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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

- For the six months ended 30 June 2024, the Group together with its joint ventures and associates achieved contracted sales attributable to the shareholders of the Company of approximately RMB26.0 billion, contracted sales GFA attributable to the shareholders of the Company of approximately 2.65 million sq.m.
- During the period, the Group recorded total revenue of approximately RMB102.1billion, representing a year-on-year decrease of 54.9%.
- During the period, the Group recorded loss before income tax approximately RMB10.8 billion.
- During the period, the Group's selling and marketing costs and administrative expenses amounted to approximately RMB4.9 billion, representing a year-on-year decrease of 50.8%.
- As at 30 June 2024, the Group's total cash[1] amounted to approximately RMB44.8 billion, and total debt amounted to approximately RMB250.2 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 unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**" or "**Country Garden**") for the six months ended 30 June 2024.

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. During the six months ended 30 June 2024 (the Period), the Group recorded approximately RMB102.1 billion in revenue, and the Group and its joint ventures and associates together delivered a total of over 150,000 housing units, with delivered GFA of approximately 18.22 million square meters, covering 178 cities in 29 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 Period, the Group and its joint ventures and associates together achieved contracted sales attributable to the shareholders of the Company of approximately RMB26.0 billion, with contracted sales GFA attributable to the shareholders of the Company of approximately 2.65 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 25.3% during the Period as compared to the same period of 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!

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**Unaudited 30 June 2024** *RMB million*	Audited 31 December 2023 *RMB million*
Non-current assets			
Property, plant and equipment		**21,403**	22,694
Investment properties		**16,165**	16,625
Intangible assets		**846**	1,004
Right-of-use assets		**5,166**	5,671
Properties under development		**13,398**	13,282
Investments in joint ventures		**29,348**	31,023
Investments in associates		**17,172**	17,680
Financial assets at fair value through other comprehensive income		**7,242**	7,408
Trade and other receivables	*4*	**725**	848
Deferred income tax assets		**20,297**	20,570
		131,762	136,805
Current assets			
Properties under development		**593,613**	657,167
Completed properties held for sale		**85,858**	75,855
Inventories		**4,018**	7,806
Trade and other receivables	*4*	**300,698**	299,294
Contract assets and contract acquisition costs		**14,491**	15,943
Prepaid income tax		**23,790**	24,618
Financial assets at fair value through profit or loss		**10,494**	11,688
Restricted cash		**38,086**	56,686
Cash and cash equivalents		**6,698**	7,130
		1,077,746	1,156,187

	Note	Unaudited 30 June 2024 *RMB million*	Audited 31 December 2023 *RMB million*
Current liabilities			
Contract liabilities		**420,106**	489,021
Trade and other payables	*5*	**406,501**	408,378
Current income tax liabilities		**38,981**	36,131
Senior notes	*6*	**70,601**	68,367
Corporate bonds	*7*	**4,762**	3,170
Convertible bonds	*8*	**6,331**	6,171
Bank and other borrowings		**121,852**	114,665
Lease liabilities		**203**	282
Derivative financial instruments		**60**	60
		1,069,397	1,126,245
Net current assets		**8,349**	29,942
Total assets less current liabilities		**140,111**	166,747
Non-current liabilities			
Corporate bonds	*7*	**14,604**	16,189
Bank and other borrowings		**32,002**	41,087
Lease liabilities		**1,319**	1,722
Deferred government grants		**176**	194
Deferred income tax liabilities		**17,954**	18,946
		66,055	78,138
Equity attributable to owners of the Company			
Share capital and premium	*9*	**50,783**	50,783
Other reserves		**26,036**	25,373
Accumulated losses		**(62,908)**	(50,209)
		13,911	25,947
Non-controlling interests		**60,145**	62,662
Total equity		**74,056**	88,609
Total equity and non-current liabilities		**140,111**	166,747

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited Six months ended 30 June	
	Note	**2024**	2023
		RMB million	*RMB million*
Revenue	*3*	**102,102**	226,309
Cost of sales	*11*	**(103,806)**	(250,572)
Gross loss		**(1,704)**	(24,263)
Other income and losses – net	*10*	**(1,721)**	(2,889)
Losses arising from changes in fair value of and transfers to investment properties		**(374)**	(838)
Selling and marketing costs	*11*	**(2,447)**	(6,638)
Administrative expenses	*11*	**(2,404)**	(3,219)
Research and development expenses	*11*	**(253)**	(704)
Net impairment losses on financial assets and guarantees		**(122)**	(6,662)
Operating loss		**(9,025)**	(45,213)
Finance income	*12*	**387**	1,584
Finance costs	*12*	**(2,699)**	(3,038)
Finance costs – net	*12*	**(2,312)**	(1,454)
Share of results of joint ventures and associates		**506**	519
Loss before income tax		**(10,831)**	(46,148)
Income tax expenses	*13*	**(4,233)**	(5,313)
Loss for the period		**(15,064)**	(51,461)
Loss attributable to:			
– Owners of the Company		**(12,842)**	(48,932)
– Non-controlling interests		**(2,222)**	(2,529)
		(15,064)	(51,461)
Losses per share attributable to owners of the Company (expressed in RMB yuan per share)			
Basic	*15*	**(0.46)**	(1.79)
Diluted	*15*	**(0.46)**	(1.79)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June	
	2024	2023
	RMB million	*RMB million*
Loss for the period	**(15,064)**	(51,461)
Other comprehensive income/(loss)		
Item that will not be reclassified to profit or loss:		
– Changes in fair value of financial assets at fair value through other comprehensive income	**180**	(236)
Items that may be reclassified to profit or loss:		
– Deferred costs of hedging	**–**	(173)
– Currency translation differences	**(46)**	16
Total other comprehensive income/(loss) for the period, net of tax	**134**	(393)
Total comprehensive loss for the period	**(14,930)**	(51,854)
Total comprehensive loss attributable to:		
– Owners of the Company	**(12,718)**	(49,350)
– Non-controlling interests	**(2,212)**	(2,504)
	(14,930)	(51,854)

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	Unaudited Six months ended 30 June **2024** ***RMB million***	 2023 *RMB million*
Cash flows from operating activities			
Cash generated from operations		**4,425**	18,091
Income tax paid		**(1,491)**	(7,953)
Interest paid		**(3,119)**	(6,752)
Net cash (used in)/ generated from operating activities		**(185)**	3,386
Cash flows from investing activities			
Net cash inflow on business combinations		**6**	3,274
Proceeds from disposals of property, plant and equipment		**158**	12
Net cash inflow on disposals of subsidiaries		**253**	1,244
Purchases of property, plant and equipment		**(24)**	(553)
Proceeds from disposals of investment properties		**5**	7
Purchases of intangible assets		**–**	(154)
Purchases of right-of-use assets		**–**	(192)
Net proceeds related to investments in joint ventures		**–**	163
Net proceeds related to investments in associates		**126**	302
Dividend income from joint ventures and associates		**602**	1,401
Proceeds from disposals of financial assets at fair value through other comprehensive income		**400**	56
Payments for financial assets at fair value through profit or loss		**(54)**	(456)
Proceeds from disposals of financial assets at fair value through profit or loss		**573**	658
Interest received		**387**	961
Net cash generated from investing activities		**2,432**	6,723

	Note	Unaudited Six months ended 30 June **2024** ***RMB million***	 2023 *RMB million*
Cash flows from financing activities			
Capital injections from non-controlling interests		–	283
Net cash outflow on transactions with non-controlling interests		**(154)**	(2,026)
Repurchase, purchase under tender offer and repayment of senior notes		–	(3,777)
Issue of corporate bonds	*7*	**242**	1,891
Repayment of corporate bonds	*7*	**(220)**	(7,463)
Settlement of derivative financial instruments		–	(56)
Payments for principal portion of leases		**(82)**	(56)
Dividends to non-controlling interests		**(558)**	(3,348)
Proceeds from bank and other borrowings		**2,197**	14,210
Repayments of bank and other borrowings		**(4,095)**	(37,007)
Net cash used in financing activities		**(2,670)**	(37,349)
Net decrease in cash and cash equivalents		**(423)**	(27,240)
Cash and cash equivalents at the beginning of the period		**7,130**	128,281
Exchange gains on cash and cash equivalents		**(9)**	74
Cash and cash equivalents at the end of the period		**6,698**	101,115

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 BASIS OF PREPARATION

This interim financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34, 'Interim Financial Reporting'. This interim financial information should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2023 ("**2023 Financial Statements**"), which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") and the disclosure requirements under the Hong Kong Companies Ordinance, and any public announcements made by the Company during the interim reporting period.

1.1 Going concern basis

For the six months ended 30 June 2024, the Group recorded a loss of RMB15,064 million and a loss attributable to owners of the Company of RMB12,842 million. As at 30 June 2024, the Group had borrowings in the forms of senior notes, convertible bonds, corporate bonds and bank and other borrowings amounted to RMB250,152million in aggregate, of which RMB203,546 million were current liabilities, while the Group's cash and cash equivalents amounted to RMB6,698 million and restricted cash amounted to RMB38,086 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 condensed 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. As a result of the above conditions, the Group is facing phased liquidity pressure.

During the period and up to the date of these condensed consolidated financial statements, the Group has commenced negotiations with the bondholders of certain domestic corporate bonds due within 12 months from 30 June 2024 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 RMB147,287 million of the Group's indebtedness was defaulted or cross-defaulted as at 30 June 2024. 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 30 June 2024, 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 condensed 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 18 months from 30 June 2024. 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 30 June 2024. Accordingly, these condensed 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 condensed consolidated financial statements.

2 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, 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 that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards 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 condensed consolidated financial statements and amounts reported for the current period and prior periods.

3 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 period, the executive directors of the Company concluded that the Group only has two reportable segments − Property development and Technology-enabled construction. The Others segment mainly includes property investment and hotel operation, which are individually and collectively insignificant for segment reporting purposes.

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

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

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

Revenue consists of the following:

	Six months ended 30 June	
	2024	2023
	RMB million	*RMB million*
Sales of properties	**98,829**	220,803
Rendering of technology-enabled construction services	**2,464**	3,272
Rental income	**402**	497
Others	**407**	1,737
	102,102	226,309

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. Geographical information is therefore not 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 is as follows:

	Property development *RMB million*	Technology-enabled construction *RMB million*	Others *RMB million*	Total *RMB million*
Six months ended 30 June 2024				
Revenue from contracts with customers	**98,829**	**5,087**	**2,797**	**106,713**
Revenue from other source: rental income	**–**	**–**	**402**	**402**
Segment revenue	**98,829**	**5,087**	**3,199**	**107,115**
Inter-segment revenue	**–**	**(2,623)**	**(2,390)**	**(5,013)**
Revenue from external customers	**98,829**	**2,464**	**809**	**102,102**
Share of results of joint ventures and associates	**505**	**–**	**1**	**506**
Losses arising from changes in fair value of and transfers to investment properties	**–**	**–**	**(374)**	**(374)**
Depreciation and amortisation expenses of property, plant and equipment, intangible assets and right-of-use assets	**(431)**	**(267)**	**(347)**	**(1,045)**
Net impairment losses on financial assets and guarantees	**(110)**	**(2)**	**(10)**	**(122)**
Net write-down of properties under development and completed properties held for sale	**(2,698)**	**–**	**–**	**(2,698)**
Segment results	**(7,294)**	**200**	**(1,425)**	**(8,519)**
At 30 June 2024				
Total segment assets after elimination of inter-segment balances	**1,075,368**	**21,002**	**92,841**	**1,189,211**
Investments in joint ventures and associates	**45,481**	**–**	**1,039**	**46,520**
Capital expenditure	**132**	**15**	**3**	**150**
Total segment liabilities after elimination of inter-segment balances	**756,935**	**31,603**	**39,767**	**828,305**

	Property development *RMB million*	Technology-enabled construction *RMB million*	Others *RMB million*	Total *RMB million*
Six months ended 30 June 2023				
Revenue from contracts with customers	220,803	18,814	10,329	249,946
Revenue from other source: rental income	–	–	497	497
Segment revenue	220,803	18,814	10,826	250,443
Inter-segment revenue	–	(15,542)	(8,592)	(24,134)
Revenue from external customers	220,803	3,272	2,234	226,309
Share of results of joint ventures and associates	526	–	(7)	519
Losses arising from changes in fair value of and transfers to investment properties	–	–	(838)	(838)
Depreciation and amortisation expenses of property, plant and equipment, intangible assets and right-of-use assets	(313)	(355)	(523)	(1,191)
Net impairment losses on financial assets and guarantees	(6,359)	(76)	(227)	(6,662)
Net write-down of properties under development and completed properties held for sale	(40,338)	–	–	(40,338)
Segment results	(42,883)	(272)	(1,539)	(44,694)
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

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

(b) All of the revenue from technology-enabled construction is recognised over time.

(c) During the period ended 30 June 2024, the amount of revenue from others recognised at a point in time and recognised over time are RMB2,117 million (30 June 2023: RMB9,524 million) and RMB680 million (30 June 2023: RMB805 million) respectively.

4 TRADE AND OTHER RECEIVABLES

	30 June 2024 *RMB million*	31 December 2023 *RMB million*
Included in current assets		
– Trade receivables – net *(note (a))*	**34,209**	31,703
– Other receivables – net *(note (b))*	**238,511**	235,340
– Prepayments for land *(note (c))*	**5**	5
– Other prepayments *(note (d))*	**27,973**	32,246
	300,698	299,294
Included in non-current assets		
– Deposits for acquisitions of companies *(note (e))*	**725**	848
	301,423	300,142

(a) Details of trade receivables are as follows:

	30 June 2024 *RMB million*	31 December 2023 *RMB million*
Trade receivables	**35,328**	32,787
Less: allowance for impairment	**(1,119)**	(1,084)
Trade receivables – net	**34,209**	31,703

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

	30 June 2024 *RMB million*	31 December 2023 *RMB million*
Within 90 days	**24,847**	23,399
Over 90 days and within 180 days	**1,922**	1,875
Over 180 days and within 365 days	**4,912**	4,756
Over 365 days	**3,647**	2,757
	35,328	32,787

As at 30 June 2024 and 31 December 2023, trade receivables were mainly denominated in RMB.

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

(b) Details of other receivables are as follows:

	30 June 2024 *RMB million*	31 December 2023 *RMB million*
Amounts due from joint ventures, associates and other related parties	**56,039**	57,869
Land auction and other deposits	**26,035**	30,325
Others (i)	**198,039**	188,660
	280,113	276,854
Less: allowance for impairment	**(41,602)**	(41,514)
Other receivables – net	**238,511**	235,340

(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 30 June 2024.

(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 end of the reporting period.

5 TRADE AND OTHER PAYABLES

	30 June 2024 *RMB million*	31 December 2023 *RMB million*
Trade payables *(note (a))*	**200,736**	192,848
Other payables *(note (b))*	**165,171**	166,399
Other taxes payable *(note (c))*	**36,701**	45,674
Salaries payable	**3,893**	3,457
	406,501	408,378

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

	30 June 2024	31 December 2023
	RMB million	*RMB million*
Within 365 days	**197,833**	190,059
Over 365 days	**2,903**	2,789
	200,736	192,848

(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 RMB49,200 million (31 December 2023: RMB58,656 million), value-added taxes payable and other taxes.

6 SENIOR NOTES

	Six months ended 30 June	
	2024	2023
	RMB million	*RMB million*
At 1 January	**68,367**	70,655
Repurchase and purchase under tender offer	**–**	(1,771)
Repayment upon maturity	**–**	(2,629)
Interest expenses	**1,803**	1,807
Coupon interest paid	**–**	(1,843)
Exchange differences	**431**	2,463
At 30 June	**70,601**	68,682
Less: current portion included in current liabilities	**(70,601)**	(11,490)
Included in non-current liabilities	**–**	57,192

7 CORPORATE BONDS

	Six months ended 30 June	
	2024	2023
	RMB million	*RMB million*
At 1 January	**19,359**	32,319
Additions *(note (a))*	**242**	1,891
Early redemption *(note (a))*	**(220)**	–
Repayment upon maturity	**–**	(7,463)
Interest expenses	**407**	682
Coupon interest paid	**(384)**	(470)
Exchange differences	**(38)**	(15)
At 30 June	**19,366**	26,944
Less: current portion included in current liabilities	**(4,762)**	(21,590)
Included in non-current liabilities	**14,604**	5,354

(a) During the period, corporate bonds newly issued by the Group were listed as follows:

Name of bonds	**Par value** *RMB million*	**Interest rate**	**Issue date**	**Term of the bonds**
RLTH25NA	242	7.50%	2 February 2024	1.75 years
Early redeemed during the period:				
RMB corporate bonds of Guangdong Giant Leap Construction Co., Ltd. issued in 2016 — series II*	9	4.50%	21 October 2021	5 years
RMB corporate bonds of Country Garden Real Estate Group Co., Ltd. ("**Country Garden Property**") issued in 2019 — tranche III	40	4.98%	20 November 2021	5 years
RMB corporate bonds of Country Garden Property issued in 2020 — tranche IV	70	4.15%	3 November 2020	6 years
RMB corporate bonds of Country Garden Property issued in 2021 — tranche I	38	4.80%	12 March 2021	6 years
RMB corporate bonds of Country Garden Property issued in 2021 — tranche IV	63	6.30%	17 December 2021	5 years

8 CONVERTIBLE BONDS

	Six months ended 30 June	
	2024	2023
	RMB million	*RMB million*
Liability component as at 1 January	**6,171**	5,793
Interest expenses	**203**	270
Coupon interest paid	**–**	(144)
Exchange differences	**(43)**	184
Liability component as at 30 June	**6,331**	6,103
Less: current portion included in current liabilities	**(6,331)**	(6,103)
Included in non-current liabilities	**–**	–

As at 30 June 2024, there has been no conversion of the 2023 Convertible Bonds and 2026 Convertible Bonds.

9 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
	million	*HKD million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Authorised							
At 1 January 2023, 30 June 2023, 1 January 2024 and 30 June 2024, HKD0.10 per share	100,000	10,000					
Issued and fully paid							
At 1 January 2023 and 30 June 2023	27,637	2,763	2,560	50,201	52,761	(2,225)	50,536
Issued and fully paid							
At 1 January 2024 and 30 June 2024	27,988	2,798	2,592	50,416	53,008	(2,225)	50,783

10 OTHER INCOME AND LOSSES – NET

	Six months ended 30 June	
	2024	2023
	RMB million	*RMB million*
Other income		
– Government subsidy income	**114**	153
– Forfeiture income	**49**	114
– Management and other related service income	**3**	27
	166	294
Other gains/(losses)		
– Changes in fair value of financial assets at FVTPL	**(676)**	145
– Losses on disposals of subsidiaries	**(281)**	(667)
– Losses on disposals of investment properties	**(38)**	(13)
– Gains/(losses) on disposals of property, plant and equipment	**41**	(99)
– Gains/(losses) on disposals of joint ventures and associates	**249**	(1,713)
– Others	**(1,182)**	(836)
	(1,887)	(3,183)
Total other income and losses – net	**(1,721)**	(2,889)

11 EXPENSES BY NATURE

	Six months ended 30 June 2024 RMB million	2023 RMB million
Cost of property sold and construction services	**100,441**	209,004
Net write-down of properties under development and completed properties held for sale	**2,698**	40,338
Employee benefit expenses	**2,152**	4,706
Sales commission to agents	**1,341**	1,801
Depreciation of property, plant and equipment	**864**	860
Property management and other services expenses	**306**	815
Advertising and promotion costs	**118**	814
Other taxes and levies	**295**	574
Depreciation of right-of-use assets	**119**	168
Amortisation of intangible assets	**62**	163
Donations	**–**	63
Others	**514**	1,827
Total cost of sales, selling and marketing costs, administrative expenses and research and development expenses	**108,910**	261,133

12 FINANCE COSTS – NET

	Six months ended 30 June 2024 RMB million	2023 RMB million
Finance income:		
– Interest income on bank deposits and others	**387**	961
– Gains on repurchase of senior notes	**–**	623
	387	1,584
Finance costs:		
– Interest expenses on bank borrowings, senior notes, corporate bonds and others	**(6,680)**	(7,042)
– Interest expenses on lease liabilities	**(33)**	(12)
	(6,713)	(7,054)
Less: amounts capitalised on qualifying assets	**4,231**	7,054
	(2,482)	–
Net foreign exchange losses	**(217)**	(3,038)
Finance costs – net	**(2,312)**	(1,454)

13 INCOME TAX EXPENSES

	Six months ended 30 June	
	2024	2023
	RMB million	*RMB million*
Current income tax		
– Corporate income tax	**1,866**	1,449
– Land appreciation tax	**3,446**	3,332
	5,312	4,781
Deferred income tax	**(1,079)**	532
	4,233	5,313

14 DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2024 (2023 interim dividend: nil).

15 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 period, excluding ordinary shares purchased by the Group and held as treasury shares.

	Six months ended 30 June	
	2024	2023
Loss attributable to owners of the Company *(RMB million)*	**(12,842)**	(48,932)
Weighted average number of ordinary shares in issue *(million)*	**27,989**	27,355
Losses per share – Basic *(RMB yuan per share)*	**(0.46)**	(1.79)

(b) Diluted

For the period ended 30 June 2023 and 2024, 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 54.9% to approximately RMB102,102 million in the first half of 2024 from approximately RMB226,309 million for the corresponding period in 2023. 96.8% of the Group's revenue was generated from the sales of properties (corresponding period in 2023: 97.6%), and 3.2% from Technology-enabled construction and Others segments (corresponding period in 2023: 2.4%).

Property Development

Due to the decrease of GFA delivered, revenue generated from property development decreased by 55.2% to approximately RMB98,829 million for the six months ended 30 June 2024 from approximately RMB220,803 million for the corresponding period in 2023. The recognised average selling price of property delivered (value-added taxes not included) was approximately RMB7,725 per sq.m. for the six months ended 30 June 2024.

Technology-enabled Construction

Technology-enabled construction revenue from external parties decreased by 24.7% to approximately RMB2,464 million for the six months ended 30 June 2024 from approximately RMB3,272 million for the corresponding period in 2023, 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 63.8% to approximately RMB809 million for the six months ended 30 June 2024 from approximately RMB2,234 million for the corresponding period in 2023.

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 50.8% to approximately RMB4,851 million for the six months ended 30 June 2024 from approximately RMB9,857 million for the corresponding period in 2023.

Finance Costs – Net

The Group recorded net finance costs of approximately RMB2,312 million in the first half of 2024 (corresponding period in 2023: approximately RMB1,454 million).

During the period, the Group recorded net foreign exchange loss of approximately RMB217 million (corresponding period in 2023: approximately RMB3,038 million), finance income of approximately RMB387 million (corresponding period in 2023: approximately RMB1,584 million). Interest expenses amounted to approximately RMB6,713 million for the six months ended 30 June 2024 (corresponding period in 2023: approximately RMB7,054 million), of which approximately RMB4,231 million had been capitalised on qualifying assets (corresponding period in 2023: approximately RMB7,054 million).

Loss before Income Tax

The Group recorded loss before income tax of approximately RMB10,831 million in the first half of 2024 (corresponding period in 2023: the loss before income tax of approximately RMB46,148 million), mainly due to a net impairment provision of approximately RMB2,698 million for properties under development and completed properties held for sale.

Loss Attributable to Owners of the Company

In the first half of 2024, the loss attributable to owners of the Company was approximately RMB12,842 million (corresponding period in 2023: the loss attributable to owners of the Company was approximately RMB48,932 million).

Liquidity, Financial and Capital Resources

Cash position

As at 30 June 2024, the Group's total cash (equals to the sum of cash and cash equivalents and restricted cash) amounted to approximately RMB44,784 million (31 December 2023: approximately RMB63,816 million), including approximately RMB6,698 million in cash and cash equivalents and approximately RMB38,086 million in restricted cash.

As at 30 June 2024, 93.0% (31 December 2023: 95.4%) of the Group's total cash was denominated in Renminbi and 7.0% (31 December 2023: 4.6%) was denominated in other currencies (mainly US dollars, HK dollars and Malaysian Ringgit).

Debt Composition

As at 30 June 2024, the Group's bank and other borrowings, senior notes, corporate bonds and convertible bonds amounted to approximately RMB153,854 million, RMB70,601 million, RMB19,366 million and RMB6,331 million respectively (31 December 2023: approximately RMB155,752 million, RMB68,367 million, RMB19,359 million and RMB6,171 million respectively).

For bank and other borrowings, approximately RMB121,852 million, RMB29,700 million and RMB2,302 million will be repayable within 1 year, between 1 and 5 years and beyond 5 years respectively (31 December 2023: approximately RMB114,665 million, RMB38,550 million and RMB2,537 million respectively). As at 30 June 2024 and 31 December 2023, the majority of the bank and other borrowings were secured by certain properties, investment properties and equipments 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 30 June 2024, the total debts increased to approximately RMB250,152 million, from approximately RMB249,649 million as at 31 December 2023.

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 foreign exchange exposure is mainly derived from the borrowings denominated in USD and HKD. The Group has been paying closely attention to the fluctuation of the foreign exchange rate and actively taking measures to mitigate the risk of exchange rate fluctuation.

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 INTERIM FINANCIAL INFORMATION" in this announcement.

Guarantees

As at 30 June 2024, the Group had guarantees in respect of mortgage facilities for certain property buyers amounting to approximately RMB365,079 million (31 December 2023: approximately RMB357,125 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 30 June 2024, the Group had provided guarantees amounting to approximately RMB6,063 million (31 December 2023: approximately RMB7,169 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 30 June 2024, the Group had approximately 29,261 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 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 over 600,000 units of properties throughout the year 2023, the Group, together with its joint ventures and associates, delivered over 150,000 units of properties in the first half of 2024, 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 body with 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.

EXTRACTS OF THE REPORT ON REVIEW OF UNAUDITED INTERIM FINANCIAL INFORMATION

The Company's independent auditor, ZHONGHUI ANDA CPA Limited, has disclaimed a conclusion in its report on review of unaudited interim financial information of the Group's interim financial information for the six months ended 30 June 2024, and extract of which is as follows:

BASIS FOR DISCLAIMER OF CONCLUSION

Scope limitation relating to the assessment on the appropriateness of the going concern basis of preparing the Interim Financial Information

As disclosed in note 2.1 to the interim financial information, the Group incurred a loss attributable to owners of the Company of approximately RMB12.8 billion for the six months ended 30 June 2024. As at 30 June 2024, the Group had borrowings in total of approximately RMB250.2 billion, out of which approximately RMB203.5 billion was included in current liabilities, while its total cash (including cash and cash equivalents and restricted cash) amounted to approximately RMB44.8 billion. As at 30 June 2024, the Group had certain indebtedness, including senior notes, corporate bonds, convertible bonds and bank and other borrowings, with an aggregated carrying amount of approximately RMB147.3 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 to the interim financial information. 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 30 June 2024. Accordingly, the Directors are of the view that it is appropriate to prepare the interim financial information on a going concern basis.

Should the Group fail to achieve the abovementioned 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 interim financial information.

DISCLAIMER OF CONCLUSION

We have not been able to obtain sufficient appropriate review evidence to satisfy ourselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the interim financial information because of the lack of sufficient appropriate review 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 conclusion as to whether the use of the going concern assumption in the preparation of the interim financial information is appropriate.

The aforesaid "note 2.1 to the interim financial information" in the extract from the independent auditor's report on review of the Group's unaudited interim financial information is disclosed as note 1.1 to the "NOTES TO THE INTERIM 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). Mr. WANG Zhijian is the chairman of the Audit Committee.

The Audit Committee has reviewed with the management of the Company the accounting policies and practices adopted by the Group and discussed, among other things, internal control, risk management and financial reporting matters including a review of the unaudited interim financial information of the Group for the six months ended 30 June 2024. In addition, the independent auditor of the Company, ZHONGHUI ANDA CPA Limited, has reviewed the unaudited interim financial information of the Group for the six months ended 30 June 2024 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

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.

During the six months ended 30 June 2024, 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 C.1.8 of Part 2 of the CG Code as it takes time to discuss with insurance companies to provide the Company with a comprehensive and feasible insurance. During the period after the expiration date of the directors and officers liability insurance of last year (i.e. 21 May 2024) to 30 June 2024, the Company is unable to make appropriate insurance arrangements in respect of legal actions arising from conduct of its directors committed on or after 22 May 2024. Further, the annual general meeting of the Company for the year ended 31 December 2023 was not held within six months after the end of the year ended 31 December 2023 due to the delay in the publication of the 2023 Annual Results and the despatch of the 2023 Annual Report.

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 six months ended 30 June 2024.

No incident of non-compliance was noted by the Company for the six months ended 30 June 2024. 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 six months ended 30 June 2024, 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 six months ended 30 June 2024, no Shares were granted under the Share Award Scheme. As at 30 June 2024, the total number of Shares in relation to share awards that were granted under the Share Award Scheme was 165,434,000 Shares (being the net number after deduction of the exercised and lapsed share awards). As at 30 June 2024, 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 2023: 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 2024 (as at 1 January 2023: 2,048,830,798 Shares) and as at 30 June 2024 (as at 31 December 2023: 2,048,830,798 Shares). During the six months ended 30 June 2024, no share options were granted to eligible persons in accordance with the terms of the Share Option Schemes (whereas during the year ended December 2023, no share options were granted to eligible persons in accordance with the terms of the Share Option Schemes).

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

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 six months ended 30 June 2024. 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.

Please refer to the announcements of the Company dated 21 November 2018, 22 November 2018, 12 December 2018, 24 May 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 six months ended 30 June 2024. 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 8 to the "NOTES TO THE INTERIM 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 six months ended 30 June 2024.

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 six months ended 30 June 2024, please also refer to notes 6 and 7 to the "NOTES TO THE INTERIM FINANCIAL INFORMATION" in this announcement.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2024 (2023 interim dividend: Nil).

PUBLICATION OF INTERIM RESULTS

The interim 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.