



Zhongliang Holdings Group Company Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 2772)

Moody's Changes Zhongliang's Outlook to 'Positive' from 'Stable' Affirmed Its Strong Sales Execution and Enhance Capital Market Recognition

(29 March 2021 – Hong Kong) **Zhongliang Holdings Group Company Limited** ("Zhongliang Holdings" or the "Group"; stock code: 2772) is pleased to announce that

Moody's Investors Service ("Moody's") has revised its rating outlook to 'Positive' from 'Stable', reflecting Moody's expectation that Zhongliang's credit metrics will continue to be strong over the next 12-18 months for its B1 corporate family rating (CFR), supported by its solid revenue growth and controlled debt growth.

At the same time, Moody's has affirmed Zhongliang's B1 CFR and its B2 senior unsecured debt rating. Zhongliang's B1 CFR reflects its recognized brand name in second-tier and lower-tier cities in the Yangtze River Delta region; strong sales execution, as reflected by its rapid annual contracted sales growth in the past three years; and solid credit metrics and good liquidity.

Strong Sales Execution and Improving Financing Structure

Moody's expects Zhongliang's debt leverage -- 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 increase. 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.

Moody's believes Zhongliang's sizable saleable resources, strong sales execution and solid housing demand in the Group's core markets will enable its contracted sales to grow to RMB175 billion to RMB185 billion annually in 2021 and 2022.

Adequate Saleable Resources ; Focusing on T2 and Strong T3 Tier Cities

Despite the negative impact from the coronavirus outbreak, Zhongliang's total contracted sales grew 11% year over year to RMB168.8 billion for 2020. The Group's revenue growth is driven by its strong sales execution, total revenue in 2020 was increased by 16.4% to RMB65.94 billion.

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 acquisition to contracted sales ratio of approximately 40% in 2021, the Group provides an adequate saleable resources for sales growth and future developments. Among the Group's saleable resources, 88% are located in the second- and third-tier cities; it is expected that the saleable resources was around RMB260 billion in 2021. With stable and diversified supply of saleable resources, the Group will maintain steady growth in sales volume and continue to enhance the branding capabilities.

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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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