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COUNTRY GARDEN HOLDINGS COMPANY LIMITED

碧桂園控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2007)

PROFIT WARNING INSIDE INFORMATION ANNOUNCEMENT

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 under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders, other stakeholders and potential investors of the Company that, based on the information currently available to the management, the preliminary assessment of the unaudited management accounts of the Group for the six months ended 30 June 2023 and other information currently available, the Group is expected to record a net loss ranging from approximately RMB45 billion to RMB55 billion for the six months ended 30 June 2023 as compared to the net profit of approximately RMB1.91 billion for the six months ended 30 June 2022. The expected net loss was mainly due to the decrease in gross profit margin of the real estate business and the increase in impairment of property projects as a result of the decline in sales in the real estate industry, as well as the expected foreign exchange loss resulted from foreign exchange fluctuations.

Since 2021, the industry has entered an unprecedented difficult period with multiple unfavorable factors, resulting in severe difficulties and challenges for industry sales and open market financing. From January to July 2023, the Group achieved attributable sales of RMB140.8 billion, representing a year-on-year decrease of 35%, and a decrease of 61% as compared with 2021; In July, the single-month attributable sales amounted to

RMB12.1 billion and recorded a month-on-month decline for four consecutive months, representing a year-on-year decrease of 60%, and a decrease of 78% as compared with 2021.

Facing such an extremely difficult situation industry-wide, the Company worked together to carry out self-rescue by all means. **Firstly**, the Company has made every effort to ensure the Company's cash flow security. With the objectives of "minimizing costs and maximizing value", the Company accelerated the collection of sales proceeds and debt receivables, actively expanded financing, and strived to revitalize bulk and slow-moving under-performing commercial assets. **Secondly**, to minimize expenditures, the Company determined production based on sales, strictly controlled ineffective production capacity and reduced various non-core and non-essential operating expenses; strengthened cost control, and applied the zeroing principle to other expenses except for rigid costs; streamlined the organizational structure, reduced salaries with the senior management taking the lead and strictly controlled the sales management expenses, and therefore the proportion of sales management expenses to revenue decreased for six consecutive years from 2017 to 2022. **Thirdly**, Ms. YANG Huiyan, the Chairman of the Board and a controlling shareholder (the "**Controlling Shareholder**"), has given strong support. Since listing, the Controlling Shareholder and her family members have, without any reduction of shareholding, supported the Company in an aggregate amount equivalent to approximately HK\$38.6 billion by way of loans, increase in shareholding, purchase of bonds and scrip dividends, among which, a non-interest bearing and unsecured borrowings in a cumulative amount equivalent to approximately HK\$6.6 billion have been provided to the Company. **Fourthly**, the Company has made every effort to ensure its delivery and secure its credit. In 2022 and the first half of 2023, the Group, together with its joint ventures and associates, delivered nearly 700,000 and 278,000 units of properties, respectively. It is expected that a total of nearly 700,000 units will be delivered in 2023. Since 2022, the financing environment is in extreme hardship. Albeit its financing cash flow continues to be in net outflow status, the Company still made every effort to repay the principals and interests of domestic and overseas financing.

Although the Company has spared no efforts in self-rescue, the overall market has not yet recovered, the absolute scale of the industry has declined, and the capital market needs time to restore its confidence. The overall operating pressure of the Company has increased, resulting in a relatively significant loss in the first half of 2023. In particular, due to the recent deterioration of sales and refinancing environment, the available funds in the book of the Company have been continuously reduced, resulting in a phased liquidity pressure. In this regard, the management of the Company has made a profound reflection. Although there was forecast on this cycle of market adjustment, the estimates on the depth, intensity and continuity of the market downturn were insufficient, while more effective countermeasures were not taken as early as possible, and no insight was given to the significant changes on the relationship between the supply and demand in the real estate market. The understanding of potential risks such as excessive investment proportion in third-and fourth-tier and even lower-tier cities and the reduction rate of debt ratio were insufficient, and the mitigation actions were not timely and effective.

One shall pick himself up from where he has fallen. The Company will adhere to its responsibilities, spare no effort in self-rescue, take effective measures, and strive to reverse the prevailing difficulties. **Firstly**, the Company will spare no effort to ensure delivery. This is the safety bottom line of the property market, the most important corporate responsibility of the Company, and the goal with high consensus among all employees. The Company will effectively ensure the operation of projects nationwide and complete the tasks of property delivery by implementing its main responsibilities, utilizing funds according to their specific purposes and strictly controlling pre-sale monitoring funds etc., so as to fulfill its commitment to property owners. **Secondly**, the Company will actively resolve phased liquidity pressure. The Company will communicate with all stakeholders and consider adopting various debt management measures to safeguard the Company's long-term development in the future, so as to preserve value for all stakeholders and safeguard their interests. **Thirdly**, the Company will ensure orderly operation. At present, the Group has sufficient net assets and abundant land reserves. As of the end of 2022, the Group's net assets amounted to approximately RMB309.6 billion and total saleable resources amounted to approximately RMB1,208.3 billion (of which the saleable resources acquired amounted to approximately RMB955.5 billion). The Company will make its best efforts in sales, strive to revitalize under-performing assets such as hotels, office buildings and shops, while strengthen internal control, further streamline its organization, reduce administrative and management expenses, improve operating efficiency, and better protect the interests of suppliers, partners and other stakeholders. **Fourthly**, the Company will strengthen its organization and leadership during the special period. In order to better cope with the prevailing difficulties, the Company has set up a special task force headed by the Chairman of the Board, and established an operation mechanism for coordination and efficient decision-making, so as to vigorously advance and overcome the difficulties.

Although the Company has encountered the biggest difficulties since its establishment, we have always been confident in the prospects of China's economy. After this round of profound adjustments, the real estate industry will finally return to a sound and stable development track. The Company will actively implement the spirit of the meeting of the Political Bureau of the Central Committee of the Communist Party of China on 24 July, and assume the responsibility of a large enterprise to make full use of relevant policies such as "31 points in relation to private economy" and "16 points in relation to finance" under the leadership of the Party Committee and governments at all levels, thereby not only, based on the current position, coordinating resources of all parties to strive to ensure delivery and secure operation, but also, with the focus on long-term development, steadily promoting various business strategies and risk mitigation measures to ensure the sustainable and healthy development of the Company while safeguarding the legitimate interests of investors.

Lastly, on behalf of the Company, the Board would like to sincerely ask for understanding and support for the prevailing difficulties and adjustment measures of Country Garden, as well as express its sincere gratitude to all parties in the society for their continued care and assistance. The Company will practice its mission and assume its responsibilities with practical actions and live up to the trust and entrustment of all sectors of the society.

The information contained in this announcement is only based on the preliminary review by the management of the Company on the financial information currently available and is not based on any figures or data which have been audited or reviewed by the auditors or the audit committee of the Company. Shareholders and potential investors are advised to read carefully the interim results announcement of the Company for the six months ended 30 June 2023, which is expected to be published in late August 2023.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Foshan, Guangdong Province, the PRC, 10 August 2023

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