

Sales and Land Acquisition in January

Contracted Sales

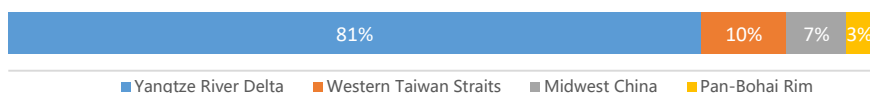
Given the Chinese New Year break and impact of the novel coronavirus, market sales were weak with low growth rate

- In January 2020, the Group achieved contracted sales (including those from joint ventures and associated companies) of approximately RMB7.4 billion and contracted GFA of approximately 728,000 sq.m with contracted ASP of approximately RMB10,200/sq.m.
- Given the impact of the coronavirus, the Group expects weaker sales in February.

Land Acquisition

- In January 2020, the Group added a total of 9 land parcels, with an aggregate land premium of approximately RMB7.2 billion.

Land Acquisition By Economic Region



Project	City	City level	Province	Region	Land Cost (RMB10,000)	Site Area (sq.m.)	Total Planned GFA Excluding Carpark (sq.m.)	Average Land Cost (RMB/sq.m.)
Land Acquisitions in January 2020								
Plot 212, Future Science and Technology City, Yuhang District, Hangzhou	Hangzhou	Second-tier	Zhejiang	Yangtze River Delta	490,154	97,535	214,577	22,843
No. 2017-3, Huayuan Street, Kecheng District, Quzhou City	Quzhou	Third-tier	Zhejiang	Yangtze River Delta	39,650	43,329	73,659	5,383
Block C of Lukang North Plant	Jining	Third-tier	Shandong	Pan-Bohai Rim	19,843	30,716	61,433	3,230
Plot on the east side of Heyi Road, Higher Education Park, Huaian Development Zone	Huaian	Third-tier	Jiangsu	Yangtze River Delta	35,380	68,362	150,397	2,352
Plot DEA2019159 in Shangrao City Center	Shangrao	Fourth-tier	Jiangxi	Western Taiwan Straits	71,250	53,928	129,427	5,505
Lot 2 of Huahua Avenue, Fancheng District, Xiangyang City	Xiangyang	Third-tier	Hubei	Midwest China	2,897	5,517	12,138	2,386
Lot [2019] 86, High-tech Zone, Xiangyang City	Xiangyang	Third-tier	Hubei	Midwest China	26,769	29,496	79,639	3,361
Plot No. [2019] 16, Western Section in National Land, Hanshan County	Ma'anshan	Fourth-tier	Anhui	Yangtze River Delta	12,847	43,698	74,287	1,729
No. 034 (2019), Gong'an County, Jingzhou City	Jingzhou	Fourth-tier	Hubei	Midwest China	19,080	44,367	110,917	1,720
Total					717,870	416,949	906,474	7,919

Measures for the coronavirus and outlook for 2020

Low debt level amongst industry peers and improving funding structure

Based on unaudited consolidated management accounts, as at 31 December 2019:

- Cash on hand at the level of around RMB26.0 billion.
- Interest-bearing debts at the level of around RMB38.0 billion; net gearing at the level of around 70%, below industry average level.
- Out of total debts, around 50% from onshore bank loans, 39% from onshore other loans and 11% from offshore bonds; while total debts due in 2020 is approx. RMB15.0 billion, around 40% of total debts. Funding structure is improving with more diversified financing channels.
- In January 2020, repaid debts due of approx. RMB1.3 billion. Remaining debts due in Q1 (Feb and March) was approx. RMB3.4 billion; the total amount of debts due in Q2 is approx. RMB2.1 billion. Sufficient liquidity has been in place for the upcoming repayments.

Manageable liquidity and cashflow

- Committed land purchase payments manageable. As at 31 December 2019, amount of outstanding attributable land premium was around RMB10.0 billion and already paid around RMB 3.0 billion in January 2020. The remaining are expected to be paid by instalment over the remaining Q1 to Q3.
- The Group has adopted measures to tighten capex payments and accelerate cash collection since January. Under the scenario of weak sales in the next few months due to the coronavirus, the Group still has adequate liquidity to fulfill committed payments and operational needs.

Sales outlook

- The Group is dedicated to strategic nationwide coverage with full structured landbank in order to diversify region-specific economic and policy risks effectively.
- Based on existing purchased land plots, the Group has saleable resources (including joint venture projects) of RMB260.0 billion in 2020.
- Hubei (including Wuhan) accounted for less than 2% of total contracted sales in 2019 and less than 3% of total saleable resources in 2020.
- As some local governments have implemented coronavirus preventative measures including temporary closure of sales centers to avoid the cluster of crowds, the Group still strives to achieve contract sales in small batches and utilizes 'Online Sales Channels' to maintain sales promotions and services.
- Given the impact of the coronavirus, we expect the market sales will be weak until the outbreak is under control. However, we are convinced that market demand is merely pushed back to later months, and it will rebound sharply after the disease is over and the economic activities resumes. The Group consider that our supply of saleable resources is adequate, evenly distributed during the year and regionally diversified, and we will grasp the real estate market rebound and strongly recover our sales.



Land banking

- Despite the impact of the coronavirus, the Group is not pessimistic about yearly outlook and we expect that the government will launch measures to stimulate the economy after the disease is under control, which will also benefit the real estate sector.
- For now, the Group has slowed down land acquisitions, tightened construction capex and accelerated cash collection. We will strive to capture the opportunities of market rebound and wait for better entry-level for land.

Corporate citizenship and social responsibilities

- In January, the Group donated 15,000 pieces of N95 masks and RMB 2m cash to Wuhan community
- The Group has also established disease prevention task forces at group-wide, regional, and city level, and developed disease prevention, monitoring, and the corresponding reporting system to share guidance on infection prevention and control measures.

Company Profile

Headquartered in Shanghai, based in the Yangtze River Delta Economic Region with a national footprint, Zhongliang Holdings is a fast - growing comprehensive nationwide real estate developer with 100 billion contracted sales. In 2019, we are recognized 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 the development of residential properties and have recently started to develop, operate and manage commercial properties.

We offer three standardized product series, namely, the Shanti, the Glory and the Royal series (「香」系列、「御」系列及「國」系列), targeting first-time purchasers, first-time upgraders and second-time upgraders. By virtue of approximately 19 years of experience in China's real estate industry and regional expansion strategy, we have a product portfolio of 385 projects across five core economic zones in China, namely, Yangtze River Delta, the Midwest China, the Pan-Bohai, the Western Taiwan Straits and the Pearl River Delta, covering 139 cities in 23 provinces and municipalities, our total land bank reached 53 million sq.m as at 30 June 2019.

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