

Contracted Sales

First Seven-month Contracted sales rose 34% to RMB107.0 bn, firmly retaining a position among Top 20 developers

- From January to July 2021, the Group achieved contracted sales (including those from joint ventures and associated companies) of approximately RMB107.0 billion, representing a YoY increase of approximately 34% and contracted GFA of approximately 8,493,500 sq.m., representing a YoY increase of approximately 34%. Contracted average selling price was approximately RMB12,600 per sq.m..
- In July 2021, the Group achieved contracted sales of approximately RMB12.0 billion, representing a YoY increase of approximately 1%. Contracted GFA increased by 2% to approximately 951,800 sq.m. Contracted ASP was RMB12,600 per sq.m.
- Ranked 20th in CRIC's Top 100 Chinese Real Estate Enterprises by first 7 months sales, firmly retaining a position among Top 20 developers.

News Updates

DBS Group Issued Initiation Report on Zhongliang Holdings with "Buy" Rating

- On 13 July, 2021, **DBS Group Research Equity** published a research report, initiating coverage on Zhongliang (2772.HK). The Group benefits from its wide city coverage (>150 cities) and its better-than-peer accessibility to land under the concentrated land supply reform, which will likely put it in a better spot to maintain its Top 20 position. Despite Zhongliang's concentrated exposure in lower-tiered cities, its operational performance (i.e. highest sell-through rate among comparable peers at 70% in FY20 and decent cash collection rate at 85%) has been solid in contrary to market scepticisms, not to mention the satisfactory physical market performance in these cities to date (+26% in 4M21). Meanwhile, Zhongliang's highest presales over total debt ratio is 3.1x, which is higher than the comparable peers' average of 1.6x.

CMBI Expects Zhongliang Holdings to be Prepared for the Upcoming Maturities

- On 28 July, 2021, **CMBI** published a report, indicating the recent price movement of ZHLGHDs, especially that of ZHLGHD 11.5%'21 and ZHLGHD 8.875%'21, is unjustifiable as the company has prepared for repayments through internal resources. CMBI believes that ZHLGHD 11.5%'21 and 8.875%'21 will be money good and are good short-dated carry plays.

China/Hong Kong Company Guide
Zhongliang Holdings
Research 2772.HK Equity | Issued 07/21
Rate to improve throughout the rest of the report

DBS Group Research Equity
13 July 2021

Overshadowed by misperception

- Better-than-peer accessibility to land thanks to its extensive city coverage
- Decent presales in Tier 3 and 4 cities to support its future performance
- Solid balance sheet strength even after factoring in unabsorbed land
- Consistent on its Tier 3/4 exposure and benefiting from land reform

Key Metrics

Year	2020	2021E	2022E	2023E
Revenue (RMB bn)	1,100	1,200	1,300	1,400
EBITDA (RMB bn)	150	160	170	180
Net Profit (RMB bn)	100	110	120	130
Operating Margin (%)	13.6	13.3	13.1	12.9
EBITDA Margin (%)	13.6	13.3	13.1	12.9
Net Profit Margin (%)	9.1	9.2	9.3	9.4

Key Takeaways:

- Our "Buy" is based on a 4x P/E P/B ratio, which is equivalent to the market for top-tier and low-tier developers in 2020 when market conditions were similar.
- Recent price rise in effective bond yields being higher than expected may strengthen the case for a "buy" rating.

DBS
Line Bank, Bank of Asia

招銀國際
Credit Commentary
28 Jul 2021

CMBI Credit Commentary
ZHLGHD – Prepared for the upcoming maturities

ZHLGHDs moved sharply lower during past 2 weeks due concerns of its real-estate refinancing need and pressure on the disposition of CFO. We believe the recent price movement, especially that of ZHLGHD 11.5%'21 and ZHLGHD 8.875%'21, is unjustifiable as the company has prepared for repayments through internal resources and the CFO departure rumors are simply not true. We believe that ZHLGHD 11.5%'21 and 8.875%'21 will be money good and are good short-dated carry plays.

Key Metrics:

- Revenue (RMB bn): 1,100 (2020), 1,200 (2021E), 1,300 (2022E), 1,400 (2023E)
- EBITDA (RMB bn): 150 (2020), 160 (2021E), 170 (2022E), 180 (2023E)
- Net Profit (RMB bn): 100 (2020), 110 (2021E), 120 (2022E), 130 (2023E)
- Operating Margin (%): 13.6 (2020), 13.3 (2021E), 13.1 (2022E), 12.9 (2023E)
- EBITDA Margin (%): 13.6 (2020), 13.3 (2021E), 13.1 (2022E), 12.9 (2023E)
- Net Profit Margin (%): 9.1 (2020), 9.2 (2021E), 9.3 (2022E), 9.4 (2023E)

Key Takeaways:

- In Jul'21, Zhongliang bought back a total of USD270m in principal amount of its outstanding USD bonds/notes, out of these, USD170m was the buy-back of ZHLGHD 11.5%'21, reflecting the company's focus to deal with near-term maturity. Zhongliang posted contract sales of RMB107.0 bn in the first seven months of 2021. The company is on track to achieve the target. We understand that cash collection rate in H2 was over 80%, despite signs of slowing down starting from May '21. The cash collection from presales should offer adequate coverage for the payments of ZHLGHD 11.5%'21 and ZHLGHD 8.875%'21. We expect Zhongliang's H21 results to be largely stable, gross margin to remain at about 20%, and remain in the yellow camp under "3 red-line".

Analysts:

- Glenn Ho, CFA, FRM, CFP®
glennho@cmbi.com.hk
- Paul Ng, FRM, CFP®
paulng@cmbi.com.hk
- Wilson Lo, FRM, CFP®
wilsonlo@cmbi.com.hk
- James Wan, FRM, CFP®
jameswan@cmbi.com.hk

CMBI Credit Commentary
cmbi.com.hk

News Updates

(Cont'd)

Zhongliang Holdings Makes its Debut on “Fortune”China 500

- On 21 July 2021, Zhongliang Holdings stood at 173 on the Fortune Global 500 list for 2021.

Zhongliang Holdings Ranks Top 6 in China Real Estate Enterprises Branding in 1H2021

- On 12 July 2021, with excellent comprehensive product capability and continuous improvement of product quality, Zhongliang Holdings ranked Top 6 in China Real Estate Enterprises Branding in the first half of 2021 by Kinpan. Chengdu Zhongliang Yunxitai, Xi'an Zhongliang Guobin Mansion and Ningbo Zhongliang Chaoyue Nantang won the benchmarking project awards respectively.



排名	公司名	产品力指数
1	万科集团	95.03
2	旭辉集团	94.94
3	保利发展	92.12
4	融信集团	91.76
5	中海地产	91.69
6	中梁控股	90.24
7	融创中国	90.19
8	正荣集团	89.84
9	阳光城集团	89.60
10	龙湖集团	89.16

Zhongliang Wins 24 GHDA Global Habitat Design Awards with its Improving Product Competitiveness

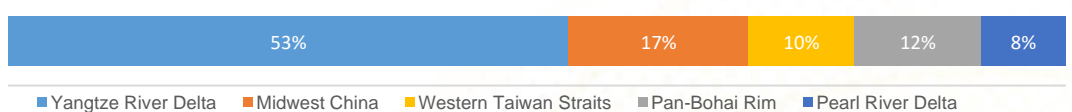
- On 20 July 2021, with outstanding product competitiveness, Zhongliang Holdings has won a total of 24 awards in the GHDA Global Habitat Design Award, including 2 gold, 7 silver and 15 outstanding awards. GHDA Global Habitat Design Awards recognize the most reputable habitat design projects around the world. Through rigorous and high-quality selection criteria, the GHDA Global Habitat Design Awards identify outstanding real estate habitat designs.



Land Acquisition

- From January to July in 2021, the Group added a total of **76** land parcels, with an aggregate land premium of approximately RMB **46.3** billion.
- In July 2021, the Group added a total of **9** land parcels, with land premium of approximately RMB **5.5** billion.

Land Acquisition By Economic Region



(Cont'd)

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 Acquisition from January to July 2021								
P (2020) 01 Plot Dongcheng District, Xiaogan	Xiaogan	Fourth-tier	Hubei	Midwest China	46,674	65,509	189,975	2,457
Second phase plot of Guobin No.1 in the old town of Enshi	Enshi	Fourth-tier	Hubei	Midwest China	4,829	16,942	55,909	864
Plot on the south side of Wenchang Road, south of Xinghua	Taizhou	Third-tier	Jiangsu	Yangtze River Delta	44,062	31,036	62,071	7,099
Block 2020-20, Northwest Area, Wuwei City, Wuhu	Wuhu	Third-tier	Anhui	Yangtze River Delta	58,000	81,041	137,770	4,210
Plot on the northeast side of the intersection of Suxi Avenue and Longqi Road, Suxi Town	Jinhua	Third-tier	Zhejiang	Yangtze River Delta	150,020	47,709	124,043	12,994
Plot 1 south of Beier Road and east of Kangyang Road, Dongcheng District, Dongying	Dongying	Third-tier	Shandong	Pan-Bohai Rim	43,000	122,265	146,718	2,931
Lot G21014, Chengbei Plate, Daye	Huangshi	Fourth-tier	Hubei	Midwest China	22,520	39,238	121,639	1,851
DEA2020074 plot in downtown area of Shangrao	Shangrao	Fourth-tier	Jiangxi	Western Taiwan Straits	129,200	88,643	212,743	6,073
Block B-5-03 and B6-1-03, Standard Zone B, Yunzhushan District, Banan District, Chongqing	Chongqing	Second-tier	Chongqing	Midwest China	61,500	84,367	126,551	4,860
Plot TP030218, Chengdong Street	Taizhou	Third-tier	Zhejiang	Yangtze River Delta	9,300	4,458	8,916	10,431
Plot on the east side of Shengting Garden, Xiting Town, Nantong	Nantong	Third-tier	Jiangsu	Yangtze River Delta	38,367	35,723	57,157	6,712
South Block of Wuyue Plaza, North Lake Block, New District, Changchun	Changchun	Second-tier	Jilin	Pan-Bohai Rim	32,029	31,134	77,835	4,115
Lot 2021-2, Luchanghe District, Luohu	Luohu	Fourth-tier	Henan	Midwest China	53,921	53,729	188,075	2,867
YDXG-2010 plot of Yanhu District, Yuncheng	Yuncheng	Third-tier	Shanxi	Midwest China	53,868	55,966	167,899	3,208
Plot No. 2021JC-1 and No.2 in Nanchuan Industrial Park, Xining	Xining	Third-tier	Qinghai	Midwest China	136,113	140,452	351,131	3,876
Tai'an Tianning Human Plot 2020-18	Tai'an	Third-tier	Shandong	Pan-Bohai Rim	37,597	62,662	75,194	5,000
Block 2020-14, Yanzhou District, Fuyang	Fuyang	Fourth-tier	Anhui	Yangtze River Delta	86,055	101,718	244,123	3,525
P (2020) 02 Lot, Dongcheng District, Xiaogan	Xiaogan	Fourth-tier	Hubei	Midwest China	41,137	54,306	157,487	2,612
Block 55, Chengbei, Shangyu District, Shaoxing	Shaoxing	Third-tier	Zhejiang	Yangtze River Delta	143,470	62,591	101,398	14,149
Plot on south side of Zhongyang Avenue and the east side of Guorui Hospital, Longhu District, Shantou	Shantou	Third-tier	Guangdong	Pearl River Delta	108,800	62,425	249,652	4,358
Block B-1-3 (40 acres) on the north side of Guliu Road, Chengzhong District, Liuzhou	Liuzhou	Third-tier	Guangxi	Midwest China	23,245	26,836	53,671	4,331
Plot D-21, Huichanghe Unit, Core Area of Wenzhou City	Wenzhou	Second-tier	Zhejiang	Yangtze River Delta	99,290	15,939	44,789	22,169
Block D18-1-A, Chengdong New District, Kunyang Town, Pingyang County	Wenzhou	Second-tier	Zhejiang	Yangtze River Delta	45,261	35,736	74,970	6,037
Block D18-1-B, Chengdong New District, Kunyang Town, Pingyang County	Wenzhou	Second-tier	Zhejiang	Yangtze River Delta	45,379	37,611	75,222	6,033
Block 20-12, Jiannan Street, Linhai, Taizhou	Taizhou	Third-tier	Zhejiang	Yangtze River Delta	78,610	69,164	104,962	7,489
Changsha County, Changsha City [2020] 022 Lot	Changsha	Second-tier	Hunan	Midwest China	20,607	37,799	113,398	1,817
27 acres east of Guizhou Avenue, Cang County, north of Tianjin Road	Gangzhou	Third-tier	Hebei	Pan-Bohai Rim	12,918	17,793	33,908	3,810
81 acres of land on the south side of Yuhua West Road, Taocheng District, Hengshui	Hengshui	Fourth-tier	Hebei	Pan-Bohai Rim	22,988	53,773	135,479	1,697
54 acres on the east of Guizhou Avenue and south of Xining Road, Cang County	Gangzhou	Third-tier	Hebei	Pan-Bohai Rim	29,792	36,310	80,478	3,702
North Plot of Yongji Road, Jingjiang Chengnan Park	Taizhou	Third-tier	Jiangsu	Yangtze River Delta	87,832	70,210	140,420	6,255
Dengzhou DT [2021] No. 3	Nanyang	Third-tier	Henan	Midwest China	21,021	63,701	159,252	1,320
Lot LC-05-07, East of Jingchuan Avenue, Old Town, Jing County	Xuanheng	Third-tier	Anhui	Yangtze River Delta	44,480	69,716	111,545	3,988
Lianjiang County, Fuzhou [2021] Lot 01	Fuzhou	Second-tier	Fujian	Western Taiwan Straits	48,500	25,699	59,108	8,205
Shucheng Lot 2021-04	Lu'an	Third-tier	Anhui	Yangtze River Delta	18,224	53,054	79,581	2,290
56 acres of land of China Fortune Land Development in Hangfu Town, Shucheng County	Lu'an	Third-tier	Anhui	Yangtze River Delta	10,558	37,438	67,388	1,567
Xinyang Road North, North Block, Yancheng	Yancheng	Third-tier	Jiangsu	Yangtze River Delta	73,433	27,755	72,163	10,176
West Block of Beihai Road, Economic Development Zone, Weifang	Weifang	Third-tier	Shandong	Pan-Bohai Rim	19,323	45,520	122,904	1,572
Block G10-02/02-1, Huiyuan New District Group, Tongliang District, Chongqing	Chongqing	Second-tier	Chongqing	Midwest China	30,366	61,345	92,018	3,300
Plot H12-2/02, Shuangshu New District, Jiangjin District, Chongqing	Chongqing	Second-tier	Chongqing	Midwest China	33,100	51,249	102,498	3,229
Block T08-2-04, Block T, Division T, Banan Jieshi Group, Chongqing	Chongqing	Second-tier	Chongqing	Midwest China	32,901	47,039	70,559	4,663
Block S43-2/01, S43-3/01, S41-3/01, S48-1/01 Block S, Division S, Banan Jieshi Group, Chongqing	Chongqing	Second-tier	Chongqing	Midwest China	79,993	94,061	179,036	4,468
Block C, East of Huajin South Road, Yijiang District, Wuhu	Wuhu	Third-tier	Anhui	Yangtze River Delta	101,375	65,773	131,547	7,706
Ciguan Haiwei I 201906-A plot, Ningbo	Ningbo	Second-tier	Zhejiang	Yangtze River Delta	112,327	74,956	164,903	6,812
Bengbu City High-speed Rail Plate (2021) Lot 14	Bengbu	Fourth-tier	Anhui	Yangtze River Delta	60,400	148,904	260,891	2,315
Fuqing 2021 Lot -03 Lot	Fuzhou	Second-tier	Fujian	Western Taiwan Straits	67,800	25,835	67,171	10,094
Plot A north of Yuqing West Street and east of Yiyuan Road, Weicheng District, Weifang	Weifang	Third-tier	Shandong	Pan-Bohai Rim	32,423	51,588	128,970	2,514
107 acres of land on the west of Longgang Street and the south of Bohai Road, Bohai New District, Cangzhou	Cangzhou	Third-tier	Hebei	Pan-Bohai Rim	14,550	71,362	102,268	1,423
Block J2020P03 on the south side of Xiamen Jimei Women and Children	Xiamen	Second-tier	Fujian	Western Taiwan Straits	188,000	19,978	59,900	31,385
Plot 1 of Kindai West Road South and Shanghai Road East, Xinyi Development Zone	Xuzhou	Third-tier	Jiangsu	Yangtze River Delta	34,088	49,034	122,585	2,781
Plot 3 of Kindai West Road South and Shanghai Road East, Xinyi Development Zone	Xuzhou	Third-tier	Jiangsu	Yangtze River Delta	32,340	45,440	113,600	2,847
68 acres of Swallow Nest, Shunqing District, Nanchong	Nanchong	Third-tier	Sichuan	Midwest China	38,481	45,567	82,021	4,692
77 acres of Swallow Nest, Shunqing District, Nanchong	Nanchong	Third-tier	Sichuan	Midwest China	48,342	51,155	112,542	4,295
South of Yancheng Chengbei Hardware & Electrical City	Yancheng	Third-tier	Jiangsu	Yangtze River Delta	181,000	65,428	170,113	10,640
Block A above Wangfuzhuang, Huaiyin District, Jinan	Jinan	Second-tier	Shandong	Pan-Bohai Rim	101,500	145,869	204,217	4,970
Plot on the east side of the intersection of Shangcheng Road and Shangfo Road, Shangxi Town	Jinhua	Third-tier	Zhejiang	Yangtze River Delta	94,000	34,986	90,963	10,334
Zhonghong Block, Hetu East Road, Mengjin County, Luoyang	Luoyang	Third-tier	Henan	Midwest China	15,323	48,552	121,305	1,263
Lot TD2021(NH)WG0016 in the "Dakeng Bridge" area of Shijie Village, Guanyao Social Management Office, Shishan Town, Foshan	Foshan	Third-tier	Guangdong	Pearl River Delta	76,341	43,166	107,915	7,074
Qidu Shenli Land, Wujiang District, Suzhou	Suzhou	Second-tier	Jiangsu	Yangtze River Delta	47,843	62,991	113,383	4,220
Plot on the south side of Zhennan Road, Zhenze Town, Wujiang District, Suzhou	Suzhou	Second-tier	Jiangsu	Yangtze River Delta	47,992	57,622	86,433	5,553
East Block of Beiguan North Road, Tianqiao District, Jinan	Jinan	Second-tier	Shandong	Pan-Bohai Rim	42,945	28,190	53,130	8,083
Plot 2021-WG-17-1, Shaxi Town, Taicang	Suzhou	Second-tier	Jiangsu	Yangtze River Delta	21,057	18,533	37,066	5,681
Plot 2021-WG-17-2, Shaxi Town, Taicang	Suzhou	Second-tier	Jiangsu	Yangtze River Delta	23,620	20,821	41,641	5,672
TD2021 (SD) WG0018 plot, Hengsan Road, Lecong Town, Shunde District, Foshan	Foshan	Third-tier	Guangdong	Pearl River Delta	187,166	95,209	223,294	8,382
Plot 2021P06, Miantaoshan, North New Town, Ningde	Ningde	Third-tier	Fujian	Western Taiwan Straits	43,700	45,135	112,838	3,873
Plot on the east side of Xunhua Road, Xuancheng City Center	Xuancheng	Third-tier	Anhui	Yangtze River Delta	110,561	153,118	317,824	3,479
Lot BH202102	Hefei	Second-tier	Anhui	Yangtze River Delta	65,737	25,186	50,372	13,050
West of Zhonghe Block and North of Qinxin Road, Jianye District, Nanjing City (26-7) Plot 2021G25	Nanjing	Second-tier	Jiangsu	Yangtze River Delta	108,000	10,742	30,078	35,907
Lot of Hetangli, Jinqing, Kuivwen District, Weifang	Weifang	Third-tier	Shandong	Pan-Bohai Rim	31,087	41,450	79,677	3,902
Lot [2021] 038, Changsha County, Changsha	Changsha	Second-tier	Hunan	Midwest China	25,562	31,140	59,167	4,320
Plot on the southeast side of the intersection of Changzhou Road and Changjiang Road in the east plate of Chuzhou	Chuzhou	Fourth-tier	Anhui	Yangtze River Delta	59,300	103,892	207,784	2,854
Plot 2021-103, Xujialou Street, Taishan District, Tai'an	Tai'an	Third-tier	Shandong	Pan-Bohai Rim	20,761	29,448	67,730	3,065
North Taiqing Hexi Block, Donghua Road, Huashi Town, Jiangyin	Wuxi	Second-tier	Jiangsu	Yangtze River Delta	58,553	57,947	104,305	5,614
Ziguan No. 7 plot	Tianjin	Second-tier	Tianjin	Pan-Bohai Rim	93,919	79,659	167,285	5,614
Jiangyin Mianshan Bay [Chengdi No. 2021-C-1] Plot	Wuxi	Second-tier	Jiangsu	Yangtze River Delta	189,769	181,930	218,316	8,692
2020-39/2007-10A plot in Zhili Town, Huzhou	Huzhou	Third-tier	Zhejiang	Yangtze River Delta	58,577	46,775	84,772	6,910
27 acres of land on the south side of Chengbei Road and west side of Kuangzhong Road, Kaiping District, Tangshan	Tangshan	Third-tier	Hebei	Pan-Bohai Rim	13,700	18,267	45,432	3,016
Total					4,626,420	4,315,310	8,971,068	5,157

Company profile

Headquartered in Shanghai, Zhongliang Holdings is a fast-growing real estate developer with annual contracted sales over RMB100 billion. 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 standardized 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 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 Pan-Bohai Rim, the Western Taiwan Straits and the Pearl River Delta, covering 153 cities of 23 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.

Investor Relations Contacts

Zhongliang Holdings Group Co. Ltd.

Investor Relations

Kenneth Yeung / Queenie Hung

Tel. : +852 3793 3139

E-mail: ir@zldcgroup.com

Wonderful Sky Financial Group

Aileen Wang / Karina Li

Tel. : +852 3970 1855

E-mail: zhongliang@wsfg.hk