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中梁控股集团
ZHONGLIANG HOLDINGS GROUP

Zhongliang Holdings Group Company Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2772)

Revenue Increased by 39% to RMB32.9 billion
Core Net Profit Attributable to Owners Increased by 15%
Declared Interim dividend of HK18.4 cents per share, up 13% YoY

2021 Interim Results Highlights

- Contracted sales (including joint ventures and associates) increased by 40.3% year-on-year to RMB95.0 billion
- Total revenue increased by 38.5% year-on-year to RMB32.91 billion
- Profit after tax increased by 16.8% year-on-year to RMB2.58 billion
- Core net profit attributable to owners (adjusted) increased by 14.5% year-on-year to RMB1.50 billion
- Cash and bank balances of RMB35.54 billion and deposits received from customers (contract liabilities) of RMB129.22 billion *
- Total interest-bearing indebtedness of RMB54.60 billion and net gearing ratio of 56.1%*
- Declared interim dividend of HK18.4 cents (equivalent to RMB15.4 cents) per share

* As of 30 June 2021

(24 August, 2021－Hong Kong) **Zhongliang Holdings Group Company Limited** ("Zhongliang Holdings", or the "Group", stock code: 2772) is pleased to announce that the interim results for the six months ended 30 June, 2021 (the "Period").

Growth in Revenue and Core Profit, Sustained Top 20 Ranking

During the period, the Group has consistently adhered to its stated strategies, followed the government policies and industry trends for its sustainable development. Zhongliang Holdings was ranked Top 20 in terms of contracted sales for the first half of 2021 according to the "China Real Estate Enterprises Sales Ranking in the first half of 2021" published by China Real Estate Information Corporation. During the period, the Group achieved contracted sales of RMB95.0 billion, representing a year-on-year increase of 40.3% and has completed 53% of annual sales target of RMB180.0 billion for 2021. Average selling price increased to RMB12,600 per sq.m., with new launch sell-through rate exceeding 70% and cash collection rate exceeding 85%. During the period, total recognized revenue was RMB32.91 billion, representing a year-on-year increase of 38.5%; core net profit attributable to owners was RMB15.0 million, representing a year-on-year increase of 14.5%; and declared interim dividend was HK18.4 cents per share, representing a year-on-year increase of 13%.

Stay Cautious in Land Market, Sufficient Land Bank and Saleable Resources

During the period, the Group stayed cautious in the land market, adhered to the investment strategy of vertical penetration and horizontal expansion, and endeavored to apply diversified land acquisition strategies. During the first half of 2021, the Group strived in maintaining balance between securing saleable resources and financial discipline, diversifying investments in many second- and third-tier cities, and avoiding cities with fierce land prices. During the period, the Group (together with its joint ventures and associates) acquired 67 new projects with a total land consideration of RMB40.75 billion, covering a total GFA of approximately 7,937,000 sq.m.; total saleable value of newly added projects stood at approximately RMB102.0 billion. Among the newly acquired land projects based on total land costs, second-tier cities accounted for 34% with only 19% came from second-tier cities with centralized land auctions policy; 55% and 11% respectively of the total land costs came from third-tier and fourth-tier cities.

At the same time, the Group maintained prudent land acquisitions, keeping the annual land purchase amount at well below 40% of contracted sales, and adhered to strict land acquisition procedures and standards, achieving positive operating cash inflow. As of 30 June 2021, the Group together with its joint ventures and associates had a total land bank of approximately 66 million sq.m., which was spread across the five core economic regions in China, with focus on the Yangtze River Delta and the Midwest China, and covered second-, third- and fourth- tier cities in major megapolis regions; the unsold land bank had an area of 41.8 million sq.m., with a corresponding value of approximately RMB500.0 billion, ensuring sufficient saleable resources for future sales growth.

Deleveraging, Stabilizing Debt and Optimizing Financing Structure

In the first half of 2021, under the polices of “Three Red Lines” and centralized restrictions on real estate financing, real estate-related credit policies remained tight. During implementation of the policies, the Group responded to the government's real estate control, exercised strict discipline, actively deleveraged and stabilized debt, and became one of the few national developers to improve rapidly to the "Yellow” camp. As of June 30, 2021, the Group's interest-bearing indebtedness was approximately RMB54.6 billion, maintained at a low level among the industry; onshore bank loans accounted for 50%, offshore senior notes and loans accounted for 24% and onshore non-bank borrowings decreased to 25%. The net gearing ratio further decreased to 56.1%, and the average financing cost reduced to about 8.3%.

In March and May this year, Moody's and Fitch upgraded the Group's credit rating outlook from "Stable" to "Positive", believing that the Group's debt leverage would continue to decline and optimistic on the Group's sales execution, solid credit indicators and good liquidity. The Group’s international ratings are respectively Moody’s “B1” with a positive outlook, Fitch “B+” with a positive outlook, S&P “B+” with a stable outlook, and Lianhe Ratings Global “BB” with a stable outlook. Domestically, the Group obtained an ‘‘AA+’’ rating by United Credit with a stable outlook.

Practicing Sustainable Development, Debut Green Bond Issuance

As business grows, the Group actively assumes its corporate social responsibility, upholds the principle of sustainable development, and formulates a comprehensive environmental strategy to reduce the environmental impact of business development.

In March this year, the Group established the Environmental, Social and Governance (“ESG”) Committee, and formed an operating framework consisting of the Board, the ESG Committee and the ESG Working Group for the purpose of enhancing its performance in respect of environmental protection, social responsibility and governance that promote sustainable developments. The Group also endeavors to develop green projects and incorporate environmental social responsibility into its corporate development. In April 2021, the Group published its Sustainable Finance Framework by which the Group has established the mechanism for the governance over its issuance of green, social responsibility and sustainable development bonds and other financing instruments. In May this year, the Group successfully issued its first US$300 million green senior notes, which was an important milestone for the Group’s sustainable green financing and its contribution to the national goal of achieving carbon neutral.

Following the Guidance of Policies, Stabilizing Operations

Under the main policy theme of “housing is for living, not for speculation” and “controlling financial leverage against real estate”, the real estate control measures and monetary policies of the Chinese government will remain tight. On the other hand, the government will also prioritize its policies in attaining expectations for stable land and housing prices, to ensure stable development of the real estate market.

Despite the complex and changing business environment, the Group has always upheld long-term sustainable and sound development. Looking ahead to the second half of the year, the Group will fully adapt to the market changes, continue to optimize its business and financing structure, emphasize sell-through and cash collection, and strictly manage cash flow to ensure sufficient liquidity. The Group is prudent about the second half of the year and is confident in achieving the contracted sales target of RMB180.0 billion for the year. Meanwhile, Zhongliang has the confidence and courage to embrace the opportunities and challenges in the future real estate market. It will continue to maintain a pragmatic and prudent development strategy and stay firmly in the industry Top 20.

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About Zhongliang Holdings Group Company Limited

Headquartered in Shanghai, Zhongliang Holdings is large-scale nationwide real estate enterprise with annual contracted sales over RMB100 billion, and has been ranked as a Top 20 Real Estate Developer in China by China Real Estate Association and China Real Estate Evaluation Center of E-House Real Estate Research Institute in 2019, 2020 and 2021.

We focus on developing residential housing and in recent years have expanded our scope of business to commercial property development, operations, and management. We offer three standardised product series, targeting first-time home buyers, second-time home buyers and recurrent home buyers. With approximately 20 years of experience in China's real estate industry and a regional expansion strategy, we had total attributable land bank of about 66.0 million sq.m. as at 30 June 2021 across five core economic zones in China, namely, the Yangtze River Delta, the Midwest China, the Bohai Economic Rim, West Coast Economic Zone and the Pearl River Delta, covering 155 cities of 25 provinces and municipalities.

This press release is issued by Wonderful Sky Financial Group on behalf of Zhongliang Holdings Group Company Limited

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