



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 Celebrates its 1st Listing Ceremony
Achieved Steady Business Growth with Improving Capital Markets Recognition

(14 July 2020, Hong Kong) 16 July marks the first listing anniversary of Zhongliang Holdings Group Company Limited ("Zhongliang Holdings" or the "Group", stock code: 2772) on the Main Board of Hong Kong Stock Exchange. Since its listing one year ago, Zhongliang Holdings has maintained robust development and steady business growth, with significant improvement in operating capabilities and performance indicators. The capital market remains optimistic about the Group's development.

Top 20 China Real Estate Developers, with Business Focus on Second- and strong Third-tier Cities

Leveraging its national coverage with focus on second- and strong third-tier cities across China, the Group has grown steadily and has maintained over RMB100 billions scale of annual contracted sales for three consecutive years since 2018. In response to COVID-19 outbreak in Q1 2020, Zhongliang Holdings' management has kept a stance on flexible response to emergencies and strong and effective execution ability.

The Group achieved total contracted sales of RMB67.7 billion in H1 (together with joint ventures and associates), representing a year-on-year growth of approximately 6%. The average selling price of contracted sales was about RMB12,500 per sq.m., up 18% year on year. Zhongliang Holdings ranked 19th on the *CRIC Top 200 Chinese Real Estate Enterprises by Sales*. In June alone, driven by more new projects launches and most of them are located in second-tier and strong third-tier cities, the contracted sales surged by 125% year on year to approximately RMB24.7 billion, and the average selling price of contracted sales stood at approximately RMB16,100 per sq.m. These data show that the Group's sales prices are stable with a continuous upward trend, indicating the notable results achieved in the Group's shifting of focus to second-tier cities and strong third-tier cities residence projects.

In terms of land acquisition, the Group added 54 new projects in H1 2020, with a total land costs at about RMB37.6 billion, of which 62% and 29% were in second- and third-tier cities, respectively, totalling 91%. In terms of project investment amount, the top

cities are Hangzhou, Hefei, Tianjin, Suzhou, Wenzhou, and Chongqing. In H1 2020, the Group ranked No. 15 in *Top 100 Chinese Real Estate Developers with the Highest Newly Added Saleable Values in First Half of 2020*. The sufficient saleable resources laid a solid foundation for future contracted sales.

Further Expanding Financing Channels, with Positive Bond Ratings

Since its listing, Zhongliang Holdings has actively explored new financing channels onshore and offshore and enhanced its overall financing capacity to underpin rapid development. On 16 July 2019, Zhongliang Holdings was officially listed on the Main Board of Hong Kong Stock Exchange, and obtained corporate ratings of B1, B+, and B+ by Moody's, S&P, and Fitch with all Stable Outlook, within less than one month's time (August 2019). Besides, United Ratings, a Chinese rating agency, assigned an AA+ corporate rating to the Group with a stable outlook. The rating agencies acknowledged the Group's sales, land bank structure, and financial position. Even though major international rating agencies are relatively pessimistic on a notable number of China property issuers amid COVID-19, Zhongliang Holdings' credit ratings still remain stable.

Since its IPO, Zhongliang Holdings has further widen onshore and offshore financing channels. In offshore, the Group successfully issued USD bonds and obtained bilateral loans from Hang Seng Bank. In onshore, it obtained bank loans from banks like Guangfa Bank, Pudong Development Bank and Everbright Bank; it also obtained no objection letter regarding channels supply chain and receivable ABS. These diverse channels provide stable funding for the Group's future development. In September 2019, Zhongliang Holdings successfully issued its debut offshore USD bonds, which received enthusiastic market response and were oversubscribed. In June 2020, the Group issued USD250 million 8.75% senior notes due in 2021, to which Fitch assigned a B+ rating, the same as the Group's Long-Term Foreign-Currency Issuer Default Rating . It was the first ever rating on short-term bonds assigned by Fitch while that USD note offering was well received by global investors.

Initiations by Equity Analysts ; Adhere to Stable Dividend Policy

Zhongliang Holdings was included in the Hang Seng Composite Index and the Stock Connect just four months after its IPO and won the "Best Hong Kong Stock Connect Company" award. It has been covered by analysts from international and well-known securities brokers since its listing. Haitong International assigned Zhongliang Holdings a "Buy" rating in July 2019 with a target price of HKD9.7. In August 2019, CCB International covered the Group for the first time, granting a "Buy" rating with a target price of HKD8.1, and recognising it as a new star in the Yangtze River Delta. In October 2019, Essense International issued a report projecting that Zhongliang Holdings could become an upstart in the Hang Seng Composite Index in Q3 2019. In November the same year, Essense International initiated Zhongliang for the first time, assigning it a "Buy" rating.

In 2020, the Group has obtained three more initiation reports from international

banks. In January, CGS-CIMB assigned an "Overweight" rating to the Group for its robust contract sales and abundant revenue to be carried forward. In March, CITIC CLSA gave a "Strong Buy" rating to Zhongliang Holdings, claiming it as one of the Top Pick Stocks among those of the similar scale and expressing confidence in its high dividend yield and high growth. In July, Jefferies, a well-known US investment bank, initiated Zhongliang Holdings for the first time, granting it a "Buy" rating with a target price of HKD8.9.

Jefferies stated that as a national housing company with business focus on second- and third-tier cities, Zhongliang Holdings has strong execution ability, rapid asset turnover and growing land reserves in second-tier cities, and its sales growth is projected to return to the range of 25%-30% in 2021. In addition, Zhongliang Holdings is expected to record a compound annual profit growth rate of 25% and an impressive dividend yield of 10%-17% in the fiscal years from 2020 to 2022. The Group will maintain a stable dividend policy, distributing 40% of core profit attributable to the parent company twice a year.

Three High-quality Product Series with Enhancing Product Competitiveness

Zhongliang Holdings focuses on the development of high-quality residential products and has been adhering to the concept of creating value for a better life. With the continuous expansion of business scale and bigger exposure in higher-tier cities, the Group has continuously upgraded and enhanced the competitiveness of its products. In April this year, the Group upgraded its "the Shanti, the Glory, and the Royal" product series to "Star Sea, Glory Times, and Royal Gold" series to meet residents' demands in the new era while further strengthening product competitiveness.

Zhongliang Holdings' projects in Suzhou, Xi'an and Nanchang have won many international design awards since the beginning of this year. Recently, they were also chosen as winners of the "Aesthetics Vogue Award". The Group's "The One Mansion" in Xi'an received the "Cultural Quality Mansion Award", and the sales centre of "Zhongliang Metropolis" in Suzhou and the marketing centre of "Riveredge Villa" in Jinhua were granted the "Space Design Award". "The One Mansion" is a key project of Zhongliang Holdings in Xi'an. In addition to the "Cultural Quality Mansion Award", it won the "Aesthetics Vogue Award - Top 10 China Beautiful Housing List". Zhongliang Holdings with many excellent products was ranked 1,211st on the *Forbes* Global 2000, ranking second among Mainland companies that newly made it to the list.

Zhongliang Holdings Group Company Limited

Headquartered in Shanghai, Zhongliang Holdings is a fast-growing real estate developer with RMB100 billion's worth of annual contracted sales. We are rooted in the Yangtze River Delta with a national coverage. In 2019 and 2020, we were named 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 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 57 million sq.m. as at 31 December 2019. We have 458 property projects 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 142 cities of 23 provinces and municipalities.

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

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