exchange Offer and Consent Solicitation. Capitalized terms used but not otherwise defined in this announcement shall have the same meaning ascribed to them in the Announcements, as the context requires.

On the date of this announcement, Zhongliang Holdings Group Company Limited, a company incorporated in the Cayman Islands with limited liability (the “**Company**”), commenced the offer to exchange (the “**Exchange Offer**”) any or all of (i) its US\$27,628,000 outstanding principal amount of the May 2022 Notes and (ii) its US\$71,166,000 outstanding principal amount of the July 2022 Notes (together with the May 2022 Notes, the “**Exchange Notes**”) held by Eligible Holders (as defined below) for the Exchange Consideration (as defined below) upon the terms and subject to the conditions set forth in the supplemental exchange offer memorandum dated June 1, 2022 (the “**Supplemental Exchange Offer Memorandum**”) attaching the exchange offer and consent solicitation memorandum of the Company dated April 28, 2022 (as amended and supplemented by the supplemental exchange offer and consent solicitation memoranda dated May

11, 2022 and May 16, 2022, the “**exchange offer and consent solicitation memorandum**”). The purpose of the Exchange Offer is to improve the Group’s overall financial condition, extend its debt maturity profile, strengthen its balance sheet and improve cash flow management.

The Exchange Notes validly tendered by each Eligible Holder and accepted for exchange by the Company will be exchanged into a combination of (i) new 9.75% senior notes due December 2023 to be issued by the Company (the “**Additional December 2023 New Notes**”) to be consolidated and form a single series with the US\$428,869,883 9.75% senior notes due December 2023 issued on May 18, 2022 (ISIN: XS2476292037; Common Code: 247629203) (the “**Original December 2023 New Notes**”) and (ii) new 8.75% senior notes due April 2023 to be issued by the Company (the “**Additional April 2023 New Notes**” and, together with the Additional December 2023 New Notes, the “**Additional New Notes**”) to be consolidated and form a single series with the US\$201,636,117 8.75% senior notes due April 2023 issued on May 18, 2022 (ISIN: XS2476291062; Common Code: 247629106) (the “**Original April 2023 New Notes**” and, together with the Original December 2023 New Notes, the “**Original New Notes**”), in an aggregate principal amount that represents the same proportion of the Additional New Notes as the proportion of the outstanding principal amount of the Exchange Notes held by such Eligible Holder bears to the aggregate outstanding principal amount of the Exchange Notes (the “**Total Outstanding Principal Amount**”), in accordance with the Issuance Priority Level (as defined below). The terms for the Additional New Notes are the same as those for the Original New Notes in all respects except for the issue date.

## **RECENT DEVELOPMENTS**

On May 18, 2022, the Company completed its exchange offer and consent solicitation with respect to certain of the May 2022 Notes and the July 2022 Notes. Pursuant to the terms and conditions of the Exchange Offer and Consent Solicitation, a total of US\$262,172,000 May 2022 Notes and US\$368,334,000 July 2022 Notes were validly tendered for exchange (and deemed to have given consents to the proposed amendments to the Exchange Notes Indentures) and accepted by the Company. As of the date of this announcement, the aggregate outstanding principal amounts of the May 2022 Notes and the July 2022 Notes are US\$27,628,000 and US\$71,166,000, respectively. The amendments to the Exchange Notes Indentures, the subject to the Consent Solicitation, became effective on May 18, 2022. The outstanding May 2022 Notes were delisted from the SEHK upon its maturity on May 19, 2022.

In exchange for the validly tendered and accepted May 2022 Notes and July 2022 Notes, the Company has issued US\$201,636,117 of the Original April 2023 New Notes and US\$428,869,883 of the Original December 2023 New Notes on May 18, 2022. The Original April 2023 New Notes bear interest at the rate of 8.75% per annum from May 18, 2022, payable in arrears on October 15, 2022 and April 15, 2023. The Original December 2023 New Notes bear interest at the rate of 9.75% per annum from May 18, 2022, payable in arrears on December 31, 2022, June 30, 2023 and December 31, 2023. The Original April 2023 New Notes and the Original December 2023 New Notes have been listed on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

The Company commenced the Exchange Offer on June 1, 2022 by offering Eligible Holders of the Exchange Notes an opportunity to exchange their outstanding Exchange Notes for the Additional New Notes to be issued with an extended maturity and terms designed to allow the Group to improve its financial condition and stability. The Company believes the Exchange Offer, if successfully consummated, will help the Group further improve its financial stability. 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. Given the current circumstances, the Company is not, and 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.

## **THE EXCHANGE OFFER**

The Exchange Offer for the Exchange Notes commenced on June 1, 2022 and will expire at 4:00 p.m., London time, on June 10, 2022 (the “**Expiration Deadline**”), unless otherwise extended or earlier terminated by the Company. An appropriate announcement will be made if and when the applicable Expiration Deadline is extended or earlier terminated.

Eligible Holders of the Exchange Notes validly accepted and exchanged in the Exchange Offer will, from and including the Settlement Date, waive any and all rights with respect to the Exchange Notes (other than the right to receive the Exchange Consideration) and will release and discharge the Company from any and all claims such Eligible Holder may have, now or in the future, arising out of or related to such Exchange Notes, including any and all accrued and unpaid interest thereon.

If you are an Eligible Holder holding the Exchange Notes through Euroclear and Clearstream or through a fiduciary holding accounts and you wish to participate in the Exchange Offer, you must tender your Exchange Notes pursuant to the procedures described herein by way of an electronic instruction, which must be submitted or delivered through the relevant Clearing System by each Eligible Holder of the Exchange Notes who is shown in the records of such Clearing System as a holder of an interest in the Exchange Notes, authorizing delivery of your tender to exchange the Exchange Notes that are the subject of such electronic instruction (the “**Instruction**”).

Any Eligible Holder that gives Instructions on behalf of a beneficial holder must give separate Instructions with respect to each such beneficial holder. Only direct participants in Euroclear or Clearstream may submit Instructions. If you are not a direct participant in Euroclear or Clearstream, you must contact your broker, dealer, bank, custodian, trust company or other nominee to arrange for its direct participant through which you hold the Exchange Notes to submit an Instruction on your behalf to the relevant Clearing System prior to the deadline specified by the relevant Clearing System.

Any tendering Eligible Holder must tender its entire holding of Exchange Notes for exchange. The Company reserves its right not to accept any partial tender of Exchange Notes by any Eligible Holders. Any Instructions must be given with respect to Exchange Notes in a minimum principal amount of US\$200,000 and integral multiples of US\$1,000 in excess thereof. Any Additional New Notes to be issued to any Eligible Holder in the Exchange Offer will be in a minimum principal amount of US\$150,000 and integral multiples of US\$1 in excess thereof. Eligible Holders are responsible for ensuring that their instructions will result in the Additional New Notes they are entitled to receive being at least equal to the minimum principal amount of US\$150,000. Instructions that would result in a principal amount of Additional New Notes below US\$150,000 will be rejected.

**Instructions in connection with the Exchange Offer are irrevocable. Eligible Holders may not withdraw instructions at any time once delivered in accordance with the terms in the Supplemental Exchange Offer Memorandum.** Upon giving Instructions with respect to any Exchange Notes, those Exchange Notes will be blocked and may not be transferred until the Exchange Offer is modified or terminated so as to result in a cancellation of such Instructions.

### **Exchange Consideration**

Upon the terms and subject to the conditions set forth in the Supplemental Exchange Offer Memorandum, the Company is offering to exchange any or all of the outstanding principal amount of each series of the Exchange Notes held by Eligible Holders for the following exchange consideration (the “**Exchange Consideration**”), for each US\$1,000 principal amount of the relevant series of outstanding Exchange Notes that is validly tendered on or prior to the Expiration Deadline and accepted for exchange:

- (a) US\$1,000 in aggregate principal amount of the Additional New Notes (rounded down to the nearest US\$1) to be allocated in accordance with the Issuance Priority Level (as defined below);
- (b) US\$10.00 in cash (the “**Incentive Fee**”); and
- (c) any accrued and unpaid interest on any Exchange Notes validly tendered by Eligible Holders and accepted for exchange, up to but not including May 18, 2022 (payable in cash, rounded to the nearest US\$0.01, with US\$0.005 rounded upwards).

The Company plans to use its own internal funds to pay the cash components of the Exchange Consideration described herein.

## Allocation of the Additional New Notes

The Exchange Notes validly tendered by each Eligible Holder and accepted for exchange by the Company will be exchanged into a combination of the Additional New Notes to be consolidated and form a single series with the relevant series of the Original New Notes, in an aggregate principal amount that represents the same proportion of the Additional New Notes as the proportion of the outstanding principal amount of the Exchange Notes held by such Eligible Holder bears to the Total Outstanding Principal Amount, in accordance with the issuance priority level (the “**Issuance Priority Level**”) set forth below:

- (a) the aggregate principal amount of the Additional December 2023 New Notes to be issued shall not exceed US\$104,130,117 (or such lesser amount as the Company may determine at its sole discretion) (the “**Additional December 2023 New Notes Maximum Issuance Amount**”);
- (b) the principal amount of the Additional December 2023 New Notes that such Eligible Holder will receive (the “**Additional December 2023 New Notes Issuance Amount**”) will be calculated by multiplying the principal amount of the Exchange Notes held by such Eligible Holder by a proration factor of 70%, subject to the Additional December 2023 New Notes Maximum Issuance Amount set forth in (a) above and the adjustment set forth in (d) below;
- (c) the principal amount of the Additional April 2023 New Notes that such Eligible Holder will receive will be calculated by deducting the Additional December 2023 New Notes Issuance Amount that such Eligible Holder will receive from the principal amount of the Exchange Notes held by such Eligible Holder, subject to the adjustment set forth in (d) below;
- (d) if the allocation of either series of the Additional New Notes would result in any Eligible Holder receiving less than the minimum denomination of such series of Additional New Notes, such Eligible Holder may instead receive an allocation (which shall be at the Company’s sole discretion) in one series of the Additional New Notes to ensure that such Eligible Holder holds at least the minimum denomination of US\$150,000 of either series of the Additional New Notes; *provided, however*, that if such adjustment would result in the issuance of the Additional December 2023 New Notes in excess of the Additional December 2023 New Notes Maximum Issuance Amount, then the appropriate additional principal amount of the Exchange Notes may be allocated at the Company’s sole discretion to the Additional April 2023 New Notes such that the Additional December 2023 New Notes Maximum Issuance Amount is not exceeded and the relevant Eligible Holder receives at least a minimum denomination of US\$150,000 of the Additional April 2023 New Notes; and
- (e) any fractional amount of the Additional New Notes that is remaining after the adjustment set out above will be forfeited.

The Exchange Offer will only be made to, and the Additional New Notes and the Subsidiary Guarantees are being offered and will be issued only to, eligible holders who are non-U.S. persons located outside the United States (as those terms are defined in Regulation S under the Securities Act) in exchange for their Exchange Notes through Euroclear and Clearstream or certain fiduciaries holding accounts for the benefit of non-U.S. persons outside the United States (as those terms are defined in Regulation S under the Securities Act) with the Exchange Notes held through Euroclear and Clearstream (the “**Eligible Holders**”).

### **Listing of the Additional New Notes**

The Original New Notes are listed on the SGX-ST, and application will be made to the SGX-ST for the listing and quotation of the Additional New Notes on the SGX-ST. Following the issuance of the Additional New Notes on the Settlement Date, each Series of the Additional New Notes will be consolidated and form a single class with, and rank *pari passu* with, the respective series of the Original New Notes. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Approval-in-principle from, admission to the Official List of, and the listing and quotation of the Additional New Notes on the SGX-ST are not to be taken as an indication of the merits of the Exchange Offer, the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) or any of their respective subsidiaries or associated companies, the Additional New Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any). For so long as the Additional New Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Additional New Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). Accordingly, the Additional New Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of US\$150,000.

### **Conditions to the Exchange Offer**

The obligation to consummate the Exchange Offer is conditional upon the following:

- there being no material adverse change in the market from the date of this Exchange Offer and this announcement to the Settlement Date;
- an affirmative determination by the Company that accepting the exchanges, paying the Exchange Consideration and effecting the transactions contemplated hereby are in the best interests of the Group; and
- the satisfaction of the other conditions described in “Description of the Exchange Offer — Conditions to the Exchange Offer” in the Supplemental Exchange Offer Memorandum.

Notwithstanding anything to the contrary contained in the Supplemental Exchange Offer Memorandum or in any other document related to the Exchange Offer, the Company expressly reserves the right, at its sole discretion and regardless of whether any of the conditions described under “Description of the Exchange Offer — Conditions to the Exchange Offer” in the Supplemental Exchange Offer Memorandum (except for the Minimum Acceptance Amount condition and any condition to the Consent Solicitation, which are not applicable to this Exchange Offer) have been satisfied, subject to applicable law, at any time to (i) terminate the Exchange Offer, in whole or in part, (ii) waive any of the conditions described herein, in whole or in part, (iii) extend the Expiration Deadline or the Settlement Date, (iv) amend the terms of the Exchange Offer or (v) modify the form or amount of the consideration to be paid pursuant to this Exchange Offer.

### Summary Timetable

The following summarizes the anticipated timetable for the Exchange Offer.

<b>Date</b>	<b>Event</b>
June 1, 2022	Commencement of the Exchange Offer and announcement via the websites of the SEHK, the Exchange Website and through Euroclear or Clearstream, as applicable. The Supplemental Exchange Offer Memorandum will be made available to Eligible Holders of the Exchange Notes on the Exchange Website.
June 10, 2022 (4:00 p.m., London time) (the “ <b>Expiration Deadline</b> ”, as may be extended or earlier terminated in the Company’s sole discretion)	This being the last date and time on which Eligible Holders of the Exchange Notes who validly tender Exchange Notes are eligible to receive the relevant Exchange Consideration, as this is the last date and time for Eligible Holders of the Exchange Notes to participate in the Exchange Offer.
As soon as practicable after the Expiration Deadline	Announcement of the amount of tenders for exchange received by or prior to the Expiration Deadline, and the final total aggregate principal amount of the Additional New Notes to be issued to Eligible Holders in exchange for the Exchange Notes validly tendered, accepted and exchanged.

<b>Date</b>	<b>Event</b>
<p>June 16, 2022 (the “<b>Settlement Date</b>”, as may be adjusted in the Company’s sole discretion)</p>	<p>Subject to satisfaction of the conditions as set forth under “Description of the Exchange Offer — Conditions to the Exchange Offer” in the Supplemental Exchange Offer Memorandum (except for the Minimum Acceptance Amount condition and any condition to the Consent Solicitation, which are not applicable to this Exchange Offer), settlement of the Additional New Notes, and delivery of the Exchange Consideration to Eligible Holders whose Exchange Notes have been validly tendered and accepted for exchange.</p> <p>Following the issuance of the Additional New Notes, each series of the Additional New Notes will be consolidated and form a single class with, and rank <i>pari passu</i> with, the respective series of the Original New Notes.</p>
<p>June 17, 2022</p>	<p>Listing of the Additional New Notes on the SGX-ST.</p>

### **Further Details**

The Company has appointed Morrow Sodali Limited as the Information and Exchange Agent. The Supplemental Exchange Offer Memorandum, this announcement and all documents related to the Exchange Offer can be found on the Exchange Website: <https://bonds.morrowsodali.com/zhongliangexchange>.

Requests for copies of the Supplemental Exchange Offer Memorandum and its related documents may be directed to Morrow Sodali Limited at the address and telephone number as set forth below. The contact information of Morrow Sodali Limited is set out as follows:

#### **Morrow Sodali Limited**

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Exchange Website: <https://bonds.morrowsodali.com/zhongliangexchange>

**THIS ANNOUNCEMENT IS NOT AN OFFER TO PURCHASE, A SOLICITATION OF AN OFFER TO PURCHASE, OR A SOLICITATION OF AN OFFER TO SELL, THE EXCHANGE NOTES. AN OFFER MAY ONLY BE MADE PURSUANT TO THE TERMS OF THE SUPPLEMENTAL EXCHANGE OFFER MEMORANDUM.**

**SHAREHOLDERS, ELIGIBLE HOLDERS OF THE EXCHANGE NOTES AND POTENTIAL INVESTORS SHOULD NOTE THAT COMPLETION OF THE EXCHANGE OFFER IS SUBJECT TO THE FULFILLMENT OR WAIVER OF THE CONDITIONS PRECEDENT TO THE EXCHANGE OFFER AS SET FORTH IN THE SUPPLEMENTAL EXCHANGE OFFER MEMORANDUM AND SUMMARIZED IN THE ANNOUNCEMENT. NO ASSURANCE CAN BE GIVEN THAT THE EXCHANGE OFFER WILL BE COMPLETED AND THE COMPANY RESERVES THE RIGHT TO AMEND, WITHDRAW OR TERMINATE THE EXCHANGE OFFER WITH OR WITHOUT CONDITIONS.**

**THE COMPANY MAY, IN ITS SOLE DISCRETION, AMEND OR WAIVE CERTAIN OF THE CONDITIONS PRECEDENT TO THE EXCHANGE OFFER. AS THE EXCHANGE OFFER MAY OR MAY NOT PROCEED, SHAREHOLDERS, HOLDERS OF THE EXCHANGE NOTES AND POTENTIAL INVESTORS SHOULD EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY OR THE EXCHANGE NOTES.**

The Exchange Offer is not being made to (nor will the tender of the Exchange Notes be accepted from or on behalf of) Holders in any jurisdiction where the making or acceptance of the Exchange Offer would not comply with the laws of such jurisdiction. If the Company becomes aware of any jurisdiction in which the making of the Exchange Offer would not be in compliance with applicable laws, the Company may or may not, in its sole discretion, make an effort to comply with any such law. If, after such effort, if any, the Company cannot comply with any such law, the Exchange Offer will not be made to (nor will tenders thereof be accepted from or on behalf of) any Holder residing in such jurisdiction.

## **Forward Looking Statements**

Forward-looking statements in this announcement, including those statements relating to the Exchange Offer, are based on current expectations, assumptions, estimates and projections about the Company and its industry. These statements are not guarantees of future performance and that the Company's actual results of operations, financial condition and liquidity, and the development of the industry in which the Company operates may differ materially from those made in, or suggested by, the forward-looking statements in this announcement. Future events and results involve some risks, uncertainties and assumptions that are difficult to predict. Important factors that could cause those differences include, but are not limited to, changes in the competitive environment and regulatory environment of the industry in the PRC relevant to the business of the Company, changes in the business and financial condition of the Company and its subsidiaries and changes in the general economic trend in the PRC.

On behalf of the Board  
**Zhongliang Holdings Group Company Limited**  
**Yang Jian**  
*Chairman*

Hong Kong, June 1, 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 of the Company, and Mr. Wang Kaiguo, Mr. Wu Xiaobo and Mr. Au Yeung Po Fung are the independent non-executive directors of the Company.*