



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 Issues US\$250 Million Senior Notes

Annual Interest Rate Down to a Historical Low of 7.5%

(26 January 2021 – Hong Kong) Zhongliang Holdings Group Company Limited (“Zhongliang Holdings” or the “Group”, stock code: 2772) is pleased to announce that the Group has successfully issued US\$250 million senior notes due in 2022 at an interest rate of 7.5% per annum, down to a historical low, affirming investors’ recognition in the capital markets.

Fitch Ratings has assigned the senior notes a “B+” rating which is consistent with the Group’s issuer rating. Fitch indicated that Zhongliang’s rating is supported by its scale of contracted sales, which is comparable with “BB” category homebuilders. The Group’s projects cover five core economic zones in China, with higher geographic diversity and strong growth momentum, and has firmly retaining a position among Top 20 developers in recent years.

UBS AG Hong Kong, Guotai Junan Securities (Hong Kong) are the joint global coordinators, which are, together with BOCOM International Securities, CLSA Limited, TFI Securities and Futures Limited and Vision Capital International Holdings, the joint bookrunners and joint lead managers in respect of the offer and sale of the Notes.

Improving Financial Structure with Decreasing Financing Cost

Upon its listing in July 2019, Zhongliang Holdings has further expanded its onshore and offshore financing channels. For offshore, the Group successfully issued USD bonds and obtained bilateral loans from Hang Seng Bank; for onshore, it obtained bank loans from banks like Guangfa Bank, Pudong Development Bank and Everbright Bank; it also obtained no objection letters regarding ABS of Supply Chain and Sales Receivables. These diverse channels provide stable funding for the Group's future development. From the perspective of the issuance of bonds, the interest rate of such USD-denominated bonds decreased significantly as compared with the bonds previously issued by Zhongliang, which is conducive to the Group’s further optimization of its financial structure and reduction of its finance costs.

Under the “three red lines”, Zhongliang understands that real estate enterprises will shift from being scale-oriented to profit-oriented, and from financing-driven

to cash flow-driven. Relying on sound financial management, Zhongliang Holdings has good liquidity, with short-term debt of approximately RMB22,975 million as of the end of June 2020. The total cash of the Group amounted to RMB35,021 million, and the net debt ratio was 69.9%. The weighted average financing cost of the Group decreased to 8.9%, and is expected to further decline by the end of 2020.

Initiated by Equity and Credit Analysts; Affirmed by Onshore and Offshore Rating Agencies

The continuous optimization of the debt structure and the balanced and steady development have attracted attention of many major international banks to Zhongliang. Since 2020, Zhongliang has successively obtained the coverage of many international and well-known brokerage analysts such as CGS-CIMB, CLSA, Jefferies, Huatai Hong Kong and BOCI. Among them, the credit report of BOCI pointed out that benefitting from the expansion of financing channels and strong sales performance after listing, the leverage and liquidity ratios of Zhongliang are relatively stable. The Group is expected to continue to maintain stable contract sales growth, and optimistic about the better credit indicators of the Group.

In terms of ratings, Zhongliang Holdings has been affirmed by international rating agencies including Fitch, Moody's, Standard & Poor's and United International. The four agencies have given Zhongliang Holdings B+, B1, B+ and BB ratings, respectively, with stable outlook, fully reflecting the capital market's affirmation of the credit and confidence of the Group in its development prospects, to lay a solid foundation for the Group to expand its financing channels in the future.

Land Bank Upgrading to Higher-tier cities with Full Year Sales Exceeded Target

In terms of contract sales, the Group achieved contract sales of approximately RMB168.8 billion in 2020, representing a year-on-year increase of approximately 11%, exceeding its annual target; the average selling price increased by 22% to RMB12,500 psm., reflecting its shift of focus to second-tier and strong third-tier cities residence projects began to bear fruit, the Group's future average selling prices will be stable with a continuous upward trend.

In terms of land acquisition, Zhongliang continues to increase its expansion in second- and strong third-tier cities, carrying out vertical penetration and horizontal expansion at the same time. As of June 2020, the proportion of investment of Zhongliang in second- and third-tier cities has reached 90%, and has entered more than 20 second-tier cities such as Hangzhou, Chengdu, Changsha, Hangzhou and Suzhou; the proportion of fourth-tier cities has been reduced to 10%, achieving coverages of important city clusters and key second and third-tier cities across the country.

In terms of product competitiveness, Zhongliang announced its 4.0 product system in October 2020, which is based on the "9+N Community Beauty Module" and has completed 113 special upgrades, covering thousands of

points. 4.0 products have been implemented in Tianjin, Chengdu, Qingdao, Changzhou and other cities, and will be implemented nationwide in the future.

Looking back at 2020, affected by the COVID-19 epidemic and the unstable international political and economic environment, the domestic and international economic situation experienced substantial changes. In the face of various challenges, Zhongliang has remained true to its core business and actively faces challenges and opportunities of the market. In the future, Zhongliang will continue to enhance its real estate development capabilities and advantages, promote its long-term development of the enterprise with a more open mind, a more pioneering spirit and a more innovative belief, and continue to give back to investors.

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About 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 63 million sq.m. as at 30 June 2020. We have 504 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 149 cities of 23 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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