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COUNTRY GARDEN HOLDINGS COMPANY LIMITED

碧桂園控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2007)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2022, the Group together with its joint ventures and associates achieved contracted sales attributable to the shareholders of the Company of approximately RMB357.47 billion, contracted sales GFA attributable to the shareholders of the Company of approximately 44.50 million sq.m.
- For the year of 2022, the Group's cash collected from attributable contracted sales amounted to approximately RMB332.48 billion with a cash collection ratio of 93%.
- During the year, the Group recorded total revenue of approximately RMB430.37 billion, gross profit of approximately RMB32.88 billion, and the core net profit attributable to the owners of the Company¹ of approximately RMB2.61 billion.
- During the year, the Group's selling and marketing costs and administrative expenses amounted to approximately RMB19.74 billion, representing a year-on-year decrease of 31.6%.
- As at 31 December 2022, the Group's available cash² amounted to approximately RMB147.55 billion, total debt decreased to approximately RMB271.31 billion which representing a year-on-year decrease of 14.7%, and net gearing ratio of 40.0% which decreased by 5.4 percentage points comparing with that as at 31 December 2021.

¹ The core net profit attributable to the owners of the Company represents realized earnings of this year attributable to owners of the Company excluding effects such as fair value changes and net foreign exchange gains/losses.

² It represents the sum of cash and cash equivalents and restricted cash.

The board (the “**Board**”) of directors (the “**Director(s)**”) of Country Garden Holdings Company Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**” or “**Country Garden**”) for the year ended 31 December 2022.

BUSINESS REVIEW AND OUTLOOK

Yesterday, we shouldered responsibility through thick and thin.

2022 was a year like no other. China’s property sector experienced an unprecedentedly difficult business environment that can be described as a harsh winter. It saw sales plunge by 26.7% and investment fall by 10% during the year. Frequent outbreaks of property developers’ credit crises, sales in the doldrums, and lack of confidence among businesses affected all the market participants. Most property developers underwent severe trials of survival. Country Garden remained cohesive and determined to overcome difficulties and cope with exacting challenges. Although the Group had to make a concession in terms of its profitability amid the downturn in the industry, it still performed steadily with prudence. The Group and its joint ventures and associates together delivered a total of nearly 700,000 housing units throughout the year, ranking first in the industry. The Group has also safeguarded its sound financial position and good credit record. It steadfastly fulfilled its corporate social responsibility as a high-performing industry leader.

For the year ended 31 December 2022 (“**Year**”), the Group and its joint ventures and associates together recorded approximately RMB357.47 billion in contracted sales attributable to the shareholders of the Company. The overall sell-through rate for the whole year reached 65%. Cash collected from property sales attributable to the shareholders of the Company was RMB332.48 billion with a cash collection ratio higher than 90% for seven consecutive years. During the Year, the Group recorded approximately RMB430.37 billion in revenue and approximately RMB2.61 billion in core net profit attributable to the owners of the Company. The Group maintained a prudent approach to making decision about investment. It purchased lands at a low premium in Foshan, Zhangjiakou and Lanzhou. As at the end of the Year, the Group’s attributable salable resources totaled approximately RMB955.50 billion.

In financial management, the Group kept reducing the gearing ratio as it aimed for steady progress towards long-term success. As at 31 December 2022, the Group had available cash of RMB147.55 billion, which was still at a stable level compared with that at the middle of 2022. Total interest-bearing debts decreased to RMB271.31 billion and net gearing ratio was 40.0%, down by 5.4 percentage points compared with that at the end of 2021. It was against the backdrop of lackluster property sales and shattered confidence in the capital market that the Group was maintaining adequate available cash, which is the core objective of its financial management, to ensure on-time repayment of its bonds due in 2022. It also actively explored diverse channels for financing. In 2022, the Group raised a total of nearly RMB10 billion on the market through direct financing. It obtained intentional comprehensive credit line of over RMB300 billion from more than ten banks. This has fully reflected the regulatory authorities' and financial institutions' support to the Group and their recognition of its performance. During the period of turbulence in the industry, the controlling shareholder and the management stood united with the Group by purchasing the Company's bonds and senior notes on the secondary market and by providing interest-free and unsecured loans to the Company. The controlling shareholder, in particular, provided the Company with an interest-free and unsecured loan of HKD5.055 billion. The controlling shareholder and the management showed their full support to the Group through thick and thin, manifesting the strong cohesion fostered by a good corporate culture.

Today, we brace ourselves for a long and arduous journey.

Founded in Beijiao Town, Foshan City in 1992, Country Garden passed many milestones in its development — it got listed on the Stock Exchange of Hong Kong in 2007; its annual sales exceeded RMB100 billion in 2013; the Company made it to the list of Fortune Global 500 for the first time in 2017; and it has now developed into a high-performing, industry-leading, civilian-owned property developer. All these successes are attributable to the founders' perseverance, determination and dedication. Country Garden has already developed strong fundamentals through the accumulation of many years of experience in the course of its development and has a seasoned, stable management team. The Company at a time when the property market has entered a new stage of development, transitioning from the phase of rapid growth to that of stabilization, and when both the business model and competitive landscape have changed radically. Only by initiating change and excelling itself can a company survive and aspire to a bright future. The Company will distill its years of experience into a foundation for even better business practices and remain both customer-centric and market-oriented. The Company will make use of such an advantageous technology as smart construction to actively explore new ways of developing in the property sector while working for the good of people and society as a high-tech conglomerate.

2023 is a year that marks both the beginning of the national development plan according to the resolution of the 20th National Congress of the Communist Party of China and the 31st anniversary of Country Garden. Existing favourable to the development of economy and the property sector have been restoring industry players' confidence. The property market has bottomed out and can look forward to a recovery. However, Country Garden has to keep clear-headed because the market will not recover overnight. The property sector is still under great strain. To make the best of the situation, Country Garden will work to ensure workplace safety and punctual delivery of finished housing units, and to keep the assets intact. It will also keep enhancing its overall competitiveness throughout property projects' life cycle and optimizing its product system according to the market's needs and demand. It will improve both the quality and efficiency with the help of smart construction. Just as importantly, it will make an all-out effort to undertake public housing construction and management projects for the government to help new migrants and young people solve the housing problems.

The new business environment of the property sector has posed more exacting requirements to the industry players. The Group will promptly adapt itself to the changes in the market by cultivating a crop of regional presidents with strong overall competence in business operation and management. By adjusting the organizational structure, it will enable the excellent business managers to give their capabilities and strengths full play while ensuring the continuity of the efforts to further develop the local markets, thus allowing the Group to fully leverage its rich experience, strengths and business presence that it has built up over the years of thorough development of the local markets. Meanwhile, when making decision about investment in property projects and lands, the Group will only choose the best of the best by such criteria as the key variables of the cities, namely the demographics of the migrant population, industrial composition, economic strength and the level of housing inventory. It will sharpen its focus on the first- and second-tier cities as well as the core districts of the third- and fourth-tier cities so as to meet the expectations about the profitability of the newly acquired assets. Furthermore, in the light of the slow recovery in the property market, Country Garden will stick to the path of quality development, do its best in budget management with adequate cash flow and profitability as top priorities, and aim for preservation and appreciation of the value of the existing assets at the lowest cost. There have been signs of a recovery in the capital market's confidence. The Group will, therefore, capitalize on the government favourable policies on financing and actively explore diverse channels for raising fund. This will enable it to reduce the amount of interest-bearing debts gradually in the light of the changes in the market conditions and to keep optimizing the debt structure, thus restoring the balance sheet to better health.

Tomorrow, we will persevere and remain hopeful about the future

Technological innovation is the theme of development in our time. To grasp opportunities in the trend, the Group is determined to transform itself into a high-tech enterprise. It has committed itself to developing the businesses of construction robots and smart construction, successively establishing Guangdong Bright Dream Robotics Co., Ltd. (“**Bright Dream Robotics**”) and a technology-enabled construction group to explore the possibility of developing a technology-enabled construction solution that encompasses construction robots as the core technology, building information modeling (BIM), prefabricated construction and new systems. As at the end of January 2023, 33 types of Bright Dream Robotics’ construction robots had been commercialized and put to work. They can be applied throughout the cycle of smart construction procedure. A cumulative total of over 1,700 units of such construction robots have been delivered and applied to more than 600 construction projects in 30 provinces/autonomous regions/municipalities and have completed a cumulative total of over 10 million sq.m. of floor area under construction. Country Garden has now become the leader in smart construction in China after it has developed, produced and applied construction robots and other products that enable both digitalization through building information modeling (BIM) and the industrialization of new types of construction technology. The Group’s robotic technology has been rated in China as internationally advanced in six aspects and has over 3,000 licensed patents, including over 1,000 patents of invention.

The government is stepping up its efforts to build a housing system that encompasses multiple suppliers of housing, supply of public housing through diverse channels, and equal emphases on rental housing and home purchase. Specifically, the supply of housing, including that of the public housing, at multiple levels presents new opportunities for the business of undertaking housing construction and management projects for the government or corporations. Smart construction, as a technology that can enhance both the quality and efficiency of property development, will open up more room for the Company’s further business development. In the future, undertaking housing construction and management projects for the government or corporations will become one of the Company’s key businesses. We will leverage the Group’s extensive business presence to meet the market’s demand, especially by undertaking public housing construction and management projects for the government. The Group will carry out such projects in the spirit of the craftsman in order to develop that business into a new growth driver.

The Group is always mindful of the opportunities and challenges posed by the State's strategies of attaining carbon emission peak and carbon neutrality as well as sustainable development. To meet stakeholders' expectations, Country Garden has been pushing forward with sustainability practices and has just published its 14th sustainability report on its performance. The Group has made sustainability part of its own development strategy and has included it in its business planning. It has embarked on diverse sustainability initiatives according to its own conditions, and they can be summed up in the watchwords of "stringent corporate governance, quality first, building a green future together, people-oriented, and harmony". Answering the appeals for targeted poverty alleviation programs and rural revitalization, the Group has donated a cumulative total of over RMB10.5 billion to charity and carried out its work in poverty alleviation and rural revitalization in 57 counties in 16 provinces, benefitting over 10 million people. In the future, the Group will continue to devote itself to green, sustainable development and charitable causes as a way to fulfil its corporate social responsibility and thus to work tirelessly to help people meet their aspirations for a better life.

Epilogue

However long and arduous the journey is, every step counts towards the goal. Country Garden was able to forge ahead despite uncertainties in the past year, thanks to recognition by the home owners, the support from the regulatory authorities, financial institutions, business partners and investors, as well as the hard work of the whole staff. Having survived the winter, we can expect the imminent arrival of the spring. Country Garden should have its feet on the ground and persevere in creating value for society and shareholders alike.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December	
	2022	2021
	<i>Note</i>	<i>RMB million</i>
Non-current assets		
Property, plant and equipment	25,601	27,099
Investment properties	14,250	16,302
Intangible assets	1,558	1,370
Right-of-use assets	4,753	4,985
Properties under development	28,355	48,146
Investments in joint ventures	45,340	49,664
Investments in associates	22,632	23,177
Financial assets at fair value through other comprehensive income	9,625	9,894
Derivative financial instruments	6	320
Trade and other receivables	3 12,484	13,414
Deferred income tax assets	42,781	40,057
	<u>207,385</u>	<u>234,428</u>
Current assets		
Properties under development	883,887	1,008,146
Completed properties held for sale	51,323	46,354
Inventories	7,277	9,689
Trade and other receivables	3 380,017	406,798
Contract assets and contract acquisition costs	25,046	23,602
Prepaid income tax	30,362	23,823
Financial assets at fair value through profit or loss	11,414	14,207
Derivative financial instruments	206	18
Restricted cash	19,269	34,346
Cash and cash equivalents	128,281	146,954
	<u>1,537,082</u>	<u>1,713,937</u>

		As at 31 December	
		2022	2021
	<i>Note</i>	<i>RMB million</i>	<i>RMB million</i>
Current liabilities			
Contract liabilities		668,162	709,255
Trade and other payables	4	437,355	550,591
Current income tax liabilities		31,719	39,160
Senior notes	5	3,825	8,283
Corporate bonds	6	26,081	6,345
Convertible bonds	7	2,597	8
Bank and other borrowings		61,205	64,382
Lease liabilities		90	186
Derivative financial instruments		175	695
		1,231,209	1,378,905
Net current assets		305,873	335,032
Total assets less current liabilities		513,258	569,460
Non-current liabilities			
Senior notes	5	66,830	66,786
Corporate bonds	6	6,238	27,815
Convertible bonds	7	3,196	2,160
Bank and other borrowings		101,335	142,143
Lease liabilities		321	506
Deferred government grants		186	216
Deferred income tax liabilities		25,245	28,123
Derivative financial instruments		334	1,084
		203,685	268,833
Equity attributable to owners of the Company			
Share capital and premium	8	50,536	38,787
Other reserves		23,830	22,691
Retained earnings		129,257	137,258
		203,623	198,736
Non-controlling interests		105,950	101,891
Total equity		309,573	300,627
Total equity and non-current liabilities		513,258	569,460

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December	
		2022	2021
		RMB million	RMB million
Revenue	2	430,371	523,064
Cost of sales		<u>(397,488)</u>	<u>(430,282)</u>
Gross profit		32,883	92,782
Other income and (losses)/gains — net	9	(1,365)	1,637
Losses arising from changes in fair value of and transfers to investment properties		(117)	(227)
Selling and marketing costs		(11,298)	(15,316)
Administrative expenses		(8,438)	(13,518)
Research and development expenses		(2,164)	(3,308)
Net impairment losses on financial and contract assets		<u>(3,059)</u>	<u>(1,651)</u>
Operating profit		6,442	60,399
Finance income	10	3,572	3,824
Finance costs	10	(8,379)	(327)
Finance (costs)/income — net	10	(4,807)	3,497
Share of results of joint ventures and associates		<u>3,726</u>	<u>5,053</u>
Profit before income tax		5,361	68,949
Income tax expenses	11	<u>(8,323)</u>	<u>(27,967)</u>
(Loss)/profit for the year		<u>(2,962)</u>	<u>40,982</u>
(Loss)/profit attributable to:			
— Owners of the Company		(6,052)	26,797
— Non-controlling interests		<u>3,090</u>	<u>14,185</u>
		<u>(2,962)</u>	<u>40,982</u>
(Losses)/earnings per share attributable to owners of the Company (expressed in RMB yuan per share)			
Basic	13	<u>(0.26)</u>	<u>1.22</u>
Diluted	13	<u>(0.26)</u>	<u>1.21</u>
Dividends			
Interim dividend paid	12	<u>—</u>	<u>4,716</u>
Final dividend proposed	12	<u>—</u>	<u>2,343</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2022	2021
	<i>RMB million</i>	<i>RMB million</i>
(Loss)/profit for the year	<u>(2,962)</u>	<u>40,982</u>
Other comprehensive loss		
<i>Items that will not be reclassified to profit or loss:</i>		
— Changes in fair value of financial assets at fair value through other comprehensive income	(6)	409
— Revaluation gains on investment properties upon transfers from right-of-use assets	–	20
<i>Items that may be reclassified to profit or loss:</i>		
— Deferred gains on cash flow hedges	5	10
— Deferred costs of hedging	(719)	(233)
— Currency translation differences	<u>423</u>	<u>(568)</u>
Total other comprehensive loss for the year, net of tax	<u>(297)</u>	<u>(362)</u>
Total comprehensive (loss)/income for the year	<u><u>(3,259)</u></u>	<u><u>40,620</u></u>
Total comprehensive (loss)/income attributable to:		
— Owners of the Company	(6,417)	26,451
— Non-controlling interests	<u>3,158</u>	<u>14,169</u>
	<u><u>(3,259)</u></u>	<u><u>40,620</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

(a) New and amended standards adopted by the Group

The Group has applied the following amendments or annual improvements for the first time for their annual reporting period commencing 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use — Amendments to HKAS 16
- Onerous Contracts — Cost of Fulfilling a Contract — Amendments to HKAS 37
- Annual Improvements to HKFRS Standards 2018-2020
- Reference to the Conceptual Framework — Amendments to HKFRS 3
- Covid-19 Related Rent Concessions beyond 30 June 2021 — Amendment to HKFRS 16 (March 2021) (the “HKFRS 16 Amendment (March 2021)”)
- Amendments to AG 5 Merger Accounting for Common Control Combinations

The amendments and annual improvements listed above did not have a material impact on the amounts recognised in prior periods and is not expected to significantly affect the current or future periods.

(b) New, amended standards and interpretation not yet adopted

Certain new and amended standards and interpretation to existing standards that have been issued and relevant to the Group but are not effective for the financial year beginning on 1 January 2022 and have not been early adopted:

		Effective for the financial year beginning on or after
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8	Definition of accounting estimates	1 January 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
HKFRS 17 and amendments to HKFRS 17	Insurance contracts	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of financial statements — classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2024
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2024
Amendments to HKAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to HKFRS 16	Lease liability in a sale and leaseback	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The above new and amended standards and interpretation to existing standards are effective for annual periods beginning on or after 1 January 2023 and have not been applied in preparing these consolidated financial statements. The Group makes policy election for the first time on transition to HKFRS 17 and chooses to apply HKFRS 9 to account for financial guarantee contracts. Financial guarantee contracts are measured at fair value on initial recognition and subsequently at the higher of the amount of the loss allowance determined in accordance with the impairment requirements of HKFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with HKFRS 15. None of these is expected to have a significant impact on the consolidated financial statements of the Group.

2 REVENUE AND SEGMENT INFORMATION

The executive directors of the Company review the Group's internal reporting in order to assess segment performance and allocate resources. The executive directors of the Company have determined the operating segments based on these reports.

The executive directors of the Company assessed the performance and operations of the Group and concluded that the Group only has two reportable segments — Property development and Construction. The Others segment mainly includes property investment, hotel operation and smart construction, which are individually and collectively insignificant for segment reporting purposes.

The executive directors of the Company assess the performance of the operating segments based on a measure of operating profit, adjusted by excluding fair value changes on derivative financial instruments and including share of results of joint ventures and associates.

Segment assets consist primarily of property, plant and equipment, intangible assets, right-of-use assets, investment properties, financial assets at fair value through other comprehensive income (“FVOCI”), financial assets at fair value through profit or loss (“FVTPL”), properties under development, investments in joint ventures, investments in associates, completed properties held for sale, inventories, receivables, prepaid income tax, contract assets and contract acquisition costs and operating cash. They exclude derivative financial instruments and deferred income tax assets. Segment liabilities consist primarily of operating liabilities. They exclude current income tax liabilities, senior notes, corporate bonds, convertible bonds, bank and other borrowings, derivative financial instruments and deferred income tax liabilities.

Capital expenditure mainly comprises additions to property, plant and equipment, investment properties, intangible assets and right-of-use assets, excluding those arising from business combinations.

Revenue consists of the following:

	2022	2021
	<i>RMB million</i>	<i>RMB million</i>
Sales of properties	417,296	507,478
Rendering of construction services	7,568	9,360
Rental income	915	840
Others	4,592	5,386
	<u>430,371</u>	<u>523,064</u>

Sales between segments are carried out according to the terms and conditions agreed by the respective segments' management.

The Group's revenue is mainly attributable to the market in Mainland China and over 90% of the Group's non-current assets are located in Mainland China. No geographical information is therefore presented.

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

The segment information provided to the executive directors of the Company for the reportable segments for the year ended 31 December 2022 is as follows:

	Property development RMB million	Construction RMB million	Others RMB million	Total RMB million
Revenue from contracts with customers	417,296	38,178	25,992	481,466
— Recognised at a point in time	344,960	—	24,252	369,212
— Recognised over time	72,336	38,178	1,740	112,254
Revenue from other source				
Rental income	—	—	915	915
Segment revenue	417,296	38,178	26,907	482,381
Inter-segment revenue	—	(30,610)	(21,400)	(52,010)
Revenue from external customers	417,296	7,568	5,507	430,371
Share of results of joint ventures and associates	3,711	—	15	3,726
Losses arising from changes in fair value of and transfers to investment properties	—	—	(117)	(117)
Depreciation and amortisation expenses of property, plant and equipment, intangible assets and right-of-use assets	554	53	1,659	2,266
Net impairment losses on financial and contract assets	2,820	50	189	3,059
Segment results	12,470	42	(2,453)	10,059
At 31 December 2022				
Total segment assets after elimination of inter-segment balances	1,568,334	28,053	105,087	1,701,474
Investments in joint ventures and associates	66,929	—	1,043	67,972
Capital expenditure	522	278	1,645	2,445
Total segment liabilities after elimination of inter-segment balances	1,009,645	26,727	69,742	1,106,114

The segment information provided to the executive directors of the Company for the reportable segments for the year ended 31 December 2021 is as follows:

	Property development <i>RMB million</i>	Construction <i>RMB million</i>	Others <i>RMB million</i>	Total <i>RMB million</i>
Revenue from contracts with customers	507,478	56,371	29,146	592,995
— Recognised at a point in time	420,661	—	27,227	447,888
— Recognised over time	86,817	56,371	1,919	145,107
Revenue from other source				
Rental income	—	—	840	840
Segment revenue	507,478	56,371	29,986	593,835
Inter-segment revenue	—	(47,011)	(23,760)	(70,771)
Revenue from external customers	507,478	9,360	6,226	523,064
Share of results of joint ventures and associates	5,088	—	(35)	5,053
Losses arising from changes in fair value of and transfers to investment properties	—	—	(227)	(227)
Depreciation and amortisation expenses of property, plant and equipment, intangible assets and right-of-use assets	619	43	1,725	2,387
Net impairment losses on financial and contract assets	1,521	27	103	1,651
Segment results	67,304	334	(2,068)	65,570
At 31 December 2021				
Total segment assets after elimination of inter-segment balances	1,758,089	31,271	118,610	1,907,970
Investments in joint ventures and associates	71,170	—	1,671	72,841
Capital expenditure	536	102	4,324	4,962
Total segment liabilities after elimination of inter-segment balances	1,151,286	29,857	79,611	1,260,754

3 TRADE AND OTHER RECEIVABLES

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Included in current assets		
— Trade receivables — net (<i>note (a)</i>)	34,879	35,984
— Other receivables — net (<i>note (b)</i>)	298,753	297,246
— Prepayments for land (<i>note (c)</i>)	13,511	36,131
— Other prepayments (<i>note (d)</i>)	32,874	37,437
	<u>380,017</u>	<u>406,798</u>
Included in non-current assets		
— Deposits for acquisitions of companies (<i>note (e)</i>)	12,484	13,414
	<u>392,501</u>	<u>420,212</u>

As at 31 December 2022, the carrying value of trade and other receivables approximated their fair value.

(a) Details of trade receivables are as follows:

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Trade receivables	35,156	36,212
Less: allowance for impairment	(277)	(228)
	<u>34,879</u>	<u>35,984</u>

Trade receivables mainly arise from sales of properties. Property buyers are generally granted credit terms of 1 to 6 months. The ageing analysis of trade receivables based on property delivery date is as follows:

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Within 90 days	29,355	30,395
Over 90 days and within 180 days	2,351	2,657
Over 180 days and within 365 days	2,731	2,554
Over 365 days	719	606
	<u>35,156</u>	<u>36,212</u>

As at 31 December 2022 and 2021, trade receivables were mainly denominated in RMB.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2022, a provision of RMB277 million (2021: RMB228 million) was made against the gross amounts of trade receivables.

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of buyers. Trade receivables were mainly collateralised by the titles of the properties sold.

(b) Details of other receivables are as follows:

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Amounts due from joint ventures, associates and other related parties	111,447	119,356
Land auction and other deposits	12,690	14,407
Others (i)	<u>184,053</u>	<u>169,910</u>
	308,190	303,673
Less: allowance for impairment	<u>(9,437)</u>	<u>(6,427)</u>
Other receivables — net	<u><u>298,753</u></u>	<u><u>297,246</u></u>

(i) These receivables mainly included current accounts due from the other shareholders of certain subsidiaries of the Group, which are mainly interest-free, unsecured and repayable according to contract terms.

(c) Prepayments for land are related to prepaid land acquisition costs while relevant land use right certificates have not been obtained as at 31 December 2022.

(d) Other prepayments mainly included prepaid value-added taxes and prepayments for purchases of construction materials and services.

(e) Amounts represent deposits paid for acquisitions of certain property development companies which have not been completed as at the year end.

4 TRADE AND OTHER PAYABLES

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Trade payables (<i>note (a)</i>)	191,621	285,122
Other payables (<i>note (b)</i>)	182,937	206,711
Other taxes payable (<i>note (c)</i>)	56,838	49,760
Salaries payable	<u>5,959</u>	<u>8,998</u>
	<u><u>437,355</u></u>	<u><u>550,591</u></u>

As at 31 December 2022, the carrying amounts of trade and other payables approximated their fair values.

- (a) The ageing analysis of trade payables based on the date of the liability recognition on accrual basis is as follows:

	2022	2021
	<i>RMB million</i>	<i>RMB million</i>
Within 365 days	188,869	280,940
Over 365 days	2,752	4,182
	191,621	285,122

- (b) Other payables mainly included deposits from property buyers and current accounts due to certain joint ventures, associates and other shareholders of certain subsidiaries of the Group and outstanding considerations to acquire certain subsidiaries, joint ventures and associates. These amounts are mainly interest-free, unsecured and repayable according to contract terms.
- (c) Other taxes payable mainly included output value-added taxes related to receipt in advance from customers amounted to approximately RMB66,087 million (2021: RMB69,163 million), value-added taxes payable and other taxes.

5 SENIOR NOTES

	2022	2021
	<i>RMB million</i>	<i>RMB million</i>
At 1 January	75,069	73,410
Additions	–	12,240
Repurchase and purchase under tender offer/early redemption (note (a))	(6,600)	(7,915)
Repayment upon maturity (note (a))	(4,370)	(950)
Interest expenses	3,892	4,201
Coupon interest paid	(3,914)	(3,964)
Exchange differences	6,578	(1,953)
At 31 December	70,655	75,069
Less: current portion included in current liabilities	(3,825)	(8,283)
Included in non-current liabilities	66,830	66,786

- (a) During the year ended 31 December 2022, the Group has repaid senior notes on maturity, repurchased senior notes and purchased senior notes under tender offer as follows:

Name of notes	Par value <i>million</i>	Interest rate	Issue date	Term of the notes
Repaid during the year on maturity:				
2022 Notes	USD261	4.750%	25 July 2017	5 years
2022 Notes II	USD411	7.125%	27 September 2018	3.5 years
Repurchase and purchased under tender offer during the year:				
2026 Notes	USD3	5.625%	15 December 2016	10 years
2022 Notes	USD439	4.750%	25 July 2017	5 years
2023 Notes III — tranche II	USD234	4.750%	31 July 2018	4.5 years
2025 Notes — tranche II	USD42	5.125%	4 September 2018	6.4 years
2024 Notes — tranche II	USD35	8.000%	25 January 2019	5 years
2024 Notes II	USD13	6.500%	08 April 2019	5 years
2026 Notes II — tranche I	USD31	7.250%	08 April 2019	7 years
2025 Notes II	USD29	6.150%	17 September 2019	6 years
2027 Notes	USD2	5.125%	14 January 2020	7 years
2025 Notes III	USD28	5.400%	27 May 2020	5 years
2026 Notes III	USD10	4.200%	06 August 2020	5.5 years
2025 Notes IV	USD47	3.125%	22 October 2020	5 years
2030 Notes III	USD2	3.875%	22 October 2020	10 years
2026 Notes IV — tranche II	USD35	2.700%	20 July 2021	5 years

6 CORPORATE BONDS

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
At 1 January	34,160	40,480
Additions (<i>note (a)</i>)	4,421	18,899
Repurchase (<i>note (a)</i>)	(617)	—
Repayment	(5,671)	(24,984)
Interest expenses	1,565	1,844
Coupon interest paid	(1,577)	(1,946)
Exchange differences	38	(133)
	<hr/>	<hr/>
At 31 December	32,319	34,160
Less: current portion included in current liabilities	(26,081)	(6,345)
	<hr/>	<hr/>
Included in non-current liabilities	<u>6,238</u>	<u>27,815</u>

- (a) During the year ended 31 December 2022, corporate bonds newly issued and repurchased by the Group were listed as follows:

Name of bonds	Par value <i>RMB million</i>	Interest rate	Issue date	Term of the bonds
Issued during the year:				
RMB Corporate bonds of Country Garden Real Estate Group Co., Ltd. (“Country Garden Property”) issued in 2022 — tranche I*	500	4.50%	24 May 2022	3 years
Medium-term notes of Country Garden Property issued in 2022 — tranche I*	1,500	3.20%	19 September 2022	3 years
RMB Corporate bonds of Country Garden Property issued in 2022 — tranche II (series I)*	800	4.88%	13 December 2022	2 years
RMB Corporate bonds of Country Garden Property issued in 2022 — tranche II (series II)*	200	4.00%	13 December 2022	2 years
Medium-term notes of Country Garden Property issued in 2022 — tranche II*	1,000	4.30%	26 December 2022	3 years
RM private corporate bonds of Country Garden Real Estate Sdn. Bhd. (“Malaysia Country Garden”) issued in 2022 — tranche XII	151	5.00%	18 March 2022	1 year
RM private corporate bonds of Malaysia Country Garden issued in 2022 — tranche XIII	98	5.40%	9 June 2022	1 year
Callable and Secured Debentures of Risland (Thailand) Company Limited No. 1/2565 Due B.E. 2567	242	7.50%	16 December 2022	1.75 years

* The corporate bonds are listed on the Shenzhen Stock Exchange or National Association of Financial Market Institutional Investors.

Name of bonds	Par value <i>RMB million</i>	Interest rate	Issue date	Term of the bonds
Repurchased during the year:				
RMB Corporate bonds of Country Garden Property issued in 2019 — tranche II	32	4.50%	1 August 2021	2 years
RMB corporate bonds of Country Garden Property issued in 2020 — tranche I	2	4.20%	1 April 2020	5 years
RMB corporate bonds of Country Garden Property issued in 2020 — tranche II (i)	0	4.19%	7 July 2020	5 years
RMB corporate bonds of Country Garden Property issued in 2020 — tranche III	44	4.38%	24 September 2020	5 years
RMB corporate bonds of Country Garden Property issued in 2020 — tranche IV	162	4.15%	3 November 2020	5 years
RMB corporate bonds of Country Garden Property issued in 2021 — tranche I	190	4.80%	12 March 2021	5 years
RMB corporate bonds of Country Garden Property issued in 2021 — tranche II	122	4.80%	15 June 2021	5 years
RMB corporate bonds of Country Garden Property issued in 2021 — tranche III	14	4.33%	14 September 2021	4 years
RMB corporate bonds of Country Garden Property issued in 2021 — tranche IV	41	6.30%	17 December 2021	4 years

- (i) The outstanding RMB corporate bonds of Country Garden Property issued in 2020 — tranche II were partially repurchased in the open market with the principal amount of RMB0.3 million.

7 CONVERTIBLE BONDS

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Liability component as at 1 January	2,168	5,272
Additions (<i>note (b)</i>)	2,870	—
Early redemption	—	(3,245)
Interest expenses	477	577
Coupon interest paid	(201)	(278)
Exchange differences	479	(158)
	<hr/>	<hr/>
Liability component as at 31 December	5,793	2,168
Less: current portion included in current liabilities	(2,597)	(8)
	<hr/>	<hr/>
Included in non-current liabilities	<u>3,196</u>	<u>2,160</u>

- (a) On 21 November 2018, the Group entered into a subscription agreement for HKD-settled convertible bonds in an aggregate principal amount of HKD7,830 million (equivalent to approximately RMB6,868 million) due 5 December 2023 (the “**2023 Convertible Bonds**”).

Up to 31 December 2022, there has been no conversion of the 2023 Convertible Bonds.

- (b) On 20 January 2022, the Group entered into a subscription agreement for HKD-settled convertible bonds in an aggregate principal amount of HKD3,900 million (equivalent to approximately RMB3,191 million) due on 28 July 2026 (the “**2026 Convertible Bonds**”), with an initial conversion price of HKD8.1 per share. The conversion price was subsequently modified to HKD7.92 per share as a result of payment of dividend and distribution in specie. On 28 January 2022 (the “**Issue Date**”), the issuance of the convertible bonds was completed. The net proceeds from the issuance of the convertible bonds were approximately RMB3,161 million, net of transaction cost of approximately RMB30 million. The initial value of the liability component of approximately RMB2,870 million and the equity conversion component of approximately RMB291 million were determined at the Issue Date. The liability component is subsequently stated at amortised cost until conversion or maturity of the bond. The residual amount, representing the value of the equity conversion component, is accounted for as a conversion option reserve included in other reserves.

The 2026 Convertible Bonds recognised are calculated as follows:

	<i>RMB million</i>
Face value of the convertible bonds on the Issue Date	3,191
Transaction costs	<u>(30)</u>
Net proceeds	3,161
Less: equity component	<u>(291)</u>
Liability component on initial recognition	2,870
Exchange differences	270
Interest expenses	213
Coupon interest paid	<u>(83)</u>
Liability component at 31 December 2022	<u><u>3,270</u></u>

Up to 31 December 2022, there has been no conversion or redemption of the 2026 Convertible Bonds.

8 SHARE CAPITAL AND PREMIUM

	Number of ordinary shares <i>million</i>	Nominal value of ordinary shares <i>HKD million</i>	Equivalent nominal value of ordinary shares <i>RMB million</i>	Share premium <i>RMB million</i>	Total <i>RMB million</i>	Treasury shares <i>RMB million</i>	Group total <i>RMB million</i>
Authorised							
At 1 January 2021, 31 December 2021 and 2022, HKD0.10 per share	100,000	10,000					
Issued and fully paid							
At 1 January 2021	22,035	2,203	2,067	31,687	33,754	(2,259)	31,495
Issue of shares as a result of scrip dividend	1,100	110	91	7,199	7,290	(127)	7,163
Exercise of employee share schemes	13	1	1	42	43	86	129
At 31 December 2021	<u>23,148</u>	<u>2,314</u>	<u>2,159</u>	<u>38,928</u>	<u>41,087</u>	<u>(2,300)</u>	<u>38,787</u>
Issued and fully paid							
At 1 January 2022	23,148	2,314	2,159	38,928	41,087	(2,300)	38,787
Issue of shares as a result of placing (<i>note (a)</i>)	4,113	411	369	9,841	10,210	–	10,210
Issue of shares as a result of scrip dividend	369	37	31	1,439	1,470	(29)	1,441
Exercise of employee share schemes	7	1	1	(7)	(6)	104	98
At 31 December 2022	<u>27,637</u>	<u>2,763</u>	<u>2,560</u>	<u>50,201</u>	<u>52,761</u>	<u>(2,225)</u>	<u>50,536</u>

(a) On 3 August 2022, the Group issued 870 million shares by way of placing at a subscription price of HKD3.25 per share.

On 22 November 2022, the Group issued 1,463 million shares by way of placing at a subscription price of HKD2.68 per share.

On 14 December 2022, the Group issued 1,780 million shares by way of placing at a subscription price of HKD2.70 per share.

The issued shares rank pari passu to the then existing shares.

9 OTHER INCOME AND (LOSSES)/GAINS — NET

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Other income		
— Management and other related service income	468	1,117
— Forfeiture income	373	201
— Government subsidy income	391	540
	<u>1,232</u>	<u>1,858</u>
Other (losses)/gains		
— Gains arising from negative goodwill	616	452
— Changes in fair value of derivative financial instruments	109	(118)
— Losses on disposals of subsidiaries	(1,574)	(79)
— Losses on disposals of property, plant and equipment	(176)	(33)
— Others	(1,572)	(443)
	<u>(2,597)</u>	<u>(221)</u>
Total other income and (losses)/gains — net	<u>(1,365)</u>	<u>1,637</u>

10 FINANCE (COSTS)/INCOME — NET

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Finance income:		
— Interest income on bank deposits and others	1,772	2,138
— Gains on repurchase of senior notes and corporate bonds	1,800	—
— Net foreign exchange gains	—	1,686
	<u>3,572</u>	<u>3,824</u>
Finance costs:		
— Interest expenses for bank borrowings, senior notes, corporate bonds and others	(17,285)	(18,076)
— Interest expenses for lease liabilities	(20)	(35)
	<u>(17,305)</u>	<u>(18,111)</u>
Less: amounts capitalised on qualifying assets	<u>17,305</u>	<u>18,111</u>
	—	—
— Net foreign exchange losses	<u>(8,379)</u>	—
— Early redemption costs of senior notes and convertible bonds	—	(327)
	<u>(8,379)</u>	<u>(327)</u>
Finance (costs)/income — net	<u>(4,807)</u>	<u>3,497</u>

11 INCOME TAX EXPENSES

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Current income tax		
— Corporate income tax	7,690	22,915
— Land appreciation tax	7,252	14,583
	<u>14,942</u>	<u>37,498</u>
Deferred income tax	(6,619)	(9,531)
	<u>8,323</u>	<u>27,967</u>

12 DIVIDENDS

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
No payment of final dividend proposed (2021: RMB10.12 cents per share)	—	2,343
No payment of interim dividend (2021: RMB20.98 cents per share)	—	4,716
	<u>—</u>	<u>7,059</u>

The final dividend in respect of 2021 of RMB10.12 cents (equivalent to HKD11.89 cents) per share was approved in the Annual General Meeting of the Company on 26 May 2022. The final dividend totalling RMB2,343 million has been paid partly in new shares of the Company and partly in cash in August 2022. The number of ordinary shares settled and issued as scrip dividends was 369,325,710 and the total amount of dividend paid as scrip dividends was RMB1,470 million while cash dividend amounted to RMB873 million.

On 30 August 2022, the Board has resolved not to declare an interim dividend for the six months ended 30 June 2022 (2021 interim dividend: RMB20.98 cents per share).

The Board does not recommend the payment of a final dividend in respect of the year ended 31 December 2022.

13 (LOSSES)/EARNINGS PER SHARE

(a) Basic

Basic (losses)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares.

	2022	2021
(Loss)/profit attributable to owners of the Company (RMB million)	(6,052)	26,797
Weighted average number of ordinary shares in issue (million)	<u>23,606</u>	<u>21,996</u>
(Losses)/earnings per share — Basic (RMB yuan per share)	<u>(0.26)</u>	<u>1.22</u>

(b) Diluted

Diluted (losses)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had four categories of dilutive potential ordinary shares: share options, awarded shares, written call options and convertible bonds. For the share options, awarded shares and written call options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options, awarded shares and written call options. The convertible bonds are assumed to have been converted into ordinary shares. Interest savings on convertible bonds are adjusted to the extent of the amount charged to the (losses)/profit attributable to owners of the Company, if applicable. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options, awarded shares, written call options and conversion of convertible bonds. For the year ended 31 December 2022, the share options, awarded share, written call options and convertible bonds were excluded from the computation of diluted losses per share as they are anti-dilutive (2021: written call options were excluded from the computation of diluted earnings per share).

	2022	2021
(Loss)/profit attributable to owners of the Company (RMB million)	(6,052)	26,797
Interest expense on convertible bonds (RMB million)	<u>N/A</u>	<u>602</u>
(Loss)/profit attributable to owners of the Company used to determine diluted (losses)/earnings per share (RMB million)	<u>(6,052)</u>	<u>27,399</u>
Weighted average number of ordinary shares in issue (million)	23,606	21,996
Adjustments — share options, awarded shares and convertible bonds (million)	<u>—</u>	<u>706</u>
Weighted average number of ordinary shares for diluted (losses)/earnings per share (million)	<u>23,606</u>	<u>22,702</u>
(Losses)/earnings per share — Diluted (RMB yuan per share)	<u>(0.26)</u>	<u>1.21</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue was primarily derived from two business segments as follows: Property development and Construction. Revenue of the Group decreased by 17.7% to approximately RMB430,371 million in 2022 from approximately RMB523,064 million in 2021. 97.0% of the Group's revenue was generated from the sales of properties (2021: 97.0%), and 3.0% from Construction and Others segments (2021: 3.0%).

Property Development

Since the continued impact of COVID-19 has caused the slowdown in the progress of GFA delivered, revenue generated from property development decreased by 17.8% to approximately RMB417,296 million in 2022 from approximately RMB507,478 million in 2021. The recognised average selling price of property delivered (value-added taxes not included) was approximately RMB7,592 per sq.m. in 2022.

Construction

Construction revenue from external parties decreased by 19.1% to approximately RMB7,568 million in 2022 from approximately RMB9,360 million in 2021, primarily resulting from the decreased construction volume that impacted by the COVID-19.

Others

Others segment mainly includes property investment, hotel operation and smart construction. Revenue from external parties of these segments decreased by 11.5% to approximately RMB5,507 million in 2022 from approximately RMB6,226 million in 2021.

Selling and marketing costs and Administrative expenses

Benefited by the excellent cost control and the improvement of organization efficiency, the Group's selling and marketing costs and administrative expenses amounted to approximately RMB19,736 million in 2022. It accounted for 4.6% of the revenue in 2022, with a decrease of 0.9 percentage points compared with 2021.

Finance Costs — Net

The Group recorded net finance costs of approximately RMB4,807 million in 2022 (2021: net finance income of approximately RMB3,497 million).

In 2022, the Group recorded post-hedging net foreign exchange losses of approximately RMB8,379 million (2021: net foreign exchange gains of approximately RMB1,686 million), interest income of approximately RMB1,772 million (2021: approximately RMB2,138 million), and gains on repurchase of senior notes and corporate bonds of approximately RMB1,800 million (2021: early redemption costs of senior notes and convertible bonds of approximately RMB327 million). Interest expenses, amounting to approximately RMB17,305 million in 2022 (2021: approximately RMB18,111 million) was fully capitalised on qualifying assets. Interest expenses decreased primarily due to the decrease of total debt.

Loss and Core Net Profit Attributable to Owners of the Company

In 2022, the loss attributable to owners of the Company was approximately RMB6,052 million (2021: the profit attributable to owners of the Company was approximately RMB26,797 million).

After deduction of effects such as fair value changes and net foreign exchange gains/losses from realized earnings, the core net profit attributable to owners of the Company in 2022 was approximately RMB2,612 million (2021: approximately RMB26,932 million).

Liquidity, Financial and Capital Resources

Cash position

As at 31 December 2022, the Group's available cash (equals to the sum of cash and cash equivalents and restricted cash) amounted to approximately RMB147,550 million (31 December 2021: approximately RMB181,300 million), including approximately RMB128,281 million in cash and cash equivalents and approximately RMB19,269 million in restricted cash.

Restricted cash mainly represented unreleased guarantee deposits for construction of pre-sale properties placed in designated bank accounts as at 31 December 2022, and will be released in accordance with certain construction progress.

As at 31 December 2022, 94.3% (31 December 2021: 96.9%) of the Group's available cash was denominated in Renminbi and 5.7% (31 December 2021: 3.1%) was denominated in other currencies (mainly US dollars, HK dollars and Malaysian Ringgit).

Debt Composition

As at 31 December 2022, the Group's bank and other borrowings, senior notes, corporate bonds and convertible bonds amounted to approximately RMB162,540 million, RMB70,655 million, RMB32,319 million and RMB5,793 million respectively (31 December 2021: approximately RMB206,525 million, RMB75,069 million, RMB34,160 million and RMB2,168 million respectively).

For bank and other borrowings, approximately RMB61,205 million, RMB97,490 million and RMB3,845 million will be repayable within 1 year, between 1 and 5 years and beyond 5 years respectively (31 December 2021: approximately RMB64,382 million, RMB139,005 million and RMB3,138 million respectively). As at 31 December 2022 and 31 December 2021, the majority of the bank and other borrowings were secured by certain properties, right-of-use assets and equipment of the Group and secured by the equity interests of certain group companies, and/or guaranteed by the Group.

The Group strictly manages the debt scale. As at 31 December 2022, the total debt decreased to approximately RMB271,307 million, from approximately RMB317,922 million as at 31 December 2021.

Net Gearing Ratio

Net gearing ratio is measured by the net debt (representing bank and other borrowings, senior notes, corporate bonds and convertible bonds, net of available cash, which equals to the sum of cash and cash equivalents and restricted cash) over total equity. The Group's net gearing ratio slightly decreased from approximately 45.4% as at 31 December 2021 to approximately 40.0% as at 31 December 2022.

Key Risk Factors and Uncertainties

The following lists out the key risks and uncertainties the Group is facing. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below.

Risks Pertaining to the Property Market and Operation

The Group's businesses and prospects are largely dependent on the performance of the property market in mainland China. The property market in mainland China is affected by a number of factors, including changes in social, political, economic and legal environment, as well as changes in the government's financial, economic, monetary, industrial and environmental conservation policies. The Group is also susceptible to changes in economic conditions, consumer confidence, consumption spending, and changes in consumption preferences. Therefore, the Group continues to implement its strategies to develop and strengthen penetration of different regional markets thereby reducing its dependence on specific markets. Meanwhile, the Group's operation is subject to a number of risk factors distinctive to property development, property investment and property related businesses, such as default on the part of our buyers, tenants and strategic business partners, inadequacies or failures of internal processes, people and systems or other external factors which may have various levels of negative impact on the results of operations.

Interest Rate Risk

The Group's bank and other borrowings mainly bear floating rates. As at 31 December 2022, the weighted average borrowing cost of the Group's total debt was 5.73%, increased by 53 basic points as compared with that as at 31 December 2021, mainly because of the increase of floating interest rate of certain borrowings denominated in foreign currencies under the background of the US's raise of interest rates. The Group has implemented certain interest rate management which includes, among others, close monitoring of interest rate movements, applying interest rate swaps to mitigate interest rate risk, refinancing on existing banking facilities and entering into new banking facilities when good pricing opportunities arise.

Foreign Exchange Risk

The Group's business is mainly denominated in Renminbi. Foreign exchange risk mainly arises from the outstanding foreign currency borrowings (mainly denominated in US dollars and HK dollars). Since 2015, the Group has adopted foreign currency hedging instruments to achieve better management over foreign exchange risk. The objective of the hedges is to minimise the volatility of the RMB cost of highly probable forecast repayments of foreign debts. The Group's risk management policy is to partially hedge forecasted foreign currency cash flows, subject to availability of appropriate hedging instruments and cost of hedging. The Group uses a combination of foreign exchange forward contracts, foreign currency option contracts and foreign exchange structured derivatives and cross currency swaps to hedge its exposure to foreign exchange risk.

Guarantees

As at 31 December 2022, the Group had guarantees in respect of mortgage facilities for certain property buyers amounting to approximately RMB401,887 million (31 December 2021: approximately RMB383,217 million).

Pursuant to the terms of the guarantees, upon default in mortgage payments by these buyers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted buyers to the banks, and the Group is entitled to take over the legal title and possession of the related properties. The guarantees were to be discharged upon the earlier of: (i) issuance of the real estate ownership certificates which are generally available within three months after the buyers take possession of the relevant properties; and (ii) the satisfaction of mortgage loans by the property buyers.

The Group considers that in case of default in payments by property buyers, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty, therefore, no provision has been made in the financial statements for the guarantees.

In addition, as at 31 December 2022, the Group had provided guarantees amounting to approximately RMB24,178 million (31 December 2021: approximately RMB43,221 million) for certain liabilities of the joint ventures, associates and other related parties of the Group.

Employees and Remuneration Policy

Human resource has always been the most valuable resource of the Group. As at 31 December 2022, the Group had approximately 69,932 full-time employees.

Employees are rewarded on a performance related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions within the general framework of the Group's salary and bonus system. The Group is subject to social insurance contribution plans or other pension schemes organised by the regional governments and is required to pay on behalf of the employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing fund or to contribute regularly to other mandatory provident fund schemes on behalf of the employees. As at the date of this announcement, there were no significant labor disputes which adversely affect or are likely to have an adverse effect on the operations of the Group.

In order to achieve sustainable development and corporate core advantage, the Group is establishing a "Corporate University". Employees from different levels and different fields can all have opportunities to receive training, including Leadership Development Program, New Staff Campaign and On-the-job Training. All the projects are aimed at enabling employees to become senior management and inter-disciplinary talent and form a perfect HR training system of the Group.

The Group has approved and/or adopted certain share option scheme and share award scheme, details of which will be set out in the Company's annual report for the year ended 31 December 2022.

Forward Looking

Since this year, the market has experienced a rapid decline and the industry is facing enormous challenges. The government aims to maintain healthy and stable development of the real estate industry, stabilize land prices, housing prices and market expectations, adhere to 'housing is for living, not for speculation', and implement a long-term mechanism. The Group firmly believes that the industry will gradually return to a long-term healthy cycle. China's new type of urbanization still has a long way to go, the desire for a good living will always remain in people's hearts and the real estate market will always exist. Property development is the fundamental business of the Group, and the Group will continue to strengthen the business, advance the landbank structure across tier one to four cities national-wide in a balanced and diverse manner and stick to the

path of quality development, with emphasis on cash flow and profitability as top priorities. The Group will devote itself to do the right thing and continue to improve its overall competitiveness through the cycle.

To better create value for shareholders, the Group will further focus on its brand awareness and reputation, optimize costs and deliver good-value products on the premise of guaranteed quality and strengthen our competitive edge in established markets. During this year, the Group has established the Science and Technology Construction Group (STCG), aiming to accelerate the industrialization, digitization and intelligentization of the traditional operating modes of construction industry. The STCG consolidates existing functional units and restructures the project planning process within manageable radius in order to deliver systematic smart construction solutions that best suit with the construction market. With the implementation of such advanced construction technologies and new ways of organizing and managing construction, the Group seeks new opportunities in expanding the business of providing property development services and management services for other parties.

To embrace the challenges and opportunities mentioned above, the Group continues to adopt prudent financial policies and risk control measures, ensure the quality and safety of the buildings, apply a more prudent strategy on new land acquisition, strengthen its contracted sales and cash collection to strengthen operating cash flows and ensure good investment return.

In conjunction with our property development and construction business, the Group has incurred research and development expenses to approximately RMB2,164 million in 2022. The way forward, we will rely more on the application of artificial intelligence to solve the aging problem of workforce in the construction, industry workforce and the increasing consumer demand for sustainable environment. At the same time, the Group engages to the call from the government to solve housing problems for residents, and to foster the progress of the construction of affordable housing. The advantages of our STCG can be fully utilized by providing development and management services for the construction of affordable rental housing. The Group will continue to provide an integrated platform covering the needs of various stages in life for our clients.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereon for the year ended 31 December 2022 as set out in this announcement have been agreed by the Company's external auditor, PricewaterhouseCoopers ("PwC"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2022. The work performed by PwC in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PwC on this announcement.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) assists the Board in providing an independent review of the effectiveness of the financial reporting process, risk management and internal control systems of the Group, overseeing the audit process, and performing other duties and responsibilities as may be assigned by the Board from time to time. The members of the Audit Committee are all independent non-executive Directors, namely Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung and Mr. HUANG Hongyan. Mr. LAI Ming, Joseph is the chairman of the Audit Committee.

The annual results have been reviewed by the Audit Committee.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board and the management of the Company are committed to the principles of good corporate governance consistent with prudent management and enhancement of shareholder value. These principles emphasise transparency, accountability and independence.

For the year ended 31 December 2022, the Company has applied the principles and complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) set out in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), save and except for the code provision F.2.2 of Part 2 of the CG Code as Mr. YEUNG Kwok Keung, the then chairman of the Board (who was also the then chairman of the nomination committee, corporate governance committee, environmental, social and governance committee and executive committee of the Company), was unable to attend the annual general meeting of the Company held on 26 May 2022 as he had other important engagement.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) of the Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the required standard regarding securities transactions set out therein throughout the year ended 31 December 2022.

No incident of non-compliance was noted by the Company for the year ended 31 December 2022. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

ADJUSTMENT TO CONVERSION PRICE OF CONVERTIBLE BONDS, ADJUSTMENT TO STRIKE PRICE OF WRITTEN CALL OPTIONS AND ISSUE OF HKD3,900 MILLION 4.95% CONVERTIBLE BONDS DUE 2026

On 21 November 2018, the Company, Smart Insight International Limited (the “**Issuer**”, a wholly-owned subsidiary of the Company), J.P. Morgan Securities plc, Goldman Sachs (Asia) L.L.C and The Hongkong and Shanghai Banking Corporation Limited (the “**Joint Lead Managers**”) entered into an agreement, under which the Joint Lead Managers agreed to subscribe for the 4.50% secured guaranteed convertible bonds due 2023 to be issued by the Issuer in the aggregate principal amount of HKD7,830 million (the “**2023 Convertible Bonds**”). On 5 December 2018, the Issuer issued the 2023 Convertible Bonds in the principal amount of HKD7,830 million. The 2023 Convertible Bonds are listed on Singapore Exchange Securities Trading Limited (the “**SGX**”). Based on the total outstanding principal amount of the 2023 Convertible Bonds of HKD3,000 million as at the date of this announcement, the 2023 Convertible Bonds may be converted into the maximum number of 293,829,578 Shares at the latest modified conversion price of HKD10.21 per Share during the conversion period under the terms of the 2023 Convertible Bonds.

On 21 November 2018, the Issuer entered into call option transaction(s) involving the sale of call option(s) by the Issuer to J.P. Morgan Securities plc and Goldman Sachs International or their respective affiliates with the initial strike price of HKD17.908 (the “**Written Call Option(s)**”). As at the date of this announcement, the strike price of the Written Call Options had been adjusted to the latest modified strike price of HKD14.53 per Written Call Option and its total number had been adjusted from 286,532,935 to 293,804,662 Written Call Options. The Written Call Options are exercisable only on their expiration dates ranging from 14 September 2023 to 24 November 2023. The maximum number of Shares that may be issued upon physical settlement of the Written Call Options is 293,804,662 Shares as at the date of this announcement.

Please refer to the announcements of the Company dated 21 November 2018, 22 November 2018, 12 December 2018, 24 May 2019, 3 June 2019, 12 September 2019, 1 June 2020, 15 September 2020, 2 June 2021, 13 September 2021 and 6 June 2022, and the circular of the Company dated 11 April 2019 for further details.

On 20 January 2022, the Company, the Issuer and UBS AG Hong Kong Branch (the “**Sole Bookrunner**”) entered into an agreement, under which the Sole Bookrunner agreed to subscribe for the 4.95% secured guaranteed convertible bonds due 2026 to be issued by the Issuer in the aggregate principal amount of HKD3,900 million (the “**2026 Convertible Bonds**”). On 28 January 2022, the Issuer issued the 2026 Convertible Bonds in the principal amount of HKD3,900 million. The 2026 Convertible Bonds are listed on SGX. Based on the total outstanding principal amount of the 2026 Convertible Bonds of HKD3,900 million as at the date of this announcement, the 2026 Convertible Bonds may be converted into the maximum number of 492,424,242 Shares at the latest modified conversion price of HKD7.92 per Share during the conversion period under the terms of

the 2026 Convertible Bonds. The initial conversion price of HKD8.10 per Share was determined with reference to the prevailing market price of the Shares (the market price per Share on 20 January 2022 was HKD6.96). The net proceeds from the issue of the 2026 Convertible Bonds was approximately HKD3,861 million. In accordance with the intentions previously disclosed by the Company, the net proceeds were applied as to (1) partial repurchase of 4.75% senior notes due July 2022 and 4.75% senior notes due January 2023 with principal amount of USD30.6 million; (2) USD209.2 million equivalent of principal repayment of the Company's offshore indebtedness; and (3) USD255.2 million equivalent of interest and coupon payment of the Company's existing offshore indebtedness.

Please refer to the announcements of the Company dated 21 January 2022 and 6 June 2022 for further details.

Details of convertible bonds are set out in note 7 to the "NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS" in this announcement.

PLACING

In order to raise capital for the Company while broadening its Shareholders and capital base, on 27 July 2022, the Company and UBS AG Hong Kong Branch ("UBS") entered into a placing agreement (the "**1st Placing Agreement**"), under which the Company conditionally agreed to appoint UBS and UBS conditionally agreed to act as agent for the Company and to procure places to subscribe for an aggregate of 870,000,000 Shares at a price of HKD3.25 per Share (the "**1st Placing Price**") (the "**1st Placing**"). The 1st Placing Price was determined on an arm's length basis between the Company and UBS and with reference to the market condition and the prevailing market price of the Shares (the market price per Share on 27 July 2022 was HKD3.16). On 3 August 2022, all conditions set out in the 1st Placing Agreement have been fulfilled and the 1st Placing has been completed. A total of 870,000,000 Shares having an aggregate nominal value of HKD87,000,000 have been successfully placed by UBS to not less than six professional, institutional and/or other investors at the 1st Placing Price. The net proceeds from the 1st Placing was approximately HKD2,790.7 million. The net price per 1st Placing Share was approximately HKD3.21. In accordance with the intentions previously disclosed by the Company, the net proceeds were applied as to (1) USD198.4 million equivalent of principal repayment of the Company's offshore indebtedness; and (2) USD159.3 million equivalent of interest and coupon payment of the Company's existing offshore indebtedness. Please refer to the announcements of the Company dated 27 July 2022 and 3 August 2022 for further details.

On 15 November 2022, the Company and each of UBS and J.P. Morgan Securities plc (the “**Placing Agents**”) entered into placing agreements (the “**2nd Placing Agreements**”), under which the Company conditionally agreed to appoint the Placing Agents and the Placing Agents conditionally agreed to act as agents for the Company and to procure places to subscribe for an aggregate of 1,463,000,000 Shares at a price of HKD2.68 per Share (the “**2nd Placing Price**”) (the “**2nd Placing**”). The 2nd Placing Price was determined on an arm’s length basis between the Company and the Placing Agents and with reference to the market condition and the prevailing market price of the Shares (the market price per Share on 15 November 2022 was HKD3.20). On 22 November 2022, all conditions set out in the 2nd Placing Agreements have been fulfilled and the 2nd Placing has been completed. A total of 1,463,000,000 Shares having an aggregate nominal value of HKD146,300,000 have been successfully placed by the Placing Agents to not less than six professional, institutional and/or other investors at the 2nd Placing Price. The net proceeds from the 2nd Placing was approximately HKD3,871.8 million. The net price per 2nd Placing Share was approximately HKD2.65. In accordance with the intentions previously disclosed by the Company, the net proceeds were applied as to (1) USD178 million equivalent of principal repayment of the Company’s offshore indebtedness; (2) USD79.98 million equivalent of interest and coupon payment of the Company’s existing offshore indebtedness; and (3) partial repurchase of 4.75% senior notes due January 2023 with principal amount of USD238.4 million. Please refer to the announcements of the Company dated 15 November 2022 and 22 November 2022 for further details.

On 7 December 2022, the Company and UBS entered into a placing agreement (the “**3rd Placing Agreement**”), under which the Company conditionally agreed to appoint UBS and UBS conditionally agreed to act as agent for the Company and to procure places to subscribe for an aggregate of 1,780,000,000 Shares at a price of HKD2.70 per Share (the “**3rd Placing Price**”) (the “**3rd Placing**”). The 3rd Placing Price was determined on an arm’s length basis between the Company and UBS and with reference to the market condition and the prevailing market price of the Shares (the market price per Share on 7 December 2022 was HKD2.68). On 14 December 2022, all conditions set out in the 3rd Placing Agreement have been fulfilled and the 3rd Placing has been completed. A total of 1,780,000,000 Shares having an aggregate nominal value of HKD178,000,000 have been successfully placed by UBS to not less than six professional, institutional and/or other investors at the 3rd Placing Price. The net proceeds from the 3rd Placing was approximately HKD4,741.1 million. The net price per 3rd Placing Share was approximately HKD2.66. In accordance with the intentions previously disclosed by the Company, the net proceeds were applied as to (1) USD146.6 million equivalent of principal repayment of the Company’s offshore indebtedness; (2) USD100 million equivalent of interest and coupon payment of the Company’s existing offshore indebtedness; and (3) partial repurchase of 4.75% senior notes due January 2023 with principal amount of USD361.3 million. Please refer to the announcements of the Company dated 7 December 2022 and 14 December 2022 for further details.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, bought back, sold or redeemed any of the Shares during the year ended 31 December 2022.

During the year ended 31 December 2022, the Company had partially repurchased senior notes from the open market on SGX in the cumulative total principal amount of USD533,632,000, including but not limited to:

1. an aggregate principal amount of USD22,620,000 of the 4.75% senior notes due July 2022 (ISIN: XS1637076164) (the “**July 2022 Notes**”);
2. an aggregate principal amount of USD233,390,000 of the 4.75% senior notes due January 2023 (ISIN: XS1751178499); and
3. an aggregate principal amount of USD5,000,000 of the 7.25% senior notes due April 2026 (ISIN: XS1974522937).

For further details, please refer to the announcements of the Company dated 17 January 2022, 4 February 2022, 3 March 2022, 13 March 2022, 2 May 2022 and 11 January 2023.

In addition, on 27 January 2022, the 7.125% senior notes due January 2022 in an aggregate principal amount of USD425 million (ISIN: XS1880450140) issued by the Company and listed on the SGX has matured. The Company has repaid the outstanding amount of the notes in full with accrued interest. Following such repayment, no such notes were outstanding, and such notes have been cancelled and delisted from the SGX. For further details, please refer to announcement of the Company dated 27 January 2022.

On 15 June 2022, the Company made an offer to purchase for cash of the July 2022 Notes at a purchase price of USD1,000 per USD1,000 principal amount of the July 2022 Notes. The July 2022 Notes purchased to the offer will be cancelled and delisted from the SGX and the aggregate principal amount of the July 2022 Notes which remains outstanding is USD272,447,000 after completion of the offer. For further details, please refer to the announcements of the Company dated 15 June 2022, 23 June 2022 and 26 June 2022. The July 2022 Notes have been repaid in full upon maturity and there are no other offshore senior notes that are due to mature by the end of 2022.

For details of purchase, sale or redemption by the Company or any of its subsidiaries of its listed securities (other than Shares) during the year ended 31 December 2022, please also refer to notes 5 and 6 to the “NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS” in this announcement.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021 final dividend: RMB10.12 cents per Share).

CLOSURE OF REGISTERS OF MEMBERS

For the purposes of determining the eligibility of the Shareholders to attend, speak and vote at the forthcoming annual general meeting of the Company, the Registers of Members will be closed as appropriate as set out below:

Latest time to lodge transfer documents for registration with the Company’s branch share registrar and transfer office in Hong Kong	At 4:30 p.m. on Monday, 15 May 2023
Record Date	Tuesday, 16 May 2023
Closure of the Registers of Members	Tuesday, 16 May 2023 to Tuesday, 23 May 2023 (both days inclusive)

For purposes mentioned above, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than the aforementioned latest time.

PUBLICATION OF ANNUAL RESULTS

The annual results announcement is published on the Company's website (<http://www.countrygarden.com.cn>) and the Stock Exchange's designated website (<http://www.hkexnews.hk>).

By order of the Board
Country Garden Holdings Company Limited
MO Bin
President and Executive Director

Foshan, Guangdong Province, the PRC, 30 March 2023

As of the date of this announcement, the executive Directors are Ms. YANG Huiyan (Chairman), Mr. MO Bin (President), Ms. YANG Ziyang, Dr. CHENG Guangyu, Ms. WU Bijun and Mr. SU Baiyuan. The non-executive Director is Mr. CHEN Chong. The independent non-executive Directors are Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung, Mr. HUANG Hongyan and Mr. TO Yau Kwok.