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## **Zhongliang Holdings Group Company Limited**

**中梁控股集团有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 2772)**

### **ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021**

#### **2021 INTERIM RESULTS HIGHLIGHTS**

- Contracted sales (including the Group's subsidiaries, joint ventures and associates) increased year-on-year by 40.3% to RMB95.0 billion
- Total revenue increased year-on-year by 38.5% to RMB32.91 billion
- Profit after tax increased year-on-year by 16.8% to RMB2.58 billion
- Core net profit attributable to owners (adjusted) increased year-on-year by 14.5% to RMB1.50 billion
- Cash and bank balances of RMB35.54 billion and deposits received from customers (contract liabilities) of RMB129.22 billion\*
- Total interest-bearing indebtedness of RMB54.60 billion and net gearing ratio of 56.1%\*
- Declared interim dividend of HK18.4 cents (equivalent to RMB15.4 cents) per share

\* As at 30 June 2021

The board (the “**Board**”) of directors (the “**Directors**”, each the “**Director**”) of Zhongliang Holdings Group Company Limited (the “**Company**” or “**Zhongliang**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2021 (the “**Period**”) with the comparative figures for the corresponding period in 2020:

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		<b>For the six months ended</b>	
		<b>30 June</b>	
	<i>Notes</i>	<b>2021</b>	2020
		<b>RMB’000</b>	RMB’000
		<b>(Unaudited)</b>	(Unaudited)
<b>REVENUE</b>	3	<b>32,905,598</b>	23,766,642
Cost of sales		<u><b>(26,074,741)</b></u>	<u>(18,404,563)</u>
<b>GROSS PROFIT</b>		<b>6,830,857</b>	5,362,079
Other income and gains	3	<b>137,417</b>	105,501
Selling and distribution expenses		<b>(1,377,751)</b>	(945,119)
Administrative expenses		<b>(1,636,503)</b>	(1,182,583)
Impairment losses on financial assets, net		<b>(1,385)</b>	(3,095)
Other expenses		<b>(112,603)</b>	(162,218)
Fair value gains on investment properties		<b>61,289</b>	41,176
Fair value losses on financial assets at fair value through profit or loss		<b>(112,550)</b>	(21,221)
Finance income		<b>194,193</b>	159,055
Finance costs	4	<b>(207,475)</b>	(196,489)
Share of profits and losses of:			
Joint ventures		<b>347,068</b>	(19,648)
Associates		<u><b>154,589</b></u>	<u>499,394</u>
<b>PROFIT BEFORE TAX</b>	5	<b>4,277,146</b>	3,636,832
Income tax expense	6	<u><b>(1,695,779)</b></u>	<u>(1,426,678)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>2,581,367</b></u>	<u>2,210,154</u>

		<b>For the six months ended</b>	
		<b>30 June</b>	
		<b>2021</b>	<b>2020</b>
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Attributable to:			
Owners of the parent		<b>1,381,961</b>	1,205,787
Non-controlling interests		<b><u>1,199,406</u></b>	<u>1,004,367</u>
		<b><u><u>2,581,367</u></u></b>	<u><u>2,210,154</u></u>
 <b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted			
— For profit for the period	8	<b><u><u>RMB0.39</u></u></b>	<u><u>RMB0.34</u></u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>PROFIT FOR THE PERIOD</b>	<b><u>2,581,367</u></b>	<b><u>2,210,154</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>27,887</u>	<u>(11,808)</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>27,887</u>	<u>(11,808)</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b><u>27,887</u></b>	<b><u>(11,808)</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>2,609,254</u></b>	<b><u>2,198,346</u></b>
Attributable to:		
Owners of the parent	<u>1,409,848</u>	1,193,979
Non-controlling interests	<u>1,199,406</u>	<u>1,004,367</u>
	<b><u>2,609,254</u></b>	<b><u>2,198,346</u></b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>30 June</b>	31 December
	<b>2021</b>	2020
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	<b>124,038</b>	134,706
Investment properties	<b>2,206,950</b>	1,839,550
Right-of-use assets	<b>131,053</b>	111,100
Intangible assets	<b>7,477</b>	8,481
Investments in joint ventures	<b>4,867,513</b>	4,544,896
Investments in associates	<b>16,488,748</b>	13,928,585
Prepayments and other receivables	<b>292,622</b>	292,658
Deferred tax assets	<b><u>3,513,479</u></b>	<u>3,222,423</u>
 Total non-current assets	 <b><u>27,631,880</u></b>	 <u>24,082,399</u>
<b>CURRENT ASSETS</b>		
Financial assets at fair value through profit or loss	<b>459,349</b>	552,413
Properties under development	<b>153,330,341</b>	145,914,463
Completed properties held for sale	<b>11,597,410</b>	10,886,087
Trade receivables	<b>4,958</b>	5,209
Due from related companies	<b>14,051,433</b>	10,931,355
Prepayments and other receivables	<b>46,156,064</b>	40,890,035
Tax recoverable	<b>4,770,470</b>	3,338,884
Cash and bank balances	<b><u>35,535,488</u></b>	<u>34,232,445</u>
 Total current assets	 <b><u>265,905,513</u></b>	 <u>246,750,891</u>

		<b>30 June</b>	31 December
		<b>2021</b>	2020
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	10	<b>18,447,698</b>	17,082,883
Other payables and accruals		<b>28,732,462</b>	24,488,785
Contract liabilities		<b>129,224,021</b>	120,909,048
Due to related companies		<b>22,130,783</b>	18,130,579
Interest-bearing bank and other borrowings		<b>15,838,854</b>	16,477,897
Lease liabilities		<b>61,086</b>	47,247
Tax payable		<b>5,470,527</b>	5,052,468
Provision for financial guarantee contracts		<b>91,614</b>	72,914
Senior notes		<b>7,375,670</b>	7,306,141
Other financial liabilities		<b>79,898</b>	68,315
		<u><b>227,452,613</b></u>	<u>209,636,277</u>
Total current liabilities			
		<u><b>227,452,613</b></u>	<u>209,636,277</u>
<b>NET CURRENT ASSETS</b>			
		<u><b>38,452,900</b></u>	<u>37,114,614</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u><b>66,084,780</b></u>	<u>61,197,013</u>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		<b>28,000,503</b>	28,419,856
Lease liabilities		<b>87,657</b>	72,695
Deferred tax liabilities		<b>650,803</b>	633,980
Proceeds from asset-backed securities		<b>319,446</b>	317,709
Senior notes		<b>3,065,373</b>	1,570,623
		<u><b>32,123,782</b></u>	<u>31,014,863</u>
Total non-current liabilities			
		<u><b>32,123,782</b></u>	<u>31,014,863</u>
<b>NET ASSETS</b>			
		<u><b>33,960,998</b></u>	<u>30,182,150</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		<b>31,450</b>	31,450
Reserves		<b>11,351,549</b>	10,875,287
		<u><b>11,382,999</b></u>	<u>10,906,737</u>
Non-controlling interests		<u><b>22,577,999</b></u>	<u>19,275,413</u>
Total equity		<u><b>33,960,998</b></u>	<u>30,182,150</u>

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

### 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform — Phase 2</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component.

The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank and other borrowings denominated in RMB and foreign currencies based on the Loan Prime Rate as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

- (b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any rent concessions arising as a direct consequence of the covid-19 pandemic for the period ended 30 June 2021.

The Group has changed its accounting policy for the classification of the interest paid in the consolidated statement of cash flows. In prior periods, interest paid was classified as cash flows from operating activities, whereas interest paid is now classified as cash flows from financing activities (the “Policy Change”). In the opinion of the directors of the Company, it is more appropriate to classify all cash flows in respect of the Group’s borrowings, as cash flows from financing activities in the consolidated statement of cash flows to reflect the nature of the cash flows associated with the Group’s borrowings, including the interest paid as a cost of financing, and will provide more relevant information about the cash flows associated with the borrowings. The directors are also of the opinion that such classification and presentation will provide greater comparability with other industry peers of the Group. The comparative amounts have been restated accordingly.

Set out below are the amounts by which each financial statement line item was affected for the six months ended 30 June 2021 and 2020 as a result of the Policy Change:

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Decrease)/ increase</b>	<b>(Decrease)/ increase</b>
	<b>RMB’000</b>	<b>RMB’000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest paid	<u>2,604,656</u>	<u>1,688,828</u>
Increase in cash flows related to operating activities	<u><u>2,604,656</u></u>	<u><u>1,688,828</u></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	<u>(2,604,656)</u>	<u>(1,688,828)</u>
Decrease in cash flows related to financing activities	<u><u>(2,604,656)</u></u>	<u><u>(1,688,828)</u></u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u><u>—</u></u>	<u><u>—</u></u>

The adoption of the Policy Change has had no impact on the consolidated statements of profit or loss, comprehensive income, financial position and changes in equity.

### 3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	32,898,884	23,760,899
<i>Revenue from other sources</i>		
Gross rental income	<u>6,714</u>	<u>5,743</u>
	<u><b>32,905,598</b></u>	<u><b>23,766,642</b></u>

#### Disaggregated revenue information for revenue from contracts with customers

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>Types of goods or services</b>		
Sale of properties	32,633,760	23,654,596
Other services	<u>265,124</u>	<u>106,303</u>
Total revenue from contracts with customers	<u><b>32,898,884</b></u>	<u><b>23,760,899</b></u>

#### Timing of revenue recognition

Sale of properties transferred at a point in time	30,284,237	22,264,902
Sale of properties transferred over time	2,349,523	1,389,694
Services transferred over time	<u>265,124</u>	<u>106,303</u>
Total revenue from contracts with customers	<u><b>32,898,884</b></u>	<u><b>23,760,899</b></u>

#### Other income and gains

Foreign exchange gain, net	58,367	—
Changes in provision for financial guarantee contracts	34,657	14,992
Government grants	15,343	11,480
Forfeiture of deposits	9,846	4,819
Gain on disposal of an associate and joint venture	2,125	46,852
Gain on disposal of subsidiaries	—	1,511
Others	<u>17,079</u>	<u>25,847</u>
	<u><b>137,417</b></u>	<u><b>105,501</b></u>

#### 4. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans and other borrowings, senior notes and proceeds from asset-backed securities	1,713,461	1,840,955
Interest expense arising from revenue contracts	895,014	601,919
Interest on lease liabilities	9,850	8,787
	<u>2,618,325</u>	<u>2,451,661</u>
Total interest expense on financial liabilities not at fair value through profit or loss		
	2,618,325	2,451,661
Less: Interest capitalised	(2,410,850)	(2,255,172)
	<u>207,475</u>	<u>196,489</u>

#### 5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of properties sold	25,851,411	18,118,216
Impairment losses recognised for properties under development	—	152,816
Impairment losses recognised for properties held for sale	115,730	87,684
Depreciation of right-of-use assets	31,065	39,418
Depreciation of items of property plant and equipment	18,513	17,851
Amortisation of intangible assets	2,141	1,461
Auditor's remuneration	4,200	4,100
Foreign exchange (gain)/loss, net	(58,367)	88,962
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	1,213,001	726,662
Pension scheme contributions and social welfare	143,549	87,200
Equity-settled share option expenses	7,373	—

## 6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands, the Company and the Group's subsidiaries incorporated in the Cayman Islands are not subject to any income tax. The Group's subsidiary incorporated in Hong Kong is not liable for income tax as it did not have any assessable profits arising in Hong Kong for the six months ended 30 June 2021 and 2020.

Subsidiaries of the Group operating in Mainland China are subject to the PRC corporate income tax ("CIT") with a tax rate of 25%.

PRC land appreciation tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Current tax:		
CIT	<b>1,421,246</b>	1,443,832
LAT	<b>626,457</b>	481,512
Deferred tax	<b><u>(351,924)</u></b>	<u>(498,666)</u>
Total tax charge for the period	<b><u><u>1,695,779</u></u></b>	<u><u>1,426,678</u></u>

## 7. DIVIDENDS

The proposed 2020 final dividend of HK32.5 cents (equivalent to approximately RMB27.3 cents) per share, totalling HK\$1,164 million (equivalent to approximately RMB978 million), was approved by the Company's shareholders at the annual general meeting on 3 June 2021. It was recorded in "other payable and accruals" in the interim condensed consolidated statement of financial position which will be subsequently distributed at the end of August 2021.

On 24 August 2021, the board of directors declared an interim dividend of HK18.4 cents, equivalent to RMB15.4 cents (six months ended 30 June 2020: HK16.3 cents, equivalent to RMB14.6 cents) per ordinary share, amounting to a total of approximately HK\$659.0 million, equivalent to RMB551.6 million (six months ended 30 June 2020: HK\$583.8 million, equivalent to RMB522.9 million). The interim dividend has not been recognised as a liability at the end of the reporting period.

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,581,791,500 (30 June 2020: 3,581,791,500) in issue during the period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares into ordinary shares. The Company's dilutive potential ordinary shares are derived from the shares granted under the share option.

The calculation of the basic and diluted earnings per share amounts is based on:

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<u><b>1,381,961</b></u>	<u>1,205,787</u>
	<b>Number of shares</b>	
	<b>2021</b>	<b>2020</b>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<b>3,581,791,500</b>	3,581,791,500
Effect of dilution — weighted average number of ordinary shares Share options	<u><b>(5,956,933)*</b></u>	<u>—</u>
	<u><b>3,575,834,567*</b></u>	<u>3,581,791,500</u>

\* Because the diluted earnings per share amount is increased when taking share options into account, the share options had an anti-dilutive effect and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share amount is based on the profit attributable to ordinary equity holders of the parent of RMB1,381,961,000 for the period, and the weighted average number of ordinary shares of 3,581,791,500 in issue during the period.

## 9. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Less than 1 year	<u><b>4,958</b></u>	<u>5,209</u>

## 10. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Less than 1 year	<b>17,934,936</b>	16,647,655
Over 1 year	<u><b>512,762</b></u>	<u>435,228</u>
	<u><b>18,447,698</b></u>	<u>17,082,883</u>

## CHAIRMAN'S STATEMENT

Dear Shareholders,

I am hereby pleased to present to you the business review of the Group for the six months ended 30 June 2021 and its outlook for the second half of 2021.

### INTERIM DIVIDEND

The Board of the Company resolved to declare the payment of an interim dividend (the “**Interim Dividend**”) of HK18.4 cents per share for the six months ended 30 June 2021 (equivalent to RMB15.4 cents per share) in the form of cash. Based on the total issued shares of the Company as at the date of the interim result announcement for 2021, the interim dividend for the six months ended 30 June 2021 amounted to approximately HK\$659.0 million (approximately RMB551.6 million).

### INTERIM RESULTS

For the six months ended 30 June 2021, the Group's recognised revenue and total net profit amounted to RMB32,905.6 million and RMB2,581.4 million respectively, representing a year-on-year increase of 38.5% and 16.8% respectively. During the period, the Group's core net profit attributable to the owners amounted to RMB1,497.4 million, representing a year-on-year increase of 14.5%.

### REVIEW OF THE FIRST HALF OF 2021

During the first half of 2021, global political and economic environment remained complex and volatile. While the COVID pandemic situation was still uncertain, prevention and control measures adopted around the globe led to recovery of global economy and trade. China effectively implemented domestic policies to control the COVID pandemic and achieved solid economic performance.

According to the data from the National Bureau of Statistics of China, transaction volume of commodity housing for the first half of 2021 was approximately 890 million sq.m., representing a year-on-year increase of 27.7%; value of commodity housing transactions amounted to about RMB9,300 billion, representing a year-on-year increase of 38.9%. As the transaction price and volume of properties in China recovered strongly during the period, the government has further tightened real estate control measures. During the first half of 2021, the government intensified restrictions on real estate developers' financing, and certain real estate developers encountered liquidity issues and even debt defaults. In the midst of challenges, we saw opportunities in the development of the industry. As national policies in the future would focus more on megapolis, structural opportunities emerge in different city-tiers with development potential located in megapolis regions.

Under the current industry environment, the Group has consistently adhered to its stated strategies, followed the government policies and industry trends for its sustainable development. Zhongliang Holdings was ranked Top 20 in terms of contracted sales for the first half of 2021 according to the “China Real Estate Enterprises Sales Ranking in the first half of 2021” published by China Real Estate Information Corporation. During the period, the Group (including its joint ventures and associates)

achieved contracted sales of RMB95.0 billion, representing a year-on-year increase of 40% and has completed 53% of annual sales target for 2021 amounting to RMB180 billion. Contracted sales area amounted to approximately 7.5 million sq.m., representing a year-on-year increase of 39%. Contracted average selling price remained stable at approximately RMB12,600 per sq.m., with new launch sell-through rate exceeding 70% and cash collection rate over 85%. The Group's operating metrics stayed healthy.

### **Land-banking**

During the first half of 2021, the Group remained cautious in the land market. The Group strived in maintaining balance between securing saleable resources and financial discipline, diversifying investments in many second- and third-tier cities, and avoiding cities with fierce land price competition. The Group kept our annual land investment consideration at well below 40% of contracted sales, and achieved positive operating cashflow during the period.

During the period, the Group (together with its joint ventures and associates) acquired 67 new projects at a total land investment consideration of RMB40.8 billion, covering a total GFA of approximately 7.9 million sq.m.. Among the newly acquired land projects in the first half of the year, approximately 19% of total land investment considerations came from second-tier cities with centralised land supply policies while 15% of total from other second-tier cities. The remaining 55% and about 11% respectively of the total land investment considerations came from third- and fourth-tier cities. In terms of economic regions, Yangtze River Delta accounted for 51% of the total land investment considerations, followed by Midwest China with 18%, Western Taiwan Straits with 12%, Pan-Bohai Rim with 10%, and Pearl River Delta with 9%. Top provinces in terms of land investment considerations were Zhejiang, Jiangsu, Anhui and Shandong. During the period, we strategically expanded into cities like Changchun, Xiamen and Xining.

As at 30 June 2021, the Group (together with its joint ventures and associates) had a land bank with a total GFA (including sold GFA) of approximately 65.8 million sq.m., covering five core economic regions of China with sufficient saleable resources to support our future sales growth.

### **Financing and liability management**

Under the polices of “three red-line” and centralised restrictions on real estate financing, real estate-related funding in China was tight during the period. The Group has responded proactively to the government's real estate control measures and has been disciplined in terms of controlling leverage.

The Group's total interest-bearing debts and net gearing ratio are among the low level of real estate developers in China. As at 30 June 2021, the Group had total interest-bearing debts of approximately RMB54.6 billion and net gearing ratio was approximately 56%, with financing costs at around 8.3%. Two international rating agencies, Moody's and Fitch Ratings, upgraded Zhongliang Holdings' credit rating outlook from B1 (stable) to B1 (positive) and B+ (stable) to B+ (positive) in March and May of this year respectively.

## **Green and sustainable development**

The Group established the Environmental, Social and Governance (“ESG”) Committee in March 2021. The Group’s ESG operating framework encompasses the Board, the ESG Committee and the ESG Working Group for the purpose of enhancing its performance in respect of environmental protection, social responsibility and governance that promote sustainable developments of the Group. The Group is also committed to integrating the social responsibility of being environmentally friendly into its corporate development.

In April 2021, the Group published its Sustainable Finance Framework by which the Group has established the mechanism for the governance over its sustainable and green financings. In May this year, the Group successfully issued its first US\$300 million green senior notes, which was an important milestone for the Group’s sustainable green financing and its contribution to the national goal of achieving carbon neutral.

## **OUTLOOK**

Under the main policy theme of “housing is for living, not for speculation” and “controlling financial leverage against real estate”, it is expected that the real estate control measures by the Chinese government will remain tight. On the other hand, the Chinese government will also prioritise its policies in attaining expectations for stable land and housing prices, to ensure stable development of the real estate market.

Despite the challenging industry environment, the Group is still committed to long-term sustainable and stable development. Looking ahead to the second half of this year, the Group will continue to improve its operations and financing structure. In particular, we have implemented effective measures to enhance sell-through and cash collection, to strengthen our cashflow management, and have well prepared for deleveraging. We are confident that the Group can navigate through the current industry challenge and reposition ourselves for future development.

**Zhongliang Holdings Group Company Limited**

**Yang Jian**

*Chairman*

## MANAGEMENT DISCUSSION AND ANALYSIS

### PROPERTY DEVELOPMENT

#### Contracted sales

During the six months ended 30 June 2021, the Group (including its joint ventures and associates) achieved contracted sales of RMB95.0 billion, representing a year-on-year increase of 40.3% and has fulfilled 53% of annual sales target of 2021. Contracted sales area amounted to approximately 7,542,000 sq.m., representing a year-on-year increase of 39%. The significant growth in contracted sales was due to the low base of contracted sales in the corresponding period of last year as impacted by the COVID pandemic in the first quarter of 2020.

During the period, contracted ASP selling price remained stable at approximately RMB12,600 per sq.m., with new launch sell-through rate exceeded 70% and cash collection rate over 85%. The Group's operating metrics stayed healthy.

**Table 1: Breakdown of contracted sales for the six months ended 30 June 2021 (the Group's subsidiaries, joint ventures and associates)**

#### *By City*

	<b>Contracted sales</b> (RMB'000)	<b>% of total contracted sales</b> (%)	<b>Contracted GFA</b> (sq.m.)	<b>Contracted ASP</b> (RMB/sq.m.)
Wenzhou	10,639,690	11.2	483,099	22,024
Hangzhou	7,741,776	8.1	209,561	36,943
Hefei	6,667,350	7.0	467,807	14,252
Changzhou	2,724,584	2.9	176,067	15,475
Xuzhou	2,595,832	2.7	119,574	21,709
Wuxi	2,468,909	2.6	130,154	18,969
Suzhou	2,344,561	2.5	132,029	17,758
Jinhua	2,160,291	2.3	108,299	19,947
Taizhou	1,979,314	2.1	135,615	14,595
Nantong	1,658,419	1.7	117,245	14,145
Ningbo	1,656,066	1.7	56,849	29,131
Yancheng	1,408,535	1.5	110,873	12,704
Fuyang	1,294,783	1.4	163,225	7,933
Nanjing	1,293,793	1.4	66,131	19,564
Bengbu	1,289,947	1.4	160,932	8,015
Others	<u>7,134,303</u>	<u>7.5</u>	<u>724,916</u>	<u>9,842</u>
Yangtze River Delta	<u><u>55,058,153</u></u>	<u><u>58.0</u></u>	<u><u>3,362,375</u></u>	<u><u>16,375</u></u>

	<b>Contracted sales</b> <i>(RMB'000)</i>	<b>% of total contracted sales</b> <i>(%)</i>	<b>Contracted GFA</b> <i>(sq.m.)</i>	<b>Contracted ASP</b> <i>(RMB/sq.m.)</i>
Chongqing	2,227,020	2.3	191,054	11,656
Luoyang	2,038,650	2.2	190,650	10,693
Xi'an	1,714,695	1.8	113,131	15,157
Chengdu	1,321,676	1.4	62,004	21,316
Others	<u>13,772,970</u>	<u>14.5</u>	<u>1,854,173</u>	7,428
Midwest China	<u>21,075,011</u>	<u>22.2</u>	<u>2,411,012</u>	8,741
Qingdao	1,500,525	1.6	110,988	13,520
Tianjin	1,299,970	1.4	86,994	14,943
Cangzhou	1,072,370	1.1	115,070	9,319
Others	<u>5,845,562</u>	<u>6.1</u>	<u>649,286</u>	9,003
Pan-Bohai Rim	<u>9,718,427</u>	<u>10.2</u>	<u>962,338</u>	10,099
Zhangzhou	1,381,004	1.5	86,893	15,893
Xiamen	1,260,575	1.3	33,592	37,526
Others	<u>5,282,209</u>	<u>5.6</u>	<u>519,731</u>	10,163
Western Taiwan Straits	<u>7,923,788</u>	<u>8.3</u>	<u>640,216</u>	12,377
Pearl River Delta	<u>1,250,001</u>	<u>1.3</u>	<u>165,756</u>	7,541
Total	<u>95,025,380</u>	<u>100.0</u>	<u>7,541,697</u>	12,600

**By region**

	<b>Contracted sales</b> (RMB'000)	<b>% of total contracted sales</b> (%)	<b>Contracted GFA</b> (sq.m.)	<b>Contracted ASP</b> (RMB/sq.m.)
Yangtze River Delta	55,058,153	58.0	3,362,375	16,375
Midwest China	21,075,011	22.2	2,411,012	8,741
Pan-Bohai Rim	9,718,427	10.2	962,338	10,099
Western Taiwan Straits	7,923,788	8.3	640,216	12,377
Pearl River Delta	<u>1,250,001</u>	<u>1.3</u>	<u>165,756</u>	<u>7,541</u>
	<u><u>95,025,380</u></u>	<u><u>100.0</u></u>	<u><u>7,541,697</u></u>	<u><u>12,600</u></u>

**By city tier**

	<b>Contracted sales</b> (RMB'000)	<b>% of total contracted sales</b> (%)	<b>Contracted GFA</b> (sq.m.)	<b>Contracted ASP</b> (RMB/sq.m.)
Second-tier cities <sup>(1)</sup>	47,168,514	49.6	2,654,082	17,772
Third-tier cities <sup>(2)</sup>	37,609,311	39.6	3,484,314	10,794
Fourth-tier cities <sup>(3)</sup>	<u>10,247,555</u>	<u>10.8</u>	<u>1,403,301</u>	<u>7,302</u>
	<u><u>95,025,380</u></u>	<u><u>100.0</u></u>	<u><u>7,541,697</u></u>	<u><u>12,600</u></u>

*Notes:*

- (1) Second-tiers cities include Wenzhou, Hangzhou, Hefei, Wuxi, Suzhou, Chongqing, Xi'an, Ningbo, Qingdao, Chengdu, Tianjin, Nanjing, Xiamen, Changsha, Wuhan, Jinan, Fuzhou, Nanchang, Nanning, Shenyang, Dalian, Kunming, Guiyang, Taiyuan and Zhengzhou.
- (2) Third-tiers cities include Changzhou, Xuzhou, Jinhua, Luoyang, Taizhou, Nantong, Yancheng, Zhangzhou, Cangzhou, Putian, Yinchuan, Weifang, Lianyungang, Xiangyang, Quanzhou, Wuhu, Binzhou, Nanyang, Anqing, Xuancheng, Nanping, Suining, Jining, Linyi, Huzhou, Chifeng, Handan, Zhoushan, Yiyang, Yuxi, Xuchang, Zaozhuang, Suqian, Taian, Ganzhou, Quzhou, Bozhou, Dezhou, Luan, Yantai, Zibo, Jiangmen, Chenzhou, Xinyang, Maoming, Changde, Hohhot, Shangqiu, Mianyang, Zhuzhou, Yueyang, Loudi, Zunyi, Foshan, Tongling, Chuxiong, Huangshan, Huanggang, Meishan, Dazhou, Zhaoqing, Yangzhou, Qinzhou, Shaoxing, Huaian, Lishui, Weihai, Taizhou, Liuzhou, Tangshan, Sanming, Shaoguan, Longyan, Fuzhou, Liaocheng, Nanchong, Yulin, Jiaying and Ningde.
- (3) Fourth-tiers cities include Fuyang, Bengbu, Maanshan, Chizhou, Shangrao, Huangshi, Pingxiang, Ezhou, Mengzi, Guigang, Baoshan, Xinxiang, Jiujiang, Zigong, Qingyuan, Xiaogan, Zhaotong, Chaozhou, Jingzhou, Heyuan, Tongchuan, Ji'an, Yan'an, Jiyuan, Ankang, Pu'er, Jiaozuo, Suizhou, Tianmen, Beihai, Yongzhou, Dali, Tianshui, Shaoyang, Pingliang, Enshi, Bijie, Linfen and Jingdezhen.

## Completed properties held for sale

Completed properties held for sale represents completed GFA remaining unrecognised at the end of each reporting period and are stated at the lower of cost and net realisable value. Cost of the completed properties held for sale refers to the related costs incurred attributable to the unsold properties.

As at 30 June 2021, the Group's completed properties held for sale was approximately RMB11,597.4 million, representing an increase of 6.5% from RMB10,886.1 million as at 31 December 2020.

## Projects under development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost, which comprises land costs, construction costs, capitalised interests and other costs directly attributable to such properties incurred during the development period, and net realisable value. Upon completion, the properties are transferred to completed properties held for sale.

As at 30 June 2021, the Group's properties under development was approximately RMB153,330.3 million, representing an increase of 5.1% from RMB145,914.5 million as at 31 December 2020.

## Land bank

During the six months ended 30 June 2021, there were a total of 67 newly acquired land parcels with a total planned GFA of approximately 7.9 million sq.m.. The average cost of land parcels acquired (excluding carparks) was approximately RMB5,135 per sq.m..

**Table 2: Breakdown of land parcels the Group acquired during the first six months of 2021 (the Group's subsidiaries, joint ventures and associates)**

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB'000)	Average land cost (excluding car parks) (RMB/sq.m.)
1	Xiaogan	P (2020) 01 Plot, Dongcheng District, Xiaogan	65,509	189,975	466,735	2,457
2	Enshi	Second phase plot of Guobin No.1 in the old town of Enshi	16,942	55,909	48,290	864
3	Taizhou	Plot on the south side of Wenchang Road, south of Xinghua	31,036	62,071	440,620	7,099
4	Wuhu	Block 2020-20, Northwest Area, Wuwei City, Wuhu	81,041	137,770	580,000	4,210
5	Jinhua	Plot on the northeast side of the intersection of Suxi Avenue and Longqi Road, Suxi Town	47,709	124,043	1,500,200	12,094
6	Dongying	Plot 1 south of Beier Road and east of Kangyang Road, Dongcheng District, Dongying	122,265	146,718	430,000	2,931
7	Huangshi	Lot G21014, Chengbei Plate, Daye	39,238	121,639	225,200	1,851
8	Shangrao	DEA2020074 plot in downtown area of Shangrao	88,643	212,743	1,292,000	6,073
9	Chongqing	Block B-5-03 and B6-1-03, Standard Zone B, Yunzhushan District, Banan District, Chongqing	84,367	126,551	615,000	4,860
10	Taizhou	Plot TP030218, Chengdong Street	4,458	8,916	93,000	10,431
11	Nantong	Plot on the east side of Shengting Garden, Xiting Town, Nantong	35,723	57,157	383,665	6,712
12	Changchun	South Block of Wuyue Plaza, North Lake Block, New District, Changchun	31,134	77,835	320,291	4,115
13	Luohe	Lot 2021-2, Yancheng District, Luohe	53,729	188,075	539,210	2,867
14	Yuncheng	YDXG-2010 plot of Yanhu District, Yuncheng	55,966	167,899	538,680	3,208
15	Xining	Plot No. 2021JC-1 and No. 2 in Nanchuan Industrial Park, Xining	140,452	351,131	1,361,128	3,876

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB'000)	Average land cost (excluding car parks) (RMB/sq.m.)
16	Taian	Tai'an Tianping Hunan Plot 2020-18	62,662	75,194	375,972	5,000
17	Fuyang	Block 2020-14, Yingzhou District, Fuyang	101,718	244,123	860,551	3,525
18	Xiaogan	P (2020) 02 Lot, Dongcheng District, Xiaogan	54,306	157,487	411,370	2,612
19	Shaoxing	Block 55, Chengbei, Shangyu District, Shaoxing	62,591	101,398	1,434,700	14,149
20	Shantou	Plot on south side of Zhongyang Avenue and the east side of Guorui Hospital, Longhu District, Shantou	62,425	249,652	1,088,000	4,358
21	Liuzhou	Block B-1-3 (40 acres) on the north side of Guilu Road, Chengzhong District, Liuzhou	26,836	53,671	232,450	4,331
22	Wenzhou	Plot D-21, Huichanghe Unit, Core Area of Wenzhou City	15,939	44,789	992,900	22,168
23	Wenzhou	Block D18-1-A, Chengdong New District, Kunyang Town, Pingyang County	35,736	74,970	452,610	6,037
24	Wenzhou	Block D18-1-B, Chengdong New District, Kunyang Town, Pingyang County	37,611	75,222	453,790	6,033
25	Taizhou	Block 20-12, Jiangnan Street, Linhai, Taizhou	69,164	104,962	786,100	7,489
26	Changsha	Changsha County, Changsha City [2020] 022 Lot	37,799	113,398	206,070	1,817
27	Cangzhou	27 acres east of Guizhou Avenue, Cang County, north of Tianjin Road	17,793	33,908	129,180	3,810
28	Hengshui	81 acres of land on the south side of Yuhua West Road, Taocheng District, Hengshui	53,773	135,479	229,881	1,697
29	Cangzhou	54 acres on the east of Guizhou Avenue and south of Xining Road, Cang County	36,310	80,478	297,920	3,702
30	Taizhou	North Plot of Yongyi Road, Jingjiang Chengnan Park	70,210	140,420	878,320	6,255
31	Nanyang	Dengzhou DT [2021] No. 3	63,701	159,252	210,210	1,320
32	Xuancheng	Lot LC-05-07, East of Jingchuan Avenue, Old Town, Jing County	69,716	111,545	444,800	3,988
33	Fuzhou	Lianjiang County, Fuzhou [2021] Lot 01	25,699	59,108	485,000	8,205
34	Luan	Shucheng Lot 2021-04	53,054	79,581	182,240	2,290
35	Luan	56 acres of land of China Fortune Land Development in Hangfu Town, Shucheng County	37,438	67,388	105,575	1,567
36	Yancheng	Xinyang Road North, North Block, Yancheng	27,755	72,163	734,330	10,176
37	Weifang	West Block of Beihai Road, Economic Development Zone, Weifang	45,520	122,904	193,232	1,572
38	Chongqing	Block G10-02/02-1, Huaiyuan New District Group, Tongliang District, Chongqing	61,345	92,018	303,658	3,300
39	Chongqing	Plot H12-2/02, Shuangfu New District, Jiangjin District, Chongqing	51,249	102,498	331,000	3,229
40	Chongqing	Block T08-2-04, Block T, Division T, Banan Jieshi Group, Chongqing	47,039	70,559	329,010	4,663
41	Chongqing	Block S43-2/01, S43-3/01, S41-3/01, S48-1/01 Block S, Division S, Banan Jieshi Group, Chongqing	94,061	179,036	799,931	4,468
42	Wuhu	Block C, East of Huajin South Road, Yijiang District, Wuhu	65,773	131,547	1,013,750	7,706
43	Ningbo	Ciguan Haiwei I 201906-A plot, Ningbo City	74,956	164,903	1,123,270	6,812
44	Bengbu	Bengbu City High-speed Rail Plate (2021) Lot 14	148,904	260,891	604,000	2,315
45	Fuzhou	Fuqing 2021 Lot -03 Lot	25,835	67,171	678,000	10,094
46	Weifang	Plot A north of Yuqing West Street and east of Yiyuan Road, Weicheng District, Weifang	51,588	128,970	324,231	2,514
47	Cangzhou	107 acres of land on the west of Longgang Street and the south of Bohai Road, Bohai New District, Cangzhou	71,362	102,268	145,500	1,423
48	Xiamen	Block J2020P03 on the south side of Xiamen Jimei Women and Children	19,978	59,900	1,880,000	31,386
49	Xuzhou	Plot 1 of Xindai West Road South and Shanghai Road East, Xinyi Development Zone	49,034	122,585	340,880	2,781
50	Xuzhou	Plot 3 of Xindai West Road South and Shanghai Road East, Xinyi Development Zone	45,440	113,600	323,400	2,847
51	Nanchong	68 acres of Swallow Nest, Shunqing District, Nanchong	45,567	82,021	384,813	4,692
52	Nanchong	77 acres of Swallow Nest, Shunqing District, Nanchong	51,155	112,542	483,419	4,295
53	Yancheng	South of Yancheng Chengbei Hardware & Electrical City	65,428	170,113	1,810,000	10,640
54	Jinan	Block A above Wangfuzhuang, Huaiyin District, Jinan	145,869	204,216	1,015,000	4,970
55	Jinhua	Plot on the east side of the intersection of Shangcheng Road and Shangfo Road, Shangxi Town	34,986	90,963	940,000	10,334
56	Luoyang	Zhonghong Block, Hetu East Road, Mengjin County, Luoyang	48,552	121,305	153,225	1,263
57	Foshan	Lot TD2021(NH)WG0016 in the "Dakeng Bridge" area of Shijie Village, Guanyao Social Management Office, Shishan Town, Foshan	43,166	107,915	763,410	7,074
58	Suzhou	Qidu Shenli Land, Wujiang District, Suzhou	62,991	113,383	478,429	4,220

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB'000)	Average land cost (excluding car parks) (RMB/sq.m.)
59	Suzhou	Plot on the south side of Zhennan Road, Zhenze Town, Wujiang District, Suzhou	57,622	86,433	479,917	5,552
60	Jinan	East Block of Beiguan North Road, Tianqiao District, Jinan	28,190	53,129	429,450	8,083
61	Suzhou	Plot 2021-WG-17-1, Shaxi Town, Taicang	18,533	37,066	210,570	5,681
62	Suzhou	Plot 2021-WG-17-2, Shaxi Town, Taicang	20,820	41,641	236,200	5,672
63	Foshan	TD2021 (SD) WG0018 plot, Hengsan Road, Lecong Town, Shunde District, Foshan	95,208	223,293	1,871,660	8,382
64	Ningde	Plot 2021P06, Miantaoshan, North New Town, Ningde	45,135	112,837	437,000	3,873
65	Xuancheng	Plot on the east side of Xunhua Road, Xuancheng City Center	153,118	317,824	1,105,609	3,479
66	Hefei	Lot BH202102	25,186	50,372	657,372	13,050
67	Nanjing	West of Zhonghe Road and North of Qinxin Road, Southern Hexi, Jianye District, Nanjing City (26-7) Plot 2021G25	10,742	30,078	1,080,000	35,907
			<u>3,724,800</u>	<u>7,936,601</u>	<u>40,751,924</u>	<u>5,135</u>

As at 30 June 2021, the Group's total land bank (including its subsidiaries, joint ventures and associates) was approximately 65.8 million sq.m., among which, approximately 8.8 million sq.m. were completed properties available for sale/leasable and approximately 57.0 million sq.m. were under development or held for further development.

**Table 3: Breakdown of the Group's total land bank (including its subsidiaries, joint ventures and associates) as at 30 June 2021**

*By Group's subsidiaries*

	Number of projects	Completed GFA available for sale/leasable <sup>(1)</sup> (sq.m.)	Total GFA under development and held for future development (sq.m.)	Total land bank <sup>(2)</sup> (sq.m.)	% of total land bank
Jiangsu Province	43	362,725	5,336,601	5,699,326	8.7
Anhui Province	28	159,495	4,633,798	4,793,293	7.3
Zhejiang Province	52	405,753	4,087,273	4,493,026	6.8
<b>Yangtze River Delta</b>	<b>123</b>	<b>927,973</b>	<b>14,057,672</b>	<b>14,985,645</b>	<b>22.8</b>
Henan Province	22	832,291	2,169,632	3,001,923	4.6
Hunan Province	17	545,371	2,030,463	2,575,834	3.9
Hubei Province	15	434,472	1,890,482	2,324,954	3.5
Yunnan Province	10	492,181	1,111,347	1,603,528	2.4
Chongqing	7	77,130	1,295,310	1,372,440	2.1
Shaanxi Province	10	135,086	1,225,846	1,360,932	2.1
Sichuan Province	14	141,087	1,032,443	1,173,530	1.8
Guangxi Zhuang Autonomous Region	9	437,285	413,433	850,718	1.3
Inner Mongolia Autonomous Region	5	31,569	441,879	473,448	0.7
Qinghai Province	1	—	454,374	454,374	0.7
Ningxia Hui Autonomous Region	2	—	430,279	430,279	0.7
Shanxi Province	3	7,523	259,005	266,528	0.4
Guizhou Province	2	—	248,359	248,359	0.4
Gansu Province	2	162,872	—	162,872	0.2
<b>Midwest China</b>	<b>119</b>	<b>3,296,867</b>	<b>13,002,852</b>	<b>16,299,719</b>	<b>24.8</b>
Shandong Province	30	690,100	3,417,895	4,107,995	6.2
Hebei Province	8	72,793	1,136,459	1,209,252	1.8
Liaoning Province	3	—	400,170	400,170	0.6
Tianjin	2	—	254,607	254,607	0.4
Jilin Province	1	—	98,992	98,992	0.2
<b>Pan-Bohai Rim</b>	<b>44</b>	<b>762,893</b>	<b>5,308,123</b>	<b>6,071,016</b>	<b>9.2</b>
Jiangxi Province	29	639,410	1,024,443	1,663,853	2.5
Fujian Province	14	120,697	1,320,595	1,441,292	2.2
<b>Western Taiwan Straits</b>	<b>43</b>	<b>760,107</b>	<b>2,345,038</b>	<b>3,105,145</b>	<b>4.7</b>
Guangdong Province	14	247,165	1,142,735	1,389,900	2.1
<b>Pearl River Delta</b>	<b>14</b>	<b>247,165</b>	<b>1,142,735</b>	<b>1,389,900</b>	<b>2.1</b>
<b>Subtotal</b>	<b>343</b>	<b>5,995,005</b>	<b>35,856,420</b>	<b>41,851,425</b>	<b>63.6</b>

*By Group's joint ventures and associates*

	Number of projects	Completed GFA available for sale/leasable <sup>(1)</sup> (sq.m.)	Total GFA under development and held for future development (sq.m.)	Total land bank <sup>(2)</sup> (sq.m.)	% of total land bank
Zhejiang Province	37	1,167,586	4,135,433	5,303,019	8.1
Jiangsu Province	26	143,224	4,087,242	4,230,466	6.4
Anhui Province	15	181,307	2,721,111	2,902,418	4.4
<b>Yangtze River Delta</b>	<b>78</b>	<b>1,492,117</b>	<b>10,943,786</b>	<b>12,435,903</b>	<b>18.9</b>
Henan Province	7	—	1,765,140	1,765,140	2.7
Chongqing	11	365,446	995,145	1,360,591	2.1
Yunnan Province	5	54,659	862,710	917,369	1.4
Hubei Province	4	157,007	488,723	645,730	1.0
Hunan Province	4	189,703	302,102	491,805	0.8
Sichuan Province	2	236,217	124,436	360,653	0.5
Guangxi Zhuang Autonomous Region	3	2,834	310,970	313,804	0.5
Inner Mongolia Autonomous Region	1	—	155,242	155,242	0.2
<b>Midwest China</b>	<b>37</b>	<b>1,005,866</b>	<b>5,004,468</b>	<b>6,010,334</b>	<b>9.2</b>
Shandong Province	6	—	1,162,438	1,162,438	1.8
Tianjin	2	—	348,650	348,650	0.5
Hebei Province	2	—	182,932	182,932	0.3
Liaoning Province	1	—	25,785	25,785	*
<b>Pan-Bohai Rim</b>	<b>11</b>	<b>—</b>	<b>1,719,805</b>	<b>1,719,805</b>	<b>2.6</b>
Fujian Province	16	108,146	1,402,791	1,510,937	2.3
Jiangxi Province	5	15,715	1,248,545	1,264,260	1.9
<b>Western Taiwan Straits</b>	<b>21</b>	<b>123,861</b>	<b>2,651,336</b>	<b>2,775,197</b>	<b>4.2</b>
Guangdong Province	4	141,936	830,778	972,714	1.5
<b>Pearl River Delta</b>	<b>4</b>	<b>141,936</b>	<b>830,778</b>	<b>972,714</b>	<b>1.5</b>
<b>Subtotal</b>	<b>151</b>	<b>2,763,780</b>	<b>21,150,173</b>	<b>23,913,953</b>	<b>36.4</b>
<b>Total</b>	<b>494</b>	<b>8,758,785</b>	<b>57,006,593</b>	<b>65,765,378</b>	<b>100.0</b>

\* less than 0.1%

### *By City tiers*

	Number of projects	Completed GFA available for sale/leasable <sup>(1)</sup> (sq.m.)	Total GFA under development and held for future development (sq.m.)	Total land bank <sup>(2)</sup> (sq.m.)	% of total land bank
Second-tier cities	157	2,280,141	18,598,017	20,878,158	31.8
Thrid-tier cities	253	4,374,411	28,725,351	33,099,762	50.3
Forth-tier cities	84	2,104,233	9,683,225	11,787,458	17.9
<b>Total</b>	<b>494</b>	<b>8,758,785</b>	<b>57,006,593</b>	<b>65,765,378</b>	<b>100.0</b>

### *By Region*

	Number of projects	Completed GFA available for sale/leasable <sup>(1)</sup> (sq.m.)	Total GFA under development and held for future development (sq.m.)	Total land bank <sup>(2)</sup> (sq.m.)	% of total land bank
Yangtze River Delta	201	2,420,090	25,001,458	27,421,548	41.7
Midwest China	156	4,302,733	18,007,320	22,310,053	34.0
Pan-Bohai Rim	55	762,893	7,027,928	7,790,821	11.8
Western Taiwan Straits	64	883,968	4,996,374	5,880,342	8.9
Pearl River Delta	18	389,101	1,973,513	2,362,614	3.6
<b>Total</b>	<b>494</b>	<b>8,758,785</b>	<b>57,006,593</b>	<b>65,765,378</b>	<b>100.0</b>

#### *Notes:*

- (1) Includes saleable GFA remaining unsold, leasable GFA and completed GFA that have been pre-sold but yet delivered.
- (2) Total land bank equals to the sum of (i) total completed GFA available for sale/leasable GFA and (ii) total GFA under development and held for future development, without adjusting the equity interest held by the Group in respect of the projects held by the Group's joint ventures or associates.

## FINANCIAL REVIEW

### Revenue

During the six months ended 30 June 2021, the Group derived its revenue from (i) sales of properties; (ii) other services; and (iii) rental income from property leasing. The revenue of the Group was primarily derived from the sales of properties in the PRC. The following table sets forth the breakdown of the Group's revenue recognised by business line for the periods indicated:

	For the six months ended		Change in percentage %
	30 June 2021 RMB'000	2020 RMB'000	
Revenue			
Sales of properties	<b>32,633,760</b>	23,654,596	+38.0%
Other services	<b>265,124</b>	106,303	+149.4%
Rental income	<b>6,714</b>	5,743	+16.9%
Total	<b><u>32,905,598</u></b>	<b><u>23,766,642</u></b>	+38.5%

### Revenue recognised from sales of properties

The Group recorded revenue from the sales of properties amounted to RMB32,633.8 million for the six months ended 30 June 2021, a year-on-year increase of 38.0%, and recognised a year-on-year increase in the total recognised GFA by approximately 32.8% to 3,696,137 sq.m. for the six months ended 30 June 2021. Recognised ASP increased by approximately 3.9% to RMB8,829 per sq.m. in the six months ended 30 June 2021 from RMB8,501 per sq.m. in the previous year.

**Table 4: Breakdown of recognised revenue from sales of properties for the six months ended 30 June 2021**

	For the six months ended 30 June 2021			
	Revenue <i>RMB'000</i>	% to total revenue %	Recognised GFA <i>sq.m.</i>	Recognised ASP <i>RMB/sq.m.</i>
<b>Yangtze River Delta</b>				
Xuzhou	3,199,323	9.8	431,303	7,418
Wenzhou	2,479,707	7.6	233,845	10,604
Lishui	2,335,697	7.2	132,939	17,570
Wuxi	555,389	1.7	52,017	10,677
Others	<u>7,027,437</u>	<u>21.5</u>	<u>543,692</u>	<u>12,925</u>
<b>Subtotal</b>	<u>15,597,553</u>	<u>47.8</u>	<u>1,393,796</u>	<u>11,191</u>
<b>Midwest China</b>				
Zhaotong	1,743,736	5.3	263,946	6,606
Xuchang	1,210,773	3.7	173,835	6,965
Xinyang	856,823	2.6	115,984	7,387
Chengdu	714,022	2.2	39,004	18,306
Others	<u>10,324,141</u>	<u>31.7</u>	<u>1,419,867</u>	<u>7,271</u>
<b>Subtotal</b>	<u>14,849,495</u>	<u>45.5</u>	<u>2,012,636</u>	<u>7,378</u>
<b>Pan-Bohai Rim</b>				
Yantai	267,004	0.8	42,873	6,228
Zibo	264,159	0.8	48,017	5,501
Others	<u>787,689</u>	<u>2.4</u>	<u>79,859</u>	<u>9,863</u>
<b>Subtotal</b>	<u>1,318,852</u>	<u>4.0</u>	<u>170,749</u>	<u>7,724</u>
<b>Western Taiwan Straits</b>	<u>511,038</u>	<u>1.6</u>	<u>70,059</u>	<u>7,294</u>
<b>Pearl River Delta</b>	<u>356,822</u>	<u>1.1</u>	<u>48,897</u>	<u>7,297</u>
<b>Total</b>	<u><u>32,633,760</u></u>	<u><u>100.0</u></u>	<u><u>3,696,137</u></u>	<u><u>8,829</u></u>

	For the six months ended 30 June 2020			
	Revenue	% to total	Recognised	Recognised
	RMB'000	revenue	GFA	ASP
		%	sq.m.	RMB/sq.m.
<b>Yangtze River Delta</b>				
Wenzhou	4,405,055	18.6	288,959	15,245
Taizhou	1,534,184	6.5	119,192	12,872
Wuxi	987,200	4.2	85,776	11,509
Huzhou	795,769	3.4	65,712	12,110
Chizhou	779,564	3.3	92,215	8,454
Others	<u>3,001,934</u>	<u>12.7</u>	<u>400,461</u>	<u>7,496</u>
<b>Subtotal</b>	<u>11,503,706</u>	<u>48.7</u>	<u>1,052,315</u>	<u>10,932</u>
<b>Midwest China</b>				
Ningde	1,303,923	5.5	170,005	7,670
Dazhou	1,210,473	5.1	173,083	6,994
Mianyang	614,612	2.6	82,636	7,438
Xinyang	481,843	2.0	69,741	6,909
Kunming	480,808	2.0	82,903	5,800
Others	<u>2,408,829</u>	<u>10.2</u>	<u>389,207</u>	<u>6,189</u>
<b>Subtotal</b>	<u>6,500,488</u>	<u>27.4</u>	<u>967,575</u>	<u>6,718</u>
<b>Pan-Bohai Rim</b>				
Linyi	965,932	4.1	101,068	9,557
Yantai	842,601	3.6	137,438	6,131
Binzhou	523,822	2.2	81,861	6,399
Others	<u>94,869</u>	<u>0.4</u>	<u>12,647</u>	<u>7,501</u>
<b>Subtotal</b>	<u>2,427,224</u>	<u>10.3</u>	<u>333,014</u>	<u>7,289</u>
<b>Western Taiwan Straits</b>				
Shangrao	1,247,725	5.3	195,981	6,367
Ganzhou	1,167,341	4.9	129,125	9,040
Zhangzhou	511,317	2.2	61,808	8,273
Others	<u>286,090</u>	<u>1.2</u>	<u>41,055</u>	<u>6,968</u>
<b>Subtotal</b>	<u>3,212,473</u>	<u>13.6</u>	<u>427,969</u>	<u>7,506</u>
<b>Pearl River Delta</b>	<u>10,705</u>	<u>*</u>	<u>1,698</u>	<u>6,304</u>
<b>Total</b>	<u>23,654,596</u>	<u>100.0</u>	<u>2,782,571</u>	<u>8,501</u>

\* less than 0.1%

## **Cost of sales**

The Group's cost of sales increased year-on-year by approximately 41.7% to RMB26,074.7 million for the six months ended 30 June 2021.

## **Gross profit and gross profit margin**

Gross profit represents revenue less cost of sales. As a result of the foregoing, the Group's gross profit increased year-on-year by approximately 27.4% to RMB6,830.9 million for the six months ended 30 June 2021.

The Group's gross profit margin softened from 22.6% for the six months ended 30 June 2020 to 20.8% for the six months ended 30 June 2021, mainly because of higher land acquisition costs relative to the respective ASP in respect of property projects delivered during the period.

## **Other income and gains**

The Group's other income and gains primarily include (i) gain on disposal of subsidiaries, associate and joint venture; (ii) forfeiture of deposits; (iii) government grants; (iv) foreign exchange gains; and (v) others, which mainly include sundry income. The Group's other income and gains increased year-on-year by approximately 30.3% to RMB137.4 million for the six months ended 30 June 2021.

## **Selling and distribution expenses**

The Group's selling and distribution expenses increased year-on-year by approximately 45.8% to RMB1,377.8 million for the six months ended 30 June 2021, primarily due to the increase in marketing expenses incurred for the promotion of more property projects available for presale during the period. The increase was generally in line with the corresponding increase in the Group's contracted sales.

## **Administrative expenses**

The Group's administrative expenses increased year-on-year by approximately 38.4% to RMB1,636.5 million for the six months ended 30 June 2021. Other than the expansion of business coverage, such increase was partially due to the relative low base of administrative costs incurred during the corresponding period of last year due to the COVID pandemic.

## **Finance income**

The Group's finance income, which mainly represents bank interest income, increased year-on-year by approximately 22.1% to RMB194.2 million for the six months ended 30 June 2021.

## **Finance costs**

The Group's finance costs increased year-on-year by approximately 5.6% to RMB207.5 million for the six months ended 30 June 2021.

The Group's total finance costs expensed and capitalised for the six months ended 30 June 2021 was approximately RMB2,618.3 million, representing an year-on-year increase of 6.8%. The increase in finance cost was due to the increase in bank and other borrowings.

As at 30 June 2021, the Group's weighted average cost of indebtedness was approximately 8.3% (31 December 2020: approximately 8.5%).

### **Share of profits of joint ventures and associates**

The Group recorded share of profits of joint ventures of RMB347.1 million for the six months ended 30 June 2021, versus share of losses of joint ventures of RMB19.6 million for the six months ended 30 June 2020.

The Group recorded share of profits of associates of RMB154.6 million for the six months ended 30 June 2021, versus share of profits of associates of RMB499.4 million for the six months ended 30 June 2020.

On the aggregated basis, the Group's share of profits of joint ventures and associates amounted to RMB501.7 million for the six months ended 30 June 2021, representing a year-on-year increase of 4.6%. The increase was primarily due to the increase in delivery of property projects held by the Group's joint ventures and associates during the six months ended 30 June 2021.

### **Profit before tax**

As a result of the aforementioned changes of the Group's financials, the Group's profit before tax increased year-on-year by approximately 17.6% to RMB4,277.1 million for the six months ended 30 June 2021.

### **Income tax expense**

The Group's income tax expense comprises provisions made for corporate income tax and land appreciation tax in the PRC less deferred tax during the period.

The Group's income tax expense increased year-on-year by approximately 18.9% to RMB1,695.8 million for the six months ended 30 June 2021.

### **Profit for the period**

As a result of the aforementioned changes of the Group's financials, the Group's net profit for the period (before deducting non-controlling interests) increased year-on-year by approximately 16.8% to RMB2,581.4 million for the six months ended 30 June 2021.

## **LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES**

The industry in which the Group engages is a capital-intensive industry. The Group met and expects to continue meeting its operating capital, capital expenditure and other capital needs with cash generated from operations including proceeds from sale and pre-sale of properties, proceeds from bank and other borrowings, capital contribution from non-controlling shareholders and other financings. The Group's need for long-term liquid capital is associated with capital allocated for new property development projects and repayment of indebtedness.

### **Net current assets**

As at 30 June 2021, the Group's net current assets amounted to RMB38,452.9 million (31 December 2020: RMB37,114.6 million). Specifically, the Group's total current assets increased by approximately 7.8% from RMB246,750.9 million as at 31 December 2020 to RMB265,905.5 million as at 30 June 2021. The Group's total current liabilities increased by approximately 8.5% from RMB209,636.3 million as at 31 December 2020 to RMB227,452.6 million as at 30 June 2021. The increase in the Group's total current assets was primarily attributable to (i) the increase in properties under development; (ii) the increase in completed properties held for sale; and (iii) the increase in prepayments and other receivables during the period.

### **Cash position**

As at 30 June 2021, the Group had cash and bank balances of RMB35,535.5 million (31 December 2020: RMB34,232.4 million), representing an increase of approximately 3.8% as compared with the end of 2020.

### **Financial ratios**

As at 30 June 2021, the Group's following financial ratios were further improved:

- assets-to-liabilities ratio after excluding receipts in advance (calculated by dividing total liabilities minus contract liabilities by total assets minus contract liabilities.) of approximately 79.3% (31 December 2020: approximately 79.9%),
- the net gearing ratio of approximately 56.1% (31 December 2020: approximately 65.8%), and
- the non-restricted cash-to-current borrowings (calculated by dividing non-restricted cash and cash equivalents by current borrowings) of approximately 1.2 (31 December 2020: approximately: 1.1).

### **Indebtedness**

As at 30 June 2021, the Group had total outstanding indebtedness of RMB54,599.8 million (31 December 2020: RMB54,092.2 million), comprising bank and other borrowings of approximately RMB43,839.4 million (31 December 2020: RMB44,897.7 million), senior notes of approximately RMB10,441.0 million (31 December 2020: RMB8,876.8 million) and asset-backed securities of approximately RMB319.4 million (31 December 2020: RMB317.7 million).

**Table 5: Breakdown of the Group's total indebtedness**

	As at <b>30 June 2021</b> <i>RMB'000</i>	As at 31 December 2020 <i>RMB'000</i>
<b>Current</b>		
Bank loans		
— secured	<b>1,069,202</b>	1,402,958
— unsecured	<b>86,000</b>	63,710
Other loans		
— secured	<b>5,460,164</b>	6,537,022
— unsecured	<b>3,404,028</b>	2,064,473
Current portion of long-term bank loans		
— secured	<b>3,698,123</b>	4,136,130
— unsecured	<b>880,000</b>	1,050,000
Current portion of long-term other loans		
— secured	<b>1,022,067</b>	888,450
— unsecured	<b>219,270</b>	335,154
Senior notes	<b><u>7,375,670</u></b>	<u>7,306,141</u>
<b>Total current indebtedness</b>	<b><u><u>23,214,524</u></u></b>	<u><u>23,784,038</u></u>
<b>Non-current</b>		
Bank loans		
— secured	<b>20,649,493</b>	20,890,568
— unsecured	<b>850,000</b>	—
Other loans		
— secured	<b>2,584,110</b>	3,603,520
— unsecured	<b>3,916,900</b>	3,925,768
Senior notes	<b>3,065,373</b>	1,570,623
Asset-backed securities	<b><u>319,446</u></b>	<u>317,709</u>
<b>Total non-current indebtedness</b>	<b><u><u>31,385,322</u></u></b>	<u><u>30,308,188</u></u>
<b>Total indebtedness</b>	<b><u><u>54,599,846</u></u></b>	<u><u>54,092,226</u></u>
Secured	<b>34,802,605</b>	37,776,357
Unsecured	<b><u>19,797,241</u></b>	<u>16,315,869</u>
<b>Total indebtedness</b>	<b><u><u>54,599,846</u></u></b>	<u><u>54,092,226</u></u>

*By fixed or variable interest rates*

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Fixed interest rate	47,147,161	44,140,675
Floating interest rate	<u>7,452,685</u>	<u>9,951,551</u>
<b>Total Indebtedness</b>	<b><u>54,599,846</u></b>	<b><u>54,092,226</u></b>

*By currency denomination*

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Denominated in RMB	41,360,346	42,710,756
Denominated in US\$	13,154,285	11,290,977
Denominated in HK\$	<u>85,215</u>	<u>90,493</u>
<b>Total Indebtedness</b>	<b><u>54,599,846</u></b>	<b><u>54,092,226</u></b>

*By maturity profiles*

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
<b>Bank loans repayable:</b>		
— Within one year or on demand	5,733,325	6,652,798
— In the second year	14,199,446	9,916,429
— In the third to fifth year, inclusive	<u>7,300,047</u>	<u>10,974,139</u>
	<b><u>27,232,818</u></b>	<b><u>27,543,366</u></b>

	As at <b>30 June</b> <b>2021</b> <i>RMB'000</i>	As at 31 December 2020 <i>RMB'000</i>
<b>Other borrowings repayable:</b>		
— Within one year or on demand	<b>10,105,529</b>	9,825,099
— In the second year	<b>6,201,010</b>	6,299,288
— In the third to fifth year, inclusive	<b>300,000</b>	1,230,000
	<b><u>16,606,539</u></b>	<b><u>17,354,387</u></b>
<b>Senior notes repayable:</b>		
— Within one year	<b>7,375,670</b>	7,306,141
— In the second year	<b>3,065,373</b>	1,570,623
	<b><u>10,441,043</u></b>	<b><u>8,876,764</u></b>
<b>Asset-backed securities repayable:</b>		
— In the second year	<b>319,446</b>	317,709
	<b><u>319,446</u></b>	<b><u>317,709</u></b>
<b>Total</b>	<b><u>54,599,846</u></b>	<b><u>54,092,226</u></b>

### **Pledge of assets**

As at 30 June 2021, the Group's borrowings were secured by the Group's assets of RMB92,255.6 million (31 December 2020: RMB89,979.3 million) which included (i) investment properties; (ii) properties under development; and (iii) pledged deposits.

### **Financial risks**

The Group's activities expose it to a variety of financial risks, including interest rate risk, credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management and did not use any derivatives or other instruments for hedging purposes during the period.

### ***Interest rate risk***

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings. The Group has not used derivative financial instruments to hedge any interest rate risk. The Group manages its interest cost using variable rate bank borrowings and other borrowings.

### ***Foreign currency risk***

The Group has transactional currency exposures arising from transactions by the group entities in currencies other than their respective functional currencies. In addition, the Group has foreign currency exposures from its cash and cash equivalents and senior notes.

As at 30 June 2021, the Group had (i) cash and bank balances denominated in United States dollars and Hong Kong dollars of RMB157.6 million and of RMB4.2 million, respectively, (ii) bank and other borrowings denominated in United States dollars and Hong Kong dollars of RMB2,713.3 million and RMB85.2 million, respectively, and (iii) senior notes denominated in United States dollars of RMB10,441.0 million, which are subject to fluctuations in exchange rates. The Group has not entered into any foreign currency hedging arrangement. However, the Group will closely monitor its exposure to exchange rates in order to best preserve the Group's cash value.

### ***Credit risk***

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the head of credit control of the Group.

### ***Liquidity risk***

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings and senior notes. Cash flows are closely monitored on an ongoing basis.

## **CONTINGENT LIABILITIES**

### **Mortgage guarantees**

The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks. Under such arrangement, the related properties were pledged to the

banks as collateral for the mortgage loans, and upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within half a year to two years after the purchasers take possession of the relevant properties.

The total outstanding guarantee amounts provided by the Group to banks amounted to RMB60,488.3 million as at 30 June 2021 (31 December 2020: RMB56,769.4 million).

The Group did not incur any material losses during the period in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The Directors considered that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

### **Financial guarantees**

As at 30 June 2021, the Group guaranteed certain bank and other borrowings made to its joint ventures and associates up to RMB14,552.8 million (31 December 2020: RMB12,193.5 million).

### **Legal contingents**

The Group may be involved in lawsuits and other proceedings in its ordinary course of business from time to time. The Group believes that no liabilities resulting from these proceedings will have a material and adverse effect on its business, financial condition or operating results.

### **COMMITMENTS**

As at 30 June 2021, the Group's property development expenditures and acquisition of land use rights and capital contributions payable to joint ventures and associates that had contracted but yet provided for were RMB48,555.1 million (31 December 2020: RMB51,892.9 million).

### **OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS**

Except for the contingent liabilities disclosed above, as at 30 June 2021, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

## **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS**

There were no significant investments held, no material acquisition or disposal of subsidiaries, associated companies and joint ventures during the six months ended 30 June 2021. As at 30 June 2021, the Board has not authorised any plan for other material investments or additions of capital assets.

## **EMPLOYEE AND REMUNERATION POLICY**

As at 30 June 2021, the Group employed a total of 13,277 full-time employees. For the six months ended 30 June 2021, the staff cost recognised as expenses of the Group amounted to RMB1,363.9 million (30 June 2020: RMB813.9 million).

The Group offers its employees competitive remuneration packages that include basic salaries, discretionary bonuses, performance-based payments and year-end bonuses, so as to attract and retain quality staff.

## **CORPORATE GOVERNANCE**

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhance investors' confidence to the Company and the Company's accountability. The Company therefore strives to attain and maintain effective corporate governance practices and procedures.

The Company has adopted the Corporate Governance Code as its own code on corporate governance during the six months ended 30 June 2021 and, to the best knowledge of the Directors, the Company had complied with all the applicable code provisions contained in Appendix 14 to the Listing Rules during the six months ended 30 June 2021.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as the guidelines for the Directors' dealings in the securities of the Company since the Listing. In response to specific enquiry made by the Company, all Directors confirmed that they have complied with the Model Code for the six months ended 30 June 2021.

## **INTERIM DIVIDEND**

On 24 August 2021, the Board resolved to declare an Interim Dividend of HK18.4 cents (equivalent to RMB15.4 cents) per Share for the six months ended 30 June 2021 to the Shareholders whose name appear on the Register of Members at the close of business on Thursday, 13 January 2022. The Interim Dividend is expected to be paid on or about Tuesday, 25 January 2022.

There is no arrangement under which the Shareholder has waived or agreed to waive any dividends.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining Shareholders who qualify for the Interim Dividend, the register of members of the Company will be closed from Tuesday, 11 January 2022 to Thursday, 13 January 2022, both days inclusive. In order to qualify for the Interim Dividend, all transfer documents should be lodged for registration to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 10 January 2022.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

## **AUDIT COMMITTEE**

The Board established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Audit Committee has been uploaded to the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.zldcgroup.com](http://www.zldcgroup.com)).

The primary duties of the Audit Committee are to review, supervise and approve the financial reporting process and internal control system and to provide advice and comments to the Board. The Audit Committee consists of three members, namely Mr. Au Yeung Po Fung, Mr. Wang Kaiguo and Mr. Wu Xiaobo, each of them is an independent non-executive Director. The chairman of the Audit Committee is Mr. Au Yeung Po Fung, who possesses appropriate professional qualifications.

The Audit Committee has reviewed the interim results for the six months ended 30 June 2021. The interim results for the six months ended 30 June 2021 has not been audited but has been reviewed by Ernst & Young, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

## **EVENTS AFTER THE REPORTING PERIOD**

As at the date of this announcement, no significant event has taken place subsequent to 30 June 2021.

## **THE BOARD OF DIRECTORS**

As at the date of this announcement, the Board consisted of four executive Directors, including Mr. Yang Jian, Mr. Chen Hongliang, Mr. He Jian and Mr. Yau Sze Ka (Albert); and three independent non-executive Directors, including Mr. Wang Kaiguo, Mr. Wu Xiaobo and Mr. Au Yeung Po Fung.

## **PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT ON WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) as well as the website of the Company at [www.zldcgroup.com](http://www.zldcgroup.com). The Company's interim report for the six months ended 30 June 2021 will be dispatched to Shareholders of the Company and published on the aforementioned websites in due course.

By Order of the Board  
**Zhongliang Holdings Group Company Limited**  
**Yang Jian**  
*Chairman*

Hong Kong, 24 August 2021

## GLOSSARY AND DEFINITION

“ASP”	average selling price
“Board”	The board of Directors
“China” or “PRC”	the People’s Republic of China
“Contracted sales”	the total contractual value of properties that are contracted for pre-sale and sale in a given period, which is not equivalent to the revenue in the relevant period and shall not be deemed as an indication for the revenue to be recognised in any future period. Contracted sales data is unaudited, provided for investors’ for reference only and may be subject to various uncertainties during the process of collating such sales information
“Core net profit”	profit for the year/period excluding changes of fair value of investment properties and financial assets at fair value through profit or loss and other non-recurring expenses, net of deferred tax
“Corporate Governance Code”	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Director(s)”	director(s) of the Company
“GFA”	gross floor area
“Gross profit margin”	calculated based on gross profit for the year/period divided by revenue for year/period and multiplied by 100%
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Listing”	the listing of the Shares on the main board of the Stock Exchange on 16 July 2019
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Net gearing ratio”	calculated based on the total indebtedness less cash and bank balances divided by the total equity at the end of the year/period multiplied by 100%

“Register of Members”	the register of members of the Company
“Share(s)”	ordinary share(s) in the capital of the Company with the nominal value of HK\$0.01 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Total indebtedness”	total interest-bearing bank and other borrowings, senior notes and asset-backed securities
“Weighted average cost of indebtedness”	the weighted average of interest costs of all indebtedness outstanding as at the end of each year/period
“Zhongliang” or “Company”	Zhongliang Holdings Group Company Limited, an exempted company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 2772)

*The site area information for an entire project is based on the relevant land use rights certificates, land grant contracts or tender documents, depending on which documents are available. If more than one document is available, such information is based on the most recent document available.*

*The figures for GFA are based on figures provided in or estimates based on the relevant governmental documents, such as the property ownership certificate, the construction work planning permit, the pre-sale permit, the construction land planning permit or the land use rights certificate.*