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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)

Total Revenue Increased by 16% in the First Half Year

Profit for the period increased by 16%

2020 Interim Results Highlights

- Total revenue increased by approximately 16% year-on-year to RMB23.8 billion
- Core net profit attributable to the owners of the Company increased by approximately 6% year-on-year to RMB1.3 billion
- Declared interim dividend of HK16.3 cents (equivalent to RMB14.6 cents) per share, increased by 7% year-on-year, representing 40% of the core net profit attributable to the owners of the Company
- Contracted sales amount amounted to RMB67.7 billion, increased by approximately 6% year-on-year
- Net gearing ratio was 69.9% with average financing cost reduced to 8.9%

(24 August, 2020－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, 2020 (the "Period").

Amid the severe challenge from the coronavirus pandemic, the Group achieved steady growth and sustained Top 20 ranking of real estate enterprises in China. In the first half of 2020, the Group achieved contracted sales of RMB67.7 billion, representing a year-on-year increase of 6%, while ASP increased by 18% year-on-year to approximately RMB12,500 per sq.m.. The Group's steadily increasing ASP reflected the fruitful impact from the Group's operating strategy of shifting to the second-tier and strong third-tier cities in recent years. The contracted sales for the first seven months of 2020 increased by 6% year-on-year to RMB79.6 billion, representing an completion of approximately half of the full year sales target. During the period, the Group's total revenue increased by approximately 16% to RMB23.8 billion; while core net profit attributable to owners of the Company increased by approximately 6% to RMB1.3 billion. The Group declared an interim dividend of HK16.3 cents per share, with the dividend payout ratio accounting for 40% of core net profit attributable to the owners of the Company.

Upgrading land bank to Tier-2 and Tier-3 cities with emphasis on Yangtze River Delta and Midwest

In the first half of 2020, the Group adhered to its investment strategy of vertical penetration and horizontal expansion, enhancing exposure in higher-tier cities. The Group continued to adopt public channels and mergers and acquisitions for land acquisition, and to achieve nationwide coverage for land reserve. In the first half of 2020, the Group (including its joint ventures and associated companies) made land investments aggregating to RMB39.4 billion, with a total of 56 land parcels acquired, covering a total GFA of approximately 7.4 million sq.m.. The Group made significant progress in its strategy of shifting to second- and strong third-tier cities. Land purchases in second- and third-tier cities accounted for more than 90% of the aggregate acquisition value in the first half of 2020, amongst which second-tier cities accounted for 64%, third-tier cities accounted for 27%, while fourth-tier cities only accounted for 9%.

Improving financing structure and reducing interest cost

Since the listing, the Group has strived to improve its debt structure by developing offshore and onshore financing channels and enhancing its overall financing capabilities. In the first half of 2020, the Group raised over US$670 million in total through offshore notes and loans, further supplementing its liquidity. Domestically, the Group made good progress in the application of Renminbi receivables asset-backed securities and supply chain financing. As of 30 June, 2020, the net gearing ratio was 69.9%, and the average financing cost reduced to 8.9%, remaining at a healthy level. The debt structure kept improving. Notably, the ratio of onshore other bank loans was decreased from 40% to 31%, and the ratio of short-term debt was dropped from 53% to 42%. Despite that international credit rating agencies have assigned negative rating actions against various China real estate developers since early 2020, credit ratings of Zhongliang remained stable and consistent. During the first half of the year, the Group's ratings granted by Moody, S&P and Fitch were ''B1'', ''B+'' and ''B+'', respectively and overall outlook maintained as ''stable''. In February 2020, the Group also obtained ''BB'' issuer rating with ''stable'' outlook by Lianhe Ratings Global. Domestically, the Group maintained its ''AA+'' onshore credit rating with ''stable'' outlook from United Credit.

Initiations of coverage, Stable dividend policy

After listing, the Group has been covered by multiple international and famous brokers and analysts. In 2020, 4 international brokers issued initiation reports on Zhongliang Holdings. In January, CGS-CIMB granted Zhongliang Holdings an "Overweight" rating since it was optimistic about Zhongliang Holdings' strong contract sales and abundant unbooked contracted sales . In March, CLSA initially covered Zhongliang Holdings and regarded it as top pick among similar scaled developers and granted Zhongliang Holdings a "Strong Buy" rating, as Zhongliang has high dividend payout ratio and high growth. In July, Jefferies Hong Kong, a well-known US investment bank, issued a research report and covered Zhongliang Holdings for the first time and gave it a "Buy" rating, with a target price of HK$8.9. In August, Huatai Financial Holdings issued a research report and covered Zhongliang Holdings for the first time and gave it a "Buy" rating, and the target price was HK$7.9. The Group declared an interim dividend of HK16.3 cents (equivalent to RMB14.6 cents), up approximately 7% YoY. The Group adhere to create shareholders' returns and will maintain a stable dividend policy, according to which 40% of net profit attributable to parent company will be declared twice a year.

Optimization of organizational structure and improvement of operating efficiency

The Group completed the regional reorganisation improvement across the country last year and will continue to optimize the organizational structure this year in order to improve the operating efficiency. In the first half of this year, the Group continued to upgrade its mechanism where it jointly created and share value with the management through enriching incentive tools, including granting share options to managers in July. In the principle of “People First”, the Group actively and continuously improved the talent structure, consolidated the talent pool and promoted the rejuvenation of teams.

Iteration and upgrade of products, and fulfillment of corporate responsibilities

In April 2020, the Group advanced on the product side in a timely manner to upgrade the previous series of the “Shanti”, “Glory”, and “Royal” to the “Star and Sea”, “Mansion”, and the “Metropolis" series in order to continuously enhance its product competitiveness. The Group also actively integrated social responsibilities into its corporate development. In the first half of this year, the Group expanded the coverage of “Zhongliang Book Reading” project to new provinces and cities in Yunnan, Tibet, Xinjiang and helped schools in remote areas or in need to build libraries. During the Period, in order to assist in the fight against the novel coronavirus, the Group donated cash and batches of medical masks to Wuhan Charity Federation and worked with China Youth Press to donated 90,000+ periodicals to Wuhan as nourishment for the mind of medical staff and patients. In this summer, the Yangtze River basin in China suffered severe floods. The Group actively participated in donating money and providing materials and helped farmers handle dull sale of agricultural products.

Zhongliang holdings strives forward to create value for shareholders

The recovery of China’s economy and the stabilization of residents’ consumer confidence will help increase the demands for house purchase. Zhongliang Holdings has sufficient supply of salable resources and balanced distribution of supply in the year, with scattered geographical coverage, causing that the Group is confident in meeting its contracted sales target of RMB168 billion for this year. In spite of uncertain factors in the external environment, the Group has insisted on pursuing a balance between scale expansion and profit and debt levels so as to realize robust development. The Group will continue its presence in central cities in key metropolitan areas, emphasize sell-through and income, strictly manage cash flow, effectively control the leverage and keep improving the debt structure. The Group will maintain a stable dividend policy to create considerable returns for shareholders and create value together.

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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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