



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)

Zhongliang Holdings Obtains ‘BB’ Issuer Rating by Lianhe Global with Stable Outlook Successfully Achieve Urban Upgrade and Enhance Capital Market Recognition

(28 February 2020 – Hong Kong) **Zhongliang Holdings Group Company Limited** (“Zhongliang Holdings” or the “Company”; stock code: 2772) is pleased to announce that it has obtained ‘BB’ global scale Long-term Issuer Credit Rating with Stable Outlook by Lianhe Ratings Global Limited (“Lianhe Global”) on 28 February, which reflects the high level of recognition from the international capital market for the Company. The rating reflects the Company’s leading position in the industry and nationwide coverage across China, in particular in tier-2 and tier-3 cities in the Yangtze River Delta Region. The Stable Outlook reflects Lianhe Global’s expectation that Zhongliang would prudently expand its operating scale, especially regarding land acquisitions, while continuing to maintain its stable growth.

Successfully achieve urban upgrade and actively optimise capital structure

Lianhe Global recognises that Zhongliang Holdings has a strong market position and actively implements its urban upgrade and shifting to higher-tier cities while primarily focuses on the Yangtze River Delta Region to increase its land purchase proportion in tier-2 cities as well as to balance its geographical coverage. Lianhe Global expects its land bank is sufficient to support its operations for the next 2 to 3 years. In the full year of 2019, Zhongliang Holdings increased its land acquisition proportion in tier-2 cities to 53%; it is expected that the Company’s future average selling prices will increase due to land bank shifting to higher tiers cities. Lianhe Global believes that Zhongliang Holdings would expand its operating scale in a prudent manner for its long-term and healthy development. Meanwhile, while Zhongliang Holdings vigorously expands its funding channels, Lianhe Global expects the Company to gradually reduce its trust loans and short-term debt ratio, in order to optimise its capital structure.

High turnover support fast cash collection; sound liquidity management

In the past three years, as housing demand in two-tier and three-tier cities gradually increased, Zhongliang Holdings has seized market opportunities to maintain steady sales growth, established a stable market position and a well-recognized brand name. For the whole year of 2019, the Company achieved contracted sales of approximately RMB152.5 billion, representing a YoY increase of approximately 50%, exceeding full year sales target by 17%, with total sales increased and ranked 19th position according to the China Real Estate Information Corporation. Zhongliang Holdings has adopted a quick asset turnover strategy primarily targeting first-time home buyers and first-time upgraders, mainly launched small to medium projects to avoid execution risk and keep inventory levels manageable. Besides, the Company manages development projects and keeps costs in check by adopting a decentralized operation approach but a centralized procurement process. Under the scenario of weak sales in the next few months due to the coronavirus, the Company has adopted measures to tighten Capex payments and accelerate cash collection since January, to have adequate liquidity to fulfil committed payments and operational needs.

Apart from obtaining issuer credit ratings from international rating agencies, including the ‘B+’, ‘B1’ and ‘B+’ ratings from Fitch, Moody's and Standard & Poor's respectively, the Company was added to “Hang Seng

Composite LargeCap & MidCap Index” in November and successfully included in “Stock Connect”, which fully show the market attention and expectation to the Company's future development trends.

Mr. Yang Jian, the Chairman of Zhongliang Holdings Group Company Limited, comments Zhongliang Holdings obtains ‘BB’ global scale Long-term Issuer Credit Rating by Lianhe Global which shows high recognition from the capital market on the Company’s assets quality and financial performance. Moving forward, the Company will continue to penetrate real estate development, optimise its assets structure, maintain steady cash flow and make more efforts to enhance our credit rating, to further strengthen investors’ confidence.

About Zhongliang Holdings Group Company Limited

Headquartered in Shanghai, based in the Yangtze River Delta Economic Region with a national footprint, Zhongliang Holdings is a fast - growing comprehensive nationwide real estate developer with 100 billion contracted sales. In 2019, we are recognized as TOP 20 real estate developer in China and ranked TOP 1 in terms of development potential by China Real Estate Association and E-house China R&D Institute China Real Estate Appraisal Center. We focus on the development of residential properties and have recently started to develop, operate and manage commercial properties.

We offer three standardized product series, namely, the Shanti, the Glory and the Royal series (「香」系列、「御」系列及「國」系列), targeting first-time purchasers, first-time upgraders and second-time upgraders. By virtue of approximately 19 years of experience in China’s real estate industry and regional expansion strategy, we have total attributable land bank of about 53 million sq.m as at 30 June 2019. By the end of June 2019, we have a product portfolio of 385 projects across five core economic zones in China, namely, Yangtze River Delta, the Midwest China, the Pan-Bohai, the Western Taiwan Straits and the Pearl River Delta, covering 139 cities in 23 provinces and municipalities.

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

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