

Contracted Sales

First 4 months 2022 contacted sales amounted to RMB25.7 bn, year-on-year decreased 60%

April 2022 contracted sales amounted to RMB4.1 bn, year-on-year decreased 71%

- From January to April 2022, the Group achieved contracted sales (including those from joint ventures and associated companies) of approximately RMB25.7 billion, representing a year-on-year decrease of 60%, with contracted GFA of approximately 2,570,000sq.m. Contracted average selling price was approximately RMB10,000 per sq.m.
- In April 2022, the Group achieved contracted sales of approximately RMB 4.1 billion, representing a year-on-year decrease 71% or a month-on-month decrease of 60%, with contracted GFA was approximately 430,000sqm with contracted ASP of RMB9,500 per sq.m.
- The Group's recent weakness in sales has been in line with the sector. The COVID Omicron variant outbreak in China and the lockdown measures adopted by many affected cities under China's 'Dynamic Zero' policy have adversely impacted property sales from January to April 2022, especially in the Yangtze River Delta region where we have significant exposure. The lockdowns may further dampen already-weak demand for residential properties and negatively affect the Group's sales in the second quarter of 2022. We expect the current weakness in sales could persist in a longer period and the recovery path of the real estate sales remains uncertain.

News Updates

Recent liability management exercise

- On 28 April 2022, Zhongliang Holdings announced an exchange offer ("Exchange Offer") for senior notes due in May 2022 and July 2022 and a consent solicitation ("Consent Solicitation") for senior notes due in April 2023. For details, please refer to the announcement made by the Company on 28 April 2022.
- The objectives of the Exchange Offer and Consent Solicitation are to allow sufficient time for the Group to sail through and its short-term difficulties and pressure on cash flow due to the current industry downturn. The proposal offers the Group with opportunities to extend its debt maturity in anticipation of future real estate market recovery.
- The Company believes that the Exchange Offer and Consent Solicitation are in the best interest of the stakeholders and the proposal is the best offer that the Company can make at present.
- If the required threshold of Exchange Offer or Consent Solicitation is not satisfied within the deadline, the Company may terminate or withdraw the Exchange Offer and Consent Solicitation.** Under the current challenging market situation and weak monthly contracted sales, the Company would not be in a position to make timely payment of its May 2022 and July 2022 Senior Notes. In the event that the Exchange Offer or Consent Solicitation is not successful, this could trigger cross-defaults of our offshore debts, and could have a material adverse effect on the Group's business, results of operations and financial conditions. The Company strives to avoid such "full-scale default" of our offshore debts which would be detrimental to shareholders and debtholders, thus the Company urges relevant noteholders to support the proposal as soon as practicable.

News Updates

Cancellation of the payment of the 2021 Interim Dividend

Given the continued uncertainty of the Chinese real estate sector, the volatility of the market and the continuing impact of COVID-19 pandemic, in order to preserve more cash level to maintain liquidity to react to current adverse market conditions and for better working capital management purposes, after careful consideration, the Board has resolved to cancel the payment of the 2021 Interim Dividend.

Land Acquisition

- During January to April 2022, there was no new land acquired by the Group.

Company profile

Headquartered in Shanghai, Zhongliang Holdings is large-scale nationwide real estate enterprise with annual contracted sales over RMB100 billion, and has been ranked as a Top 20 Real Estate Developer in China by China Real Estate Association and China Real Estate Evaluation Center of E-House Real Estate Research Institute in 2019, 2020 and 2021.

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 60 million sq.m. as at 31 December 2021 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 25 provinces and municipalities.

Disclaimer

All information contained in this newsletter is meant for your own reference only, and is not intend to, nor should it, constitute any investment advice. Any information contained in this newsletter, including those relating to contracted sales or land bank of Zhongliang Holdings Group Co. Ltd. (the "Group"), are management date without being audited. It may be subject to change as a result of changes in our development, sales and investment processes and may not be consistently reflected in our financial reports. The Group expressly disclaims any liability for any of your loss or damaged howsoever arising from or in reliance upon the contents of this newsletter.

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