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zhenro 正榮地產

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)

zhenro 正榮服務

Zhenro Services Group Limited

正榮服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6958)

JOINT ANNOUNCEMENT

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

In order to renew the Existing CCT Agreements which will expire on 31 December 2022, on 15 November 2022, (i) Zhenro Services and Zhenro Properties entered into the 2023 Pre-Delivery Property Management Services Agreement and the 2023 Management Services Agreement in relation to the provision of Pre-Delivery Services and Management Services respectively by the Zhenro Services Group to the Zhenro Properties Group; and (ii) Zhenro Commercial (being a non-wholly owned subsidiary of Zhenro Services) and Zhenro Properties entered into the 2023 Consultancy Services Agreement in relation to the provision of Consultancy Services by the Zhenro Commercial Group to the Zhenro Properties Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Zhenro Properties and Zhenro Services are indirectly owned as to approximately 49.39% and approximately 38.86% by Mr. Ou, respectively. Mr. Ou is therefore the controlling shareholder of each of Zhenro Properties and Zhenro Services. Accordingly, members of the Zhenro Services Group, being associates of Mr. Ou, are connected persons of Zhenro Properties under Chapter 14A of the Listing Rules; and members of the Zhenro Properties Group, being associates of Mr. Ou, are connected persons of Zhenro Services under Chapter 14A of the Listing Rules. The transactions contemplated under each of the 2023 CCT Agreements constitute continuing connected transactions for each of Zhenro Properties and Zhenro Services under Chapter 14A of the Listing Rules.

With respect to Zhenro Properties Group, as one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) in relation to the highest annual cap for each of the 2023 CCT Agreements exceed(s) 0.1% but all of them are less than 5%, each of the 2023 CCT Agreements is subject to the reporting, announcement and annual review requirements, but is exempted from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

With respect to Zhenro Services Group, (i) as one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) in relation to the highest annual cap for the 2023 Consultancy Services Agreement exceed(s) 0.1% but all of them are less than 5%, the 2023 Consultancy Services Agreement is subject to the reporting, announcement and annual review requirements, but is exempted from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules; and (ii) as one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) in relation to the highest annual cap for each of the 2023 Pre-Delivery Property Management Services Agreement and the 2023 Management Services Agreement exceed(s) 5%, each of the 2023 Pre-Delivery Property Management Services Agreement and the 2023 Management Services Agreement is subject to the reporting, announcement, circular, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

Zhenro Services will convene and hold an EGM for the Independent Shareholders to consider and, if thought fit, to approve the 2023 Pre-Delivery Property Management Services Agreement and the 2023 Management Services Agreement and the proposed annual caps contemplated thereunder.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

References are made to (i) the prospectus of Zhenro Services dated 29 June 2020 and the announcement of Zhenro Properties dated 31 December 2019 in relation to, among other things, the Existing Pre-Delivery Property Management Services Agreement and the Existing Management Services Agreement; and (ii) the joint announcement of Zhenro Properties and Zhenro Services dated 19 May 2021 in relation to, among other things, the Existing Consultancy Services Agreement.

In order to renew the Existing CCT Agreements which will expire on 31 December 2022, on 15 November 2022, (i) Zhenro Services and Zhenro Properties entered into the 2023 Pre-Delivery Property Management Services Agreement and the 2023 Management Services Agreement in relation to the provision of Pre-Delivery Services and Management Services respectively by the Zhenro Services Group to the Zhenro Properties Group; and (ii) Zhenro Commercial (being a non-wholly owned subsidiary of Zhenro Services) and Zhenro Properties entered into the 2023 Consultancy Services Agreement in relation to the provision of Consultancy Services by the Zhenro Commercial Group to the Zhenro Properties Group.

1. THE 2023 PRE-DELIVERY PROPERTY MANAGEMENT SERVICES AGREEMENT

The principal terms of the 2023 Pre-Delivery Property Management Services Agreement are set out below:

- Date:** 15 November 2022
- Parties:** (1) Zhenro Services (as service provider)
(2) Zhenro Properties (as service recipient)
- Term:** 1 January 2023 to 31 December 2025 (both days inclusive), which may be renewed as the parties may agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.
- Subject matter:** The Zhenro Services Group has agreed to, where it is selected following the tender processes in accordance with the relevant PRC laws and regulations, provide pre-delivery management services for residential property projects developed by the Zhenro Properties Group before the delivery of such properties to property owners (including but not limited to security, cleaning, landscaping, repair and maintenance of common area and shared facilities) according to the tender documents and definitive management agreements to be entered into between the Zhenro Services Group and the Zhenro Properties Group from time to time (collectively, “**Pre-Delivery Services**”).
- The definitive management agreements to be entered into between the Zhenro Services Group and the Zhenro Properties Group shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the 2023 Pre-Delivery Property Management Services Agreement.

Pricing policy:

The service fees payable by the Zhenro Properties Group to the Zhenro Services Group for the Pre-Delivery Services shall be determined on arm's length basis and in accordance with the fee quotes to be submitted by the Zhenro Services Group under the relevant tender bids, taking into account a wide range of factors such as (i) the nature, size and location of the property projects; (ii) the scope of services to be provided; (iii) the expected operational costs (including labour costs, material costs and administrative costs); (iv) the fees offered by the Zhenro Services Group to other independent third parties in respect of comparable services; (v) the fees for similar services and type of projects in the market; and (vi) the pricing terms as recommended by the relevant government authorities.

Proposed annual caps:

	For the year ending 31 December 2023 (RMB million)	For the year ending 31 December 2024 (RMB million)	For the year ending 31 December 2025 (RMB million)
Annual cap	20.0	20.0	20.0

The Zhenro Properties Board and the Zhenro Services Board have considered the following factors in arriving at the above proposed annual caps for the transactions contemplated under the 2023 Pre-Delivery Property Management Services Agreement:

- (i) the historical transaction amounts of service fees in respect of Pre-Delivery Services provided by the Zhenro Services Group to the Zhenro Properties Group of RMB16.1 million, RMB8.6 million and RMB13.3 million for the two years ended 31 December 2021 and nine months ended 30 September 2022, respectively;

- (ii) the expected volume of Pre-Delivery Services required to be provided by the Zhenro Services Group to the Zhenro Properties Group for the three years ending 31 December 2025, taking into account the current residential property projects that the Zhenro Properties Group has engaged the Zhenro Services Group for the provision of Pre-Delivery Services, the estimated number of residential property projects and project development plan during such period, the total GFA (for properties under development and properties held for future development); and
- (iii) the expected rate of the service fees to be charged by the Zhenro Services Group for provision of the Pre-Delivery Services with reference to the percentage of the Zhenro Properties Group's historical pre-delivery management service fees as to its historical annual sales and the guidance rate set by the relevant government authorities.

2. THE 2023 MANAGEMENT SERVICES AGREEMENT

The principal terms of the 2023 Management Services Agreement are set out below:

- Date:** 15 November 2022
- Parties:**
- (1) Zhenro Services (as service provider)
 - (2) Zhenro Properties (as service recipient)
- Term:** 1 January 2023 to 31 December 2025 (both days inclusive), which may be renewed as the parties may agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.
- Subject matter:** The Zhenro Services Group has agreed to provide management and related services to the residential property projects of the Zhenro Properties Group and the display units, sales offices and community clubhouses as well as commercial properties operated by the Zhenro Properties Group, including but not limited to cleaning, landscaping, concierge, maintenance of public order, security services and other related value-added services to the aforesaid venues according to the definitive management agreements to be entered into between the Zhenro Services Group and the Zhenro Properties Group from time to time (collectively, "**Management Services**").

The definitive management agreements to be entered into between the Zhenro Services Group and the Zhenro Properties Group shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the 2023 Management Services Agreement.

Pricing policy:

The management fees payable by the Zhenro Properties Group to the Zhenro Services Group for the Management Services shall be determined on arm's length basis taking into account a wide range of factors such as (i) the nature, age, infrastructure features, size, location and neighbourhood profile of the property projects; (ii) the scope of services to be provided; (iii) the expected operational costs (including labour costs, material costs and administrative costs); (iv) the fees offered by the Zhenro Services Group to other independent third parties in respect of comparable services; and (v) the fees for similar services and type of projects in the market.

Proposed annual caps:

	For the year ending 31 December 2023 (RMB million)	For the year ending 31 December 2024 (RMB million)	For the year ending 31 December 2025 (RMB million)
Annual cap	50.0	50.0	50.0

The Zhenro Properties Board and the Zhenro Services Board have considered the following factors in arriving at the above proposed annual caps for the transactions contemplated under the 2023 Management Services Agreement:

- (i) the historical transaction amounts of service fees in respect of Management Services provided by the Zhenro Services Group to the Zhenro Properties Group of RMB232.1 million, RMB259.0 and RMB74.6 million for the two years ended 31 December 2021 and nine months ended 30 September 2022, respectively;

- (ii) the expected volume of Management Services required to be provided by the Zhenro Services Group to the Zhenro Properties Group for the three years ending 31 December 2025, taking into account the property projects that the Zhenro Properties Group has engaged the Zhenro Services Group for the provision of the Management Services and the estimated number of residential projects and the project development plan of the Zhenro Properties Group during such period and the total GFA (for properties under development and properties held for future development);
- (iii) the expected rate of the service fees to be charged by the Zhenro Services Group for provision of the Management Services with reference to the percentage of the historical management service fees as to the Zhenro Properties Group's historical annual sales, geographical locations, facilities and human resources allocation of the relevant display units, sales offices and community clubhouses; and
- (iv) the expected decrease in demand for the Management Services as a result of the disposal of certain residential projects, the expected decrease in the number of residential projects to be invested and developed by the Zhenro Properties Group.

3. THE 2023 CONSULTANCY SERVICES AGREEMENT

The principal terms of the 2023 Consultancy Services Agreement are set out below:

Date: 15 November 2022

Parties: (1) Zhenro Commercial (as service provider)
(2) Zhenro Properties (as service recipient)

Term: 1 January 2023 to 31 December 2025 (both days inclusive), which may be renewed as the parties may agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Subject matter:

The Zhenro Commercial Group has agreed to provide commercial property operational and consultancy services to Zhenro Properties Group, including but not limited to (i) pre-acquisition services in respect of land for commercial properties, office buildings, apartments and hotels (including but not limited to commercial land researches, commercial related consultancy and studies, etc.); (ii) early-stage services for commercial property projects having been obtained (including but not limited to project positioning, business planning, store location, architectural design, optimisation of mechanical and electrical engineering technology, planning for tenant sourcing and opening, commercial lease planning, management fee estimation and preparation of lease decision documents, etc.); (iii) opening preparation services for commercial property projects having been obtained (including but not limited to tenant sourcing, marketing and promotion, pre-opening, renovation construction, etc.); (iv) management services for property projects that have commenced operations; and (v) specialised consultancy services (collectively, “**Consultancy Services**”).

The specialised consultancy services include a range of services such as research and analysis on industry trend and development potential, related policies, customers’ analysis, operation analysis, data analysis and business planning for any specific industry requested by the Zhenro Properties Group which may include elderly care services, hotel industry, community services, leasing apartment industry and educational services and other industries which are considered by the Zhenro Properties Group.

The definitive service agreements to be entered into between the Zhenro Commercial Group and the Zhenro Properties Group shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the 2023 Consultancy Services Agreement.

Pricing policy:

The service fees payable by the Zhenro Properties Group to the Zhenro Commercial Group for the Consultancy Services shall be determined on arm's length basis taking into account a wide range of factors such as (i) the size, location and condition of the property; (ii) the scope of services to be provided; (iii) the anticipated operational costs (including labour costs, material costs and administrative costs); (iv) the fees offered by the Zhenro Commercial Group to other independent third parties in respect of comparable services; and (v) the fees for similar services and type of projects in the market.

Proposed annual caps:

	For the year ending 31 December 2023 (RMB million)	For the year ending 31 December 2024 (RMB million)	For the year ending 31 December 2025 (RMB million)
Annual cap	15.0	15.0	15.0

The Zhenro Properties Board and the Zhenro Services Board have considered the following factors in arriving at the above proposed annual caps for the transactions contemplated under the 2023 Consultancy Services Agreement:

- (i) the historical transaction amounts of the Consultancy Services of RMB10.8 million and RMB29.4 million for the year ended 31 December 2021 and nine months ended 30 September 2022, respectively and the overall trend of the Consultancy Services;
- (ii) the estimated volume of Consultancy Services required to be provided by the Zhenro Commercial Group to the Zhenro Properties Group for the three years ending 31 December 2025 taking into account the development plans of the Zhenro Properties Group;
- (iii) the expected service fees to be charged by the Zhenro Commercial Group for the provision of the Consultancy Services; and

- (iv) the expected decrease in demand for the Consultancy Services as a result of the disposal of certain commercial properties by the Zhenro Properties Group and the expected decrease in the number of commercial properties to be invested and developed by the Zhenro Properties Group.

INTERNAL CONTROL MEASURES FOR CONTINUING CONNECTED TRANSACTIONS

In respect of the Zhenro Properties Group

1. According to the internal control system of the Zhenro Properties Group, bidding process or price comparison process must be initiated for transactions exceeding a certain amount. Business proposals from at least three potential suppliers must be provided for each transaction contemplated under the 2023 CCT Agreements, where the Zhenro Properties Group will endeavour to solicit at least two independent third parties to participate in the bidding process or to seek quotations from at least two independent service providers (as the case may be).
2. The internal bidding team (including personnel from the finance department and business department) of Zhenro Properties shall assess the potential suppliers based on (i) their qualifications and relevant experience; (ii) the fee quotation, with reference to the prevailing market price and pricing terms as recommended by the relevant government authorities (if any); (iii) the quality of the service to be offered; (iv) whether the service proposal submitted is able to satisfy the Zhenro Properties Group's specific needs for the relevant property projects; and (v) whether the service proposal is congruent with its corporate culture. The Zhenro Properties Group will only engage the Zhenro Services Group as the service provider if the price and quality of the services are comparable to or more favourable to the Zhenro Properties Group than those offered by independent service providers.
3. Prior to entering into each transaction, the finance department, legal department and other relevant departments of Zhenro Properties will review the terms of each transaction, discuss with the relevant departments and approve the finalised definitive agreements based on their respective authorities within the Zhenro Properties Group to ensure that each transaction will be conducted on normal commercial terms and in accordance with the pricing policy and terms of the framework agreements.
4. The finance department of Zhenro Properties will conduct regular checks on a monthly basis on whether the actual transactions are conducted in accordance with the terms of the respective agreements and pricing policies, and monitor the aggregate transaction amount and assess whether the annual cap under the respective agreement may be exceeded. If it is anticipated that the annual cap may be exceeded, the finance department will report to the management of Zhenro Properties and take appropriate actions in accordance with the relevant provisions of the Listing Rules.

5. The risk control and compliance department of Zhenro Properties will conduct annual review and assessment of the internal control procedures of the Zhenro Properties Group, including but not limited to the management of relevant information on continuing connected transactions of the Zhenro Properties Group.
6. The senior management of Zhenro Properties shall be responsible for supervising and monitoring the adoption of internal control procedures of Zhenro Properties Group to ensure that the implementation of the pricing policy is in compliance with the framework agreements and the actual transaction amount is controlled within their respective annual caps.
7. The independent non-executive directors of Zhenro Properties will conduct annual reviews with respect to the transactions contemplated under the 2023 CCT Agreements and confirm in the annual report, whether such continuing connected transactions have been entered into in the ordinary and usual course of business of the Zhenro Properties Group, are on normal commercial terms, and in accordance with the 2023 CCT Agreements on terms that are fair and reasonable and in the interests of Zhenro Properties and its shareholders as a whole.
8. The external auditors of Zhenro Properties will conduct annual review on the transactions contemplated under the 2023 CCT Agreements in accordance with the Listing Rules.

In respect of the Zhenro Services Group

1. The finance department of Zhenro Services will regularly examine the pricing terms by collecting relevant market information, and conduct periodic review on the historical and current quotations offered to independent third parties. In order to ensure that the terms of the continuing connected transactions conducted under the 2023 CCT Agreements are on normal commercial terms and on terms not more favourable to the Zhenro Properties Group than those offered to independent third parties by the Zhenro Services Group, before entering into any of the definitive agreements under the 2023 CCT Agreements, at least two comparable transactions conducted between the Zhenro Services Group and independent third parties will be obtained by Zhenro Services Group for approval by the risk management and compliance department of Zhenro Services.
2. The finance department of Zhenro Services is responsible for conducting inspections, review and evaluation on a monthly basis on whether the amounts of connected transactions are maintained within their respective annual caps.
3. The finance department of Zhenro Services must submit a summary of the connected transactions of Zhenro Services Group to the risk management and compliance department of Zhenro Services for review. Reports on connected transactions will be submitted to the management of Zhenro Services for review every six months and at the end of the year.
4. A designated personnel from the finance department of Zhenro Services will monitor the aggregate transaction amount to assess whether the annual cap under the respective agreement may be exceeded. If the transaction amount reaches 80% of the annual cap set under the respective

agreement, the designated personnel will promptly inform the general manager of the finance department in order to assess whether it is necessary to revise the annual cap in accordance with the relevant provisions of the Listing Rules.

5. The senior management of Zhenro Services is responsible for supervising and monitoring the adoption of the internal control procedures to ensure that the implementation of the pricing policy is in compliance with the respective agreement and the actual transaction amount is within the respective annual cap.
6. The independent non-executive directors of Zhenro Services will conduct annual reviews with respect to the transactions contemplated under the 2023 CCT Agreements and confirm in the annual report, whether such continuing connected transactions have been entered into in the ordinary and usual course of business of the Zhenro Services Group, are on normal commercial terms, and in accordance with the 2023 CCT Agreements on terms that are fair and reasonable and in the interests of Zhenro Services and its shareholders as a whole.
7. The external auditors of Zhenro Services will conduct annual review on the transactions contemplated under the 2023 CCT Agreements in accordance with the Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2023 CCT AGREEMENTS

The Zhenro Properties Board's view

In order to better focus on the businesses of property development, property leasing and commercial operational services, Zhenro Properties Group typically engages property management companies and service providers to provide the Pre-Delivery Services, Management Services and Consultancy Services. Zhenro Properties Group, taking into account various factors such as experience, credentials, fee quote and quality of services, has been engaging members of the Zhenro Services Group in its ordinary and usual course of business for the said services for its property projects for a number of years.

Based on the established long-term cooperation relationship, Zhenro Services Group has a track record of providing reliable, efficient and satisfactory services to the Zhenro Properties Group. As compared to other services providers who are independent third parties, the Zhenro Services Group generally maintains better and more efficient communication with the Zhenro Properties Group and more thorough understanding of the conditions of the Zhenro Properties Group's residential and commercial property projects, and the requirements of the services needed.

Given the reasons above, taking into consideration the pricing policies and the internal control measures that Zhenro Properties has in place, the Zhenro Properties Board (including the independent non-executive directors of Zhenro Properties) are of the view that the 2023 CCT Agreements were entered into in the ordinary and usual course of business of the Zhenro Properties Group, and the terms of the 2023 CCT Agreements are fair and reasonable, on normal commercial terms or better and in the interests of Zhenro Properties and its shareholders as a whole.

Mr. Ou Guowei is a non-executive director of Zhenro Properties and is also the son of Mr. Ou, who is the controlling shareholder of each of Zhenro Properties and Zhenro Services. As such, Mr. Ou Guowei is or may be regarded as having interest in the 2023 CCT Agreements and the transactions contemplated thereunder. As a good corporate governance practice, Mr. Ou Guowei had voluntarily abstained from voting on the relevant resolutions of the Zhenro Properties Board approving the 2023 CCT Agreements.

Each of Mr. Huang Xianzhi and Mr. Liu Weiliang is an executive director of Zhenro Properties and a non-executive director of Zhenro Services. As a good corporate governance practice, Mr. Huang Xianzhi and Mr. Liu Weiliang had also abstained from voting on the relevant resolutions of the Zhenro Properties Board approving the 2023 CCT Agreements.

Save for the aforesaid, none of the other directors of Zhenro Properties had or may be regarded as having a material interest in the 2023 CCT Agreements and the transactions contemplated thereunder, and therefore none of the other directors of Zhenro Properties had abstained from voting on the relevant resolutions of the Zhenro Properties Board approving the 2023 CCT Agreements.

The Zhenro Services Board's view

The Zhenro Services Group has been, in its ordinary and usual course of business, providing the Pre-Delivery Services, Management Services and Consultancy Services for the property projects of the Zhenro Properties Group for a number of years.

Based on the established long-term cooperation relationship, Zhenro Services Group has gained thorough understanding of the conditions of the Zhenro Properties Group's residential and commercial property projects, and is familiarized with the Zhenro Properties Group's strategy and requirements. The entering into the 2023 CCT Agreements is conducive to continuous business stability of the Zhenro Services Group and is expected to generate stable income for the Zhenro Services Group.

Given the reasons above, taking into consideration the pricing policies and the internal control measures that Zhenro Services has in place, (i) the Zhenro Services Board (including the independent non-executive directors of Zhenro Service) are of the view that the 2023 Consultancy Services Agreement was entered into in the ordinary and usual course of business of the Zhenro Services Group, and its terms are fair and reasonable, on normal commercial terms or better and in the interests of Zhenro Services and its shareholders as a whole; and (ii) the Zhenro Services Board (excluding the independent non-executive directors of Zhenro Services who will express their opinion after taking into consideration the advice of the Independent Financial Adviser) are of the view that the 2023 Pre-Delivery Property Management Services Agreement and the 2023 Management Services Agreement were entered into in the ordinary and usual course of business of the Zhenro Services Group, and their respective terms are fair and reasonable, on normal commercial terms or better and in the interests of Zhenro Services and its shareholders as a whole.

Each of Mr. Huang Xianzhi and Mr. Liu Weiliang is an executive director of Zhenro Properties and a non-executive director of Zhenro Services. As a good corporate governance practice, Mr. Huang Xianzhi and Mr. Liu Weiliang had abstained from voting on the relevant resolutions of the Zhenro Services Board approving the 2023 CCT Agreements.

Save for the aforesaid, none of the other directors of Zhenro Services had or may be regarded as having a material interest in the 2023 CCT Agreements and the transactions contemplated thereunder, and therefore none of the other directors of Zhenro Services had abstained from voting on the relevant resolutions approving the 2023 CCT Agreements.

INFORMATION ON THE PARTIES

Zhenro Properties Group

Zhenro Properties is an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange. Zhenro Properties is an investing holding company. The Zhenro Properties Group is principally engaged in property development, property leasing and commercial property management. The ultimate controlling shareholder of Zhenro Properties is Mr. Ou.

Zhenro Services Group

Zhenro Services is an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange. The Zhenro Services Group is principally engaged in the provision of property management services, value-added services to non-property owners, community value-added services and commercial operational management services. The ultimate controlling shareholder of Zhenro Services is Mr. Ou.

Zhenro Commercial is a non-wholly owned subsidiary of Zhenro Services established in the PRC with limited liability. Zhenro Commercial, together with its subsidiaries, is principally engaged in the provision of commercial operation and management services for commercial properties. As at the date of this announcement, Zhenro Commercial is indirectly owned as to 99% by Zhenro Services and directly owned as to 1% by the Remaining Shareholder. To the best of the knowledge, information and belief of the Zhenro Properties Board and the Zhenro Services Board, having made all reasonable enquiries, (i) the Remaining Shareholder is principally engaged in investment holding and is ultimately beneficially owned by Liu Pingshan, Wang Zhiming and other individuals or entities (each holding not more than 10% equity interests in the Remaining Shareholder); and (ii) the Remaining Shareholder and its ultimate beneficial owners are independent third parties of Zhenro Properties and Zhenro Services.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Zhenro Properties and Zhenro Services are indirectly owned as to approximately 49.39% and approximately 38.86% by Mr. Ou, respectively. Mr. Ou is therefore the controlling shareholder of each of Zhenro Properties and Zhenro Services. Accordingly, members of the Zhenro Services Group, being associates of Mr. Ou, are connected persons of Zhenro Properties under Chapter 14A of the Listing Rules; and members of the Zhenro Properties Group, being associates of Mr. Ou, are connected persons of Zhenro Services under Chapter 14A of the Listing Rules. The transactions contemplated under each of the 2023 CCT Agreements constitute continuing connected transactions for each of Zhenro Properties and Zhenro Services under Chapter 14A of the Listing Rules.

With respect to Zhenro Properties Group, as one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) in relation to the highest annual cap for each of the 2023 CCT Agreements exceed(s) 0.1% but all of them are less than 5%, each of the 2023 CCT Agreements is subject to the reporting, announcement and annual review requirements, but is exempted from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

With respect to Zhenro Services Group, (i) as one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) in relation to the highest annual cap for the 2023 Consultancy Services Agreement exceed(s) 0.1% but all of them are less than 5%, the 2023 Consultancy Services Agreement is subject to the reporting, announcement and annual review requirements, but is exempted from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules; and (ii) as one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) in relation to the highest annual cap for each of the 2023 Pre-Delivery Property Management Services Agreement and the 2023 Management Services Agreement exceed(s) 5%, each of the 2023 Pre-Delivery Property Management Services Agreement and the 2023 Management Services Agreement is subject to the reporting, announcement, circular, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

Zhenro Services will convene and hold an EGM for the Independent Shareholders to consider and, if thought fit, to approve the 2023 Pre-Delivery Property Management Services Agreement and the 2023 Management Services Agreement and the proposed annual caps contemplated thereunder.

To the best of the knowledge, information and belief of the Zhenro Services Board, and having made all reasonable enquiries, associates of Mr. Ou, namely, WeiZheng, WeiYao, WeiTian and WeiQiang, who hold an aggregate of 460,919,832 shares of Zhenro Services as at the date of this announcement, shall abstain from voting on the resolution approving each of the 2023 Pre-Delivery Property Management Services Agreement and the 2023 Management Services Agreement and the proposed

annual caps contemplated thereunder at the EGM. Save as disclosed above, as at the date of this announcement, none of the other shareholders of Zhenro Services is required to abstain from voting at the EGM.

Zhenro Services has established the Independent Board Committee comprising all three independent non-executive directors of Zhenro Services to advise the Independent Shareholders as to whether the terms of the 2023 Pre-Delivery Property Management Services Agreement and the 2023 Management Services Agreement and the proposed annual caps contemplated thereunder are fair and reasonable, and whether the respective transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Zhenro Services Group and in the interests of Zhenro Services and its shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser.

Fortune Financial Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) a letter from the Zhenro Services Board setting out further details of the 2023 Pre-Delivery Property Management Services Agreement and the 2023 Management Services Agreement; (ii) the recommendation of the Independent Board Committee; (iii) the advice of the Independent Financial Adviser; and (iv) a notice convening the EGM will be despatched to the shareholders of Zhenro Services as soon as practicable in accordance with the Listing Rules. It is expected that the circular will be despatched on or before 15 December 2022 to allow sufficient time for the preparation of the relevant information for inclusion therein.

DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“2023 CCT Agreements”	the 2023 Pre-Delivery Property Management Services Agreement, the 2023 Management Services Agreement and the 2023 Consultancy Services Agreement
“2023 Consultancy Services Agreement”	the commercial property operational and consultancy services agreement dated 15 November 2022 entered into between Zhenro Commercial and Zhenro Properties in relation to the provision of Consultancy Services by the Zhenro Commercial Group to the Zhenro Properties Group
“2023 Management Services Agreement”	the management services agreement dated 15 November 2022 entered into between Zhenro Services and Zhenro Properties in relation to the provision of Management Services by the Zhenro Services Group to the Zhenro Properties Group

“2023 Pre-Delivery Property Management Services Agreement”	the Pre-Delivery property management services agreement dated 15 November 2022 entered into between Zhenro Services and Zhenro Properties in relation to the provision of Pre-Delivery Services by the Zhenro Services Group to the Zhenro Properties Group
“associate(s)”	has the meaning as ascribed to it under the Listing Rules
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning as ascribed to it under the Listing Rules
“EGM”	the extraordinary general meeting to be convened and held by Zhenro Services for the purpose of considering and, if thought fit, approving, among other things, the 2023 Pre-Delivery Property Management Services Agreement and the 2023 Management Services Agreement and the proposed annual caps contemplated thereunder
“Existing CCT Agreements”	the Existing Pre-Delivery Property Management Services Agreement, the Existing Management Services Agreement and the Existing Consultancy Services Agreement
“Existing Consultancy Services Agreement”	the commercial property operational and consultancy services agreement dated 19 May 2021 entered into between Zhenro Commercial and Zhenro Properties in relation to the provision of Consultancy Services by the Zhenro Commercial Group to the Zhenro Properties Group
“Existing Management Services Agreement”	the management services agreement dated 31 December 2019 entered into between Zhenro Services and Zhenro Properties in relation to the provision of Management Services by the Zhenro Services Group to the Zhenro Properties Group
“Existing Pre-Delivery Property Management Services Agreement”	the pre-delivery property management services agreement dated 31 December 2019 entered into between Zhenro Services and Zhenro Properties in relation to the provision of Pre-Delivery Services by the Zhenro Services Group to the Zhenro Properties Group
“GFA”	gross floor area
“Independent Board Committee”	the independent board committee comprising all the independent non-executive directors of Zhenro Services

“Independent Financial Adviser”	Fortune Financial Capital Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser of Zhenro Services to advise the Independent Board Committee and the Independent Shareholders in respect of the 2023 Pre-Delivery Property Management Services Agreement and the 2023 Management Services Agreement and the proposed annual caps contemplated thereunder
“Independent Shareholders”	the shareholders of Zhenro Services who are not required to abstain from voting at the EGM for the resolutions in respect of the 2023 Pre-Delivery Property Management Services Agreement and the 2023 Management Services Agreement and the proposed annual caps contemplated thereunder
“independent third party(ies)”	a person, or in the case of a company, the company or its ultimate beneficial owner(s), who is independent of and not connected with Zhenro Properties and its subsidiaries and/or Zhenro Services and its subsidiaries, and their respective connected persons, ultimate beneficial owner(s) or associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Ou”	Mr. Ou Zongrong
“PRC”	the People’s Republic of China
“Remaining Shareholder”	Zero Origin Limited, a company incorporated in Hong Kong with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning as ascribed to it under the Listing Rules
“WeiQiang”	WeiQiang Holdings Limited (偉強控股有限公司), a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by Mr. Ou Guoqiang, the son of Mr. Ou, as at the date of this announcement

“WeiTian”	WeiTian Holdings Limited (偉天控股有限公司), a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by Mr. Ou as at the date of this announcement
“WeiYao”	WeiYao Holdings Limited (偉耀控股有限公司), a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by Mr. Ou as at the date of this announcement
“WeiZheng”	WeiZheng Holdings Limited (偉正控股有限公司), a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Mr. Ou as at the date of this announcement
“Zhenro Commercial”	Zhenro Commercial Management Co., Ltd.* (正榮商業管理有限公司), a company established in the PRC with limited liability and is indirectly owned as to 99% by Zhenro Services and directly owned as to 1% by the Remaining Shareholder as at the date of this announcement
“Zhenro Commercial Group”	Zhenro Commercial and its subsidiaries
“Zhenro Properties”	Zhenro Properties Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 6158)
“Zhenro Properties Board”	the board of directors of Zhenro Properties
“Zhenro Properties Group”	Zhenro Properties and its subsidiaries
“Zhenro Services”	Zhenro Services Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 6958)
“Zhenro Services Board”	the board of directors of Zhenro Services
“Zhenro Services Group”	Zhenro Services and its subsidiaries
“%”	per cent

By order of the board of directors of
Zhenro Properties Group Limited
Huang Xianzhi
Chairman

By order of the board of directors of
Zhenro Services Group Limited
Huang Xianzhi
Chairman

Hong Kong, 15 November 2022

As at the date of this announcement, the executive directors of Zhenro Properties are Mr. Huang Xianzhi, Mr. Liu Weiliang, and Mr. Li Yang; the non-executive director of Zhenro Properties is Mr. Ou Guowei; and the independent non-executive directors of Zhenro Properties are Dr. Loke Yu (alias Loke Hoi Lam), Mr. Wang Chuanxu and Mr. Xie Jun.

As at the date of this announcement, the executive directors of Zhenro Services are Mr. Lin Xiaotong and Mr. Kang Hong; the non-executive directors of Zhenro Services are Mr. Huang Xianzhi and Mr. Liu Weiliang; and the independent non-executive directors of Zhenro Services are Mr. Ma Haiyue, Mr. Au Yeung Po Fung and Mr. Zhang Wei.

** For identification purposes only*