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Jiayuan International Group Limited

佳源國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2768)

12.0% Senior Secured Notes due 2020 issued on 22 October 2018

(Stock Code: 5190)

(the “Notes”)

ANNOUNCEMENT

INSIDE INFORMATION AND RESUMPTION OF TRADING

This announcement is made by Jiayuan International Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.10 of the Listing Rules.

Reference is made to the announcements of the Company dated 17 January 2019 and 22 January 2019 (the “**Announcements**”), respectively, in relation to (i) the unusual movements in the trading price and trading volume of the shares of the Company on 17 January 2019; and (ii) the trading halt in the shares and the Notes of the Company on the Stock Exchange pending the release of this announcement to clarify certain recent media coverage about the Company. Unless otherwise stated, terms defined in the Announcements shall have the same respective meanings when used herein.

RECENT MEDIA COVERAGE ABOUT THE COMPANY

The Board noticed that there were certain recent media coverage on the financial position of Mr. Shum Tin Ching, the chairman, the non-executive director and a controlling shareholder of the Company, and private companies owned and/or controlled by him and the pledge by Mr. Shum of a 98.83% equity interest in Jiayuan Chuangsheng Group Holdings Limited* (佳源創盛控股集團有限公司) (“**Jiayuan Chuangsheng**”), a company established under the laws of the PRC with limited liability and owned as to 98.83% by Mr. Shum.

The Board would like to draw the attention of the shareholders of the Company and the investment public of the following clarification information in relation to the above media coverage provided by Mr. Shum and/or Mingyuan Group Investment Limited (“**Mingyuan Investment**”) (a company wholly-owned by Mr. Shum and together with Mr. Shum, being the controlling shareholders of the Company):

- (i) on 27 July 2017, Mr. Shum pledged a 98.83% equity interest in Jiayuan Chuangsheng in favour of Bank of Dalian Co., Ltd. as a security for a banking facility in the amount of RMB2,300,000,000 for Jiayuan Chuangsheng, for a period commencing from 27 July 2017 and ending on 27 February 2020;
- (ii) the above share pledge was released and discharged in its entirety on 29 December 2018 by Bank of Dalian Co., Ltd. and all the bank borrowings incidental thereto was fully repaid by Jiayuan Chuangsheng; and
- (iii) the above share pledge was in respect of Mr. Shum’s equity interest in Jiayuan Chuangsheng and is not a share pledge in respect of the shareholding interest in the Company held by Mr. Shum and/or Mingyuan Investment.

Mr. Shum reported to the Board, for himself and on behalf of Mingyuan Investment, that due to the unusual and rapid downwards movements in the trading price of the shares of the Company on 17 January 2019, there was a forced sale of an aggregate of 93,620,000 shares of the Company held by Mingyuan Investment on the Stock Exchange taken place on 17 January 2019, arising from partly enforcement of share charges and/or margin financings in respect of certain shares held by Mingyuan Investment by certain securities brokers, and as a result of the above forced sale, the shareholding interest held by Mingyuan Investment (together with Mr. Shum) in the Company was reduced from approximately 55.65% to approximately 51.92% on 17 January 2019.

The Company allotted and issued to Mingyuan Investment 50,180,189 consideration shares of the Company at HK\$13.73 per share on 21 January 2019 pursuant to the acquisition of property management business from Mr. Shum as approved by the extraordinary general meeting of the Company held on 15 January 2019, and as a result of the above issue and allotment, the shareholding interest held by Mingyuan Investment (together with Mr. Shum) in the Company was increased from approximately 51.92% to approximately 52.86% on 21 January 2019.

Mingyuan Investment (together with Mr. Shum) has been the holder of more than 50% of the issued share capital of the Company since the listing and commencement of trading of the shares of the Company on 8 March 2016.

The Board has made a request for and Mr. Shum, for himself and on behalf of Mingyuan Investment, has agreed to provide details in respect of the security interest created over the shareholding interest held by Mingyuan Investment (together with Mr. Shum) in the Company as soon as practicable. Once the Board has received such information from Mr. Shum, the Company will issue an announcement in accordance with the Listing Rules if such information constitutes inside information of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares and the Notes of the Company on the Stock Exchange was halted with effect from 1:00 p.m. on Tuesday, 22 January 2019 pending release of this announcement.

The Company has applied to the Stock Exchange for resumption of trading in the shares and the Notes of the Company on the Stock Exchange with effect from 9:00 a.m. on Wednesday, 23 January 2019.

Shareholders and potential investors of the Company are advised to exercise caution in dealing in the shares and the Notes of the Company.

By Order of the Board
Jiayuan International Group Limited
Shum Tin Ching
Chairman

Hong Kong, 22 January 2019

As at the date of this announcement, the non-executive Director is Mr. Shum Tin Ching; the executive Directors are Mr. Huang Fuqing, Ms. Cheuk Hiu Nam and Mr. Wang Jianfeng; and the independent non-executive Directors are Mr. Tai Kwok Leung, Alexander, Dr. Cheung Wai Bun, Charles, JP and Mr. Gu Yunchang.

* *For identification purpose only*