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Jiayuan International Group Limited

(In Liquidation)

佳源國際控股有限公司

(清盤中)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2768)

**UPDATE ON BUSINESS OPERATIONS OF THE GROUP AND THE
PROPOSED RESTRUCTURING**

Reference is made to the announcements of Jiayuan International Group Limited (In Liquidation) (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 15 January 2024 and 19 January 2024, regarding the Resumption Guidance and updates on business operations of the Group and the restructuring progress (the “**Announcements**”). Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

This announcement is made by the Liquidators on behalf of the Company on a voluntary basis. The Liquidators would like to provide an update surrounding the affairs in relation to the business operations of the Group and the latest development of the proposed restructuring.

UPDATE ON BUSINESS OPERATIONS OF THE GROUP

Onshore Operations

As mentioned in the Announcements, the industry-wide difficulties weakened homebuyers’ confidence and affected the overall demand for real estate sales in China. With the PRC government’s commitment to ensure the timely delivery of housing projects and to maintain stable livelihoods (“保交樓、穩民生”), Chinese real estate project developers are encountering increased financial scrutiny. In addition, onshore creditors continue to take more vigorous action with regard to the recovery of their claims, and there are more situations arising where onshore project companies are the subject of petitions for bankruptcy reorganization, causing further adverse impacts on the financial position of the Company.

Property Development Project in Qingdao

The Group used to indirectly own 63% interest in Qingdao Lingshi Huafu Property Development Limited* (青島領世華府地產有限公司) (“**Qingdao Lingshi Huafu**”), through its wholly owned subsidiary, Siyang Fengyuan Property Development Limited* (泗陽豐源房地產開發有限公司) (“**Siyang Fengyuan**”). The underlying project of Qingdao Lingshi Huafu is a high-end composite development located in Qingdao with a gross floor area of over 1 million square meters, covering high-rise residential buildings, residential apartments, schools, office buildings, mall, hotel, etc.

It was noted that (i) the Group’s 63% interest in Qingdao Lingshi Huafu, which was held through Siyang Fengyuan, was transferred in October 2023 to Qingdao Jinhong Boan Investments Limited* (青島錦宏博安投資有限公司) (“**Qingdao Jinhong Boan**”), a company apparently outside the Group, based on search results from the National Enterprise Credit Information Publicity System; and (ii) the property development project has at the same time been renamed from “Qingdao Jiayuan Huafu”* (青島佳源華府) to “Laoshan Shoufu”* (嶗山首府) (collectively referred to as the "**Proposed Preservation Actions**"). It appears to the Liquidators that the Proposed Preservation Actions could be arrangements made by the onshore creditors and/ or the local government to facilitate the completion and delivery of housing projects and/ or ringfencing the value of the property development project in Qingdao.

The Liquidators are still in the process of gathering information regarding relevant facts and circumstances relating to the above events. The Liquidators will consider with their legal advisors the impact(s) from the Listing Rules’ perspective arising out of or in connection with the above events. Further announcement(s) will be made by the Liquidators in accordance with applicable requirements of the Listing Rules, as and when appropriate.

Onshore Subsidiaries in Bankruptcy Reorganization

It has come to the Liquidators' attention that, during the period from December 2022 to December 2023, the following five (5) onshore subsidiaries of the Company entered into bankruptcy reorganization or pre-reorganization procedures in mainland China:

- (i) Yangzhou Chongyuan Property Development Limited* (揚州崇源房地產開發有限公司) (“**Yangzhou Chongyuan**”);
- (ii) Taixing City Guangyuan Property Development Limited* (泰興市廣源房地產開發有限公司) (“**Taixing Guangyuan**”);
- (iii) Changshou Rongyuan Property Development Limited* (常熟榮源房地產開發有限公司) (“**Changshou Rongyuan**”);
- (iv) Yangzhou Fengyuan Property Development Limited* (揚州豐源房地產開發有限公司) (“**Yangzhou Fengyuan**”); and
- (v) Guangzhou Zhengyuan Property Development Limited* (廣州政源房地產開發有限公司) (“**Guangzhou Zhengyuan**”) (collectively referred to as the “**Bankrupt Subsidiaries**”).

Based on the information made available to the Liquidators, there are at least six (6) underlying property development projects held by the Bankrupt Subsidiaries, comprising Venice Metropolis* (威尼斯城), Jiayuan New World* (佳源新天地), Shiji Chenzhang* (世紀宸章), Jiayuan Lanjing* (佳源攬境), Xicheng Yinxiang* (西城印象) and Jiangwan Lanting* (江灣瀾庭).

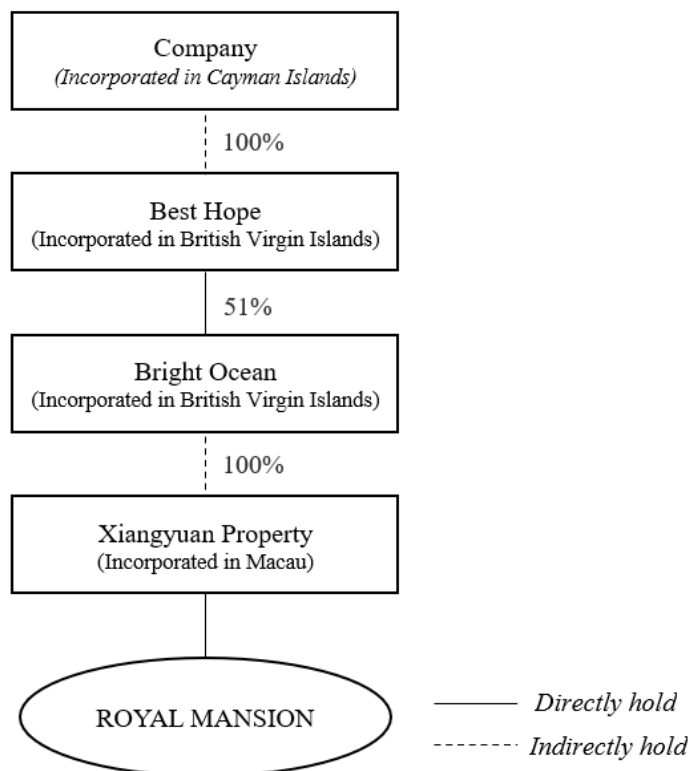
Offshore Operations

Property Development Project in Macau

On 6 June 2023, joint and several receivers (the “**Bright Ocean Receivers**”) were appointed over, among others, (i) all shares in Bright Ocean (as defined below) held by Best Hope (as defined below), representing 51% of the total issued shares of Bright Ocean (“**Bright Ocean Shares**”); and (ii) all assets of Bright Ocean. The Bright Ocean Receivers were appointed pursuant to, among other things, the Composite Share Mortgage dated 25 March 2021 made between, among others, Best Hope Developments Limited (“**Best Hope**”) (as the Mortgagor) and Madison Pacific Trust Limited (as the Common Security Agent).

Best Hope, a company incorporated under the laws of British Virgin Islands, is an indirectly wholly owned subsidiary of the Company. Bright Ocean Ventures Limited (“**Bright Ocean**”), a company incorporated under the laws of British Virgin Islands, indirectly wholly owns a property development project located in Taipa District of Macau named “ROYAL MANSION” (whose name was changed to “THE ZENITH” with effect from 4 December 2023), through Xiangyuan Property Development Limited (“**Xiangyuan Property**”), a company incorporated under the laws of Macau. “ROYAL MANSION” is a mixed-use development project with gross floor area of over 60,000 square meters.

Simplified shareholding structure of Macau Property Development Project



For the sake of completeness, we advise that all sales proceeds arising from ROYAL MANSION given or to be given by Xiangyuan Property are pledged in favour of Tai Fung Bank Limited (as security agent) as security in accordance with a facility agreement dated 28 November 2017 for a facility up to HK\$3.9 billion, entered into between Xiangyuan Property (as borrower), Tai Fung Bank Limited (as lender and security agent), and Industrial and Commercial Bank of China (Macau) Limited (as lender and facility agent) (the “**Facility Agreement**”). Based on the information made available to the Liquidators, as of the date of this announcement, the outstanding principal amount (exclusive of any accrued interests) due by Xiangyuan Property to the lenders under the Facility Agreement is approximately HK\$3.2 billion.

As a result of the appointment of the Receivers, the Group no longer has any power or authority to deal with Bright Ocean Shares and all assets of Bright Ocean, including the interests in Xiangyuan Property.

Property Development Project in Cambodia

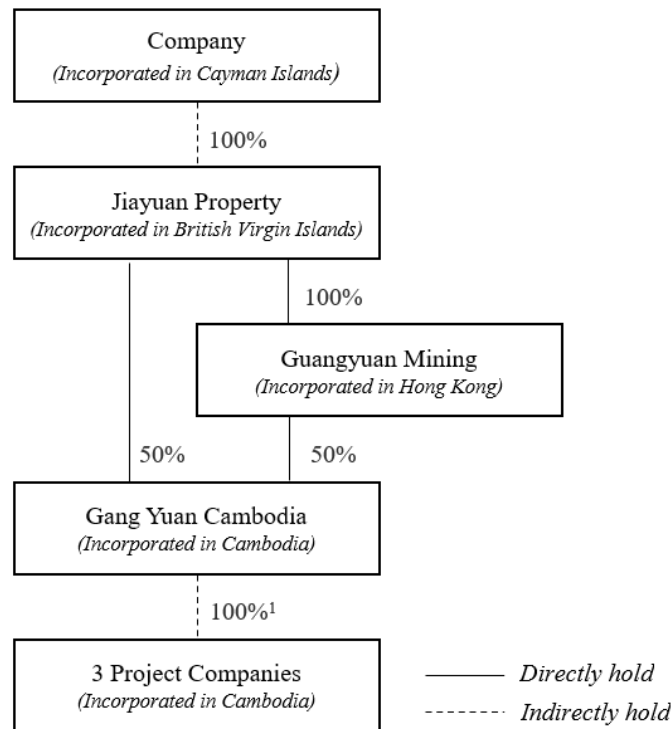
On 31 May 2023, a notice of default was delivered to Hong Kong Guangyuan Mining Limited (“**Guangyuan Mining**”), declaring that a series of events of default by Guangyuan Mining had taken place under a facility agreement in respect of a USD100 million term loan facility dated 28 June 2021 (“**CTI Facility Agreement**”), entered into between Guangyuan Mining (as borrower) and CTI Capital Management Limited (as lender) (“**CTI Capital**”).

On 19 January 2024, Guangyuan Mining received a demand notice from CTI Capital, demanding repayment by 26 January 2024 of total indebtedness of US\$129,620,620.35, failing which, CTI Capital indicated, it may take further legal action against Guangyuan Mining.

Guangyuan Mining, which is a company incorporated under the laws of Hong Kong, is an indirectly wholly owned subsidiary of the Company, through Jiayuan Property Development Limited (“**Jiayuan Property**”). Guangyuan Mining holds 50% interest in Gang Yuan (Cambodia) Development Co., Limited (“**Gang Yuan Cambodia**”), which is a company incorporated under the laws of Cambodia that holds 100% interests in three (3) project companies incorporated in Cambodia. The aforesaid three project companies own multiple land parcels of over 1.3 million square meters in Cambodia. Based on the information made available to the Liquidators, as of the date of this announcement, development of these lands in Cambodia has yet to commence.

For the sake of completeness, it is noted that all issued ordinary shares in Gang Yuan Cambodia as to 50% held by Guangyuan Mining and 50% held by Jiayuan Property are all charged in favour of CTI Capital as security for the CTI Facility Agreement.

Simplified shareholding structure of Cambodia Property Development Project



¹According to the information made available to the Liquidators, due to local laws of Cambodia, Gang Yuan Cambodia directly or indirectly wholly owns the three project companies through certain trust arrangements.

Jiayuan Services Holdings Limited (Stock code: 1153.HK)

On 6 September 2023, joint and several receivers and managers (the “**Jiayuan Services Receivers**”) were appointed over 450,000,000 issued ordinary shares in Jiayuan Services Holdings Limited (“**Jiayuan Services**”), which represents approximately 73.56% of the total issued shares of Jiayuan Services as of the date of this announcement. The Jiayuan Services Receivers were appointed pursuant to a security deed dated 23 November 2022, entered into between Chuangyuan Holdings Limited (as chargor) and Valuable Capital Limited (as lender).

Chuangyuan Holdings Limited, which is a company incorporated under the laws of British Virgin Islands, is an indirectly wholly owned subsidiary of the Company.

Jiayuan Services is a company listed on the Stock Exchange with stock code 1153. The trading of Jiayuan Services’ shares has been suspended since 3 April 2023 and remain suspended as of the date of this announcement. Jiayuan Services and its subsidiaries are principally engaged in the provision of property management services in the Mainland China.

Overall Effect on Financial Position of the Company

It is anticipated that the impact of the above-mentioned developments on the Company's onshore and offshore operations will cause the net asset value of the Group to drop significantly, as compared to the net asset value disclosed in the latest published consolidated statement of financial position as at 30 June 2022.

UPDATE ON THE PROPOSED RESTRUCTURING

Estimated Claims against the Company

Following their appointment, the Liquidators have been collating information from various sources regarding potential claims against the Company. As of the date of this announcement, the total claims made against the Company, comprising public bonds, private debts, financial guarantees provided in favour of its subsidiaries, together with other contingent liabilities, are currently estimated at not less than RMB30 billion. The total amount of creditors' claims against the Company shall be subject to determination and/ or adjudication by the Liquidators and/ or adjudicator, as the case may be.

Funding Required for Restructuring

To drive the restructuring exercise, certain fees and expenses associated with future work can be anticipated. These costs encompass (i) audit fees for the annual and interim periods for each of the financial years of 2022 and 2023 in order to comply with the Resumption Guidance, (ii) legal fees in connection with, among other things, the preparation of a restructuring support agreement and a scheme of arrangement in connection with the proposed debt restructuring, and (iii) other professional fees that will arise in connection with a proposed restructuring.

Although the Liquidators held discussions with potential providers of funding, they experienced difficulties in securing sufficient funding to move forward with a debt restructuring. Despite the Liquidators' efforts in engaging with potential investors and other stakeholders, the prevailing market conditions have complicated the prospects for the funding of a restructuring. It goes without saying that without sufficient funding, a successful restructuring would not be achieved.

At this time, the Liquidators remain committed to the pursuit of a successful outcome as regards a restructuring. For this reason, they seek the continued support from all of the Company's creditors and request their patience throughout this process. The Liquidators will keep the creditors and shareholders informed of the latest progress and any significant developments that may arise as and when appropriate.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on The Stock Exchange has been suspended with effect from 9:00 a.m. on 3 April 2023 and will remain suspended until further notice.

The Company will make further announcements as and when appropriate.

Shareholders and potential investors of the Company who have any queries about the implication of the Resumption Guidance and the continued suspension of trading of the Company's shares should obtain appropriate professional advice.

Shareholders and potential investors should accordingly exercise caution when dealing with the shares of the Company.

For and on behalf of
Jiayuan International Group Limited
(In Liquidation)
Lai Kar Yan (Derek)
Chan Man Hoi (Ivan)
Hau Kai Ling (Cato)
Joint and Several Liquidators
Acting as agents without personal liability

Hong Kong, 30 January 2024

The Board, as at the date of this announcement, comprises Mr. Zhang Yi, Mr. Huang Fuqing and Ms. Cheuk Hiu Nam as executive Directors, Mr. Shum Tin Ching, Mr. Shen Xiaodong and Mr. Yu Anqi as non-executive Directors and Dr. Cheung Wai Bun, Charles, Mr. Gu Yunchang, Mr. Lin Shaoyong and Dr. He Shibin as independent non-executive directors.

The affairs, business and property of the Company are being managed by the Liquidators who act as the agents of the Company only and without personal liability.

** For identification purpose only*