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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 2025

2025 INTERIM RESULTS HIGHLIGHTS

- Contracted sales (including the Group's subsidiaries, joint ventures and associates) amounted to RMB6.38 billion, decreased year-on-year by approximately 33.9%.
- Total revenue amounted to RMB5.1 billion, decreased year-on-year by approximately 77.4%.
- Loss attributable to owners amounted to RMB0.78 billion, as compared to a loss attributable to owners of approximately RMB1.71 billion for the same period last year.
- As at 30 June 2025, total interest-bearing indebtedness had been controlled and reduced to RMB18.4 billion.

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 2025 with the comparative figures for the corresponding period in 2024:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 June	
		2025	2024
	Notes	RMB'000 (Unaudited)	RMB'000 (Unaudited)
REVENUE	3	5,129,799	22,701,159
Cost of sales		<u>(6,180,062)</u>	<u>(22,495,932)</u>
GROSS (LOSS)/PROFIT		(1,050,263)	205,227
Other income and gains	3	1,925,330	527,442
Selling and distribution expenses		(189,171)	(245,661)
Administrative expenses		(297,604)	(300,396)
Impairment losses on financial assets, net		(43,270)	(12,823)
Other expenses		(970,740)	(930,061)
Fair value losses on investment properties		(75,758)	(74,542)
Fair value gains on financial assets at fair value through profit or loss		262	1,638
Finance income		8,383	16,897
Finance costs	4	(396,504)	(139,913)
Share of profits and losses of:			
Joint ventures		62,290	50,147
Associates		<u>(159,751)</u>	<u>19,126</u>
LOSS BEFORE TAX	5	(1,186,796)	(882,919)
Income tax expense	6	<u>(193,746)</u>	<u>(1,074,475)</u>
LOSS FOR THE PERIOD		<u>(1,380,542)</u>	<u>(1,957,394)</u>

		For the six months ended 30 June	
		2025	2024
	Note	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Attributable to:			
Owners of the parent		(781,257)	(1,708,904)
Non-controlling interests		<u>(599,285)</u>	<u>(248,490)</u>
		<u>(1,380,542)</u>	<u>(1,957,394)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
For loss for the period	8	<u>RMB(0.18)</u>	<u>RMB(0.47)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	<u>(1,380,542)</u>	<u>(1,957,394)</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>6,242</u>	<u>(4,736)</u>
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>6,242</u>	<u>(4,736)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	<u>6,242</u>	<u>(4,736)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u><u>(1,374,300)</u></u>	<u><u>(1,962,130)</u></u>
Attributable to:		
Owners of the parent	(775,015)	(1,713,640)
Non-controlling interests	<u>(599,285)</u>	<u>(248,490)</u>
	<u><u>(1,374,300)</u></u>	<u><u>(1,962,130)</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2025	31 December 2024
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	27,290	35,728
Right-of-use assets	638	310
Investment properties	1,321,100	1,412,300
Other intangible assets	3	824
Investments in joint ventures	3,541,568	3,455,213
Investments in associates	9,908,989	10,427,773
Deferred tax assets	877,642	903,085
	<u>15,677,230</u>	<u>16,235,233</u>
Total non-current assets		
CURRENT ASSETS		
Financial assets at fair value through profit or loss	39,535	39,273
Properties under development	35,668,797	41,854,872
Completed properties held for sale	17,174,782	17,049,885
Trade receivables	12,876	11,893
Due from related companies	9,098,897	9,887,435
Prepayments and other receivables	39,261,249	40,488,808
Tax recoverable	1,836,297	1,868,571
Cash and bank balances	4,294,993	5,740,489
	<u>107,387,426</u>	<u>116,941,226</u>
Total current assets		

		30 June 2025	31 December 2024
	<i>Note</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and bills payables	10	19,086,260	23,085,941
Other payables and accruals		24,090,837	24,385,954
Lease liabilities		586	258
Contract liabilities		27,315,748	29,546,369
Due to related companies		11,918,437	11,956,903
Interest-bearing bank and other borrowings		7,071,422	7,727,652
Tax payable		4,166,288	4,004,336
Provision for financial guarantee contracts		271,244	429,841
Derivative financial instruments		3,503	3,818
Senior notes and host debt of convertible bonds		346,523	881,735
Total current liabilities		94,270,848	102,022,807
NET CURRENT ASSETS		13,116,578	14,918,419
TOTAL ASSETS LESS CURRENT LIABILITIES		28,793,808	31,153,652
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		3,321,065	3,434,600
Deferred tax liabilities		156,371	131,294
Senior notes		7,641,833	8,206,755
Total non-current liabilities		11,119,269	11,772,649
NET ASSETS		17,674,539	19,381,003
EQUITY			
Equity attributable to owners of the parent			
Share capital		38,447	38,110
Reserves		3,740,732	4,496,988
		3,779,179	4,535,098
Non-controlling interests		13,895,360	14,845,905
TOTAL EQUITY		17,674,539	19,381,003

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2025 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial statements 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 2024.

Going concern basis

As at 30 June 2025, the Group's total interest-bearing bank and other borrowings, senior notes and convertible bonds amounted to RMB18,380,843,000, out of which RMB7,417,945,000 will be due for repayment within the next twelve months (including other interest-bearing bank and other borrowings of RMB2,975,003,000 which had not been repaid according to their scheduled repayment dates), while its cash and cash equivalents amounted to RMB2,907,796,000. As at 30 June 2025, the default of certain interest-bearing bank and other borrowings, triggering certain long term interest-bearing bank and other borrowings amounted to RMB530,742,000 becoming repayable on demand.

The directors of the Group have evaluated the sustainable operation ability for 12 months from the end of the reporting period, which is affected by the macroeconomic environment, industry environment and credit environment superimposing the impact of multiple rounds of epidemic and came to an opinion that the liquidity risk of the Company is facing periodic challenges.

Certain measures have been and are being taken to manage its liquidity needs and to improve its financial position which include the following:

- (a) the Group has been actively negotiating with the Group's existing debt holders to seek renewal or extension for repayment of the Group's bank and other borrowings;
- (b) the Group will continue to actively communicate with banks to secure relevant project development loans for qualified project development in a timely manner;
- (c) the Group will continue to seek other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures;
- (d) the Group has prepared a business strategy plan focusing on the acceleration of the sales of properties;
- (e) the Group has implemented measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses;
- (f) the Group will continue to negotiate with construction contractors and other development vendors to manage payment schedules; and
- (g) the Group will continue to seek suitable opportunities to dispose of its equity interests in certain project development companies in order to generate additional cash inflows.

The directors of the Company have reviewed the Group's cash flow forecast covering a period of 12 months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the directors believe it is appropriate to prepare the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2025 on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Company will be able to achieve its plans and measures as described above.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the interim condensed consolidated financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024.

In the current period, the Group has adopted all the new and revised to IFRS Accounting Standards issued by the International Accounting Standards Board that are relevant to its operations and effective for its accounting year beginning on 1 January 2025. IFRS Accounting Standards comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. The adoption of these new and revised IFRS Accounting Standards did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current period and prior years.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>	5,124,011	22,696,632
<i>Revenue from other sources</i>		
Property lease income	<u>5,788</u>	<u>4,527</u>
Total	<u>5,129,799</u>	<u>22,701,159</u>

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Types of goods or services		
Sale of properties	5,081,571	22,547,839
Other services	<u>42,440</u>	<u>148,793</u>
Total	<u><u>5,124,011</u></u>	<u><u>22,696,632</u></u>
Timing of revenue recognition		
Sale of properties transferred at a point in time	5,081,571	22,547,839
Services transferred over time	<u>42,440</u>	<u>148,793</u>
Total	<u><u>5,124,011</u></u>	<u><u>22,696,632</u></u>
Other income and gains		
Gains from offshore debt restructuring	—	429,948
Net fair value gains on derivative financial instruments	8,218	69,022
Gains from modification of senior notes and convertible bonds	1,754,136	—
Changes in provision for financial guarantee contracts	158,597	16,580
Government grants	602	4,551
Forfeiture of deposits	1,480	1,766
Others	<u>2,297</u>	<u>5,575</u>
Total	<u><u>1,925,330</u></u>	<u><u>527,442</u></u>

4. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings, senior notes and convertible bonds	567,809	573,706
Interest expense arising from revenue contracts	115,002	51,395
Interest on lease liabilities	<u>40</u>	<u>213</u>
Total interest expense on financial liabilities not at fair value through profit or loss	682,851	625,314
Less: Interest capitalised	<u>(286,347)</u>	<u>(485,401)</u>
Total	<u><u>396,504</u></u>	<u><u>139,913</u></u>

5. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of properties sold	5,143,180	22,211,770
Impairment losses recognised for properties under development	758,045	745,568
Impairment losses written off for completed properties held for sale	(117,483)	(598,683)
Impairment losses recognised for properties held for sale	396,320	137,277
Loss on disposal of subsidiaries, net	605,436	491,946
Changes in provision for financial guarantee contracts	(158,597)	(16,580)
Depreciation of items of property, plant and equipment	8,466	17,153
Depreciation of right-of-use assets	241	2,059
Amortisation of intangible assets	1,191	4,932
Foreign exchange (gain)/loss, net	(27,877)	59,101
Loss on disposal of joint ventures and associates, net	119,654	127,370
Gain on disposal of items of property, plant and equipment	(4)	(118)
Impairment losses on financial assets, net	43,270	12,823
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	186,815	240,307
Pension scheme contributions and social welfare	49,022	35,901
Equity-settled share option expenses	<u><u>456</u></u>	<u><u>41</u></u>

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 2025 and 2024.

Subsidiaries of the Group operating in Chinese Mainland 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 Chinese Mainland tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
CIT	97,488	247,297
LAT	46,883	169,788
Deferred tax	49,375	657,390
	<hr/>	<hr/>
Total tax charge for the period	193,746	1,074,475
	<hr/>	<hr/>

7. DIVIDENDS

The board does not recommend an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

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

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,242,226,263 (30 June 2024: 3,605,726,697) in issue during the period.

The calculation of the diluted loss per share amount is based on the loss 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 options and convertible bonds.

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

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	<u>(781,257)</u>	<u>(1,708,904)</u>
	Number of shares	
	2025	2024
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	<u>4,242,226,263*</u>	<u>3,605,726,697</u>
Effect of dilution — weighted average number of ordinary shares:		
Share options	N/A*	N/A
Convertible bonds	<u>N/A*</u>	<u>N/A</u>
Total	<u>4,242,226,263*</u>	<u>3,605,726,697</u>

* No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2025 and 2024 in respect of dilution as (i) the calculation of diluted loss per share for the six months ended 30 June 2025 does not assume the exercise of the Company's convertible bonds since their assumed exercise would result in a decrease in loss per share; and (ii) the calculation of diluted loss per share for the six months ended 30 June 2025 and 2024 does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for shares for the six months ended 30 June 2025 and 2024.

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:

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Less than 1 year	<u>12,876</u>	<u>11,893</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:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Less than 1 year	2,114,126	5,791,773
Over 1 year	<u>16,972,134</u>	<u>17,294,168</u>
	<u>19,086,260</u>	<u>23,085,941</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 2025 and its outlook for the second half of 2025.

INTERIM DIVIDEND

The Board of the Company resolved that no interim dividend would be declared for the six months ended 30 June 2025.

INTERIM RESULTS

For the six months ended 30 June 2025, the Group's recognised revenue amounted to RMB5.13 billion, representing a year-on-year decrease of 77.4%.

Taking into account the impairment losses on various assets, fair value losses from the valuation of investment properties and foreign exchange loss, the Group recorded a loss attributable to owners of the Company of approximately RMB0.78 billion for the six months ended 30 June 2025, as compared to the loss attributable to owners of the Company of approximately RMB1.71 billion for the corresponding period in the previous year.

REVIEW OF THE FIRST HALF OF 2025

Market review

Looking back on the first half of 2025, the global political and economic environment remains complex. The trade and tariff negotiations initiated by United States, as well as the long-term high interest rate environment, increased the risk of economic recession. Geopolitical conflicts amongst various countries have emerged adding uncertainties to the global economy. Under the circumstances of significantly increased external pressure, China's economy continued to grow, with GDP growing by 5.3% in the first half of 2025, reflecting China's resilience and ability to maintain stable economic development. The government continued to actively promote stable growth policies to boost market confidence.

In the first half of 2025, the government continued to introduce a series of support policies, taking a multi-pronged approach. In April 2025, the Central Political Bureau meeting upgraded the tone of real estate policy from "stopping the decline and stabilizing" to "continuous consolidation and stability", and proposed to boost consumption policies to stabilize the property market into the policy framework. In May, the People's Bank of China cut interest rates and reserve requirements, fully reflecting the moderately loose monetary policy stance. In mid-June, the State Council made the latest address on the real estate market again, requiring greater efforts to promote the real estate market to stop falling and stabilize, continue to implement the "combination punch" of real estate policies, and deploy a series of supporting policies and measures, reflecting government's continued determination to support the

overall economy and the real estate industry. However, market confidence is still insufficient. The difficulties in financing and property sales for private-owned developers still exist. It is expected the recovery of China's real estate industry will take a long time, and the operating environment will remain harsh.

Operating under the current rigorous industry environment, the Group has adopted decisive measures and adhered to its development strategies. The Group has continued to strengthen its operational control and efficiency, lower its operating costs, secure property delivery and financial stability, and maintain its operating solvency, thereby demonstrating its resilience in its business.

The Group achieved contracted sales (including Group's subsidiaries, joint ventures and associates) of approximately RMB6.38 billion in the first half of 2025, representing a year-on-year decrease of approximately 34%.

Property delivery

In order to ensure smooth property delivery, the Group strengthened its construction and contractor management, and maintained tight control of the property delivery process and mitigated delivery risks.

During the first half of 2025, the Group (including its joint ventures and associated companies) completed the delivery of approximately 15,000 property units. The Group achieved its position as Top 10 amongst Chinese real estate developers in terms of number of property units delivered in first half of 2025, according to EH Consulting.

Land-banking

Due to the continued uncertainty of the Chinese real estate sector, the Group did not acquire any new land sites in the first half of 2025. As at 30 June 2025, the Group (together with its joint ventures and associates) had a land bank with a total GFA (including sold GFA) of approximately 20.1 million sq.m., covering five core economic regions of China.

Liability management

As the industry has been challenged by adverse liquidity and financing situations since mid-2021, the Group has implemented decisive measures stabilising cash flow, accelerating sales and cash collection, lowering cost and enhancing operating efficiency, halt of land banking and controlling interest-bearing debts, and achieved a stable financial status to enable prompt property delivery, stable operations and onshore financing.

The Group's total interest-bearing debts were deleveraged and controlled at approximately RMB18.38 billion as at 30 June 2025 (out of which onshore interest-bearing debts amounted to approximately RMB10.10 billion whereas offshore interest-bearing debts amounted to approximately RMB8.28 billion). Due to the current market condition, the liquidity of the Group is constrained. The aggregate cash and bank balances (including restricted cash and pledged deposits) of the Group was approximately RMB4.29 billion as at 30 June 2025. Under the current strict requirement of local

government policies, substantially most of the Group's cash are under strict pre-sale cash escrow in designated bank accounts at project-level in order to ensure completion of the properties under development.

With respect to its onshore debts, as at 30 June 2025, substantially most of the Group's onshore interest-bearing debts were loans with project pledges. The Group has been proactively working with onshore banks and lending institutions to extend the maturity at due dates of such onshore loans, and believes that the maturity risk of onshore loans would be manageable.

With respect to its offshore debts, the Company completed a series of liability management exercises, including by way of a scheme of arrangement in Hong Kong which was consummated in March 2024, to effectively extend the maturity profile of offshore indebtedness. In the absence of a sharp recovery in the market and a resurgence of various financing options, the Company remains cautious about its liquidity in the near term. The Group implemented measures to mitigate the challenges from adverse industry conditions, including through accelerating sales and cash collection. As part of these efforts, the Company conducted a consent solicitation on its offshore debts in June 2025 to improve its financial condition and stability, extend its debt maturity profile, lower its financial cost, strengthen its balance sheet and improve cash flow management which alleviate the Company from pressure of its offshore indebtedness.

OUTLOOK FOR THE SECOND HALF OF 2025

As the central government actively introduced policies in the first half of this year to support the overall economy and the real estate industry, the real estate industry has stabilized. However, it will still take time for the effects of these new policies to appear. China's real estate industry market still faces many difficulties, but the government's determination to support the overall market is firm and obvious.

Looking forward to the second half of 2025, proactive fiscal policies will drive economic recovery and are expected to boost market confidence. Effective market demand needs to be improved, but it takes time to resolve the industry risks accumulated over the years. Although the recovery period is longer than expected, the real estate market will eventually recover. The Group will continue to emphasize financial security, maintain operating liquidity, stabilize debt, control risks, ensure smooth delivery, save costs, strengthen organizational structure and improve management efficiency to ensure that the Group can navigate the industry challenges.

Yang Jian

Chairman

Hong Kong, 27 August 2025

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT

Contracted sales

During the six months ended 30 June 2025, the Group (including its joint ventures and associates) achieved contracted sales of approximately RMB6.38 billion, representing a year-on-year decrease of approximately 33.9%. Contracted sales area amounted to approximately 596,000 sq.m., representing a year-on-year decrease of approximately 35.0%.

During the period, contracted ASP was approximately RMB10,700 per sq.m..

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. All completed properties held for sale are located in the PRC.

As at 30 June 2025, the Group's completed properties held for sale was approximately RMB17,174.8 million, versus approximately RMB17,049.9 million as at 31 December 2024.

Properties 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 2025, the Group's properties under development was approximately RMB35,668.8 million, versus approximately RMB41,854.9 million as at 31 December 2024.

Land bank

During the six months ended 30 June 2025, there was no new land parcel acquired by the Group.

As at 30 June 2025, the Group's (including its joint ventures and associates) total land bank (including carparks), was approximately 20.1 million sq.m., among which, approximately 6.0 million sq.m. were completed properties available for sale/leasable and approximately 14.1 million sq.m. were under development or for further development.

FINANCIAL REVIEW

Revenue

During the six months ended 30 June 2025, 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 2025 RMB'000	2024 RMB'000	
Revenue			
Sales of properties	5,081,571	22,547,839	-77.5%
Other services	42,440	148,793	-71.5%
Rental income	5,788	4,527	+27.9%
Total	<u>5,129,799</u>	<u>22,701,159</u>	-77.4%
Recognised GFA (in sq.m.)	542,566	1,738,391	
Recognised ASP (in RMB/sq.m.)	9,366	12,971	

Revenue recognised from sales of properties

The Group recorded revenue from the sales of properties amounted to approximately RMB5,081.6 million for the six months ended 30 June 2025, a year-on-year decrease of approximately 77.5%, and recognised a year-on-year decrease in the total recognised GFA by approximately 68.8% to 542,566 sq.m. for the six months ended 30 June 2025. Recognised ASP was approximately RMB9,366 per sq.m. in the six months ended 30 June 2025 versus approximately RMB12,971 per sq.m. for the corresponding period in the previous year.

Cost of sales

The Group's cost of sales decreased year-on-year by approximately 72.5% to approximately RMB6,180.1 million for the six months ended 30 June 2025. The impairment losses recognised for properties under development and completed properties held for sale of approximately RMB1,154.4 million were included in the cost of sales for the six months ended 30 June 2025, as compared to approximately RMB882.8 million for the corresponding period in the previous year.

Gross (loss)/profit

For the six months ended 30 June 2025, the Group's gross loss was approximately RMB1,050.3 million, representing a decrease of approximately RMB1,255.5 million as compared with the gross profit of approximately RMB205.2 million for the six months ended 30 June 2024. Decrease in gross profit was mainly due to a combination of decreased sales revenue, lower gross profit margin recorded and the provision for property impairment made by the Group for the period.

For the six months ended 30 June 2025, the Group's gross profit margin was approximately –20.5%, representing a significant decrease as compared to approximately 0.9% for the six months ended 30 June 2024.

Other income and gains

The Group's other income and gains primarily include (i) gain from modification of senior notes and convertible bonds; (ii) net fair value gains on derivative financial instruments; (iii) changes in provision for financial guarantee contracts; (iv) government grants; (v) forfeiture of deposits; and (vi) others, which mainly include sundry income. The Group's other income and gains increased year-on-year by approximately 265.0% to approximately RMB1,925.3 million for the six months ended 30 June 2025, primarily attributable to the gain from modification of senior notes and convertible bonds.

Selling and distribution expenses

The Group's selling and distribution expenses decreased year-on-year by approximately 23.0% to approximately RMB189.2 million for the six months ended 30 June 2025, primarily due to the slow-down in marketing activities and less promotional expenses budget due to the impact of a weakened real estate market.

Administrative expenses

The Group's administrative expenses decreased year-on-year by approximately 0.9% to approximately RMB297.6 million for the six months ended 30 June 2025. The decrease was primarily due to the savings in staff costs and management consultancy fees during the period. The Group continued to strengthen cost control measures.

Other expenses and other net losses

The other expenses primarily include loss on disposal of subsidiaries, joint ventures and associates and the net gain/losses of foreign exchange. The Group incurred other expenses of approximately RMB970.7 million for the six months ended 30 June 2025, as compared to approximately RMB930.1 million for six months ended 30 June 2024. The increase in other expenses was mainly due to the loss on disposal of subsidiaries, joint ventures and associates and recognition of the foreign exchange losses.

The Group recorded an aggregate of other net losses of approximately RMB118.8 million including fair value losses on investment properties and net fair value/impairment losses on financial assets for the six months ended 30 June 2025, as compared to an aggregate of other net losses of approximately RMB85.7 million for the previous year. The change was mainly due to the increase in impairment losses on financial assets at fair value through profit or loss during the period.

Finance income

The Group's finance income, which mainly represents bank interest income, decreased year-on-year by approximately 50.4% to approximately RMB8.4 million for the six months ended 30 June 2025.

Finance costs

The Group's finance costs increased year-on-year by approximately 183.4% to approximately RMB396.5 million for the six months ended 30 June 2025.

The Group's total finance costs expensed and capitalised for the six months ended 30 June 2025 was approximately RMB682.9 million, representing a year-on-year increase of approximately 9.2%.

Share of profits of joint ventures and associates

The Group recorded share of profits of joint ventures of approximately RMB62.3 million for the six months ended 30 June 2025, versus share of profits of joint ventures of approximately RMB50.1 million for the six months ended 30 June 2024.

The Group recorded share of losses of associates of approximately RMB159.8 million for the six months ended 30 June 2025, versus share of profits of associates of approximately RMB19.1 million for the six months ended 30 June 2024.

On an aggregated basis, the Group's share of losses of joint ventures and associates amounted to approximately RMB97.5 million for the six months ended 30 June 2025, versus share of profits of joint ventures and associates of approximately RMB69.2 million for the six months ended 30 June 2024. Such change was primarily due to the decrease in revenue and operating profit of the Group's joint ventures and associates and increasing provision of impairment for investment recognised by the Group for the six months ended 30 June 2025 compared to the previous year.

Loss before tax

As a result of the aforementioned changes in the Group's financials, the Group recorded a loss before tax of approximately RMB1,186.8 million for the six months ended 30 June 2025, as compared to a loss before tax of approximately RMB882.9 million for the six months ended 30 June 2024.

Income tax expense

The Group's income tax expense comprises provisions made for corporate income tax and land appreciation tax in the PRC, and deferred tax during the period. The Group's income tax expense decreased year-on-year by approximately 82.0% to approximately RMB193.7 million for the six months ended 30 June 2025.

Loss for the period and loss attributable to the owners of the Company

As a result of the aforementioned changes of the Group's financials, the Group's loss for the period (before deducting non-controlling interests) decreased year-on-year by approximately 29.5% to approximately RMB1,380.5 million for the six months ended 30 June 2025. The Group's loss for the period attributable to owners of the Company decreased year-on-year by approximately 54.3% to approximately RMB781.3 million for the six months ended 30 June 2025.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The industry in which the Group engages is a capital-intensive industry. The Group primarily meets 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.

Net current assets

As at 30 June 2025, the Group's net current assets amounted to approximately RMB13,116.6 million (31 December 2024: approximately RMB14,918.4 million). Specifically, the Group's total current assets decreased by approximately 8.2% from approximately RMB116,941.2 million as at 31 December 2024 to approximately RMB107,387.4 million as at 30 June 2025. The Group's total current liabilities decreased by approximately 7.6% from approximately RMB102,022.8 million as at 31 December 2024 to approximately RMB94,270.8 million as at 30 June 2025. The decrease in the Group's total current assets was primarily attributable to (i) the decrease in properties under development; and (ii) the decrease in cash and bank balances as at 30 June 2025.

Cash position

The Group's cash and bank balances (including restricted cash and pledged deposits) amounted to approximately RMB4,295.0 million in total as at 30 June 2025 (31 December 2024: approximately RMB5,740.5 million), representing a decrease of approximately 25.2% as compared with the end of 2024. Under the current strict requirement of local government policies, substantially most of the Group's cash were under strict pre-sale cash escrow in designated bank accounts at project-level in order to ensure completion of the properties under development.

Financial ratios

As at 30 June 2025, the Group had 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 81.5%, the net gearing ratio was approximately 79.7% and the non-restricted cash-to-current borrowings (calculated by dividing non-restricted cash and cash equivalents by current borrowings) was approximately 0.39.

Indebtedness

As at 30 June 2025, the Group had total outstanding indebtedness of approximately RMB18,380.8 million (31 December 2024: approximately RMB20,250.7 million), comprising bank and other borrowings of approximately RMB10,392.5 million (31 December 2024: approximately RMB11,162.2 million), senior notes of approximately RMB7,641.8 million (31 December 2024: approximately RMB8,659.4 million) and convertible bonds of approximately RMB346.5 (31 December 2024: RMB429.1 million).

Table 1: Breakdown of the Group's total indebtedness

	As at 30 June 2025 <i>RMB'000</i>	As at 31 December 2024 <i>RMB'000</i>
Current		
Bank loans		
— secured	1,564,369	1,156,911
Other loans		
— secured	1,927,446	1,445,594
— unsecured	682,532	689,562
Current portion of long-term bank loans		
— secured	2,027,274	2,584,728
Current portion of long-term other loans		
— secured	663,067	1,518,869
— unsecured	206,734	331,988
Senior notes	—	452,598
Convertible bonds	346,523	429,137
Total current indebtedness	<u>7,417,945</u>	<u>8,609,387</u>

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Non-current		
Bank loans		
— secured	1,540,385	1,770,951
Other loans		
— secured	1,152,584	1,201,219
— unsecured	628,096	462,430
Senior notes	<u>7,641,833</u>	<u>8,206,755</u>

Total non-current indebtedness	<u>10,962,898</u>	<u>11,641,355</u>
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Total indebtedness	<u>18,380,843</u>	<u>20,250,742</u>
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Secured	16,863,481	18,766,762
Unsecured	<u>1,517,362</u>	<u>1,483,980</u>

Total indebtedness	<u>18,380,843</u>	<u>20,250,742</u>
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By fixed or variable interest rates

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Fixed interest rate	15,875,639	17,518,190
Floating interest rate	<u>2,505,204</u>	<u>2,732,552</u>
Total Indebtedness	<u>18,380,843</u>	<u>20,250,742</u>

By currency denomination

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Denominated in RMB	10,101,338	10,869,837
Denominated in US\$	<u>8,279,505</u>	<u>9,380,905</u>
Total Indebtedness	<u>18,380,843</u>	<u>20,250,742</u>

By maturity profiles

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Bank loans repayable:		
— Within one year or on demand	3,591,643	3,741,639
— In the second year	1,388,862	1,581,051
— In the third to fifth year, inclusive	<u>151,523</u>	<u>189,900</u>
	<u>5,132,028</u>	<u>5,512,590</u>
Other borrowings repayable:		
— Within one year or on demand	3,479,779	3,986,013
— In the second year	943,584	1,172,219
— In the third to fifth year, inclusive	<u>837,096</u>	<u>491,430</u>
	<u>5,260,459</u>	<u>5,649,662</u>
Senior notes repayable:		
— Within one year	—	452,598
— In the second year	—	905,196
— In the third to fifth year, inclusive	<u>7,641,833</u>	<u>7,301,559</u>
	<u>7,641,833</u>	<u>8,659,353</u>

	As at 30 June 2025 <i>RMB'000</i>	As at 31 December 2024 <i>RMB'000</i>
Convertible bonds repayable:		
— Within one year or on demand	<u>346,523</u>	<u>429,137</u>
Total Indebtedness	<u>18,380,843</u>	<u>20,250,742</u>

Pledge of assets

As at 30 June 2025, the Group's borrowings were secured by the Group's assets of approximately RMB20,141.7 million (31 December 2024: approximately RMB38,973.9 million) which included properties under development.

Financial risks

The Group's activities are exposed it to a variety of financial risks. 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.

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, bank and other borrowings, senior notes and convertible bonds. 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. The Group's interest-bearing bank and other borrowings are also exposed to risk for changes in market interest rates. The Group has not used derivative financial instruments to hedge any interest rate 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, senior notes and convertible bonds. Cash flows are closely monitored on an ongoing basis.

The Group will continue to explore different means to generate cash-flow in order to improve the overall liquidity of the Group and to settle its remaining outstanding debts, including but not limited to: (i) actively communicate with banks to secure relevant project development loans for qualified project development in a timely manner; (ii) seek other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures; (iii) focus on accelerating the sales of properties based on its business plans; (iv) implement measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and (v) seek suitable opportunities to dispose of its equity interests in certain project development companies in order to generate additional cash inflows.

CONTINGENT LIABILITIES

Mortgage guarantees

The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's properties under development. 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 approximately RMB13,104.2 million as at 30 June 2025 (31 December 2024: RMB17,516.6 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 properties under development. 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 2025, the Group guaranteed certain bank and other borrowings made to its joint ventures and associates up to approximately RMB4,229.5 million (31 December 2024: approximately RMB4,644.9 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 2025, 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 approximately RMB12,770.1 million (31 December 2024: approximately RMB13,840.2 million).

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as at 30 June 2025, 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 OR CAPITAL ASSETS

Other than those carried out under the Group's ordinary course of business, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures, nor was there any plan authorised by the Group for other material investments or additions of capital assets during the six months ended 30 June 2025.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2025, the Group employed a total of 1,873 full-time employees. For the six months ended 30 June 2025, the staff cost recognised as expenses of the Group amounted to approximately RMB236.3 million (30 June 2024: approximately RMB276.2 million). The Group offers its employees market-level remuneration packages that include basic salaries, discretionary bonuses, performance-based payments, share options and share awards.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability.

The Company has adopted and applied the Corporate Governance Code as its own code on corporate governance and, to the best knowledge of the Directors, the Company has complied with all applicable code provisions under the Corporate Governance Code for the six months ended 30 June 2025.

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 2025.

INTERIM DIVIDEND

The Board resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company and its subsidiaries have not purchased, sold or redeemed any of the listed securities (including sale of treasury shares) of the Company during the six months ended 30 June 2025. As at 30 June 2025, the Company did not hold any treasury shares.

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) and the Company (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 of the Group for the six months ended 30 June 2025.

EVENTS AFTER THE REPORTING PERIOD

The Group had no significant events occurred which have material impact on the performance of the Group subsequent to 30 June 2025 and up to the date of this announcement.

THE BOARD OF DIRECTORS

As at the date of this announcement, the Board consisted of five executive Directors, including Mr. Yang Jian, Mr. Chen Hongliang, Mr. He Jian, Mr. Yeung Tak Yip and Ms. Hu Hui; 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 as well as the website of the Company at www.zldcgroup.com. The Company's interim report for the six months ended 30 June 2025 will be dispatched to the Shareholders (if requested) and published on the aforementioned websites in due course.

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

Hong Kong, 27 August 2025

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 collecting such sales information
“Corporate Governance Code”	Corporate Governance Code as set out in Part 2 to Appendix C1 to the Listing Rules, as amended from time to time
“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 of Hong Kong Limited
“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 C3 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%
“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 convertible bonds
“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 expression “we”, “us”, “Zhongliang” and “Company” may be used to refer to the Company or the Group as the context may require.

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.