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**JOVAN 佳源**

**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)**

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

**RESULTS HIGHLIGHTS**

- The Group achieved contracted sales of approximately RMB7,780 million for the six months ended 30 June 2022 representing a decrease of approximately 59% from corresponding period of RMB19,127 million in 2021.
- The Group's revenue decreased to approximately RMB7,360 million for the six months ended 30 June 2022 as compared to the corresponding period of approximately RMB9,364 million in 2021.
- The Group's gross profit was approximately RMB1,636 million for the six months ended 30 June 2022, with gross profit margin of approximately 22%.
- Net profit of the Group for the six months ended 30 June 2022 amounted to approximately RMB536 million, representing a decrease of approximately RMB1,634 million or 75% as compared to the corresponding period in 2021.
- Core net profit of the Group for the six months ended 30 June 2022<sup>(note 1)</sup> was approximately RMB741 million.
- Cash and bank balances of the Group<sup>(note 2)</sup> as at 30 June 2022 was RMB6,733 million, representing a decrease of 32% compared to 31 December 2021.
- As at 30 June 2022, the Group had land reserves of approximately 16.6 million sq.m..

*Note 1:* Core net profit of the Group for the six months ended 30 June 2022 and 30 June 2021 exclude fair value change on investment properties, net impairment reversal on financial assets, fair value change on financial assets at fair value through profit or loss, fair value change on derivative financial instruments and their related deferred tax, foreign exchange gains/(losses) and gains arising from bargain purchase.

*Note 2:* Cash and bank balances include cash and cash equivalents, restricted bank deposits and short-term bank deposits.

The board (the “Board”) of directors (the “Directors”) of Jiayuan International Group Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2022 together with comparative figures for the corresponding period in the previous year as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022

		<b>Six months ended 30 June</b>	
		<b>2022</b>	<b>2021</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>	2	<b>7,360,046</b>	9,363,917
Cost of sales		<b>(5,723,686)</b>	(6,370,024)
<b>Gross profit</b>		<b>1,636,360</b>	2,993,893
Other income	3	<b>82,313</b>	163,765
Other gains and losses	3	<b>(307,320)</b>	294,791
Net impairment reversal on financial assets		<b>18,140</b>	4,098
Fair value change on investment properties		<b>(117,600)</b>	(35,720)
Selling and marketing costs		<b>(66,903)</b>	(144,934)
Administrative expenses		<b>(163,886)</b>	(163,789)
Finance costs	4	<b>(277)</b>	(29,284)
Share of results of investments accounted for using the equity method		<b>(15,614)</b>	25,268
<b>Profit before taxation</b>		<b>1,065,213</b>	3,108,088
Income tax expense	5	<b>(529,131)</b>	(938,117)
<b>Profit for the period</b>		<b>536,082</b>	2,169,971
<b>Profit for the period attributable to:</b>			
– Owners of the Company		<b>326,175</b>	1,979,789
– Non-controlling interests		<b>209,907</b>	190,182
		<b>536,082</b>	2,169,971
<b>Earnings per share attributable to owners of the Company (expressed in RMB cents per share)</b>			
– Basic earnings per share	7	<b>5</b>	33
– Diluted earnings per share	7	<b>4</b>	33

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Profit for the period</b>	<b>536,082</b>	<b>2,169,971</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit or loss:</i>		
– Exchange differences arising on translation of foreign operations	<b>39,237</b>	<b>5,464</b>
<b>Total comprehensive income for the period</b>	<b>575,319</b>	<b>2,175,435</b>
<b>Total comprehensive income for the period attributable to:</b>		
– Owners of the Company	<b>365,413</b>	<b>1,985,253</b>
– Non-controlling interests	<b>209,906</b>	<b>190,182</b>
	<b>575,319</b>	<b>2,175,435</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		30 June 2022	31 December 2021
	<i>Note</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
<b>Non-current assets</b>			
Investment properties		7,383,400	7,501,000
Property and equipment		143,227	149,125
Intangible assets		153,174	158,275
Right-of-use assets		4,930	7,605
Investments accounted for using the equity method	8	2,400,635	6,296,244
Financial assets at fair value through profit or loss		778,360	850,390
Deposits paid for acquisitions		1,161,402	1,263,025
Deferred tax assets		1,113,471	1,031,844
Trade and other receivables	10	30,641	29,894
		<u>13,169,240</u>	<u>17,287,402</u>
<b>Current assets</b>			
Inventories of properties		65,603,730	50,383,073
Trade and other receivables	10	5,980,478	6,656,181
Financial assets at fair value through profit or loss		15,411	106,494
Prepaid income tax		643,929	599,255
Short-term bank deposits		2,028	332,321
Restricted bank deposits		1,209,558	723,024
Cash and cash equivalents		5,521,203	8,775,042
		<u>78,976,337</u>	<u>67,575,390</u>
<b>Total assets</b>		<u>92,145,577</u>	<u>84,862,792</u>
<b>Current liabilities</b>			
Trade and other payables	11	7,069,296	6,882,743
Pre-sale deposits received		21,940,884	21,317,280
Current income tax liabilities		8,258,767	7,754,171
Bank and other borrowings	12	7,808,000	3,627,753
Senior notes	13	5,354,514	2,842,463
Lease liabilities		2,669	5,644
		<u>50,434,130</u>	<u>42,430,054</u>
<b>Net current assets</b>		<u>28,542,207</u>	<u>25,145,336</u>
<b>Total assets less current liabilities</b>		<u>41,711,447</u>	<u>42,432,738</u>

		<b>30 June 2022</b>	31 December 2021
	<i>Note</i>	<b>RMB'000 (Unaudited)</b>	<b>RMB'000 (Audited)</b>
<b>Non-current liabilities</b>			
Bank and other borrowings	12	<b>8,341,941</b>	9,442,461
Derivative financial instruments		<b>58,519</b>	172,331
Pre-sale deposits received		<b>368,580</b>	354,811
Deferred tax liabilities		<b>2,146,154</b>	595,414
Senior notes	13	<b>3,555,453</b>	6,398,135
Convertible bonds		<b>628,822</b>	581,456
Lease liabilities		<b>2,485</b>	2,487
		<b>15,101,954</b>	17,547,095
<b>Equity attributable to owners of the Company</b>			
Share capital	14	<b>42,291</b>	41,987
Convertible bonds		<b>2,747,580</b>	2,848,025
Reserves		<b>19,035,367</b>	18,568,380
		<b>21,825,238</b>	21,458,392
<b>Non-controlling interests</b>		<b>4,784,255</b>	3,427,251
<b>Total equity</b>		<b>26,609,493</b>	24,885,643
<b>Total equity and non-current liabilities</b>		<b>41,711,447</b>	42,432,738

## **NOTES TO THE INTERIM FINANCIAL INFORMATION**

*For the six months ended 30 June 2022*

### **1 GENERAL INFORMATION, BASIS OF PREPARATION AND BUSINESS COMBINATION**

Jiayuan International Group Limited (the “Company”) was incorporated on 5 May 2015 and registered in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. In March 2016, the Company completed the initial listing of its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing”). Its immediate holding company is Mingyuan Group Investment Limited (“Mingyuan Investment”), a company incorporated in the British Virgin Islands (“BVI”) with limited liability. Its ultimate holding company is Galaxy Emperor Limited, a company incorporated in the BVI with limited liability. Its ultimate controlling party is Mr. Shum Tin Ching (the “Ultimate Shareholder”).

The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company is engaged in investment holding and its subsidiaries (collectively, the “Group”) are principally engaged in the property development, property investment and provision of property management services.

The interim financial information for the six months ended 30 June 2022 (“Interim Financial Information”) is presented in Renminbi (“RMB”), unless otherwise stated, and was approved for issue by the Board of Directors of the Company on 31 August 2022.

Due to the outbreak of the coronavirus disease 2019 (“COVID-19”) and the Omicron variant, control measures in different cities such as temporary lockdowns of certain cities had been carried out in this period. This has created unfavourable impact to the operating performance of the Group, including but not limited to the delays caused to construction and delivery of property units, temporary suspension of property sales activities. The directors of the Company will continue to monitor the situation of COVID-19 and assess the impact to the operating performance and financial position of the Group.

#### **Basis of preparation**

This Interim Financial Information has been prepared in accordance with the 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 2021 (“2021 Financial Statements”), which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

## 2 REVENUE

Revenue is stated net of sales related tax and is analysed as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Types of goods and services</b>		
Sales of properties	6,873,190	8,904,408
Property management services	434,158	362,413
Property rental	52,698	97,096
Total	<b>7,360,046</b>	<b>9,363,917</b>
<b>Revenue is recognised:</b>		
Contracts with customers:		
– At a point in time	6,880,965	8,904,408
– Over time	426,383	362,413
Other source: rental income	7,307,348	9,266,821
	52,698	97,096
Total	<b>7,360,046</b>	<b>9,363,917</b>

### Sales of properties by markets

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Mainland China	6,873,067	8,891,874
Hong Kong and others	123	12,534
Total	<b>6,873,190</b>	<b>8,904,408</b>

There was no individual customer contributing over 10% of the total revenue for the six months ended 30 June 2022 and 2021.

The Group is principally engaged in property development revenue of which accounted for over 90% of total turnover.

No segment assets and liabilities are presented as they were not provided to the chief operating decision maker for the purpose of resource allocation and performance assessment.

During the six months ended 30 June 2022 and 2021, the Board of Directors concluded that the Group has only one reportable segment – Property development. The other segments are individually and collectively insignificant for segment reporting purpose. As such, no segment information is presented.

### 3 OTHER INCOME, OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Other income		
Interest income on loan receivables	56,455	53,369
Interest income on bank deposits	20,186	20,258
Government grant	2,329	9,451
Compensation income	556	1,162
Interest income on financial assets at fair value through profit or loss	–	68,502
Others	2,787	11,023
	<b>82,313</b>	<b>163,765</b>
	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Other gains and losses		
Gains arising from bargain purchase ( <i>Note 9</i> )	122,949	122,237
Fair value change on derivative financial instruments	118,945	92,669
Losses on disposals of investment properties	–	(27,564)
Gains on extinguishment upon repurchasing senior notes	–	1,219
Fair value change on financial assets at fair value through profit or loss	(21,472)	(2,251)
(Losses)/gains on disposals of subsidiaries	(58,858)	30,267
(Losses)/gains on disposals of investments accounted for using the equity method ( <i>Note 9</i> )	(143,422)	2,977
Foreign exchange (losses)/gains, net	(326,093)	75,164
Others	631	73
	<b>(307,320)</b>	<b>294,791</b>



#### 4 FINANCE COSTS

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Interest expense:		
– Senior notes	657,360	714,134
– Bank and other borrowings	490,466	753,048
– Convertible bonds	39,261	–
– Lease liabilities	277	1,470
	<u>1,187,364</u>	<u>1,468,652</u>
Less: amounts capitalised on qualifying assets	<u>(1,187,087)</u>	<u>(1,439,368)</u>
	<u>277</u>	<u>29,284</u>

#### 5 INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current income tax		
– Corporate income tax	845,940	788,644
– Land appreciation tax	221,126	212,010
	<u>1,067,066</u>	<u>1,000,654</u>
Deferred income tax	<u>(537,935)</u>	<u>(62,537)</u>
	<u>529,131</u>	<u>938,117</u>

#### 6 DIVIDENDS

The Board of Directors did not recommend the payment of any interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: nil).

## 7 EARNINGS PER SHARE

### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Profit for the period attributable to owners of the Company (RMB'000)	<u>326,175</u>	<u>1,979,789</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>5,946,387</u>	<u>5,932,292</u>
Basic earnings per share (RMB cents)	<u>5</u>	<u>33</u>

On 30 June 2021, as a part of the consideration for acquisition for Luyuan Investment Holdings Limited (“Luyuan Acquisition”), the Company issued convertible bonds to the Ultimate Shareholder. The weighted average number of ordinary shares in issue have been adjusted for events that have changed the number of ordinary shares outstanding without a corresponding change in resources, including the ordinary shares and convertible bonds issued as considerations for Luyuan Acquisition. As the convertible bonds issued as considerations for Luyuan Acquisition were mandatorily convertible into ordinary shares, they are included in the calculation of basic earnings per share. Details relating to the ordinary shares and convertible bonds are set out in Note 15.

### (b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other gains and losses associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Total diluted earnings per share attributable to the ordinary equity holders of the Company	<u>4</u>	<u>33</u>

## 8 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Interests in joint ventures (a)	<b>1,838,346</b>	5,734,669
Interests in associates (b)	<b>562,289</b>	561,575
	<b><u>2,400,635</u></b>	<b><u>6,296,244</u></b>

### (a) Interests in joint ventures

	<b>30 June 2022 RMB'000 (Unaudited)</b>	30 June 2021 RMB'000 (Unaudited)
At 1 January	<b>5,734,669</b>	2,236,558
Additions	<b>79,998</b>	4,176,556
Share of results	<b>(16,328)</b>	28,697
Transfer to subsidiaries (Note 9)	<b>(3,959,993)</b>	(275,414)
At 30 June	<b><u>1,838,346</u></b>	<b><u>6,166,397</u></b>

### (b) Interests in associates

	<b>30 June 2022 RMB'000 (Unaudited)</b>	30 June 2021 RMB'000 (Unaudited)
At 1 January	<b>561,575</b>	53,142
Additions	–	4,000
Transfer from subsidiaries	–	431,917
Share of results	<b>714</b>	(3,429)
At 30 June	<b><u>562,289</u></b>	<b><u>485,630</u></b>

## 9 BUSINESS COMBINATION

Before March 2022, the Group held 63% equity interest of Qingdao Lingshihuafu Property Co., Ltd. (“Lingshihuafu”), which was a joint venture of the Group. In March 2022, the Group obtained 7% equity interest in Lingshihuafu by acquisition of 100% equity interest of Zhuhai Hengqin Xihuafuli Real Estate Co., Ltd., the joint venture partner of Lingshihuafu, from a third party at a consideration of RMB300,000,000. According to the Articles of Lingshihuafu, the Group can control Lingshihuafu upon completion of the transaction. As a result, Lingshihuafu became a subsidiary of the Group.

Details of the purchase consideration and the financial information of Lingsihhuafu on the acquisition date are summarised as follows:

	<i>RMB'000</i>
<b>Consideration</b>	
Cash consideration payable as at 30 June 2022	300,000
Fair value of investment in a joint venture held before business combination	3,816,571
	<u>4,116,571</u>
Total amounts of identifiable assets acquired and liabilities assumed:	
Property and equipment	79
Inventories of properties	20,080,000
Trade and other receivables	922,760
Prepaid income tax	283,821
Restricted bank deposits	225,034
Cash and cash equivalent	60,631
Trade and other payables	(1,980,403)
Pre-sale deposits received	(6,954,787)
Bank and other borrowings	(4,567,701)
Deferred tax liabilities	(2,012,499)
	<u>6,056,935</u>
Total identifiable net assets	6,056,935
Non-controlling interests	(1,817,415)
Net asset acquired	<u>4,239,520</u>
Gains arising from bargain purchase	<u>122,949</u>
Fair value of investments in a joint venture held before business combination	3,816,571
Less: carrying amount of investments in a joint venture held before business combination	<u>(3,959,993)</u>
Losses on deemed disposal	<u>(143,422)</u>
Cash flows on business combination, net of cash acquired:	
– Cash consideration paid	–
– Cash and cash equivalents in the subsidiary acquired	<u>60,631</u>
Net cash outflow on acquisition	<u>60,631</u>

The acquired business contributed total revenue of RMB5,024,796,000 and net profit of RMB597,135,000 to the Group for the period from the acquisition date to 30 June 2022. Had the acquisition been completed on 1 January 2022, revenue of the Group for the six months would be RMB7,360,046,000 and net profit of the Group for the six months would be RMB535,579,000.

The Group elected to recognise the non-controlling interests at its proportionate share of the acquired identifiable assets.

Gain arising from bargain purchase of this acquisition was mainly due to the fact that the joint venture partner of Lingsihhuafu had the intention to exit from the real estate market in Qingdao due to its operational strategy.

## 10 TRADE AND OTHER RECEIVABLES

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Trade receivables (a)	471,541	297,693
Other receivables (b)	4,167,900	5,493,981
Prepayments (c)	1,371,678	894,401
	<u>6,011,119</u>	<u>6,686,075</u>
Less: Non-current portion of other receivables (b)	<u>(30,641)</u>	<u>(29,894)</u>
Current portion of trade and other receivables	<u><b>5,980,478</b></u>	<u>6,656,181</u>

(a) Details of trade receivables are as follows:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Trade receivables	547,468	358,848
Less: allowance for impairment	<u>(75,927)</u>	<u>(61,155)</u>
Trade receivables – net	<u><b>471,541</b></u>	<u>297,693</u>

Trade receivables mainly arise from properties rental and provisions of properties management services. Customers are generally granted credit terms of nil to 1 month. The ageing analysis of trade receivables based on property delivery date or invoice date is as follows:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
0-60 days	176,025	51,841
61-180 days	105,395	89,285
181-365 days	102,964	78,800
Over 1 year	<u>163,084</u>	<u>138,922</u>
	<u><b>547,468</b></u>	<u>358,848</u>

As at 30 June 2022 and 31 December 2021, trade receivables were mainly denominated in RMB.

The Group applies the simplified approach to provide for expected credit losses. As at 30 June 2022, a provision of RMB75,927,000 (31 December 2021: RMB61,155,000) was made against the gross amounts of trade receivables.

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

(b) Details of other receivables are as follows:

	<b>30 June 2022</b>	31 December 2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Advances to related parties (i)	<b>1,310,848</b>	2,737,400
Advances to non-controlling interests (ii)	<b>936,852</b>	1,062,326
Loan receivables (iii)	<b>435,028</b>	490,249
Projects related deposits (iv)	<b>355,892</b>	399,356
Deposits paid for acquisitions of land use rights (v)	<b>338,661</b>	339,112
Consideration receivables from disposal of a subsidiary	<b>113,382</b>	–
Interest receivable (iii)	<b>84,722</b>	170,967
Deposits for trust financing arrangements (vi)	<b>63,819</b>	35,320
Advance to staff	<b>7,348</b>	10,853
Other deposits (vii)	<b>277,633</b>	168,564
Other receivables	<b>333,239</b>	199,048
	<b>4,257,424</b>	5,613,195
Less: allowance for impairment	<b>(89,524)</b>	(119,214)
	<b>4,167,900</b>	5,493,981
Less: Non-current portion of deposits for trust financing arrangements	<b>(30,641)</b>	(29,894)
Current portion of other receivables – net	<b>4,137,259</b>	5,464,087

- (i) The amounts mainly represent advances to joint ventures and associates as at 30 June 2022.
- (ii) The amounts represent advances made by certain non-wholly owned subsidiaries to their non-controlling shareholders pursuant to the terms of the respective cooperation agreements. These advances are unsecured, interest-free and repayable on demand.
- (iii) The amounts represent loans to third parties which are interest-bearing at a fixed interest rate of 23% per annum.
- (iv) The amounts mainly represent deposits placed at the request of local governments. The deposits will be refunded to the Group upon the completion of the relevant projects.
- (v) The amounts mainly represent deposits placed at the request of local governments. The deposits will be refunded to the Group when the land use rights are not obtained in the bidding process.
- (vi) The amounts are deposited in trust financing companies for raising trust loans to the Group. The deposits will be refunded to the Group upon final repayments of the trust loans or on demand.
- (vii) Other deposits mainly represent temporary payments for acquisitions of property development projects under negotiation. There is no fixed repayment term for these other deposits and the directors of the Company consider the amounts are repayable on demand.

The above other receivables are unsecured and non-interest bearing, except for the loans receivables of RMB435,028,000 (2021: RMB490,249,000) which are interest-bearing at a fixed interest rate of 23% (2021: 23%) per annum.

(c) Prepayments mainly represent prepayments for construction cost, and business and other taxes.

## 11 TRADE AND OTHER PAYABLES

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Trade payables (a)	<b>1,902,500</b>	2,309,599
Advances from non-controlling interests (b)	<b>1,397,138</b>	1,032,052
Advances from related parties	<b>1,061,188</b>	977,879
Business and other taxes payable	<b>650,200</b>	920,727
Deposits related to sales of properties	<b>575,914</b>	480,849
Consideration payable for acquisition of entities	<b>530,679</b>	235,264
Accrued charges	<b>218,716</b>	171,738
Payroll payables	<b>101,085</b>	128,779
Receipts on behalf of property residents	<b>20,650</b>	61,538
Provisions for financial guarantee contracts	<b>581</b>	47,281
Other deposits received (c)	<b>384,145</b>	290,537
Other consideration payables	<b>226,500</b>	226,500
	<b><u>7,069,296</u></b>	<b><u>6,882,743</u></b>

- (a) Trade payables comprise construction costs and other project-related expenses which are due for payment based on project progress measured by the Group. The average credit period of trade payables is 30 days.

The following is an ageing analysis of trade payables, presented based on the invoice date:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within 365 days	<b>1,652,312</b>	2,010,812
Over 365 days	<b>250,188</b>	298,787
	<b><u>1,902,500</u></b>	<b><u>2,309,599</u></b>

- (b) The amounts represent advances made by certain non-controlling shareholders to non-wholly subsidiaries pursuant to the terms of the respective shareholders' agreements. These advances are unsecured, interest-free and repayable on demand.
- (c) Amounts mainly represented various deposits received from contractors in relation to tendering and execution of construction contracts.

## 12 BANK AND OTHER BORROWINGS

	<b>30 June 2022</b>	31 December 2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Bank loans	<b>8,850,649</b>	9,816,246
Trust loans and other loans	<b>7,299,292</b>	3,253,968
	<hr/>	<hr/>
Total bank and other borrowings	<b>16,149,941</b>	13,070,214
Less: amounts due within one year or on demand shown under current liabilities	<b>(7,808,000)</b>	(3,627,753)
	<hr/>	<hr/>
Amounts shown under non-current liabilities	<b>8,341,941</b>	9,442,461
	<hr/>	<hr/>

## 13 SENIOR NOTES

	<b>30 June 2022</b>	31 December 2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Issued in 2019 and due March 2022	–	866,686
Issued in 2019 and due May 2022	–	638,212
Issued in 2019 and due February 2023	<b>1,207,422</b>	1,128,039
Issued in 2020 and due October 2022	<b>1,360,646</b>	1,283,131
Issued in 2020 and due April 2023	<b>2,034,906</b>	1,915,928
Issued in 2021 and due July 2023	<b>2,077,144</b>	1,955,767
Issued in 2021 and due February 2024	<b>1,550,997</b>	1,452,835
Issued in 2022 and due October 2022	<b>678,852</b>	–
	<hr/>	<hr/>
	<b>8,909,967</b>	9,240,598
Less: amounts due and demandable for repayment within one year	<b>(5,354,514)</b>	(2,842,463)
	<hr/>	<hr/>
Included in non-current liabilities	<b>3,555,453</b>	6,398,135
	<hr/>	<hr/>

(a) During the six months ended 30 June 2022, the Company exchanged the senior note issued in 2019 and due May 2022 (“May 2022 Senior Notes”) in an aggregate principal amount of US\$99,250,000 (equivalent to RMB661,025,000), for the Second October 2022 Senior Notes (as defined in (b)). The May 2022 Senior Notes in exchange represent 39.7% of the aggregate principal amount of the notes originally issued.

During the six months ended 30 June 2022, the Company repaid the May 2022 Senior Notes in an aggregate principal amount of US\$3,750,000 (equivalent to RMB23,909,000), representing 1.5% of the aggregate principal amount of the notes originally issued.

(b) During the six months ended 30 June 2022, the Company issued senior notes (the “Second October 2022 Senior Notes”) with a principal amount of US\$99,250,000 (equivalent to approximately RMB661,025,000), in exchange of the May 2022 Senior Notes of US\$99,250,000. The Second October 2022 Senior Notes bear a fixed interest rate of 11.375% per annum and will mature in October 2022.



## 14 SHARE CAPITAL

	Number of shares	Nominal value <i>HK\$'000</i>	Nominal value <i>RMB'000</i>
Ordinary shares of HK\$0.01 each			
<b>Authorised</b>			
At 1 January 2021, 1 January 2022 and 30 June 2022	10,000,000,000	100,000	–
<b>Issued and fully paid</b>			
At 1 January 2021	4,055,734,623	40,557	34,876
Issue of shares for Luyuan Acquisition	840,000,000	8,400	6,994
At 30 June 2021	4,895,734,623	48,957	41,870
At 1 January 2022	4,909,829,148	49,098	41,987
Conversion of convertible bonds	36,557,575	366	304
At 30 June 2022	4,946,386,723	49,464	42,291

## **BUSINESS REVIEW**

### **Market Review**

In the first half of 2022, the domestic and international environment was complicated and fast-changing, and there was an obvious slowdown in the growth of the global economy. The sporadic outbreak of the epidemic in China caused a severe strike to the stable operation of economy. As the epidemic broke out in the first quarter of the year and the situation was grim, many cities in China took lockdown measures in order to keep the epidemic under control, leading to a drop in major economic indicators in April 2022. In May 2022, with the overall improvement in epidemic prevention and control, companies resumed operation and production in an orderly manner, and a series of policies and measures to stabilize growth were implemented, narrowing the drop in major economic indicators. The Chinese economy had a steady rebound in June and managed to achieve a positive growth in the second quarter of the year. The gross domestic product (“GDP”) of China amounted to RMB56,264.2 billion in the first half of the year, representing a period-on-period increase of 2.5% and a significant decrease in the growth rate as compared to 2021.

In the first half of 2022, as adversely affected by various unexpected factors including but not limited to the recurrence of the epidemic in various regions in China, the national real estate industry experienced unprecedented challenges. The sales scale of commodity housing declined significantly and the total investment in property development recorded a negative growth for the first time as compared to the previous years. As shown in the information issued by the National Bureau of Statistics, from January to June 2022, the investment in the real estate development in China amounted RMB6,831.4 billion, representing a period-on-period decrease of 5.4%; the area under construction by the real estate developers amounted to 8,488.12 million sq.m., representing a period-on-period decrease of 2.8%; new property construction area amounted to 664.23 million sq.m., representing a period-on-period decrease of 34.4%; completed property area amounted to 286.36 million sq.m., representing a period-on-period decrease of 21.5%; the sales area of commodity housing was 689.23 million sq.m., representing a period-on-period decrease of 22.2%; the sales of commodity housing was RMB6,607.2 billion, representing a period-on-period decrease of 28.9%.

Confronted with the downward pressure in economy, local governments persisted in epidemic prevention and control on one hand while ensuring economic stability on the other. Stability in real estate, economy and growth still remained the keynote of the macro-policy advocated by the state. Under such a general context, in the first half of the year, the central government and various ministries frequently released positive signals, and local authorities duly implemented city-specific policies. Nearly 500 optimization policies for real estate were introduced one after another in various cities, reaching a record high for the same period in history. As fostered by the policies, the market showed signs of recovery, and regulatory policies for the industry were continuously easing. It is hoped that with the support of favourable policies, the real estate industry will be able to stabilize and recover gradually.

## **Results Performance**

### ***Prudent land acquisitions with sufficient land banks***

During the first half of 2022, the Group focused on improving sales and ensuring projects delivery as its key performance indicators and was prudent in land acquisitions. The Group achieved contracted sales of RMB7,780 million and sales area of 638,734 sq.m. during the first half of 2022 under the sluggish market environment. As at 30 June 2022, the Group had land bank of 16.6 million sq.m., with planned locked-in saleable resources of RMB224.9 billion, of which the Yangtze River Delta Area accounted for RMB117.4 billion or 52%, the Guangdong-Hong Kong-Macau Bay Area accounted for RMB57.9 billion or 26%, and Shandong Province accounted for RMB28.8 billion or 13%, respectively.

### ***Maintaining stable financial structure through active debt management***

In the first half of 2022, the management of the Group strived for enhancing its financial stability by stringently overseeing its cash position and optimizing its debt structure, and as a result of which, the Group was able to maintain all projects under construction in accordance with the construction schedule and stable cashflows of the Group.

Reference is made to the announcement of the Company dated 24 August 2022. As a non-state-owned real estate enterprise that has been one of the outstanding enterprises in the “Three Red Lines” assessment since 2020, the Company, under the current liquidity crisis faced by the real estate industry in China, has chosen to actively manage its outstanding debts by way of the exchange offer. On 24 August 2022, the Company commenced the exchange offer for at least US\$1,174,468,500 or 90%, in aggregate of the outstanding principal amount of the existing senior notes of US\$1,304,965,000 as the minimum acceptance amount and soliciting consents from eligible holders to certain proposed waivers and amendments to the indentures governing the consent notes upon the terms and subject to the conditions set forth in the exchange offer and consent solicitation memorandum dated 24 August 2022.

## **Prospects**

Looking ahead to the second half of 2022, it remains difficult for the global economy to be fully recovered and China may face bigger challenges in this regard due to the continuous outbreak of the epidemic globally and the stringent policies in epidemic prevention adopted by the Chinese government. There are uncertainties in the internal and external environment for economic operation and the pressure of “stabilizing employment and protecting people’s livelihoods” remains. Along with the effective implementation of a package of policies to stabilize the economy and the weakening impacts of the epidemic, there is a chance of further acceleration in recovery of domestic production and the long-term outlook of the economy remains optimistic.

At the policy level, it is expected that in the second half of the year, local governments will continue to introduce policies and measures conducive to the steady and healthy development of the real estate industry actively based on their own conditions. The optimization of control policies in major first-tier and second-tier cities will be more prudent, while the frequency of adjusting control policies in real estate market of ordinary second-tier and third and fourth-tier cities will be relatively higher due to the greater adjustment pressure. As certain time is needed for the market to respond to the optimized control policies and the market is having a relatively weak sensitivity, there will not be an immediate effect from the policies in a short term. It is expected that the real estate market will gradually stabilize and recover in the second half of the year, yet the downward trend throughout the year may remain unchanged.

In view of the challenges and opportunities brought by the new trend in the property market, the Group is committed to implementing steady financial policies and risk control measures, ensuring quality and safety of constructions, strengthening its contracted sales and receipt of sales proceeds and applying strict control over its various costs and expenses, so as to secure a stable operating cash flow as well as investment returns.

Furthermore, the Group will continue to replenish its premium land bank by adopting practical strategies and hold on to the deep cultivation strategy to optimise the geographical layout of its projects. It will also devise corresponding investment portfolios to suit the different urbanisation stages of China and pay attention to the demands of different local markets. In future, on a foundation of solid development, the Group will make flexible adjustments according to various local market situations and achieve high-quality and all-rounded development for continuous increase of profitability in order to maximise the value for its shareholders.

## Contracted Sales

The Group recorded total contracted sales of approximately RMB7,780 million during the six months ended 30 June 2022. The contracted sales attributable to the owners of the Company was RMB6,096 million represented an ownership interest of 78%, respectively.

The following table sets out the contracted sales of the Group’s subsidiaries, joint ventures and associates for the six months ended 30 June 2022:

	<b>Contracted sales</b> <i>RMB</i> <i>(million)</i> <i>(unaudited)</i>	<b>Contracted gross floor area</b> <b>(“GFA”)</b> <i>(sq.m.)</i>	<b>Contracted average selling price</b> <b>(“ASP”)</b> <i>(RMB per sq.m.)</i>	<b>Percentage</b>
Hefei	870	50,547	17,202	11.20%
Nanjing	316	15,018	21,030	4.10%
Yangzhou	186	18,127	10,274	2.40%
Suzhou	251	30,248	8,292	3.20%
Taizhou	404	61,208	6,608	5.20%
Suqian	422	56,691	7,450	5.40%
Bozhou	181	38,345	4,710	2.30%
Yancheng	408	31,262	13,039	5.20%
<b>Yangtze River Delta</b>				
<b>Region subtotal</b>	<b>3,038</b>	<b>301,446</b>	<b>10,076</b>	<b>39.00%</b>
Qingdao	2,948	123,753	23,820	37.90%
Weihai	26	1,760	14,772	0.30%
<b>Shandong Province</b>				
<b>subtotal</b>	<b>2,974</b>	<b>125,513</b>	<b>23,694</b>	<b>38.20%</b>
<b>Guangdong – Hong Kong – Macao Greater Bay Area</b>				
<b>subtotal</b>	<b>1,089</b>	<b>96,776</b>	<b>11,256</b>	<b>14.10%</b>
<b>Other Cities subtotal</b>	<b>680</b>	<b>115,026</b>	<b>5,910</b>	<b>8.70%</b>
<b>Total</b>	<b>7,781</b>	<b>638,761</b>	<b>12,181</b>	<b>100.00%</b>

## Land Reserves

The following table sets out a summary of the Group's land reserves by project as at 30 June 2022:

	<b>Total GFA</b> <i>(sq.m.)</i>	<b>Percentage</b>
Hefei	1,465,560	8.9%
Suqian	1,815,284	11.0%
Taizhou	1,218,542	7.4%
Yangzhou	1,123,921	6.8%
Bozhou	680,569	4.1%
Nanjing	669,658	4.0%
Shanghai	156,917	0.9%
Suzhou/Changzhou/Zhenjiang/Yancheng	977,282	5.9%
Bengbu/Huainan/Ma'anshan/Lu'an	931,518	5.6%
<b>Yangtze River Delta Region subtotal</b>	<b>9,039,250</b>	<b>54.6%</b>
<b>Guangdong – Hong Kong – Macao Greater Bay Area subtotal</b>	<b>2,690,749</b>	<b>16.2%</b>
Qingdao	945,350	5.7%
Weihai	35,511	0.2%
<b>Shandong Province Region subtotal</b>	<b>980,861</b>	<b>5.9%</b>
Urumqi	1,732,826	10.5%
Guizhou	721,182	4.4%
Hainan	85,910	0.5%
Cambodia	1,308,092	7.9%
<b>Other regions subtotal</b>	<b>3,848,010</b>	<b>23.2%</b>
<b>Total</b>	<b>16,558,870</b>	<b>100.0%</b>

## Investment Properties

The Group retains the ownership of certain self-developed commercial properties to generate recurring income. As at 30 June 2022, the Group had investment properties with a total GFA of approximately 885,064 sq.m. and a fair value of approximately RMB7,383 million (31 December 2021: RMB7,501 million). Certain portions of these investment properties are located in the integrated commercial complexes developed by the Group, in which the Group will retain control over the central management of the shopping arcades, through third-party property management firms, in order to enable the Group to select tenants and determine industry composition.

## FINANCIAL REVIEW

### Operating Results

#### *Revenue*

Revenue of the Group mainly consists of revenue derived from (i) sales of properties, (ii) property rental, and (iii) property management services. For the six months ended 30 June 2022, revenue of the Group amounted to approximately RMB7,360 million.

#### *Sales of Properties*

The Group's revenue from sales of property included the sale of residential and commercial properties. The Group recognizes revenue from the sale of properties when the buyer obtains the physical possession or the legal title of the completed property and the Group has a present right to payment and where the collection of the consideration is probable. Revenue derived from sales of properties amounted to approximately RMB6,873 million for the six months ended 30 June 2022, with a decrease of approximately 23% for the corresponding period in 2021. The decrease is mainly due to the outbreak of the COVID-19 and the Omicron variant, control measures in different cities such as temporary lockdowns of certain cities had been carried out in this period. This has created unfavourable impact to the operating performance of the Group, including but not limited to the delays caused to construction and delivery of property units.

#### *Property Rental*

The Group's property rental mainly consisted of leasing of commercial properties (including predominantly shopping arcades, retail shops, office properties and car parks). Revenue generated from property investment for the six months ended 30 June 2022 was approximately RMB53 million, which decreased approximately RMB44 million compared to the corresponding period in 2021. The decrease is mainly due to certain properties closed for renovations during the period.

#### *Property Management Services*

The Group's revenue of property management services derives from three types of services: (i) property management services; (ii) value-added services to property developers; and (iii) community value-added services.

Revenue generated from property management increased by approximately 20% to approximately RMB434 million for the six months ended 30 June 2022 from approximately RMB362 million for the six months ended 30 June 2021. The increase was primarily attributable to (i) the increase in GFA under management; and (ii) the increase in the average property management fee.

#### *Gross Profit and Gross Profit Margin*

The Group's gross profit was approximately RMB1,636 million for the six months ended 30 June 2022 which decreased 45% compared to same period in 2021. The gross profit margin is 22%. The decrease of gross profit is mainly due to the unfavourable impact of the COVID-19 and the Omicron variant in the first half of 2022.

### *Other Income*

The Group had other income of approximately RMB82 million for the six months ended 30 June 2022 as compared with approximately RMB164 million for the six months ended 30 June 2021, representing a decrease of approximately RMB81 million or 50%, which mainly due to the decrease of interest income on financial assets at fair value through profit or loss since the Company disposed a certain portion of financial assets at fair value through profit or loss during the period.

### *Other Gains and Losses*

The Group's other gains and losses recognized losses at approximately RMB307 million for the six months ended 30 June 2022 as compared with other gains at approximately RMB295 million for the six months ended 30 June 2021. The other losses was mainly due to foreign exchange losses arising from depreciation of RMB against US\$.

### *Selling and Marketing Costs and Administrative Expenses*

The Group's selling and marketing costs and administrative expenses for the six months ended 30 June 2022 amounted to approximately RMB231 million, compared with approximately RMB309 million for six months ended 30 June 2021, representing a decrease of approximately 25%, mainly due to the Group's stringent control over expenses and the decrease of contracted sales during the period.

### *Finance Costs*

The Group's finance costs decrease to RMB277,000 for the six months ended 30 June 2022 from RMB29 million for the six months ended 30 June 2021, which was primarily due to the decrease in interest expenses and increase in percentage of capitalised amount on qualifying assets.

### *Income Tax Expense*

The Group's income tax expense decreased to approximately RMB529 million for the six months ended 30 June 2022 from approximately RMB938 million for the six months ended 30 June 2021. The decrease of income tax expense is preliminary due to the decrease of revenue and profit before tax. The Group's income tax expense included provisions made for Enterprise Income Tax ("EIT") and Land Appreciation Tax ("LAT") less deferred taxation during the period. The decrease was mainly due to the decrease of LAT provision, which is taxed at a progressive rate between 30%–60%.

## **Liquidity, Financial and Capital Resources**

### *Cash Position*

As at 30 June 2022, the Group had an aggregate of cash and cash equivalents, which includes restricted bank deposits and short-term bank deposits of approximately RMB6,733 million (as at 31 December 2021: approximately RMB9,830 million), representing a decrease of approximately 32% as compared to that as at 31 December 2021. As at 30 June 2022, restricted bank deposits and short-term bank deposits of approximately RMB1,212 million (as at 31 December 2021: approximately RMB1,055 million) were restricted for use in specific property development projects or pledged for mortgage guarantees given by the Group.



Approximately 94% of the Group's cash at banks were denominated in RMB, while 6% were denominated in foreign currencies. The Group keeps maintaining its cash and cash equivalents in foreign currencies in a low proportion to control the risk in exchange losses.

#### *Bank and Other Borrowings*

As at 30 June 2022, the Group had bank and other borrowings of approximately RMB16,150 million (as at 31 December 2021: approximately RMB13,070 million). Amongst the borrowings, approximately RMB7,808 million (as at 31 December 2021: approximately RMB3,628 million) will be repayable within one year and approximately RMB8,342 million (as at 31 December 2021: approximately RMB9,442 million) will be repayable after one year.

As at 30 June 2022, bank and other borrowings of approximately RMB15,101 million (as at 31 December 2021: approximately RMB12,011 million) were secured by bank balances, land use rights and properties of the Group. As at 30 June 2022, the assets pledged to secure certain borrowings granted to the Group amounted to approximately RMB22,132 million (as at 31 December 2021: approximately RMB20,087 million).

As at 30 June 2022, the Group had senior notes and convertible bonds of approximately RMB9,539 million (as at 31 December 2021: approximately RMB9,822 million). Amongst the senior notes and convertible bonds recognized as liabilities, approximately RMB5,355 million (as at 31 December 2021: approximately RMB2,842 million) will be repayable within one year and approximately RMB4,184 million (as at 31 December 2021: approximately RMB6,980 million) will be repayable or convertible after one year.

#### *Net Gearing Ratio*

The net gearing ratio of the Group was 71% as at 30 June 2022. The net gearing ratio was measured by net debt (bank and other borrowings, senior notes, convertible bonds and lease liabilities net of bank balances and cash, restricted bank deposits and short-term bank deposits) over total equity.

#### *Exchange Rate Risk*

As most of the Group's operating entities are located in Mainland China, the Group collects most of its revenue in Renminbi and most of the Group's expenditure including expenditure incurred in property sales as well as capital expenditures are also denominated in Renminbi.

For the six months ended 30 June 2022, the Group recorded a foreign exchange loss in the amount of RMB326 million due to fluctuations in foreign exchange rates. However, the Group's operating cash flow and liquidity were not significantly affected by fluctuations in foreign exchange rates. During the six months ended 30 June 2022, the Group did not use any derivative financial instruments to hedge against the volatility associated with foreign currency transactions and other financial assets and liabilities arising in the ordinary course of business. The Group's management will continue to closely monitor fluctuations in foreign exchange rates and actively take corresponding measures to minimise foreign currency risks and will consider hedging significant foreign currency exposure should the need arise.

## Contingent Liabilities

As at 30 June 2022 and 31 December 2021, the Group had the following contingent liabilities, respectively:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Mortgage guarantees	<b>11,908,028</b>	11,284,483
Facility granted to related parties	<b>2,034,255</b>	2,861,227

The Group provided guarantees in respect of mortgage bank loans granted to purchasers of the Group's properties. Guarantees are given to banks with respect of loans procured by the purchasers of the Group's properties. Such guarantees will be released by banks upon the purchasers obtaining the relevant building ownership certificate and completion of the relevant mortgage registration.

In the opinion of the Directors, the fair values of these financial guarantee contracts are insignificant at initial recognition and at relevant reporting dates, accordingly no value has been recognised for these contracts.

## MATERIAL ACQUISITIONS AND DISPOSALS

On 30 May 2022, Hong Kong Jia Yuan Holdings Limited ("Hong Kong Jia Yuan"), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Jiaxing Yuetai Property Co., Ltd.\* (嘉興越泰置業有限公司) (the "Purchaser"), pursuant to which, Hong Kong Jia Yuan agreed to sell, and the Purchaser agreed to purchase, the entire equity interest in Yancheng Xiangyuan Property Co., Ltd.\* (鹽城祥源房地產有限公司), an indirect wholly-owned subsidiary of the Company (the "Target Company") at the total consideration of RMB879 million (the "Sale Interest").

The Target Company (through its 65%-held subsidiary) is the developer of the Property Development Project, being a property development project of a residential and commercial complex on a parcel of land located to the east of Renmin Road (人民路) and north of Nanhuan Road (南環路), Yancheng City, Jiangsu Province, the PRC, with a site area of approximately 130,827 sq.m. and an aggregate gross floor area of 469,279 sq.m. upon completion, which is currently under construction.

The completion of the disposal of the Sale Interest will take place upon the completion of all the registration procedures with the relevant local branch of the State Administration for Market Regulation in relation to the transfer of the Sale Interest from Hong Kong Jia Yuan to the Purchaser and the settlement of the consideration by the Purchaser.

As at the date of this announcement, the disposal of the Sale Interest is not yet completed. For details, please refer to the announcements of the Company dated 1 June 2022, 27 June 2022 and 24 August 2022.

Save as disclosed above and in this announcement, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2022.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS**

The Group will continue to invest in its property development projects and acquire suitable land parcels in selected cities, if it thinks fit. These investments will be funded by internal resources and external borrowings. The Group does not have any future plans for material investments as at the date of this announcement.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2022, the Group had approximately 8,305 employees (as at 30 June 2021: 7,481 employees). For the six months ended 30 June 2022, the Group incurred employee costs of approximately RMB394 million (six months ended 30 June 2021: approximately RMB303 million). Remuneration for the employees generally includes salary and performance-based bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans, including pension insurance, medical insurance and personal injury insurance. The Company adopted a share option scheme on 12 February 2016 (the “Share Option Scheme”) to provide incentives for eligible employees. The Group also provides training to its employees from time to time to enhance their relevant skills and knowledge.

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees’ salaries. There was no forfeited contribution utilized to offset employers’ contributions for the six months ended 30 June 2022, and there was no forfeited contribution available to reduce the contribution payable in the future years as at 30 June 2022.

## **SIGNIFICANT INVESTMENTS HELD**

Save as those disclosed under the section headed “Investment Properties” and note 8 to the “Notes to the Interim Financial Information”, the Group did not have any significant investment during the six months ended 30 June 2022.

## PLEDGE OF ASSETS

The following assets were pledged to secure mortgage guarantees provided to customers and certain banking and other facilities granted to the Group and business partners as at 30 June 2022:

	<b>30 June 2022</b>	31 December 2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Inventories of properties	<b>20,018,248</b>	17,852,117
Investment properties	<b>2,931,100</b>	2,104,600
Restricted bank deposits	<b>39,409</b>	40,607
Property and equipment	<b>72,477</b>	73,131
Financial assets at fair value through profit or loss	<b>–</b>	16,499
	<b><u>23,061,234</u></b>	<u>20,086,954</u>

## EVENTS AFTER REPORTING PERIOD

### (1) Conversion of Convertible Bonds for Acquisition

On 4 July 2022, Mingyuan Investment converted all the remaining Convertible Bonds for Acquisition in the principal amount of RMB2,747,580,000 into 1,000,000,000 ordinary shares of the Company (the “Shares”), which represented a share capital of RMB8,326,000. The difference between the conversion price and share capital was recognized as share premium of RMB2,739,254,000.

### (2) Issuance of convertible bonds

Reference is made to the announcements of the Company dated 8 July 2022, 19 July 2022 and 20 July 2022, respectively. In July 2022, the Company issued convertible bonds with a total principal amount of HK\$667,080,000, bearing interest at a fixed interest rate of 8.0% per annum and maturing in July 2023 and convertible into 981,000,000 shares of the Company upon exercise in full of the conversion rights (the “2023 Convertible Bond”). The 2023 Convertible Bond will, at the option of the holder(s), be convertible at any time after the issue date and up to and inclusive of one business day prior to the maturity date into fully paid Shares at an initial conversion price of HK\$0.68 per Share. The issue of the 2023 Convertible Bonds was completed on 20 July 2022 and as at the date of this announcement, holders of the 2023 Convertible Bonds had exercised their respective right to convert the 2023 Convertible Bonds in the aggregate principal amount of HK\$599,080,000 into 881,000,000 Shares.

### **(3) Exchange of senior notes**

Reference is made to the announcement of the Company dated 24 August 2022. On 24 August 2022, the Company, commenced the exchange offer for at least (i) US\$89,325,000, or 90%, of the outstanding principal amount of the First October 2022 Senior Notes (the “First October 2022 Minimum Acceptance Amount”), (ii) US\$180,000,000, or 90%, of the outstanding principal amount of the Second October 2022 Senior Notes (the “Second October 2022 Minimum Acceptance Amount”), (iii) US\$158,143,500, or 90%, of the outstanding principal amount of the February 2023 Senior Notes (the “February 2023 Minimum Acceptance Amount”), (iv) US\$270,000,000, or 90%, of the outstanding principal amount of the April 2023 Senior Notes (the “April 2023 Minimum Acceptance Amount”), (v) US\$270,000,000, or 90%, of the outstanding principal amount of the July 2023 Senior Notes (the “July 2023 Minimum Acceptance Amount”) and (vi) US\$207,000,000, or 90%, of the outstanding principal amount of the February 2024 Senior Notes (the “February 2024 Minimum Acceptance Amount”, together with the First October 2022 Minimum Acceptance Amount, the Second October 2022 Minimum Acceptance Amount, the February 2023 Minimum Acceptance Amount, the April 2023 Minimum Acceptance Amount, the July 2023 Minimum Acceptance Amount, the “Minimum Acceptance Amount”) and soliciting consents from eligible holders to certain proposed waivers and amendments to the indentures governing the consent notes upon the terms and subject to the conditions set forth in the exchange offer and consent solicitation memorandum dated 24 August 2022.

### **SHARE OPTION SCHEME**

The Company conditionally adopted a share option scheme on 12 February 2016 (the “Share Option Scheme”) which was effective upon the listing date (i.e. 8 March 2016) (the “Listing Date”). The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the Eligible Participants (as defined below) have had or may have made to the Group. The Share Option Scheme provides an opportunity for the Eligible Participants to have a personal stake in the Company with the view to achieving the following objectives: (i) motivating the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and (ii) attracting and retaining or otherwise maintaining on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

Pursuant to the Share Option Scheme, the Directors may, at their absolute discretion, offer to grant an option to subscribe for Shares subject to such conditions (including, without limitation, any minimum period for which an option must be held before it can be exercised and/or any performance targets which must be achieved before an option can be exercised) as they may think fit, to the following persons (the “Eligible Participants”): (a) any full-time or part-time employees, executives or officers of the Company; (b) any director (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries; (c) any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and (d) such other persons who, in the sole opinion of the Directors, will contribute or have contributed to the Group.

A consideration of HK\$1.00 is payable on acceptance of the offer of grant of an option.

The maximum number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Company) to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 180,000,000 Shares, being 10% of the then total Shares in issue as at the Listing Date.

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period shall not exceed 1% of the total Shares in issue for the time being (the “Individual Limit”). Any further grant of options in excess of the 1% limit shall be subject to shareholders’ approval in general meeting with such participant and his associates abstaining from voting.

The subscription price per Share under the Share Option Scheme shall be a price determined by the Directors, but shall not be lower than the higher of (a) the closing price of the Shares as stated in the Stock Exchange’s daily quotation sheet on the date of grant, which must be a trading day; (b) the average closing price of the Shares as stated in the Stock Exchange’s daily quotation sheets for the five trading days immediately preceding the date of grant; and (c) HK\$0.01, being the nominal value of the Share.

The Share Option Scheme will remain in force for a period of 10 years from the Listing Date. The period during which an option may be taken up shall be in accordance with the terms of the Share Option Scheme and at any time after the date upon which the option is deemed to be granted and accepted and may be exercised thereupon and prior to the expiry of the period as notified by the Directors to each grantee, save that no option shall be exercised later than 10 years from the relevant date of grant. There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the Directors.

Save for the Share Option Scheme, there is no other share option scheme of the Company or any of its subsidiaries.

### **Grant of options**

During the six months ended 30 June 2022, the Company, on 17 June 2022 (the “Date of Grant”), granted 130,500,000 options under the Share Option Scheme to 130 selected Eligible Participants (the “Grantees”) to subscribe for an aggregate of 130,500,000 Shares at the exercise price of HK\$0.38 per Share. The validity period of the options is from 17 June 2022 to 16 June 2025 (both dates inclusive) and all the options will be vested to the Grantees on 17 June 2023, being the first anniversary of the Date of Grant. There are no performance appraisal conditions for the vesting of the options.

All the Grantees are employees of the Group. Among the total 130,500,000 options granted, 3,600,000 options were granted to the following Directors:

<b>Name of Grantees</b>	<b>Position in the Group</b>	<b>Number of options granted</b>
Zhang Yi	Vice Chairman and Executive Director	1,200,000
Huang Fuqing	Vice Chairman and Executive Director	1,200,000
Shen Xiaodong	Non-executive Director	1,200,000
		<hr/>
Total:		<u>3,600,000</u>

*Note:* 1,200,000 options were granted to Wang Jianfeng, who was an executive Director as at the Date of Grant and resigned as an executive Director with effect from 30 June 2022.

The grant of options to each of the above Directors was approved by the then independent non-executive Directors pursuant to Rule 17.04(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and the terms of the Share Option Scheme. Save as disclosed above, none of the Grantees is a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) as at the date of this announcement. No Grantee was granted with options in excess of the Individual Limit.

As at the date of this announcement, save for the grant of options on 17 June 2022, no options have been granted under the Share Option Scheme since the adoption of the Share Option Scheme. As such, as at the date of this announcement, the number of Shares available for issue under the Share Option Scheme is 49,500,000 Shares, being approximately 0.73% of the total Shares in issue as at the date of this announcement.

## **CORPORATE GOVERNANCE PRACTICES**

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of its shareholders and to enhance its corporate value and accountability. The Board is committed to achieving high corporate governance standards.

During the six months ended 30 June 2022, the Company had adopted, applied and complied with the code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules as the basis of the Company’s corporate governance practices.

To the best of the knowledge of the Board, the Company has fully complied with the requirements under the CG Code during the six months ended 30 June 2022.

The Directors will use their best endeavors to procure the Company to continue to comply with the CG Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct for securities transactions by directors and employees who are likely to be in possession of unpublished inside information of the Company (the “Code of Conduct”) on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules.

The Company, after making specific inquiries to all Directors, confirmed that all of them have complied with the required standards in the Code of Conduct throughout the six months ended 30 June 2022.

No incident of non-compliance with the Code of Conduct by the Group’s employees was noted by the Company during the six months ended 30 June 2022. In case when the Company is aware of any restricted period for dealings in the Company’s securities, the Company will notify its Directors and relevant employees in advance.

## **REVIEW OF INTERIM FINANCIAL INFORMATION**

The audit committee of the Company (the “Audit Committee”) comprises three members who are all independent non-executive Directors, namely, Mr. Lin Shaoyong, Dr. Cheung Wai Bun, Charles, JP and Mr. Gu Yunchang. Mr. Lin Shaoyong, who has appropriate professional qualifications and experience in accounting matters, is the chairman of the Audit Committee. The Audit Committee of the Board has reviewed the Group’s interim financial information for the six months ended 30 June 2022, and discussed with the Company’s management regarding the review, internal controls and other relevant matters.

## **INTERIM DIVIDEND**

No interim dividend was proposed by the Board for the six months ended 30 June 2022 (for the six months ended 30 June 2021: nil).

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

On 27 April 2022, the Company purchased the May 2022 Senior Notes in the aggregate principal amount of US\$96,000,000, representing 93.2% of the aggregate principal amount of remaining outstanding of the May 2022 Senior Notes. The repurchased May 2022 Senior Notes were cancelled. For details, please refer to the announcements of the Company dated 2 May 2019 and 27 April 2022, respectively and note 13(a) to the “Notes to the Interim Financial Information”.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2022.



## **PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT**

This interim results announcement has been published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.jiayuanintl.com](http://www.jiayuanintl.com). The interim report of the Company for the six months ended 30 June 2022 containing all the information required by Appendix 16 to the Listing Rules will be despatched to the shareholders of the Company and made available on the same websites in due course.

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

Hong Kong, 31 August 2022

*As at the date of this announcement, the executive Directors of the Company are Mr. Zhang Yi, Mr. Huang Fuqing and Ms. Cheuk Hiu Nam, the non-executive Directors of the Company are Mr. Shum Tin Ching, Mr. Shen Xiaodong and Mr. Yu Anqi, and the independent non-executive Directors of the Company are Dr. Cheung Wai Bun, Charles, JP, Mr. Gu Yunchang, Mr. Lin Shaoyong and Ms. Su Ling.*