

Contracted Sales

Contracted sales in the first four months rose 122% to RMB62.1 bn, firmly retaining a position among Top 20 developers

- From January to April 2021, the Group achieved contracted sales (including those from joint ventures and associated companies) of approximately RMB62.1 billion, representing a YoY increase of approximately 122% and contracted GFA of approximately 4,952,400 sq.m., representing a YoY increase of approximately 104%. Contracted average selling price was increased by 4% YoY to approximately RMB12,500 per sq.m., the 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.
- In April 2021, the Group achieved contracted sales of approximately RMB14.1 billion, representing a YoY increase of approximately 53%. Contracted GFA increased by 45% to approximately 1,225,300 sq.m with contracted ASP increased by 5% to approximately RMB11,500 per sq.m.
- Ranked 20th in CRIC's Top 100 Chinese Real Estate Enterprises by first 4 months sales, firmly retaining a position among Top 20 developers.

News Updates

Moody's Upgrades Zhongliang's Outlook to 'Positive' from 'Stable'

- On 29 March 2021, **Moody's Investors Service** ("Moody's") has revised Zhongliang Holdings' rating outlook to 'Positive' from 'Stable'; affirmed Zhongliang's B1 CFR and its B2 senior unsecured debt rating. Moody's expects Zhongliang's debt leverage which was measured by revenue/adjusted debt will continue to be strong at 95%-100% over the next 12-18 months from 99% in 2020; Zhongliang's EBIT/interest coverage will improve to about 3.0x over the same period from 2.8x in 2020. Moody's believes Zhongliang's contracted sales to grow to RMB175 billion to RMB185 billion annually in 2021 and 2022, as reflected by its rapid annual contracted sales growth in the past three years, solid credit metrics and good liquidity.

Moody's
INVESTORS SERVICE

Rating Action: Moody's changes Zhongliang's outlook to positive from stable; ratings affirmed

29 Mar 2021

Hong Kong, March 29, 2021 – Moody's Investors Service has revised to positive from stable the rating outlook of Zhongliang Holdings Group Company Limited (Zhongliang).

At the same time, Moody's has affirmed Zhongliang's B1 corporate, family rating (CFR) and its B2 senior unsecured debt rating.

"The change in outlook to positive from stable reflects our expectation that Zhongliang's credit metrics will continue to be strong over the next 12-18 months for its B1 CFR, supported by its solid revenue growth and controlled debt growth," says Cherie Lu, a Moody's Vice President and Senior Analyst.

Specifically, Zhongliang's revenue growth will be driven by its strong sales execution. Total contracted sales grew 11% year over year to RMB168.8 billion in 2020, despite the negative impact from the coronavirus outbreak. This comes after the company's contracted sales grew 40% year over year to RMB152.3 billion for 2019.

"At the same time, the rating affirmation reflects our expectation that the company will maintain its financial discipline and good liquidity position over the next 12-18 months," adds Lu.

RATINGS RATIONALE

Zhongliang's B1 CFR reflects the company's (1) recognized brand name in second-tier and lower-tier cities in the Yangtze River Delta region; (2) strong sales execution, as reflected by its rapid annual contracted sales growth in the past three years; and (3) solid credit metrics and good liquidity.

On the other hand, Zhongliang's rating is constrained by its relatively high exposure to lower-tier cities and reliance on non-bank financing. In addition, the company has a material exposure to joint ventures (JV) businesses, which hinders the transparency of its credit metrics.

Moody's expects Zhongliang's debt coverage – as measured by revenue/adjusted debt – will continue to be strong at 95%-100% over the next 12-18 months from 99% in 2020. This is driven by Moody's expectation of Zhongliang's strong revenue recognition, as well as its disciplined approach to pursuing growth and controlling debt incurred.

Meanwhile, Moody's expects Zhongliang's EBIT/interest coverage will improve to about 3.0x over the same period from 2.8x in 2020, supported by revenue growth and declining interest costs. These metrics show an strong company with many of its B1 rated peers. In addition, Moody's expects its gross profit margin to stay flat at around 21% over the next 12-18 months, given rising land costs will temper an increase in its average property selling prices.

Moody's believes Zhongliang's sizable available resources, strong sales execution and solid housing demand in the company's core markets will enable its contracted sales to grow to RMB175 billion-RMB185 billion annually in 2021 and 2022. Such contracted sales growth will help fund the company's business expansion and support revenue growth and liquidity over the next 12-18 months.

The company's B2 senior unsecured debt rating is one notch lower than the CFR, due to structural subordination risk. This risk reflects the fact that the majority of claims are due to the operating subsidiaries and have priority over Zhongliang's senior unsecured claims in a bankruptcy scenario. In addition, the holding company has significant mitigating factors for structural subordination. As a result, the likely recovery rate for claims of the holding company will be lower.

Zhongliang's liquidity position is good. The company's cash balance of RMB24.2 billion as of the end of 2020 covered 144% of its short-term debt. Such cash holdings, together with the company's operating cash flow, will be sufficient to cover its short-term debt and estimated committed land payments over the next 12-18 months.

News Updates

(Cont'd)

Zhongliang Holdings Released Sustainable Finance Framework

- On 27 April, 2021, Zhongliang Holdings released its Sustainable Finance Framework, which establishes the governance mechanism for the Group to issue green, socially responsible and sustainable bonds and other debt financing structures. The Group is committed to the principles of sustainable development and continues to practice green concepts with a view to reducing the environmental impact of its business development. Zhongliang Holdings has engaged Sustainalytics to provide an external review "The Second Party Opinion (SPO)" on its Sustainable Finance Framework. Sustainalytics is of the opinion that the Zhongliang's Sustainable Finance Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2018, Green Bond Principles 2018, Social Bond Principles 2020, and Green Loan Principles 2021.



Zhongliang Holdings Wins Multiple Awards at the 2020-2021 Aesthetics Vogue Award by Cultivating Heartfelt Products

- On 10 April, 2021, winners of the Aesthetics Vogue Award were officially announced, with seven of Zhongliang Holdings' outstanding residential projects winning the awards for "Ultimate Architectural Aesthetics", "Specialized Architectural Design", "Specialized Spatial Design" and "Specialized Soft Decoration Design". Zhongliang will always keep an eye on the market and customer demand, and continue to enhance its product competitiveness.



The 80th Library of "Zhongliang Book Reading" Project Landed in Yantai

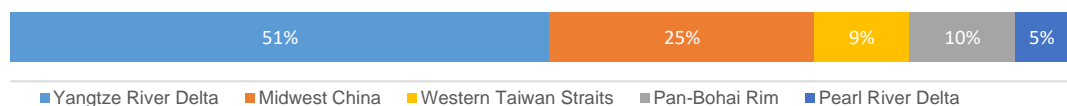
- On 20 April, 2021, The 80th library of "Zhongliang Book Reading" project has officially landed in Yantai, assisting Fushan Experimental Primary School and Zhaili Primary School to set up libraries and purchase teaching materials. From Zunyi to Yantai, Zhongliang is committed to the ESG field and helping children to widen their horizons.



Land Acquisition

- From January to April in 2021, the Group added a total of **38** land parcels, with an aggregate land premium of approximately RMB **20.3** 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 from January to March 2021								
Blocks 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 on the northeast side of the intersection of Suxi Avenue and Longqi Road, Suxi Town	Yiwu	Third-tier	Zhejiang	Yangtze River Delta	150,020	47,709	124,043	12,094
Plot on the south side of Wenchang Road, Chengnan, Xinghua	Xinghua	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 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
Plot TP030218 on Chengdong Street	Taizhou	Third-tier	Zhejiang	Yangtze River Delta	9,300	4,458	8,916	10,431
P (2020) 01 Plot, Dongcheng District, Xiaogan	Xiaogan	Fourth-tier	Hubei	Midwest China	46,674	65,509	189,975	2,457
Phase II plot of Guobin No.1, Old Town, Enshi	Enshi	Fourth-tier	Hubei	Midwest China	4,829	16,942	55,909	864
Plot DEA2020074 in Shangrao City Centre	Shangrao	Fourth-tier	Jiangxi	Western Taiwan Straits	129,200	88,643	212,743	6,073
Plot G21014, Chengbei Plate, Daye City	Huangshi	Fourth-tier	Hubei	Midwest China	22,520	39,238	121,639	1,851
Plot on the east side of Shengting Garden, Xiting Town, Nantong	Nantong	Third-tier	Jiangsu	Yangtze River Delta	38,367	38,367	57,157	6,712
Plot D-21, Huichanghe Unit, Core Area of Wenzhou	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 District	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 District	Wenzhou	Second-tier	Zhejiang	Yangtze River Delta	45,379	37,611	75,222	6,033
South Block of Wuyue Plaza, North Lake Block, New District, Changchun	Changchun	Second-tier	Jilin	Pan-Bohai Rim	32,029	32,029	77,835	4,115
Plot [2020] 022 Changsha Country, Changsha	Changsha	Second-tier	Hunan	Midwest China	20,607	37,799	113,398	1,817
Block 55, Chengbei, Shangyu District, Shaoxing	Shaoxing	Third-tier	Zhejiang	Yangtze River Delta	143,470	62,591	101,398	14,149
Plot 20-12, Jiangnan Street, Linhai, Taizhou	Taizhou	Third-tier	Zhejiang	Yangtze River Delta	78,610	69,164	104,962	7,489
Plot 2020-18, Taian Tianping Hunan	Taian	Third-tier	Shandong	Pan-Bohai Rim	37,597	37,597	75,194	5,000
Plot on the south side of Zhongyang Avenue and the east side of Guorui Hospital, Longhu District	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 Guilui Road, Chengzhong District, Liuzhou	Liuzhou	Third-tier	Guangxi	Midwest China	23,245	26,836	53,671	4,331
Plot No. 2021JC-1 and 2 of Nanchuan Industrial Park, Xining	Xining	Third-tier	Qinghai	Midwest China	136,113	136,113	351,131	3,876
Plot (2020) 02, Dongcheng District, Xiaogan	Xiaogan	Third-tier	Hubei	Midwest China	41,137	41,137	157,487	2,612
Plot YDXG-2010, Yanhu District, Yuncheng	Yuncheng	Third-tier	Shanxi	Midwest China	53,868	53,868	167,899	3,208
Block 2020-14, Yingzhou District, Fuyang	Fuyang	Fourth-tier	Anhui	Yangtze River Delta	86,055	86,055	244,123	3,525
Plot 2021-2, Lucheng District, Luohe	Luohe	Fourth-tier	Henan	Midwest China	53,921	53,921	188,075	2,867
Plot 01, Lianjiang County, Fuzhou [2021]	Fuzhou	Second-tier	Fujian	Western Taiwan Straits	48,500	25,699	59,108	8,205
Plot G10-02/02-1, Huaiyuan New District Group, Tongliang District, Chongqing	Chongqing	Second-tier	Chongqing	Midwest China	30,366	61,345	92,018	3,300
Xinyang Road North, North Block, Yancheng	Yancheng	Third-tier	Jiangsu	Yangtze River Delta	73,433	27,755	72,163	10,176
North Plot of Yongyi Road, Jingjiang Chengnan Park	Taizhou	Third-tier	Jiangsu	Yangtze River Delta	87,832	70,210	140,420	6,255
27 acres East of Guizhou Avenue, Cang County, North of Tianjin Road	Cangzhou	Third-tier	Hebei	Pan-Bohai Rim	12,918	17,793	33,908	3,810
54 acres on the East of Guizhou Avenue and South of Xining Road, Cang County	Cangzhou	Third-tier	Hebei	Pan-Bohai Rim	29,792	36,310	80,478	3,702
Plot LC-05-07, East of Jingchuan Avenue, Old Town, Jing County	Xuancheng	Third-tier	Anhui	Yangtze River Delta	44,480	69,716	111,545	3,988
Shucheng Plot 2021-04	Lu'an	Third-tier	Anhui	Yangtze River Delta	18,224	53,054	79,581	2,290
56 acres 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
West Block of Beihai Road, Economic Development Zone, Weifang	Weifang	Third-tier	Shandong	Pan-Bohai Rim	19,323	45,520	122,904	1,572
Dengzhou City DT [2021] No. 3	Nanyang	Third-tier	Henan	Midwest China	21,021	63,701	159,252	1,320
81 acres South of Yuhua West Road, Taocheng District, Hengshui	Hengshui	Fourth-tier	Hebei	Pan-Bohai Rim	22,988	53,773	135,479	1,697
Total					2,032,288	2,027,314	4,477,542	4,539



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.

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