碧桂園

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 2023

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2023, the Group together with its joint ventures and associates achieved contracted sales attributable to the shareholders of the Company of approximately RMB174.3 billion, contracted sales GFA attributable to the shareholders of the Company of approximately 21.70 million sq.m..
- During the year, the Group recorded total revenue of approximately RMB401.0 billion, representing a year-on-year decrease of 6.8%.
- During the year, the Group recorded loss before income tax approximately RMB167.3 billion.
- During the year, the Group's selling and marketing costs and administrative expenses amounted to approximately RMB18.0 billion, representing a year-on-year decrease of 8.6%.
- As at 31 December 2023, the Group's total cash[1] amounted to approximately RMB63.8 billion, and total debt decreased to approximately RMB249.6 billion.

[1] 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**”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**” or “**Country Garden**”) for the year ended 31 December 2023.

BUSINESS REVIEW AND OUTLOOK

The property sector is undergoing significant changes in market supply and demand amid the transformation not seen in a century. All the industry players, including the Company, are facing serious challenges such as declining sales rate and credit crunch in the market. With the good wishes of “meeting the housing needs of all people”, there remains huge demand and great potential for the property sector in the long run, albeit challenges ahead.

The PRC has recently unveiled a raft of policies and measures aiming at “bottoming out and stabilization” of the industry, from which enterprises may benefit and we also see a glimpse of hope. Although restoration is a long process, the industry is advancing towards a long-term, healthy development. As the original business model is constantly adapting to the new environment, we are actively responding to the call for policies and continue to work on the strategy of “guaranteeing delivery, operation and credit” so as to ensure the steady progress and sustainable development of the Company.

Guaranteeing delivery remains our top priority. For the year ended 31 December 2023 (the Year), the Group recorded approximately RMB401.0 billion in revenue, and the Group and its joint ventures and associates together delivered a total of over 600,000 housing units, with delivered GFA of approximately 71.62 million square meters, covering 249 cities in 31 provinces. As the delivery work gradually entered the most difficult stage, the Company adopted the operation strategy of limiting income and expenditure, fully tapped the existing delivery resources, and ensured that main contractors and suppliers have a mutual understanding of project progress and settlement arrangements by negotiating a reasonable payment plan with them. Such efforts were made to effectively ensure the normal operation of projects. Meanwhile, the Company actively responded to various supportive policies of the national and local governments, and made every effort to strive for external resources to support the smooth progress of delivery work by relying on the white list, project and idle land acquisition and reserve and other related policies.

On guaranteeing operation, the Company is committed to maintaining the stability and continuity of its operations and the proactive management of its balance sheet. During the Year, the Group and its joint ventures and associates together achieved contracted sales attributable to the shareholders of the Company of approximately RMB174.3 billion, with contracted sales GFA attributable to the shareholders of the Company of approximately 21.7 million square meters. In respect of operation, on one hand, the Company adapted to market changes through organisational structure adjustment and controlled reasonable allocation of administrative expenses. The administrative expenses further decreasing by 20.1% during the Year as compared to the last year, showcasing the sustainable improvement in operational efficiency. On the other hand, the Company closely followed the actual market conditions to manage inventory classification, actively explored market potential, and formulated corresponding supply plans in line with the market demand, in a bid to stabilize sales prices, maintain reasonable flow rates, and maximizes the value of development-type assets. With these efforts, the Company is confident of having sufficient operating funds in the coming year.

On guaranteeing credit, the Company attaches great importance to debt risk resolution and has actively communicated with stakeholders to explore various initiatives, including the overall restructuring of offshore debts, the reasonable extension of debt maturity and the moderate reduction of finance costs. At the same time, we responded to the call for various financing policies and actively promoted more projects to enter the white list, in order to gain more time and space for the stable operation of projects and gradually realise a long-term and sustainable capital structure.

The PRC values the healthy and stable development of the property market. The statement of "strictly controlling new supply, optimizing existing inventory and improving quality" in the Politburo meeting also reveals that after the current round of supply-side reforms, the market will put forward higher requirements on product strength.

In order to better adapt to market changes, the Company is currently exploring two new businesses, namely, construction technology as well as escrow and agency construction, with its property development business as the core. On one hand, through continuous exploration and practice of intelligent construction solutions, the Company strives to achieve the perfect combination of safety, quality, environmental protection, and efficiency in the construction industry, gradually strengthening the cost control capability of the development business. On the other hand, by actively expanding the light asset escrow and agency construction business, the Company studies market demand and continuously iterates products to assist in market analysis and improvement of product system for the development business. At present, the two new businesses have achieved independent market-oriented operation and have been continuously improving in their respective fields to adapt to the current market changes, and it is hopeful for them to form a synergy with the development business in the future. We believe that the synergistic development of "One Core and Two Wings" can bring strong competitive advantages for the Company in the future.

Forging ahead with confidence and fortitude! The advancement of Country Garden cannot be separated from the support and understanding of regulatory authorities, financial institutions, partners, investors, and all homeowners, and it also hinges heavily on the perseverance and dedication of our fellow colleagues. On behalf of the Board, I would like to express my sincere gratitude to everyone!

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2023	2022
	Note	***RMB million***	*RMB million*
Non-current assets			
Property, plant and equipment		**22,694**	25,601
Investment properties		**16,625**	14,250
Intangible assets		**1,004**	1,558
Right-of-use assets		**5,671**	4,753
Properties under development		**13,282**	28,355
Investments in joint ventures		**31,023**	45,340
Investments in associates		**17,680**	22,632
Financial assets at fair value through other comprehensive income		**7,408**	9,625
Derivative financial instruments		**–**	6
Trade and other receivables	3	**848**	12,484
Deferred income tax assets		**20,570**	42,781
		136,805	207,385
Current assets			
Properties under development		**657,167**	883,887
Completed properties held for sale		**75,855**	51,323
Inventories		**7,806**	7,277
Trade and other receivables	3	**299,294**	380,017
Contract assets and contract acquisition costs		**15,943**	25,046
Prepaid income tax		**24,618**	30,362
Financial assets at fair value through profit or loss		**11,688**	11,414
Derivative financial instruments		**–**	206
Restricted cash		**56,686**	19,269
Cash and cash equivalents		**7,130**	128,281
		1,156,187	1,537,082

		As at 31 December	
		2023	2022
	Note	***RMB million***	*RMB million*
Current liabilities			
Contract liabilities		**489,021**	668,162
Trade and other payables	4	**408,378**	437,355
Current income tax liabilities		**36,131**	31,719
Senior notes	5	**68,367**	3,825
Corporate bonds	6	**3,170**	26,081
Convertible bonds	7	**6,171**	2,597
Bank and other borrowings		**114,665**	61,205
Lease liabilities		**282**	90
Derivative financial instruments		**60**	175
		1,126,245	1,231,209
Net current assets		**29,942**	305,873
Total assets less current liabilities		**166,747**	513,258
Non-current liabilities			
Senior notes	5	–	66,830
Corporate bonds	6	**16,189**	6,238
Convertible bonds	7	–	3,196
Bank and other borrowings		**41,087**	101,335
Lease liabilities		**1,722**	321
Deferred government grants		**194**	186
Deferred income tax liabilities		**18,946**	25,245
Derivative financial instruments		–	334
		78,138	203,685
Equity attributable to owners of the Company			
Share capital and premium	8	**50,783**	50,536
Other reserves		**25,373**	23,830
(Accumulated losses)/retained earnings		**(50,209)**	129,257
		25,947	203,623
Non-controlling interests		**62,662**	105,950
Total equity		**88,609**	309,573
Total equity and non-current liabilities		**166,747**	513,258

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2023	2022
	Note	***RMB million***	*RMB million*
Revenue	2	**401,015**	430,371
Cost of sales	10	**(494,624)**	(397,488)
Gross (loss)/profit		**(93,609)**	32,883
Other income and losses – net	9	**(10,331)**	(1,365)
Losses arising from changes in fair value of and transfers to investment properties		**(1,326)**	(117)
Selling and marketing costs	10	**(11,292)**	(11,298)
Administrative expenses	10	**(6,741)**	(8,438)
Research and development expenses	10	**(1,404)**	(2,164)
Net impairment losses on financial assets and guarantees		**(37,243)**	(3,059)
Operating (loss)/profit		**(161,946)**	6,442
Finance income	11	**2,106**	3,572
Finance costs	11	**(7,564)**	(8,379)
Finance costs – net	11	**(5,458)**	(4,807)
Share of results of joint ventures and associates		**151**	3,726
(Loss)/profit before income tax		**(167,253)**	5,361
Income tax expenses	12	**(33,709)**	(8,323)
Loss for the year		**(200,962)**	(2,962)
(Loss)/profit attributable to:			
– Owners of the Company		**(178,400)**	(6,052)
– Non-controlling interests		**(22,562)**	3,090
		(200,962)	(2,962)
Losses per share attributable to owners of the Company (expressed in RMB yuan per share)			
Basic	14	**(6.49)**	(0.26)
Diluted	14	**(6.49)**	(0.26)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2023	2022
	RMB million	*RMB million*
Loss for the year	**(200,962)**	(2,962)
Other comprehensive loss		
Items that will not be reclassified to profit or loss:		
– Changes in fair value of financial assets at fair value through other comprehensive income	**(1,418)**	(6)
– Revaluation gains on investment properties upon transfers from right-of-use assets	**13**	–
Items that may be reclassified to profit or loss:		
– Deferred gains on cash flow hedges	**115**	5
– Deferred costs of hedging	**266**	(719)
– Currency translation differences	**(552)**	423
Total other comprehensive loss for the year, net of tax	**(1,576)**	(297)
Total comprehensive loss for the year	**(202,538)**	(3,259)
Total comprehensive (loss)/income attributable to:		
– Owners of the Company	**(179,451)**	(6,417)
– Non-controlling interests	**(23,087)**	3,158
	(202,538)	(3,259)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

1.1 Going concern basis

For the year ended 31 December 2023, the Group recorded a loss of RMB200,962 million and a loss attributable to owners of the Company of RMB178,400 million. As at 31 December 2023, the Group had borrowings in the forms of senior notes, convertible bonds, corporate bonds and bank and other borrowings amounted to RMB249,649 million in aggregate, of which RMB192,373 million were included in current liabilities, while the Group's cash and cash equivalents amounted to RMB7,130 million and restricted cash amounted to RMB56,686 million.

As affected by the downturn of the property market in the PRC, the Group faced significant challenges in the pre-sale performance, in particular, the Group's pre-sale performance has declined significantly since April 2023 and there has been no obvious sign of rebound up to the date of these consolidated financial statements. Moreover, the Group is facing more difficulties in obtaining financing through the issuance of new domestic corporate bonds and overseas senior notes due to the difficult and challenging debt financing environment.

Despite these challenges and difficulties, the Group commits to timely delivery of its properties to the property buyers, which requires the Group to place higher priority in utilising the available funds for the construction of pre-sale properties. While on the other hand, the monitoring of the usage of guarantee deposits for construction of pre-sale properties has also been significantly tightened during the year. As a result of the above conditions, the Group is facing phased liquidity pressure.

During the year and up to the date of these consolidated financial statements, the Group has commenced negotiations with the bondholders of certain domestic corporate bonds due within 12 months from 31 December 2023 to seek their agreement to extend the respective maturity dates. Furthermore, the Group did not make payments of interest and principal due in the year of certain senior notes, convertible bonds and bank and other borrowings.

As a result of the above, an aggregate amount of RMB141,982 million of the Group's indebtedness was defaulted or cross-defaulted as at 31 December 2023. In addition, a winding-up petition dated 27 February 2024 was filed by one of the Group's creditors (the "**Petitioner**") at the High Court of the Hong Kong Special Administrative Region against the Company, in relation to the non-payment of a term loan facility between the Petitioner as lender and the Company as borrower in the principal amount of approximately HK$1.6 billion, plus accrued interest. The hearing of the Petition is adjourned to 20 January 2025.

All of the above events and conditions indicated the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern for at least 12 months from 31 December 2023, taking into account the following plans and measures:

(i) The Group will actively resolve its phased liquidity pressure by adopting various debt management measures, including:

- during the year and up to the date of these consolidated financial statements, the Group has commenced negotiations with the bondholders of certain domestic corporate bonds to seek their agreement to extend the respective maturity dates;

- the Group, together with its financial advisers, has been actively pushing forward a proposed restructuring of the offshore liabilities of the Group, including the US$–denominated senior notes with a total principal amount of approximately US$9.4 billion, convertible bonds with a total principal amount of approximately HK$6.9 billion and bank and other borrowings from various offshore banks and financial institutions with the total principal amounts of approximately US$1.9 billion and HK$24.0 billion;

(ii) The Group will continue to actively adjust sales and pre-sale activities to respond to market changes and capture demands. The Group believes the PRC property market will gradually return to a sound and stable development track after the profound adjustments, and hence will continue its focus on those core geographical areas and to build up business presence in those cities with better correlation between supply and demand. The Group will implement its sales plan targeting to achieve its budgeted sales and pre-sales volumes and amounts. Besides, the Group will also continue to implement measures to speed up the collection of sales proceeds and other receivables;

(iii) The Group will closely monitor the progress of construction of its property development projects according to the sales plan, to ensure that construction and related payments are fulfilled and the relevant properties sold under pre-sale arrangements are completed and delivered to the property buyers on schedule as planned. The Group will maintain continuous communication with its major constructors and suppliers and negotiate the payment arrangements with them so as to complete the construction progress as scheduled. This will also enable the Group to release the remaining guarantee deposits for construction of pre-sale properties from the designated bank accounts to meet its other financial obligations;

(iv) The Group will strive to revitalise under-performing assets including hotels, office buildings and shops and consider to dispose of its investments in property development projects to generate more cash inflows if needed; and

(v) The Group will strictly control ineffective production capacity and reduce various non-core and non-essential operating expenses; continue to strengthen cost control and apply the zeroing principle to other expenses except for rigid costs; further streamline the organisational structure; and take further measures to reduce selling and marketing costs and administrative expenses.

The directors of the Company have reviewed the Group's cash flow projections, which covers a period of not less than 24 months from 31 December 2023. The directors of the Company are of the opinion that, considering the anticipated cash inflows to be generated from the Group's operations taking into account reasonably possible changes in operation performance, its cost control measures, as well as the above-mentioned plans and measures, the Group will be able to meet its financial obligations as and when they fall due within twelve months from 31 December 2023. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

Notwithstanding the above, material uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

(i) Successful progression and completion of the above-mentioned debt management measures, which will be subject to various external conditions that are beyond the Group's control, including but not limited to the proposed restructuring of the offshore liabilities of the Group, possible material adverse changes in the market during the process and fulfilment of legal or regulatory requirements;

(ii) Successful implementation of the plans and measures to adjust the sales and pre-sales activities to achieve its budgeted sales and pre-sales volumes and amounts, and timely collection of the relevant sales proceeds and other receivables;

(iii) Successful monitoring of the progress of construction of its property development projects according to the sales plan, negotiations with the major constructors and suppliers to conduct business under commercial and credit terms acceptable to the Group, fulfillment of its project construction and related payment obligations on agreed schedules, and completion and delivery of properties to the customers on schedule as planned;

(iv) Successful revitalisation of under-performing assets and disposal of investments in property development projects; and

(v) Successful implementation of measures to reduce non-core and non-essential operating expenses, and further streamline the organisational structure and reduce selling and marketing costs and administrative expenses.

Should the Group be unable to complete the proposed offshore debt restructuring plan and continue to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for further liabilities which 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 these consolidated financial statements.

1.2 New and amended standards adopted by the Group

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKAS**") and Interpretations. The adoption of these new and revised HKFRSs 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 year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

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.

During the year, the executive directors of the Company concluded that the Group only has two reportable segments − Property development and Technology-enabled construction following the strategic change of the Group. Technology-enabled construction segment includes the construction and smart construction business, which were formerly included in Construction and Others segment, respectively. The Others segment mainly includes property investment and hotel operation, which are individually and collectively insignificant for segment reporting purposes. The comparative information has been restated accordingly.

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 financial assets at fair value through profit or loss ("**FVTPL**")， properties under development, completed properties held for sale, inventories, investments in joint ventures, investments in associates, 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:

	2023	2022
	RMB million	*RMB million*
Sales of properties	**391,251**	417,296
Rendering of technology-enabled construction services	**5,391**	7,996
Rental income	**1,077**	915
Others	**3,296**	4,164
	401,015	430,371

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 2023 is as follows:

	Property development *RMB million*	**Technology-enabled construction** *RMB million*	**Others** *RMB million*	**Total** *RMB million*
Revenue from contracts with customers	**391,251**	**33,971**	**17,452**	**442,674**
Revenue from other source				
Rental income	**–**	**–**	**1,077**	**1,077**
Segment revenue	**391,251**	**33,971**	**18,529**	**443,751**
Inter-segment revenue	**–**	**(28,580)**	**(14,156)**	**(42,736)**
Revenue from external customers	**391,251**	**5,391**	**4,373**	**401,015**
Share of results of joint ventures and associates	**151**	**–**	**–**	**151**
Losses arising from changes in fair value of and transfers to investment properties	**–**	**–**	**(1,326)**	**(1,326)**
Depreciation and amortisation expenses of property, plant and equipment, intangible assets and right-of-use assets	**(561)**	**(842)**	**(973)**	**(2,376)**
Net impairment losses on financial assets and guarantees	**(37,008)**	**(22)**	**(213)**	**(37,243)**
Net write-down of properties under development and completed properties held for sale	**(82,354)**	**–**	**–**	**(82,354)**
Impairment losses on property, plant and equipment	**–**	**–**	**(2,077)**	**(2,077)**
Segment results	**(155,417)**	**(750)**	**(5,615)**	**(161,782)**
At 31 December 2023				
Total segment assets after elimination of inter-segment balances	**1,141,720**	**12,500**	**118,202**	**1,272,422**
Investments in joint ventures and associates	**47,775**	**–**	**928**	**48,703**
Capital expenditure	**1,025**	**801**	**1,004**	**2,830**
Total segment liabilities after elimination of inter-segment balances	**820,197**	**16,791**	**62,609**	**899,597**

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*	Technology-enabled construction *RMB million*	Others *RMB million*	Total *RMB million*
Revenue from contracts with customers	417,296	41,307	22,863	481,466
Revenue from other source				
Rental income	–	–	915	915
Segment revenue	417,296	41,307	23,778	482,381
Inter-segment revenue	–	(33,311)	(18,699)	(52,010)
Revenue from external customers	417,296	7,996	5,079	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)	(851)	(861)	(2,266)
Net impairment losses on financial assets and guarantees	(2,820)	(59)	(180)	(3,059)
Net write-down of properties under development and completed properties held for sale	(23,000)	–	–	(23,000)
Segment results	12,470	(1,118)	(1,293)	10,059
At 31 December 2022				
Total segment assets after elimination of inter-segment balances	1,568,334	33,035	100,105	1,701,474
Investments in joint ventures and associates	66,929	–	1,043	67,972
Capital expenditure	522	821	1,102	2,445
Total segment liabilities after elimination of inter-segment balances	1,009,645	27,873	68,596	1,106,114

(a) Substantially all of the Group's revenue from property development is recognised at a point in time.

(b) During the year ended 31 December 2023, the amount of revenue from technology-enabled construction recognised at a point in time and recognised over time are RMB2,712 million (2022: RMB3,129 million) and RMB31,259 million (2022: RMB38,178 million) respectively.

(c) During the year ended 31 December 2023, the amount of revenue from others recognised at a point in time and recognised over time are RMB15,766 million (2022: RMB21,123 million) and RMB1,686 million (2022: RMB1,740 million) respectively.

3 TRADE AND OTHER RECEIVABLES

	2023	2022
	RMB million	*RMB million*
Included in current assets		
– Trade receivables – net *(note (a))*	**31,703**	34,879
– Other receivables – net *(note (b))*	**235,340**	298,753
– Prepayments for land *(note (c))*	**5**	13,511
– Other prepayments *(note (d))*	**32,246**	32,874
	299,294	380,017
Included in non-current assets		
– Deposits for acquisitions of companies *(note (e))*	**848**	12,484
	300,142	392,501

As at 31 December 2023, the carrying value of trade and other receivables approximated their fair value.

(a) Details of trade receivables are as follows:

	2023	2022
	RMB million	*RMB million*
Trade receivables	**32,787**	35,156
Less: allowance for impairment	**(1,084)**	(277)
Trade receivables – net	**31,703**	34,879

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 dates of delivery of goods and dates of rendering of services is as follows:

	2023	2022
	RMB million	*RMB million*
Within 90 days	**23,399**	29,355
Over 90 days and within 180 days	**1,875**	2,351
Over 180 days and within 365 days	**4,756**	2,731
Over 365 days	**2,757**	719
	32,787	35,156

As at 31 December 2023 and 2022, 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 2023, a provision of RMB1,084 million (2022: RMB277 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:

	2023	2022
	RMB million	*RMB million*
Amounts due from joint ventures, associates and other related parties	**57,869**	111,447
Land auction and other deposits	**30,325**	12,690
Others (i)	**188,660**	184,053
	276,854	308,190
Less: allowance for impairment	**(41,514)**	(9,437)
Other receivables – net	**235,340**	298,753

(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 2023.

(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

	2023	2022
	RMB million	*RMB million*
Trade payables *(note (a))*	**192,848**	191,621
Other payables *(note (b))*	**166,399**	182,937
Other taxes payable *(note (c))*	**45,674**	56,838
Salaries payable	**3,457**	5,959
	408,378	437,355

As at 31 December 2023, 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:

	2023	2022
	RMB million	*RMB million*
Within 365 days	**190,059**	188,869
Over 365 days	**2,789**	2,752
	192,848	191,621

(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 RMB58,656 million (2022: RMB66,087 million), value-added taxes payable and other taxes.

5 SENIOR NOTES

	2023	2022
	RMB million	*RMB million*
At 1 January	**70,655**	75,069
Repurchase and purchase under tender offer *(note (a))*	**(1,879)**	(6,600)
Repayment upon maturity *(note (a))*	**(2,629)**	(4,370)
Interest expenses	**3,636**	3,892
Coupon interest paid	**(2,514)**	(3,914)
Exchange differences	**1,098**	6,578
At 31 December	**68,367**	70,655
Less: current portion included in current liabilities *(note (b))*	**(68,367)**	(3,825)
Included in non-current liabilities	**–**	66,830

(a) During the year ended 31 December 2023, the Group has repaid senior notes on maturity and repurchased senior notes as follows:

Name of notes	**Par value** *million*	**Interest rate**	**Issue date**	**Term of the notes**
Repaid during the year on maturity:				
2023 Notes III – tranche I	USD250	4.750%	17 January 2018	5 years
2023 Notes III – tranche II	USD141	4.750%	31 July 2018	4.5 years
Repurchased during the year:				
2025 Notes – tranche II	USD21	5.125%	4 September 2018	6.4 years
2024 Notes – tranche II	USD44	8.000%	25 January 2019	5 years
2024 Notes II	USD22	6.500%	08 April 2019	5 years
2025 Notes II	USD22	6.150%	17 September 2019	6 years
2025 Notes III	USD27	5.400%	27 May 2020	5 years
2026 Notes III	USD3	4.200%	06 August 2020	5.5 years
2025 Notes IV	USD118	3.125%	22 October 2020	5 years
2026 Notes IV – tranche II	USD8	2.700%	20 July 2021	5 years

(b) As at 31 December 2023, the entire carrying amount of senior notes was defaulted or cross-defaulted. All of the senior notes are classified as current liabilities.

6 CORPORATE BONDS

	2023	2022
	RMB million	*RMB million*
At 1 January	**32,319**	34,160
Additions *(note (a))*	**2,117**	4,421
Early redemption/repurchase *(note (a))*	**(794)**	(617)
Repayment	**(13,949)**	(5,671)
Interest expenses	**1,077**	1,565
Coupon interest paid	**(1,386)**	(1,577)
Exchange differences	**(25)**	38
At 31 December	**19,359**	32,319
Less: current portion included in current liabilities	**(3,170)**	(26,081)
Included in non-current liabilities	**16,189**	6,238

(a) During the year ended 31 December 2023, corporate bonds newly issued and early redeemed by the Group were listed as follows:

Name of bonds	Par value *RMB million*	Interest rate	Issue date	Term of the bonds
Issued during the year:				
Medium-term notes of Country Garden Real Estate Group Co., Ltd. ("**Country Garden Property**") issued in 2023 – tranche I*	800	3.80%	9 May 2023	2 years
Medium-term notes of Country Garden Property issued in 2023 – tranche II*	900	3.95%	9 May 2023	2 years
Callable and Secured Debentures of Risland (Thailand) CO., LTD. No. 1/2566 Due B.E. 2567	198	7.50%	17 March 2023	1.75 years
Callable and Secured Debentures of Risland (Thailand) CO., LTD. No. 2/2566 Due B.E. 2567	225	7.50%	20 October 2023	1.75 years
Early redeemed during the year:				
RMB corporate bonds tranche IV of the Company issued in 2016 – series II	251	5.65%	2 September 2021	5 years
RMB corporate bonds of Guangdong Giant Leap Construction Co., Ltd. issued in 2016 – series II	41	4.50%	21 October 2021	5 years
RMB corporate bonds of Country Garden Property issued in 2019 – tranche III	31	4.98%	20 November 2021	5 years
RMB corporate bonds of Country Garden Property issued in 2020 – tranche III	165	4.38%	24 September 2020	6 years
RMB corporate bonds of Country Garden Property issued in 2020 – tranche IV	69	4.15%	3 November 2020	6 years
RMB corporate bonds of Country Garden Property issued in 2021 – tranche III	120	4.33%	14 September 2021	5 years
Callable and Secured Debentures of Risland (Thailand) Company Limited No. 1/2565 Due B.E. 2567	117	7.50%	16 December 2022	1.75 years

* These medium-term notes are listed on the National Association of Financial Market Institutional Investors

7 CONVERTIBLE BONDS

	2023	2022
	RMB million	*RMB million*
Liability component as at 1 January	**5,793**	2,168
Additions	**–**	2,870
Interest expenses	**527**	477
Coupon interest paid	**(233)**	(201)
Exchange differences	**84**	479
Liability component as at 31 December	**6,171**	5,793
Less: current portion included in current liabilities	**(6,171)**	(2,597)
Included in non-current liabilities	**–**	3,196

(a) During the year ended 31 December 2023, there has been no conversion of the 2023 Convertible Bonds. As at 31 December 2023, the convertible bonds were defaulted.

(b) During the year ended 31 December 2023, there has been no conversion or redemption of the 2026 Convertible Bonds. As at 31 December 2023, the convertible bonds were cross-defaulted.

8 SHARE CAPITAL AND PREMIUM

	Number of ordinary shares	**Nominal value of ordinary shares**	**Equivalent nominal value of ordinary shares**	**Share premium**	**Total**	**Treasury shares**	**Group total**
		HKD	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
	million	*million*	*million*	*million*	*million*	*million*	*million*
Authorised							
At 1 January 2022, 31 December 2022 and 2023, HKD0.10 per share	100,000	10,000					
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	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	27,637	2,763	2,560	50,201	52,761	(2,225)	50,536
Issued and fully paid							
At 1 January 2023	27,637	2,763	2,560	50,201	52,761	(2,225)	50,536
Issue of shares as a result of placing *(note (a))*	351	35	32	215	247	–	247
At 31 December 2023	27,988	2,798	2,592	50,416	53,008	(2,225)	50,783

(a) On 4 September 2023, the Group issued 351 million shares by way of placing at a subscription price of HKD0.77 per share.

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

9 OTHER INCOME AND LOSSES-NET

	2023	2022
	RMB million	*RMB million*
Other income		
– Management and other related service income	**66**	468
– Forfeiture income	**41**	373
– Government subsidy income	**323**	391
	430	1,232
Other (losses)/gains		
– (Losses)/gains on disposal of joint ventures and associates	**(2,405)**	1,147
– Impairment losses on property, plant and equipment	**(2,077)**	–
– Accrued compensation for the delayed delivery of properties	**(2,030)**	–
– Changes in fair value of financial assets at FVTPL	**(768)**	(262)
– Losses on disposals of subsidiaries	**(748)**	(1,574)
– Changes in fair value of derivative financial instruments	**(13)**	109
– Gains on disposal of investment properties	**52**	–
– Gains arising from negative goodwill	**65**	616
– Others	**(2,837)**	(2,633)
	(10,761)	(2,597)
Total other income and losses – net	**(10,331)**	(1,365)

10 EXPENSES BY NATURE

	2023	2022
	RMB million	*RMB million*
Cost of properties sold and technology-enabled construction services	**410,419**	372,195
Net write-down of properties under development and completed properties held for sale	**82,354**	23,000
Other taxes and levies	**1,098**	1,739
Sales commission to agents	**3,881**	2,968
Advertising and promotion costs	**884**	1,176
Employee benefit expenses	**9,983**	12,581
Property management and other services expenses	**1,419**	2,073
Donations	**64**	240
Depreciation of property, plant and equipment	**1,647**	1,737
Amortisation of intangible assets	**280**	302
Depreciation of right-of-use assets	**449**	227
Auditor's remuneration	**16**	21
– Audit services	**16**	18
– Non-audit services	**–**	3
Others	**1,567**	1,129
Total cost of sales, selling and marketing costs, administrative expenses and research and development expenses	**514,061**	419,388

11 FINANCE COSTS-NET

	2023	2022
	RMB million	*RMB million*
Finance income:		
– Interest income on bank deposits and others	**1,358**	1,772
– Gains on repurchase of senior notes and corporate bonds	**748**	1,800
	2,106	3,572
Finance costs:		
– Interest expenses for bank borrowings, senior notes, corporate bonds and others	**(12,917)**	(17,285)
– Interest expenses for lease liabilities	**(91)**	(20)
	(13,008)	(17,305)
Less: amounts capitalised on qualifying assets	**7,805**	17,305
	(5,203)	–
– Net foreign exchange losses	**(2,361)**	(8,379)
	(7,564)	(8,379)
Finance costs – net	**(5,458)**	(4,807)

12 INCOME TAX EXPENSES

	2023	2022
	RMB million	*RMB million*
Current income tax		
– Corporate income tax	**8,585**	7,690
– Land appreciation tax	**9,364**	7,252
	17,949	14,942
Deferred income tax	**15,760**	(6,619)
	33,709	8,323

13 DIVIDENDS

The Board does not recommend or declare the payment of any dividend in respect of the years ended 31 December 2023 and 2022.

14 LOSSES PER SHARE

(a) Basic

Basic losses per share is calculated by dividing the loss 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.

	2023	2022
Loss attributable to owners of the Company *(RMB million)*	**(178,400)**	(6,052)
Weighted average number of ordinary shares in issue *(million)*	**27,468**	23,606
Losses per share – Basic *(RMB yuan per share)*	**(6.49)**	(0.26)

(b) Diluted

For the year ended 31 December 2023 and 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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue was primarily derived from two business segments as follows: Property development and Technology-enabled construction. Revenue of the Group decreased by 6.8% to approximately RMB401,015 million in 2023 from approximately RMB430,371 million in 2022. 97.6% of the Group's revenue was generated from the sales of properties (2022: 97.0%), and 2.4% from Technology-enabled construction and Others segments (2022: 3.0%).

Property Development

Due to the decrease of GFA delivered, revenue generated from property development decreased by 6.2% to approximately RMB391,251 million in 2023 from approximately RMB417,296 million in 2022. The recognised average selling price of property delivered (value-added taxes not included) was approximately RMB7,431 per sq.m. in 2023.

Technology-enabled Construction

Technology-enabled Construction revenue from external parties decreased by 32.6% to approximately RMB5,391 million in 2023 from approximately RMB7,996 million in 2022, primarily due to the decrease in new construction volume resulting from sluggish market of real estate.

Others

Others segment mainly includes property investment and hotel operation. Revenue from external parties of others segment decreased by 13.9% to approximately RMB4,373 million in 2023 from approximately RMB5,079 million in 2022.

Selling and marketing costs and Administrative expenses

The Group strictly implemented measures to reduce non-core and non-essential operating expenses. Selling and marketing costs and administrative expenses decreased by 8.6% to approximately RMB18,033 million in 2023 from approximately RMB19,736 million in 2022.

Finance Costs − Net

The Group recorded net finance costs of approximately RMB5,458 million in 2023 (2022: approximately RMB4,807 million).

In 2023, the Group recorded post-hedging net foreign exchange losses of approximately RMB2,361 million (2022: approximately RMB8,379 million) and finance income of approximately RMB2,106 million (2022: approximately RMB3,572 million). Interest expenses amounted to approximately RMB13,008 million in 2023 (2022: approximately RMB17,305 million), of which approximately RMB7,805 million had been capitalised on qualifying assets (2022: approximately RMB17,305 million).

(Loss)/Profit before Income Tax

The Group recorded loss before income tax of approximately RMB167,253 million in 2023 (2022: the profit before income tax of approximately RMB5,361 million), mainly due to:

(1) The real estate market is in a downward cycle, and the value of assets has shrunk significantly. In order to objectively reflect the impact of market changes on the Group's asset value, the net impairment provision of approximately RMB82,354 million was provided for properties under development and completed properties held for sale;

(2) Affected by multiple adverse factors such as macroeconomic environment, industry environment, and negative financial conditions of counterparties, the net impairment losses on financial and guarantees of approximately RMB37,243 million was provided; and

(3) The Group recorded selling and marketing costs and administrative expenses of approximately RMB18,033 million, net finance costs of approximately RMB5,458 million and net other income and losses of approximately RMB10,331 million.

Loss Attributable to Owners of the Company

In 2023, the loss attributable to owners of the Company was approximately RMB178,400 million (2022: approximately RMB6,052 million).

Liquidity, Financial and Capital Resources

Cash position

As at 31 December 2023, the Group's total cash (equals to the sum of cash and cash equivalents and restricted cash) amounted to approximately RMB63,816 million (31 December 2022: approximately RMB147,550 million), including approximately RMB7,130 million in cash and cash equivalents and approximately RMB56,686 million in restricted cash.

As at 31 December 2023, 95.4% (31 December 2022: 94.3%) of the Group's total cash was denominated in Renminbi and 4.6% (31 December 2022: 5.7%) was denominated in other currencies (mainly US dollars, HK dollars and Malaysian Ringgit).

Debt Composition

As at 31 December 2023, the Group's bank and other borrowings, senior notes, corporate bonds and convertible bonds amounted to approximately RMB155,752 million, RMB68,367 million, RMB19,359 million and RMB6,171 million respectively (31 December 2022: approximately RMB162,540 million, RMB70,655 million, RMB32,319 million and RMB5,793 million respectively).

For bank and other borrowings, approximately RMB114,665 million, RMB38,550 million and RMB2,537 million will be repayable within 1 year, between 1 and 5 years and beyond 5 years respectively (31 December 2022: approximately RMB61,205 million, RMB97,490 million and RMB3,845 million respectively). As at 31 December 2023 and 31 December 2022, the majority of the bank and other borrowings were secured by certain properties, investment properties, equipment and financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income of the Group and secured by the equity interests of certain group companies, and/or guaranteed by the Group.

As at 31 December 2023, the total debt decreased to approximately RMB249,649 million, from approximately RMB271,307 million 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. 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 to hedge its exposure to foreign exchange risk.

Liquidity Risk

The Group is facing phased liquidity pressure. In light of the current liquidity position, the Group has undertaken a number of plans and measures to mitigate the liquidity pressure and to improve the financial position of the Group, details of which are set out in note 1 to the "NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS" in this announcement.

Guarantees

As at 31 December 2023, the Group had guarantees in respect of mortgage facilities for certain property buyers amounting to approximately RMB357,125 million (31 December 2022: approximately RMB401,887 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 certificate 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.

In addition, as at 31 December 2023, the Group had provided guarantees amounting to approximately RMB7,169 million (31 December 2022: approximately RMB24,178 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 2023, the Group had approximately 43,146 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". All 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 can be referred in the sections headed "EMPLOYEE INCENTIVE MECHANISMS" in this announcement.

Forward Looking

In recent years, China's property sector has experienced volatile adjustments and encountered unprecedented difficulties. Accompanied with sales plunge in the industry, insufficient consumer confidence and difficulties in obtaining financing have presented significant challenges to the operation and survival of enterprises. The Group's liquidity is under unprecedented pressure with a dual tightening of sales and financing.

The Group has always been committed to doing the right things and adhering to prudent financial policies and risk control measure in the face of new challenges and market changes. Facing such an extremely difficult situation industry-wide, the Group spared no effort to shoulder its social responsibility, actively respond and fully ensure its delivery. On the basis of delivering 700,000 units of properties throughout the year 2022, the Group, together with its joint ventures and associates, delivered over 600,000 units of properties in 2023, continuously being the industry leader of delivery of properties.

In the future, the Group will continue to do its utmost to ensure the safety of cash flow, intensify efforts to revitalize under-performing assets, further streamline its organizational structure and strengthen expense controls, and actively consider taking various debt management measures to resolve periodic liquidity pressures. In order to deliver systematic smart construction solutions that best suit with the construction market, the Group seeks new opportunities in expanding the business of providing property development services and management services for other parties with the implementation of such advanced construction technologies and new ways of organizing and managing construction. The Group will continue to explore new models for real estate development through the new strategy of "One Core and Two Wings", giving full play to the advantages of the entire industry chain.

The long road to success is indeed as hard as iron, but now we must start from scratch. Despite the current difficulties, the Group will continue to ensure delivery with a high sense of responsibility and make every effort to reverse the situation. The Group firmly believes that the real estate industry will eventually return to stable and healthy after undergoing such difficult adjustments. With the concerted efforts of the entire Group and the help and support of all parties, the Group will be able to navigate through predicaments and set sail again.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's results for the year ended 31 December 2023 as set out in this results announcement have been agreed by the Company's independent auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's consolidated financial statements. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by ZHONGHUI ANDA CPA Limited on this results announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The below sections set out an extract of the independent auditor's report by ZHONGHUI ANDA CPA Limited, the external auditor of the Company, regarding the consolidated financial statements of the Group for the year ended 31 December 2023:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Scope limitation relating to the assessment on the appropriateness of the going concern basis of preparing the Consolidated Financial Statements

We draw attention to note 2.1(iii) to the consolidated financial statements, which mention that the Group incurred a loss attributable to owners of the Company of approximately RMB178.4 billion. As at 31 December 2023, the Group had borrowings in total of approximately RMB249.6 billion, out of which approximately RMB192.4 billion was included in current liabilities, while its total cash (including cash and cash equivalents and restricted cash) amounted to approximately RMB63.8 billion. As at 31 December 2023, the Group had certain indebtedness, including senior notes, corporate bonds, convertible bonds and bank and other borrowings, with an aggregated carrying amount of approximately RMB142.0 billion were defaulted or cross defaulted. The above events or conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

In view of the above circumstances, the directors of the Company (the "**Directors**") have been undertaking a number of plans and measures to mitigate the liquidity pressure and improve its financial position, details of which are set out in note 2.1(iii) to the consolidated financial statements. To assess the appropriateness of the going concern basis, the management of the Group prepared a cash flow forecast ("**Cash Flow Forecast**"), which takes into account the effects of the success in implementing and completing the aforesaid plans and measures as scheduled notwithstanding the inherent uncertainties associated with the outcome of these plans and measures. In particular, the positive outcome of the Cash Flow Forecast is significantly influenced by the success of the proposed restructuring plan for the Group's offshore liabilities (the "**Proposed Debt Restructuring**"). Based on the result of the Cash Flow Forecast, the Directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the foreseeable future and therefore, the Group has the ability to continue as a going concern and will continue its operations for at least 12 months from 31 December 2023. Accordingly, the Directors are of the view that it is appropriate to prepare the consolidated financial statements on a going concern basis.

We have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements because of the lack of sufficient appropriate audit evidence in relation to the Proposed Debt Restructuring and the measures for future actions assumed in the Cash Flow Forecast which inherent uncertainties associated with the outcome of these plans and measures and how variability in such outcome would affect the Cash Flow Forecast. Because of the significance of the matters above, we disclaim our opinion as to whether the use of the going concern assumption in the preparation of the consolidated financial statements is appropriate.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

The aforesaid "note 2.1(iii) to the consolidated financial statements" in the extract of the independent auditor's report regarding the Group's consolidated financial statements is disclosed as note 1.1 to the "NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION" in this results 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. WANG Zhijian, Dr. HAN Qinchun and Mr. TUO Tuo (Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham and Mr. TONG Wui Tung were members of the Audit Committee until their resignation on 15 March 2024 and Mr. HUANG Hongyan was also a member of the Audit Committee until his retirement on 23 May 2023). Mr. WANG Zhijian is the chairman of the Audit Committee (Mr. LAI Ming, Joseph was the chairman of the Audit Committee until his resignation on 15 March 2024).

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 2023, the Company has applied the principles and complied with the code provisions set out in Part 2 of the Corporate Governance Code (the "**CG Code**") under Appendix C1 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 Ms. YEUNG Huiyan, the chairman of the Board (who was also the 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 23 May 2023 as she 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**") under Appendix C3 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 2023.

No incident of non-compliance was noted by the Company for the year ended 31 December 2023. 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.

EMPLOYEE INCENTIVE MECHANISMS

For the purpose of rewarding the contribution of the senior management and employees of the Group (including executive Directors of the Company who are also senior management) engaging in profitable property development projects of the Group, two incentive mechanisms (the "**Incentive Mechanisms**") were adopted by the Group on 27 December 2019 and 18 September 2020, which respectively concern property development projects located in the Mainland China and property development projects located in Hong Kong and other overseas jurisdictions (the "**Property Development Projects**"). Under the Incentive Mechanisms, in general, senior management and employees will be provided with cash rewards, calculated with reference to net profits generated from the Property Development Projects and the Group's internal rate of return. A portion of these cash rewards will be used as the consideration for the exercise of the share options to be granted to them by the Company under the then existing Share Option Scheme (in respect of executive Directors of the Company who are also senior management) or the consideration for the purchase of existing shares of the Company (the "**Share(s)**"), i.e. the share awards (in respect of other senior management and employees).

(i) Share Award Scheme

The aforementioned share awards concern existing shares of the Company, and shall be distributed in accordance with the Principles for Employees' Shares Conversion Rights (as amended from time to time) adopted by the Group on 11 February 2015 (the "**Share Award Scheme**"). The Share Award Scheme has no fixed expiry date.

According to the trust deed approved by the Board on 27 January 2015, the trustee of the Share Award Scheme is Power Great Enterprises Limited ("**Power Great**"), a wholly-owned subsidiary of the Company. During the year ended 31 December 2023, Power Great had not purchased any Share from the market, and had not acquired any Share by any other way in accordance with the Share Award Scheme. During the year ended 31 December 2023, no Shares were granted under the Share Award Scheme. As at 31 December 2023, the total number of Shares in relation to share awards that were granted under the Share Award Scheme was 165,746,992 Shares (being the net number after deduction of the exercised and lapsed share awards). As at 31 December 2023, the cumulative total number of Shares held by Power Great under the Share Award Scheme was 283,259,032 Shares (including Shares which had been granted to relevant employees with the registration and transfer procedures yet to be completed) (31 December 2022: 283,259,032 Shares).

(ii) Share Option Schemes

A share option scheme (the "**2007 Share Option Scheme**") was approved and adopted by the shareholders of the Company (the "**Shareholders**") on 20 March 2007 for a period of 10 years commencing on the adoption date. The 2007 Share Option Scheme had expired on 19 March 2017. Another share option scheme (the "**2017 Share Option Scheme**", together with the 2007 Share Option Scheme, the "**Share Option Schemes**") was approved and adopted by the Shareholders at the annual general meeting of the Company held on 18 May 2017 for a period of 10 years commencing on the adoption date and ending on 17 May 2027. Subject to the terms and conditions of the 2017 Share Option Scheme, the Board may, at its discretion, grant share options to any eligible person to subscribe for the Shares of the Company within the validity period of the scheme.

The total number of options available for grant under the Share Option Schemes is 2,048,830,798 Shares both as at 1 January 2023 (as at 1 January 2022: 2,055,786,455 Shares) and as at 31 December 2023 (as at 31 December 2022: 2,048,830,798 Shares). During the year ended 31 December 2023, no share options were granted to eligible persons in accordance with the terms of the Share Option Schemes (whereas during the year ended December 2022, all the share options granted to eligible persons in accordance with the terms of the Share Option Schemes have been exercised during the same year).

The Board will continue to monitor the Share Option Schemes and Share Award Scheme for motivating the eligible person, the senior management and employees of the Group and consider when it may be appropriate and/or desirable to modify or replace the schemes with and/or adopt any other incentive scheme.

CONVERTIBLE BONDS AND WRITTEN CALL OPTIONS

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 ("**SGX**"). There was no change to the conversion price of the 2023 Convertible Bonds during the year ended 31 December 2023. Accordingly, as at the date of this announcement, based on the total outstanding principal amount of the 2023 Convertible Bonds of HKD3,000 million, 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 (as last adjusted on 7 June 2022) 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)**"). There was no change to the latest modified strike price of HKD14.53 per Written Call Option (as last adjusted on 7 June 2022) during the year ended 31 December 2023. The Written Call Options are exercisable only on their expiration dates ranging from 14 September 2023 to 24 November 2023. No Written Call Options have been exercised on their respective expiry dates ranging from 14 September 2023 to 24 November 2023, and all Written Call Options have expired by 24 November 2023.

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. There was no change to the conversion price of the 2026 Convertible Bonds during the year ended 31 December 2023. Accordingly, as at the date of this announcement, based on the total outstanding principal amount of the 2026 Convertible Bonds of HKD3,900 million, 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 (as last adjusted on 13 June 2022) during the conversion period under the terms of the 2026 Convertible Bonds.

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 INFORMATION" in this announcement.

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 2023.

On 30 August 2023 (before trading hours), the Company and Ever Credit Limited (the "**Subscriber**") entered into the subscription agreement pursuant to which the Company agreed to allot and issue, and the Subscriber agreed to subscribe for 350,649,350 Shares (the "**Subscription Share(s)**")), having an aggregate nominal value of HK$35,064,935, at the price of HK$0.77 per Share (the "**Subscription Agreement**"). The total consideration for the Subscription Shares, being HK$270,000,000, shall be set off against a sum of HK$318,775,890.41 (being part of the amount owing to the Subscriber under the facility agreement in respect of a HK$1,880,000,000 term loan facility dated 1 December 2021 made between the Company as borrower and the Subscriber as lender), and accordingly no cash proceeds was received by the Company from the subscription. The net price per Subscription Share was approximately HK$0.77 and the market price per Subscription Share on 30 August 2023 was HK$0.88. The Subscription Shares shall, on allotment and issue, rank pari passu in all respects with other existing Shares upon issuance. Completion of the subscription took place on 4 September 2023.

For further details, please refer to the announcements of the Company dated 30 August 2023 and 4 September 2023.

On 11 January 2023, the Company had cancelled the partially repurchased 4.75% senior notes due January 2023 (ISIN: XS1751178499) (the "**Notes**") in the cumulative total principal amount of USD218,390,000, which is previously repurchased from the open market. The Company has repaid the outstanding amount of the Notes in full with accrued interest upon its maturity on 17 January 2023. Following such repayment, no Notes were outstanding and the Notes have been cancelled and delisted from the SGX.

For further details, please refer to the announcements of the Company dated 11 January 2023 and 17 January 2023.

For details of purchase, sale or redemption by the Company or any of its subsidiaries of its listed securities (other than Shares and convertible bonds referred to in the section headed "CONVERTIBLE BONDS AND WRITTEN CALL OPTIONS" above) during the year ended 31 December 2023, please also refer to notes 5 and 6 to the "NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION" in this announcement.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022 final dividend: Nil).

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).

CONTINUED SUSPENSION OF TRADING

Reference is made to the announcements of the Company dated 28 March 2024 and 2 April 2024. At the request of the Company, the trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 April 2024. Trading in the shares of the Company will remain suspended until further notice.

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

Foshan, Guangdong Province, the PRC, 14 January 2025

As of the date of this announcement, the executive Directors are Ms. YANG Huiyan (Chairman), Mr. MO Bin (President), Ms. YANG Ziying, Dr. CHENG Guangyu and Ms. WU Bijun. The non-executive Director is Mr. CHEN Chong. The independent non-executive Directors are Dr. HAN Qinchun, Mr. WANG Zhijian and Mr. TUO Tuo.