



## Zhongliang Holdings Group Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2772)

**Total revenue amounted to RMB65.9 billion, increased by 16%**

**Final dividend of HK32.5 cents per Share payable in cash, maintains 40% payout ratio**

### 2020 Results Highlights

- Contracted sales amounted to RMB168.8 billion, increased by approx. 10.7% as compared with 2019.
- Total revenue amounted to RMB65.94 billion, increased by approx. 16.4% as compared with 2019.
- Core net profit amounted to RMB6.59 billion, increased by approx. 4.6% as compared with 2019.
- Core net profit attributable to owners of the Company amounted to RMB3.75 billion, decreased by approx. 3.8% as compared with 2019.
- Proposed final dividend of HK32.5 cents (equivalent to RMB27.3 cents) per Share payable in cash. In aggregate with the interim dividend paid of HK16.3 cents (equivalent to RMB14.6 cents) per Share, total dividends for 2020 amounted to HK48.8 cents (equivalent to RMB41.9 cents) per Share, representing a 1% YoY increase and approx. 40% of the core net profit attributable to owners of the Company.
- Bank balances and cash of RMB34.23 billion and deposits received from customers (contract liabilities) of RMB120.91 billion as at 31 December 2020.
- Total indebtedness amounted to RMB54.09 billion and net gearing ratio of 65.8% as at 31 December 2020.

(23 March, 2020 – Hong Kong) **Zhongliang Holdings Group Company Limited** (“Zhongliang Holdings”, or the “Group”, stock code: 2772) is pleased to announce that the financial results of the Group for year ended 31 December, 2020 (the “Reporting Period”).

The global outbreak of COVID-19 impeded global economy badly. China’s economy once encountered certain adverse situations. Zhongliang Holdings achieves steady growth by emphasizing on stability. In 2020, the Group achieved contracted sales of RMB168.8 billion, representing a year-on-year increase of approximately 11%; exceeding the full-year sales target .

The Group's total revenue increased by approximately 16.4% to RMB65.94 billion; while core net profit increased by approximately 4.6% to RMB6.59 billion in 2020. The Group proposed a final dividend for 2020 of HK32.5 cents per share. In aggregate with the interim dividend paid of HK16.3 cents per Share, total dividends for 2020 amounted to HK48.8 cents per Share, representing a 1% year-over-year increase and the dividend payout ratio accounting for 40% of core net profit attributable to the owners of the Company, maintaining a steady level of dividend payout and continuing to reward shareholders.

### **Nationwide Coverage with Upgraded Land Bank**

Zhongliang Holdings is dedicated to developing nationwide coverage strategically in response to region-specific economic and policy changes, with an emphasis on small and medium-sized development projects in order to effectively diversify risks. The Group upgraded land bank and continued to increase projects in second- and third-tier cities during the period. In 2020, the Group acquired 117 new projects, in terms of total land considerations, more than 92% were located in the second- and third-tier cities. As at 31 December 2020, the Group has a total land bank of approximately 65.1 million sq.m, entering 153 cities in 23 provinces and municipalities, with a total of 480 projects.

The Group adhered to its investment strategy of vertical penetration and horizontal expansion to enhance exposure in higher-tier cities. It also improved nationwide land bank through diversified land acquisition strategies, such as commercial cooperation and mergers and acquisitions. With a projected land acquisitions to contracted sales ratio of approximately 40% in 2021, the Group provides an adequate supply of saleable assets for sales growth to meet future developments.

### **Adequate Saleable Resources and Enhancing Branding Capabilities**

Among the Company's saleable resources, 88% are located in the second- and third-tier cities; it is expected that the saleable resources will exceed RMB260 billion in 2021. With stable and diversified supply of saleable resources, the Group has set a contracted sales target for the full year of 2021 at RMB180 billion, so as to maintain steady growth in sales volume. The average sales price is expected to increase to over RMB 13,000 per sq.m. In February 2021, contracted average sales price increased to approximately RMB 13,800 per sq.m. and the average sales price will continue to rise steadily.

In line with the exposure of high-tier cities, the Group has upgraded its product series in 2020 to create distinctive product lines based on the differentiated needs of different cities and continue to enhance the power of the brand.

### **Prudent Leverage Level with Improved Financial Ratios**

2020 was a breakthrough year for the Group to optimize its financing structure. In August 2020, the "Three Red Lines" was promulgated to further tighten the financing of real estate companies. After listing on the Main Board in July 2019, the Group has been committed to improving its debt structure and expanding domestic and foreign financing channels to enhance its overall financing capacity. As of 31 December, 2020, the net gearing ratio was 65.8%, which fell to a

relatively low level among the Top 50 real estate enterprises; its unrestricted cash to short term debt ratio was 1.1 times; and its asset to liabilities ratio excluding contract liabilities was 79.9%. While maintaining growth in scale, Zhongliang Holdings actively optimised its structure and reduced financing costs.

In addition, the Group has been actively broadening and tapping into domestic and overseas financing channels. During the Reporting Period, the Group issued a number of overseas US dollar-denominated bonds and successfully explored overseas bank loans. In November 2020, the Group successfully issued its first Asset Backed Security (ABS) of RMB318 million with an interest rate of approximately 6.0%.

### **Fulfilling a Corporate's Environmental and Social Responsibilities**

The Group emphasizes the product philosophy featuring “culture, comfort, health, green, science and technology” to formulate comprehensive environmental protection policies and endeavor to implement a number of sustainable and environmental protection measures. By the end of 2020, more than a total of 300 projects of the Group had obtained green building certification or rating with a total gross floor area reaching 45 million sq.m.

On 23 March 2021, the Group announced that an Environmental, Social and Governance Committee (“ESG Committee”) has been formed in order to assist the Board to review and monitor the environmental, social and governance policies and practices, promoting the sustainable development of the company.

The Group is also actively incorporating social responsibility into corporate development. In 2020, the Group promoted “Zhongliang Book Reading” project to be launched in a wider area. As of the end of 2020, the project has been launched at primary and middle schools in a total of 14 provinces and cities across China. By establishing libraries for remote or needy schools and constantly providing reading materials for children in underprivileged. During the year, in order to help fight against the COVID-19 epidemic, the Group has made monetary and batched surgical masks donation to Wuhan Charity Foundation. In 2020, when severe floods occurred in the Yangtze River basin, the Group actively participated in donation for disaster relief, provided supplies to the front-line flood relief crew and the people in the disaster area, actively fulfilling a corporate's environmental protection and social responsibility.

Mr. Yang Jian, the Chairman of Zhongliang Holdings Group Company Limited stated that, real estate developers have no longer unilaterally pursued sales scale, but in the circumstances of driven by market demand and competitive patterns, which demonstrates importance of operation and products. The Group believes that the post-epidemic era is an important juncture for real estate developers to improve its capabilities and to strengthen its market position. While the market resources flowing into big businesses gradually, we believe that large estate enterprises with nationwide coverage and leading sale volume is more capable of coping with the industrial reform and challenges. 2021 is the opening year of the China's “14th Five-Year” Plan, Zhongliang is confident in following the economic trend and capturing the opportunities in housing sales, moving forward to create considerable returns for shareholders.

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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 65.1 million sq.m. as at 31 December 2020. We have 480 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 153 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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