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)

FULFILMENT OF RESUMPTION GUIDANCE
RESUMPTION OF TRADING

This announcement is made by Country Garden Holdings Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**")) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Listing Rules.

Reference is made to the announcements of the Company dated 28 March 2024, 2 April 2024, 27 June 2024, 30 August 2024, 30 September 2024 and 31 December 2024 in relation to, among other things, the delay in publication of the 2023 Annual Results and the 2024 Interim Results, delay in despatch of the 2023 Annual Report and the 2024 Interim Report, Resumption Guidance and quarterly updates (collectively, the "**Announcements**"). Capitalised terms used herein shall have the same respective meanings as defined in the Announcements unless otherwise stated.

Trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 2 April 2024, as the Company was not able to publish the 2023 Annual Results by 31 March 2024 as required by the Listing Rules.

FULFILMENT OF THE RESUMPTION GUIDANCE

The Board is pleased to announce that the Company has fulfilled the requirements under the Resumption Guidance as follows:

A. Publish all outstanding financial results required under the Listing Rules and address any audit modifications

As stated in the announcement of the Company dated 5 September 2024, the Company's former auditor, PricewaterhouseCoopers ("**PwC**") resigned as auditor of the Company with effect from 3 September 2024 (the "**September 2024 Announcement**") because PwC was unable to fulfil the timetable requirements of the Company for the publication of the audited consolidated financial statements for the year ended 31 December 2023. In its resignation letter, PwC has stated that it was pending the Group to provide the finalized consolidation scope and consolidated financial statements for the year of 2023 and the related work papers and supporting documents, and the other main outstanding matters which were set out in the September 2024 Announcement, and the Group was unable to provide such information due to (i) the expansive number and wide distribution of the Group's projects, (ii) the frequent turnover of the Group's personnel at the relevant time, and (iii) its focus on the holistic restructuring at the relevant time. Following the appointment of ZHONGHUI ANDA CPA Limited (the "**Auditor**"), substantial efforts were made by the Group to supply all requisite information and documents to the Auditor for it to complete its audit of the consolidated financial statements of the Group for the year ended 31 December 2023.

As a result of the above effort, the Company has published its 2023 Annual Results and 2024 Interim Results on 14 January 2025 in accordance with Listing Rules. As at the date of this announcement, there are no outstanding financial results of the Group which are required to be published by the Listing Rules.

The matters which PwC raised in their resignation and outgoing letters (in particular, in respect of the impairment matters) have been reviewed by the Audit Committee of the Company and the Auditor and that they have no concerns or issues on those matters.

The Auditor's disclaimer of opinion and basis for such disclaimer

The Auditor did not express an opinion on the audited consolidated financial statements of the Group for the year ended 31 December 2023 due to the scope limitation relating to the assessment on the appropriateness of the going concern basis, as the Auditor was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. The basis for the Auditor's disclaimer of opinion is extracted as follows:

"***Basis for Disclaimer of Opinion***

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

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 Auditor stated in the disclaimer of opinion that, in all other respects, the audited consolidated financial statements of the Group for the year ended 31 December 2023 have been properly prepared in compliance with the disclosure requirements under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The plans and measures taken by the Group to ensure that it will have sufficient financial resources to continue as a going concern

The Company continued to adopt the going concern basis of accounting in preparing its audited consolidated financial statements for the year ended 31 December 2023 and its unaudited consolidated financial statements for the six months ended 30 June 2024 after considering the future liquidity and performance of the Group and its available sources of financing. The Group has formulated various plans and measures to alleviate the liquidity pressure and improve the Group's financial condition, which are summarised as follows:

(i) actively resolve the phased liquidity pressure by adopting various debt management measures and having taken into account the amounts repayable in the year ending 31 December 2025 in its cashflow forecast, including:

   (a) negotiations with the bondholders of domestic corporate bonds with respect to certain amount out of the aggregate amount of approximately RMB18.0 billion to seek their agreement to extend the respective maturity date;

   (b) negotiations with relevant financial institutions and bondholders in respect of (i) cross-defaulted onshore loans in an aggregate amount of approximately RMB28.7 billion, (ii) cross-defaulted offshore bank borrowing and corporate loans, which are not part of the In-Scope Debts (as defined in the announcement of the Company dated 9 January 2025 the "**January 2025 Announcement**"), in an aggregate amount of approximately RMB3.5 billion and (iii) cross-defaulted offshore corporate bonds in the aggregate amount of RMB0.7 billion (as the case may be) for the signing of loan extension or restructuring agreements or agreeing not to exercise cross-default rights. A vast majority of the onshore loans are backed by assets as security which made such negotiations possible; and

(c) actively pushing forward a proposed restructuring of the offshore liabilities of the Group with financial advisers, and having reached a non-binding in-principle agreement in respect of the In-Scope Debts (as defined in the January 2025 Announcement and comprising offshore senior notes and convertible bonds, offshore syndicated loan debts and related interests) in the amount of approximately US$15.9 billion on terms of the proposal for holistic debt restructuring before the hearing in relation to the winding-up petition on 20 January 2025 (for further details, please refer to the January 2025 Announcement). While the Group's dialogues with offshore creditors include engagement with certain ad hoc holders who collectively hold or control approximately 30% of the outstanding principal amount of USD senior notes and HKD convertible notes issued by the Group, with a total outstanding principal amount of USD10.3 billion, the Group has confidence that the remaining holders of such notes would be supportive of the proposed restructuring;

(ii) actively adjust sales and pre-sale activities to respond to market changes and capture demands, including continuing its focus on core geographical areas and to build up business presence in cities with better correlation between supply and demand as the Group believes the PRC property market will gradually return to a sound and stable development track after the profound adjustments. As the main focus of the Group in 2025 is to ensure delivery, therefore it is expected that there will be very few new development projects. Thus, the expected sales will mainly come from the ongoing pre-sale of under-construction projects and the sale of the unsold units of these projects. Further, the Group will implement its sales plan, targeting to achieve its budgeted sales and pre-sales volume and amounts (which have taken into account factors such as the historical sales situation, market demand, national support policies, and price changes and unit price projections in each core region), and will also continue to implement measures to speed up the collection of sales proceeds and other receivables;

(iii) closely monitor the progress of construction of its property development projects according to the sales plan and maintain continuous communication with the major contractors and suppliers and negotiate the payment arrangements with them, so as 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. This will also enable the Group to request the release of the remaining guarantee deposits for construction of pre-sale properties from the designated bank accounts into the bank accounts of the relevant group companies to meet their respective financial obligations;

(iv) explore potential asset disposal opportunities to create liquidity for, among other things, repayment of outstanding indebtedness;

(v) 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

(vi) 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 by promoting the adjustment of the management and organisational structure and carrying out intensive processing through the shared platform of functions to increase efficiency; and take further measures to reduce selling and marketing costs and administrative expenses by making full use of information technology construction.

In addition, the Company also actively responded to various support policies issued by the national and local governments, and made every effort to seek external resources to support the Company's delivery work by leveraging on the relevant policies, such as the white list, reserve of projects and land. In respect of property projects being or have been developed by the Group's project companies (including approximately 2,600 projects of various sizes and at various stages of development), the construction cost and capital expenditure is expected to be funded by (i) internal cash resources of the Group and/or the relevant group companies, and (ii) the financings obtained by the Group.

Taking into account the above-mentioned plans, measures taken by the Group, as well as the prospects of the proposed holistic debt restructuring and the cash flow forecast of the Group for the 12 months ending 31 December 2025, assuming there are no unforeseeable changes in the operations and performance of the Group, the Board considers that the Group will be able to meet its financial obligations as and when they fall due within 12 months ending 31 December 2025, the Group has sufficient working capital for its ordinary course of business for the 12 months ending 31 December 2025, and that the Group will continue to operate as a going concern. Having considered, among other things, (i) ongoing discussions with onshore and offshore lending financial institutions; (ii) the value of security backing onshore project loans, offshore bank loans, as well as mortgage loans guaranteed by the Group; (iii) the prospects of the Company's proposed debt restructuring; (iv) the mortgage guarantees and guarantees provided to joint ventures and associates are backed by security of sufficient value (being property assets); and (v) the information currently available to the Company, assuming there are no unforeseeable changes in the operations and performance of the Group, the Board is of the view that the Group is not subject to any imminent liquidity risks with regard to the said loans and guarantees. Accordingly, the Board is of the view that the Resumption Guidance (a) has been fulfilled.

For further details, please refer to the announcement of the Company dated 14 January 2025 in relation to the 2023 Annual Results.

B. Demonstrate the Company's compliance with Rule 13.24 of the Listing Rules

It is evident from the 2023 Annual Results and 2024 Interim Results that the Group is carrying out a business with a sufficient level of operations and assets of sufficient value to support its operations, which warrants the continued listing of the shares of the Company on the Main Board of the Stock Exchange in accordance with Rule 13.24 of the Listing Rules.

Principal businesses

The Group is principally engaged in the businesses of property development, construction, interior decoration, property investment, and the development and management of hotels. The Group offers a broad range of products to cater for diverse demands, namely residential projects such as townhouses, condominiums, car parks and retail shop spaces. The Group also develops and manages hotels at some of its property projects with the aim of enhancing the properties' marketability. The Group's other businesses are light-asset entrusted management and construction services.

Contracted sales and contracted sales area attributable to the Shareholders

As at 30 June 2024, the Group had footholds in 298 municipal administrative regions and 1,373 counties/townships in 31 provinces/autonomous regions/municipalities in the PRC. As at 30 June 2024, the Group, together with its joint ventures and associates, achieved cumulative contracted sales attributable to the Shareholders of approximately RMB26.0 billion, with contracted sales gross floor area attributable to the Shareholders of approximately 2.65 million square meters. In the year 2023, the Group and its joint ventures and associates together delivered a total of over 600,000 housing units.

Total assets and net assets

As at 31 December 2023, the Group's audited total assets and net assets amounted to approximately RMB1,293.0 billion and RMB88.6 billion, respectively. As at 30 June 2024, the Group's unaudited total assets and net assets amounted to approximately RMB1,209.5 billion and RMB74.1 billion, respectively.

Total revenue

For the year ended 31 December 2023, the Group's audited total revenue amounted to approximately RMB401.0 billion. For the six months ended 30 June 2024, the Group's unaudited total revenue amounted to approximately RMB102.1 billion.

Gross and net losses

The Group had recorded a gross loss and a net loss for the year ended 31 December 2023 in the amount of approximately RMB93.6 billion and RMB201.0 billion respectively. Reasons for the loss are:

(i) 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;

(ii) 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

(iii) 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.

Despite these challenges, the gross loss for the six months ended 30 June 2024 of approximately RMB1,704 million showed a significant improvement compared to that of 2023. The gross loss was primarily due to an additional, albeit smaller, net impairment provision for property projects. The net loss for the six months ended 30 June 2024 is approximately RMB15.1 billion. The net impairment provision of approximately RMB2,698 million was provided for properties under development and completed properties held for sale for the six months ended 30 June 2024. Also, the net impairment losses on financial assets and guarantees of approximately RMB122 million was provided for the six months ended 30 June 2024.

The Company intends to enhance its future profitability in the following areas:

(i) Policy support and market stabilization: Following recent governmental policies aimed at stabilizing the property market, including but not limited to (a) the Political Bureau of the Central Committee setting the tone of "promoting the property market to stop loss and stabilize (促進房地產市場止跌回穩)" on 26 September 2024, which is a clear signal of "stabilizing the property market (穩地產)" and is intended to allow the market to usher in a real policy inflection point; (b) the Meeting of Political Bureau of Central Committee proposing "stabilizing the property market (穩住樓市)" on 9 December 2024; (c) the Central Economic Work Conference emphasising "sustained efforts to promote the property market to stop loss and stabilize (持續用力推動房地產市場止跌回穩)" on 12 December 2024, thereby setting the tone for the property market in 2025, which releases a firmer signal for stabilizing the property market; and (d) the Ministry of Finance and other two departments issuing a number of tax incentives to support the development of the property market on 13 November 2024, the Company anticipates a market recovery will stabilize. Further, the Company has taken stronger and more effective measures to make good sales and formulated corresponding supply plans in line with market demand. With the gradual completion of the work of ensuring delivery of houses and the gradual stabilization of the domestic property market, the Company expects that the value of assets held by the Company will become more stable or even gradually increase slightly, thereby expanding its profitability in the future.

(ii) Diversification and innovation in business operation: With its property development business as the core, the Company is striving to explore two new businesses — construction technology and entrusted management and construction. On one hand, the Company is striving to achieve the goal of the optimal combination of safety, quality, environmental protection and efficiency in the construction industry by continuously exploring and implementing intelligent construction solutions, and gradually consolidating the cost control capability of the development business. On the other hand, the Company is actively expanding the light-asset entrusted management and construction business, while researching on market demand and continuously iterating its products, so as to assist in the market research and judgement as well as the improvement of the product system of the development business. At present, the two new businesses have achieved independent market-oriented operation and are constantly improving themselves in their respective fields to adapt to the current market changes, which are expected to form a synergy with the development business in the future. The Company believes that the synergistic development of "One Core and Two Wings" can bring strong competitive advantages for the Company in the future.

(iii) Cost control measures: The Company launched a series of management cost control measures, such as (a) zero-based budget control, conducting a comprehensive investigation of the status of expenses/expenditures and controlling non-rigid expenses/expenditures; (b) carrying out intensive processing through the shared platform of functions such as finance, cost, construction cost and other functions to reduce costs and increase efficiency; (c) actively promoting the adjustment of the management and organisational structure, and continuous streamlining to improve per capita efficiency; and (d) making good use of information technology construction to support telecommuting and meetings and reduce non-essential expenses such as travelling expenses. According to the current data, the administrative expenses decreased by approximately 20% in 2023 compared to 2022, and further decreased by approximately 25% year-on-year in the first half of 2024, having achieved significant phased results.

(iv) Enhanced efficiency in sales expenses: The Company will deepen a series of measures aimed at improving the efficiency of sales expenses, such as (a) continuing to consolidate the Group's own marketing power, while actively exploring new modes of co-operation with third-party organisations and local companies to achieve a win-win situation; (b) attaching more importance to universal marketing, and maintaining co-operation with property owners and brokers through the Fenghuang Tong platform (鳳凰通平台), so as to consolidate the promotion of the circle; and (c) attaching more importance to the evaluation of expenses to ensure that each expenditure generates the maximum sales benefit. The selling and marketing costs in the first half of 2024 decreased by approximately 63% compared with the corresponding period in 2023, having achieved significant phased results.

The Board's view on the Group's operational capabilities and asset value

Despite the financial difficulty faced by the Group and its losses for the year ended 31 December 2023 and the six months ended 30 June 2024, the Group continues to prioritize the delivery of its real estate development projects and was ranked first in terms of delivery volume in the first half of 2024 according to the "Ranking of Delivery Scale of Chinese Real Estate Enterprises in the First Half of 2024" released by the China Index Academy.

In response to the current financial climate, the Group has been proactive and will continue to integrate resources to revitalize project construction and sales and control the overall operating costs. At the same time, the Company actively responds to various support policies of the national and local governments. Relying on relevant policies such as active sales, white list financing, project and land acquisition and storage, the Board believes that the Group's sales and profitability will gradually improve and the Company's business can be continuously operated as a viable and sustainable business.

The Board also noted that other listed real estate developers who are facing similar financial difficulties during this adjustment cycle continue to operate and maintain their listing status by developing and delivering real estate projects. Considering (i) measures and plans taken by the Group to alleviate the Company's liquidity pressure and improve future profitability; (ii) cash flow forecast of the Group which covers a period of 12 months ending 31 December 2025; and (iii) the prospects of the Company's proposed debt restructuring, the Board is of the view that the Company has maintained and will continue to maintain sufficient operational capabilities and asset value to support its operations in accordance with Rule 13.24 of the Listing Rules. Based on the above, the Board considers that the Resumption Guidance (b) has been fulfilled.

C. Inform the market of all material information for the Company's shareholders and other investors to appraise the Company's position

The Company has kept its Shareholders and investors informed of all material information relating to the Company since the Suspension by way of announcements relating to, among other things, unaudited operating figures, notifiable transactions, change of auditor and Directors and the winding-up petition (including but not limited to the announcement providing an update on status of the winding-up petition dated 20 January 2025). Accordingly, the Board is of the view that the Resumption Guidance (c) has also been fulfilled.

RESUMPTION OF TRADING

At the request of the Company, 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 and would remain suspended until the Stock Exchange is satisfied that the Company has fulfilled the requirements prescribed under the Resumption Guidance.

As set out in this announcement, given the Board considers that the Company has fulfilled all requirements prescribed under the Resumption Guidance, an application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company from 9:00 a.m. on 21 January 2025.

Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company. When in doubt, Shareholders and potential investors are advised to seek professional advice from their own professional or financial advisers.

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

Foshan, Guangdong Province, the PRC, 21 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.