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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)

**CONNECTED TRANSACTION
PURCHASE OF NOTES BY CONNECTED PERSONS**

On 23 September 2021, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with certain placing agents in connection with the issue of the Additional Notes. The Additional Notes are guaranteed by the Subsidiary Guarantors. In addition, the Company has agreed, for the benefit of the holder of the Notes, to pledge and cause each of the Initial Subsidiary Guarantor Pledgors to pledge, the capital stock of all Subsidiary Guarantors owned by the Company or such Initial Subsidiary Guarantor Pledgors.

PURCHASE OF NOTES BY CONNECTED PERSONS

The book building process of the Additional Notes Issue was completed on 23 September 2021. Under the Additional Notes Issue, Mr. Shum and his associates were allocated a portion of the Additional Notes in the aggregate principal amount of US\$31,000,000. Closing of the Additional Notes Issue is expected to take place on 29 September 2021 and the Purchase will be settled in cash by immediately available funds.

IMPLICATIONS UNDER THE LISTING RULES

Mr. Shum is the chairman and non-executive director of the Company. As at the date of this announcement, Mingyuan Investment, which is directly wholly-owned by Mr. Shum, is a substantial Shareholder holding 3,596,308,418 Shares, representing approximately 73.2% of the issued share capital of the Company. Jianyuan Investment is indirectly wholly-owned by Mr. Shum. Accordingly, Mr. Shum, Jianyuan Investment and Mingyuan Investment are connected persons of the Company and the Purchase constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As some of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Purchase are more than 0.1% but all are below 5%, the Purchase is subject to the reporting and announcement requirements, and is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Shum has a material interest in the Purchase Agreement and the transactions contemplated thereunder, he has abstained from voting on the resolutions at the Board meeting to approve the Additional Notes Issue.

INTRODUCTION

On 23 September 2021, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with certain placing agents in connection with the issue of the Additional Notes. The Additional Notes are to be consolidated and form a single series with the Existing Notes. The Additional Notes are guaranteed by the Subsidiary Guarantors. In addition, the Company has agreed, for the benefit of the holder of the Notes, to pledge and cause each of the Initial Subsidiary Guarantor Pledgors to pledge, the capital stock of all Subsidiary Guarantors owned by the Company or such Initial Subsidiary Guarantor Pledgors.

The Additional Notes will mature on 17 February 2024, unless earlier redeemed in accordance with the terms thereof. The issue price of the Additional Notes will be 95.98% of the principal amount of the Additional Notes. The Additional Notes will bear interest at a rate of 11.00% per annum payable semi-annually in arrears on 17 August and 17 February of each year, commencing on 17 February 2022, except that the last payment of interest, to be made on the maturity date, will be in respect of the period from and including 17 August 2023 to but excluding the maturity date.

PURCHASE OF NOTES BY CONNECTED PERSONS

The book building process of the Additional Notes Issue was completed on 23 September 2021. Under the Additional Notes Issue, Mr. Shum and his associates were allocated a portion of the Additional Notes in the aggregate principal amount of US\$31,000,000. Closing of the Additional Notes Issue is expected to take place on 29 September 2021 and the Purchase will be settled in cash by immediately available funds.

In more detail, the respective portions of the Additional Notes allocated to Mr. Shum, Jianyuan Investment and Mingyuan Investment were in the principal amount of US\$7,000,000, US\$2,000,000 and US\$22,000,000, respectively.

IMPLICATIONS UNDER THE LISTING RULES

Mr. Shum is the chairman and non-executive director of the Company. As at the date of this announcement, Mingyuan Investment, which is directly wholly-owned by Mr. Shum, is a substantial Shareholder holding 3,596,308,418 Shares, representing approximately 73.2% of the issued share capital of the Company. Jianyuan Investment is indirectly wholly-owned by Mr. Shum. Accordingly, Mr. Shum, Jianyuan Investment and Mingyuan Investment are connected persons of the Company and the Purchase constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As some of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Purchase are more than 0.1% but all are below 5%, the Purchase is subject to the reporting and announcement requirements, and is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Shum has a material interest in the Purchase, he has abstained from voting on the resolutions at the Board meeting to approve the Additional Notes Issue.

REASONS FOR AND BENEFIT OF THE PURCHASE

The purchase price of the Additional Notes payable by Mr. Shum and his associates is the same as the purchase price payable by the other investors in the Additional Notes Issue. As the terms of the Purchase are the same as other investors in the Additional Notes Issue, and the Purchase is being undertaken as part of the Additional Notes Issue and will enable the Company to raise fund to refinance existing indebtedness, the Directors (including the independent non-executive Directors) are of the view that the Purchase is being made on normal commercial terms, the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Furthermore, the Company considers that the Purchase shows that Mr. Shum is optimistic towards the long term development of the Group and represents his commitment to providing continuous support to the Group.

GENERAL INFORMATION OF THE PARTIES

Information of the Group

The Group is an established property developer of large-scale residential complex projects and integrated commercial complex projects in the PRC. The principal activities of the Group include (a) the development and sale of residential and commercial properties; (b) the provision of development services to government organisations for the development of resettlement properties and development or refurbishment of other types of properties, facilities or infrastructure; and (c) the leasing of commercial properties owned or developed by the Group.

Information of Mr. Shum

Mr. Shum is the chairman and non-executive director of the Company.

Information of Jianyuan Investment

The principal business activity of Jianyuan Investment is investment holding. It is incorporated in Hong Kong with limited liability and indirectly wholly-owned by Mr. Shum.

Information of Mingyuan Investment

The principal business activity of Mingyuan Investment is investment holding. It is incorporated in the British Virgin Islands with limited liability and directly wholly-owned by Mr. Shum.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set forth below unless the context requires otherwise:

“Additional Notes”	the US\$100,000,000 11.00% senior notes due 2024, which are to be consolidated and form a single series with the Existing Notes
“Additional Notes Issue”	the issue of the Additional Notes by the Company
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Jiayuan International Group Limited (佳源國際控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Existing Notes”	the US\$130,000,000 11.00% senior notes due 2024 issued by the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Initial Subsidiary Guarantor Pledgors”	(i) Jiayuan Investment Management Limited and (ii) Hong Kong Jia Yuan Holdings Limited
“Jianyuan Investment”	Hong Kong Jianyuan Investment Limited, a company incorporated with limited liability in Hong Kong and an indirectly wholly-owned company of Mr. Shum
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mingyuan Investment”	Mingyuan Group Investment Limited, a company incorporated with limited liability in the British Virgin Islands and a directly wholly-owned company of Mr. Shum
“Mr. Shum”	Mr. Shum Tin Ching, the chairman and non-executive director of the Company

“Notes”	the single series of the Additional Notes and the Existing Notes
“PRC”	the People’s Republic of China, excluding Hong Kong, Macao Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement
“Purchase”	the purchase of the Additional Notes by Mr. Shum, Jianyuan Investment and Mingyuan Investment as referred to in the paragraph headed “PURCHASE OF NOTES BY CONNECTED PERSONS”
“Purchase Agreement”	the agreement dated 23 September 2021 entered into by and among the Company, the Subsidiary Guarantors and the placing agents in relation to the Additional Notes Issue
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantors”	(i) Jiayuan Investment Management Limited, (ii) Guo Xiang Property Co., Limited and (iii) Hong Kong Jia Yuan Holdings Limited, which are subsidiaries of the Company that on the issue date of the Additional Notes will provide guarantees to secure the Company’s obligations under the Additional Notes
“US\$”	United States dollar(s), the lawful currency of the United States
“%”	per cent.

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

Hong Kong, 23 September 2021

As at the date of this announcement, the Board of the Company comprises: (i) Mr. Shum Tin Ching, the Chairman and a Non-executive Director; (ii) Mr. Zhang Yi, a Vice Chairman and an Executive Director; (iii) Mr. Huang Fuqing, a Vice Chairman and an Executive Director; (iv) Mr. Wang Jianfeng, a Vice President and an Executive Director; (v) Ms. Cheuk Hiu Nam, a Joint Company Secretary and an Executive Director; (vi) Mr. Tai Kwok Leung, Alexander, an Independent Non-executive Director; (vii) Dr. Cheung Wai Bun, Charles, JP, an Independent Non-executive Director; (viii) Mr. Gu Yunchang, an Independent Non-executive Director; and (ix) Mr. Shen Xiaodong, a Non-executive Director.