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## **Jiayuan International Group Limited**

**佳源國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2768)**

### **ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020**

#### **RESULTS HIGHLIGHTS**

- The Group recorded unaudited contracted sales of approximately RMB11,671 million for the six months ended 30 June 2020 with a total sales area of approximately 1,078,227 sq.m..
- The Group's revenue was approximately RMB8,559 million for the six months ended 30 June 2020 as compared to the corresponding period of approximately RMB6,730 million in 2019, representing an increase of approximately RMB1,829 million or 27%.
- The Group's gross profit increased by 27% to approximately RMB3,203 million for the six months ended 30 June 2020 as compared to the same period of RMB2,526 million in 2019.
- Net profit of the Group for the six months ended 30 June 2020 amounted to approximately RMB1,589 million, representing an increase of approximately RMB172 million or 12% as compared to the corresponding period in 2019.
- Core net profit of the Group for the six months ended 30 June 2020<sup>(1)</sup> was approximately RMB1,846 million, representing an increase of 43% as compared to the corresponding period in 2019.
- Net gearing ratio of the Group<sup>(2)</sup> was 78% as at 30 June 2020 while cash and bank balances of the Group<sup>(3)</sup> as at 30 June 2020 was RMB9.13 billion (as at 31 December 2019: RMB8.15 billion).

- Basic earnings per share was approximately RMB37.06 cents. Excluding effects such as valuation gains, core earnings per share<sup>(1)</sup> increased by 42% to RMB0.47 as compared with that of last year.
- As at 30 June 2020, the Group had land reserves of 17 million sq.m..
- On 26 June 2020, Jiayuan Services, a subsidiary of the Company, submitted a listing application form (Form A1) to the Stock Exchange to apply for the listing of, and permission to deal in, the Jiayuan Services Shares on the Main Board of the Stock Exchange. Jiayuan Services and its subsidiaries are principally engaged in the provision of property management services, value-added services to property developers and community value-added services in the PRC.

*Note 1:* Core net profit and core earnings per share of the Group for the six months ended 30 June 2020 and 30 June 2019 exclude fair value change on investment properties and their related deferred tax, foreign exchange loss, net, net impairment reversal/(losses) on financial assets, fair value change on financial assets at fair value through profit or loss, fair value change on derivative financial instruments, loss on disposal of financial assets at fair value through profit or loss and gain/(loss) on disposal of subsidiaries and associates.

*Note 2:* Net gearing ratio was measured by net debt (bank and other borrowings and senior notes net of bank balances and cash and pledged/restricted bank deposits) over the total equity.

*Note 3:* Cash and bank balances include cash and cash equivalents and restricted/pledged 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 2020 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 2020*

		<b>Six months ended 30 June</b>	
		<b>2020</b>	<b>2019</b>
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<b>(Unaudited)</b>	<b>(Unaudited and restated)</b>
<b>Revenue</b>	3	<b>8,559,230</b>	6,730,468
Cost of sales		<b>(5,356,309)</b>	(4,204,656)
<b>Gross profit</b>		<b>3,202,921</b>	2,525,812
Other income	5	<b>172,950</b>	136,079
Other gains and losses	5	<b>(153,682)</b>	(17,271)
Net impairment (losses)/reversal on financial assets		<b>(1,102)</b>	33,862
Fair value change on investment properties		<b>(126,609)</b>	170,804
Selling and marketing costs		<b>(155,271)</b>	(108,263)
Administrative expenses		<b>(197,130)</b>	(175,646)
Other expenses		<b>(1,814)</b>	(2,174)
Finance costs		<b>(153,852)</b>	(76,203)
Share of results of investments accounted for using the equity method		<b>135,633</b>	(23,966)
<b>Profit before taxation</b>		<b>2,722,044</b>	2,463,034
Income tax expenses	6	<b>(1,132,600)</b>	(1,045,416)
<b>Profit for the period</b>		<b>1,589,444</b>	1,417,618
<b>Profit for the period attributable to:</b>			
– Owners of the Company		<b>1,461,801</b>	1,383,867
– Non-controlling interests		<b>127,643</b>	33,751
		<b>1,589,444</b>	1,417,618
<b>Earnings per share attributable to owners of the Company (expressed in RMB cents per share)</b>			
Basic and diluted	8	<b>37.06</b>	35.13

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
<b>Profit for the period</b>	<b><u>1,589,444</u></b>	<b><u>1,417,618</u></b>
<b>Other comprehensive (loss)/income</b>		
<i>Items that may be reclassified to profit or loss:</i>		
– Exchange differences arising on translation of foreign operations	<u>(1,571)</u>	<u>2,464</u>
<b>Total comprehensive income for the period</b>	<b><u>1,587,873</u></b>	<b><u>1,420,082</u></b>
Total comprehensive income for the period attributable to:		
– Owners of the Company	<b>1,460,230</b>	1,386,331
– Non-controlling interests	<b><u>127,643</u></b>	<u>33,751</u>
	<b><u>1,587,873</u></b>	<b><u>1,420,082</u></b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		30 June 2020 <i>RMB'000</i> (Unaudited)	31 December 2019 <i>RMB'000</i> (Audited)
	NOTES		
<b>Non-current assets</b>			
Investment properties		7,739,887	7,841,906
Property and equipment		122,611	132,880
Intangible assets		38,759	31,328
Right-of-use assets		12,054	10,694
Investments accounted for using the equity method		2,142,342	985,051
Financial assets at fair value through profit or loss		873,037	668,204
Deposits paid for acquisitions		1,151,728	1,167,684
Deferred tax assets		716,016	597,494
Trade and other receivables	9	88,781	124,934
		<u>12,885,215</u>	<u>11,560,175</u>
<b>Current assets</b>			
Inventories of properties		36,107,572	34,112,077
Trade and other receivables	9	7,398,634	7,177,335
Financial assets at fair value through profit or loss		147,461	168,775
Prepaid income tax		480,218	563,705
Restricted/pledged bank deposits		1,237,792	2,123,101
Cash and cash equivalents	10	7,889,020	6,030,412
		<u>53,260,697</u>	<u>50,175,405</u>
<b>Total assets</b>		<u>66,145,912</u>	<u>61,735,580</u>
<b>Current liabilities</b>			
Trade and other payables	11	7,163,151	6,395,483
Pre-sale deposits received		18,645,241	19,940,467
Lease liabilities		5,480	3,597
Current income tax liabilities		5,572,148	4,628,119
Bank and other borrowings	12	3,049,663	4,667,930
Derivative financial instrument		272,068	–
Senior notes	13	4,922,107	314,084
		<u>39,629,858</u>	<u>35,949,680</u>
<b>Net current assets</b>		<u>13,630,839</u>	<u>14,225,725</u>
<b>Total assets less current liabilities</b>		<u>26,516,054</u>	<u>25,785,900</u>

		<b>30 June 2020</b>	31 December 2019
	<i>NOTES</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current liabilities</b>			
Bank and other borrowings	12	<b>9,313,677</b>	7,462,249
Derivative financial instruments		<b>157,183</b>	238,387
Lease liabilities		<b>6,000</b>	7,317
Pre-sale deposits received		<b>531,293</b>	500,510
Deferred tax liabilities		<b>750,307</b>	779,587
Senior notes	13	<b>2,285,025</b>	4,960,692
		<b>13,043,485</b>	13,948,742
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>33,870</b>	33,870
Reserves		<b>11,130,937</b>	9,825,610
		<b>11,164,807</b>	9,859,480
<b>Non-controlling interests</b>		<b>2,307,762</b>	1,977,678
<b>Total equity</b>		<b>13,472,569</b>	11,837,158
<b>Total equity and non-current liabilities</b>		<b>26,516,054</b>	25,785,900

## NOTES TO THE INTERIM FINANCIAL INFORMATION

*For the six months ended 30 June 2020*

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

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, 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 2020 (“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 12 August 2020.

#### **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 2019 (“2019 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”).

#### **Merger accounting for business combination involving entities under common control**

- (a) On 21 January 2019, the Company completed the acquisition of the entire issued share capital of Chuangyuan Holdings Limited (“Chuangyuan”), a company incorporated in the BVI, from the Ultimate Shareholder (the “Chuangyuan Acquisition”) in consideration of 50,180,189 new issued ordinary shares of the Company to the Ultimate Shareholder. The principal activities of Chuangyuan and its subsidiaries (“Chuangyuan Group”) are provision of property management services in the People’s Republic of China (the “PRC”).
- (b) On 26 April 2019, the Company entered into a sale and purchase agreement with the Ultimate Shareholder whereby the Company conditionally agreed to acquire 100% equity interest of Huiyuan Investment Holdings Limited (“Huiyuan”), a company incorporated in the BVI, in consideration of 1,377,959,475 new issued ordinary shares of the Company to the Ultimate Shareholder (“Huiyuan Acquisition”). The principal activities of Huiyuan and its subsidiaries (“Huiyuan Group”) are property development and property investment in the PRC. As a condition of Huiyuan Acquisition, Huiyuan Group acquired 82.48% equity interest of Bengbu Mingyuan Real Estate Development Co., Ltd. and 42% equity interest of Lujiang Jiayuan Real Estate Development Co., Ltd. from Zhejiang Jiayuan Real Estate Group Co., Ltd. which is controlled by the Ultimate Shareholder, in an aggregated consideration of RMB304,650,000 in April and May 2019. The consideration of RMB304,650,000 was settled by the balance of other receivables due from the entities controlled by the Ultimate Shareholder in August 2019. On 8 August 2019, Huiyuan Acquisition was completed.

The Company has applied merger accounting to the above acquisitions, being business combinations involving entities under common control, under Accounting Guideline 5 “Merger Accounting for Common Control Combinations” (“AG 5”) issued by the HKICPA. The Group and the acquired groups are regarded as continuing entities.

- (c) The Chuangyuan Acquisition has been accounted for in preparing the interim financial information for the six months ended 30 June 2019. As a result of the completion of Huiyuan Acquisition on 8 August 2019, the comparative information for the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 June 2019 have been restated to include the operating results of the Huiyuan Group as if the Huiyuan Acquisition had been completed since the date the respective business came under the common control of the Company.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those as described in the 2019 Financial Statements, except for a change of accounting policies explained in Note 2(c) below. Income tax expense was recognised based on management’s estimate of the annual income tax rate expected for the full financial year.

- (a) A number of new or amended standards including amendments to HKFRS 16, amendments to HKFRS 3, amendments to HKAS 1 and HKAS 8, Conceptual framework for financial reporting 2018 and amendments to HKAS 39, HKFRS 7 and HKFRS 9 became applicable for the current reporting period. The Directors consider that application of these new standards, amendments and interpretation to HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in this Interim Financial Information.
- (b) New standards and amendments to existing standards which have been issued but not yet effective and have not been early adopted by the Group are as follows:

		Effective for annual periods beginning on or after
HKAS 16 (Amendment)	Property, plant and equipment – proceeds before intended use	1 January 2022
HKAS 37 (Amendment)	Onerous contracts – cost of fulfilling a contract	1 January 2022
HKFRS 3 (Amendment)	Reference to the conceptual Framework	1 January 2022
Annual Improvements to HKFRS Standards 2018-2020		1 January 2022
HKFRS 17	Insurance contract	January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associates or joint ventures	To be determined



(c) Changes in accounting policies

In the 2019 Financial Statements, individual reserve items were presented separately in the consolidated statement of changes in equity. In preparing the interim financial information for the six months ended 30 June 2020, the Group, for easy reading and reducing voluminous details, combined all reserve items into one single item to simplify the presentation of the condensed consolidated statement of changes in equity. Comparative information for the condensed consolidated statement of changes in equity for the six months ended 30 June 2019 has been retrospectively restated to conform to the current period presentation. This change in accounting policies has no impact on the results and cashflow of the Group.

### 3. REVENUE

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

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited and restated)</b>
<b>Types of goods and services</b>		
Sales of properties	<b>8,183,123</b>	6,490,208
Property management services	<b>264,820</b>	190,065
Property rental	<b>111,287</b>	50,195
<b>Total</b>	<b>8,559,230</b>	<b>6,730,468</b>
<b>Revenue is recognised:</b>		
Contracts with customers:		
– At a point in time	<b>8,187,672</b>	6,490,208
– Over time	<b>260,271</b>	190,065
	<b>8,447,943</b>	6,680,273
Other source: rental income	<b>111,287</b>	50,195
	<b>8,559,230</b>	<b>6,730,468</b>

#### Sales of properties by geographical markets

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited and restated)</b>
Mainland China	<b>8,118,493</b>	6,490,208
Hong Kong	<b>64,630</b>	–
<b>Total</b>	<b>8,183,123</b>	<b>6,490,208</b>

There was no individual customer contributing over 10% of the total revenue for the six months ended 30 June 2020 and 2019.

#### 4. SEGMENT INFORMATION

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.

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.

No geographical segment analysis is shown as more than 90% of the Group's revenue are derived from activities in and from customers located in the PRC and more than 90% of the carrying values of the Group's non-current assets excluding financial instruments and deferred tax assets are situated in the PRC.

#### 5. OTHER INCOME, GAINS AND LOSSES

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited and restated)</b>
Other income		
Interest income on loans receivable	<b>63,311</b>	68,067
Interest income on financial assets at fair value through profit or loss	<b>43,569</b>	37,030
Interest income on bank deposits	<b>36,648</b>	20,387
Government grant	<b>2,272</b>	486
Compensation income	<b>17,187</b>	1,152
Others	<b>9,963</b>	8,957
	<b><u>172,950</u></b>	<b><u>136,079</u></b>
Other gains and losses		
Fair value change on financial assets at fair value through profit or loss	<b>(21,605)</b>	(57,252)
Fair value change on derivative financial instruments	<b>(135,450)</b>	(36,481)
Losses on disposals of financial assets at fair value through profit or loss	<b>–</b>	(3,953)
Foreign exchange (losses)/gains, net	<b>(3,170)</b>	58,676
Others	<b>6,543</b>	21,739
	<b><u>(153,682)</u></b>	<b><u>(17,271)</u></b>

## 6. INCOME TAX EXPENSES

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited and restated)
Current income tax		
– Corporate income tax	772,034	595,579
– Land appreciation tax	508,368	402,699
	<u>1,280,402</u>	<u>998,278</u>
Deferred income tax	(147,802)	47,138
	<u>1,132,600</u>	<u>1,045,416</u>

## 7. DIVIDEND

The Board of Directors did not recommend the payment of any interim dividend for the six months ended 30 June 2020 (for the six months ended 30 June 2019: nil).

The final dividend in respect of the year ended 31 December 2018 of HK11 cents (equivalent to RMB9.9 cents) per ordinary share, in an aggregate amount of HKD281,727,000, approximately RMB247,441,000, approved at the Annual General Meeting on 13 June 2019, has been paid in cash of HKD263,981,000, approximately RMB232,438,000, and in form of scrip dividend alternative of HKD17,746,000, approximately RMB15,616,000, in July 2019.

The final dividend in respect of the year ended 31 December 2019 of HK11 cents (equivalent to RMB9.9 cents) per ordinary share, in an aggregate amount of HKD433,868,000, approximately RMB388,962,000, approved at the Annual General Meeting on 10 June 2020, has been paid in cash of HKD86,711,000, approximately RMB78,274,000, and in form of scrip dividend alternative of HKD347,157,000, approximately RMB313,377,000, in July 2020.

## 8. 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 share in issue during the period.

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited and restated)
Profit for the period attributable to owners of the Company (RMB'000)	<u>1,461,801</u>	<u>1,383,867</u>
Weighted average number of ordinary shares for in issue (in thousands)	<u>3,944,252</u>	<u>3,939,111</u>
Basic earnings per share (RMB cents)	<u>37.06</u>	<u>35.13</u>

**(b) Diluted earnings per share**

For the six months ended 30 June 2020 and 2019, diluted earnings per share equal basic earnings per share as there were no dilutive potential shares in both periods.

**9. TRADE AND OTHER RECEIVABLES**

	<b>30 June 2020 RMB'000 (Unaudited)</b>	<b>31 December 2019 RMB'000 (Audited)</b>
Trade receivables (a)	<b>464,896</b>	321,910
Other receivables (b)	<b>5,757,238</b>	5,957,013
Prepayments (c)	<b>1,341,158</b>	1,098,000
	<b>7,563,292</b>	7,376,923
Less: loss allowance	<b>(75,877)</b>	(74,654)
	<b>7,487,415</b>	7,302,269
Less: Non-current portion of other receivables (b)	<b>(88,781)</b>	(124,934)
Current portion of trade and other receivables	<b>7,398,634</b>	7,177,335

(a) Details of trade receivables are as follows:

	<b>30 June 2020 RMB'000 (Unaudited)</b>	<b>31 December 2019 RMB'000 (Audited)</b>
Trade receivables	<b>464,896</b>	321,910
Less: allowance for impairment	<b>(23,783)</b>	(9,401)
Trade receivables – net	<b>441,113</b>	312,509

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 2020 RMB'000 (Unaudited)</b>	<b>31 December 2019 RMB'000 (Audited)</b>
0-60 days	<b>241,053</b>	187,875
61-180 days	<b>111,064</b>	83,805
181-365 days	<b>76,500</b>	19,008
Over 1 year	<b>36,279</b>	31,222
	<b>464,896</b>	321,910

As at 30 June 2020 and 31 December 2019, trade receivables were mainly denominated in RMB.

The Group applies the simplified approach to provide for expected credit losses. As at 30 June 2020, a provision of RMB23,783,000 (31 December 2019: RMB9,401,000) 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 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
Advances to related parties ( <i>note 1</i> )	<b>1,715,685</b>	2,225,715
Advances to non-controlling interest	<b>1,039,598</b>	809,626
Deposits paid for acquisitions of land use rights	<b>612,962</b>	420,000
Projects related deposits	<b>826,913</b>	911,030
Deposits for trust financing arrangements	<b>124,572</b>	146,719
Other deposits	<b>542,846</b>	453,642
Advance to staff	<b>30,057</b>	55,112
Loans receivable	<b>556,196</b>	587,929
Interest receivable	<b>51,768</b>	190,234
Other receivables	<b>256,641</b>	157,006
	<b>5,757,238</b>	5,957,013
Less: allowance for impairment	<b>(52,094)</b>	(65,253)
	<b>5,705,144</b>	5,891,760
Less: Non-current portion of deposits for trust financing arrangements	<b>(88,781)</b>	(124,934)
Current portion of other receivables – net	<b>5,616,363</b>	5,766,826

The above other receivables are unsecured and non-interest bearing, except for the loans receivables which are interest bearing at rates ranging from 12% to 23% (2019: 12% to 23%) per annum.

*Note 1:* The amounts mainly represent advances to joint ventures.

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

# 10. RESTRICTED/PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Cash at banks and on hand	9,126,812	8,153,513
Less: Restricted/pledged bank deposits		
– Pledged bank deposits for mortgage guarantees (a)	(220,281)	(259,083)
– Restricted bank deposits (b)	(1,017,511)	(1,864,018)
	<u>(1,237,792)</u>	<u>(2,123,101)</u>
Cash and cash equivalents	<u>7,889,020</u>	<u>6,030,412</u>

- (a) These deposits were pledged to the banks, to secure the mortgage guarantees provided to customers, and will be released upon obtaining building ownership certificates by buyers.
- (b) Restricted bank deposits represented deposits placed in bank accounts in accordance with the applicable government regulations. These bank balances can only be applied in designated property development projects, and they carry prevailing interest at the rate of 0.38% (31 December 2019: 0.38%) per annum as at 30 June 2020.
- (c) Cash at banks and deposits held at call carry prevailing market interest rates ranging from 0.01% to 3.65% (31 December 2019: 0.01% to 3.65%) per annum as at 30 June 2020.

As at 30 June 2020, the cash at banks are denominated in below currencies:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
RMB	6,852,004	6,128,425
HKD	285,619	258,457
USD	1,988,047	1,765,541
Others	<u>1,142</u>	<u>1,090</u>
	<u>9,126,812</u>	<u>8,153,513</u>

The conversion and the remittance of RMB out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC governments.

## 11. TRADE AND OTHER PAYABLES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade payables (a)	3,354,636	3,639,200
Advances from non-controlling interests	707,246	729,885
Business and other taxes payable	624,594	514,091
Other deposits received (b)	515,264	375,913
Deposits related to sales of properties	205,086	268,363
Advances from related parties	779,282	234,960
Receipts on behalf of property residents	134,196	210,411
Accrued charges	132,385	101,160
Consideration payable for acquisition of subsidiaries	95,000	95,000
Other consideration payables	226,500	226,500
Dividend payable	388,962	—
	<b>7,163,151</b>	<b>6,395,483</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, at the end of the reporting period:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
0-60 days	1,838,907	2,152,245
61-180 days	741,410	751,103
181-365 days	278,882	298,295
Over 1 year	495,437	437,557
	<b>3,354,636</b>	<b>3,639,200</b>

- (b) 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 2020 RMB'000 (Unaudited)</b>	<b>31 December 2019 RMB'000 (Audited)</b>
Bank loans		
– secured	<b>3,982,975</b>	3,612,555
– secured and guaranteed	<b>795,257</b>	447,500
– unsecured	<b>428</b>	500
	<b>4,778,660</b>	4,060,555
Trust loans		
– secured	<b>2,383,124</b>	1,292,305
– secured and guaranteed	<b>4,830,370</b>	5,723,300
– unsecured	<b>–</b>	687,624
	<b>7,213,494</b>	7,703,229
Other loans		
– secured	<b>–</b>	66,395
– secured and guaranteed	<b>371,186</b>	300,000
	<b>371,186</b>	366,395
Total bank and other borrowings	<b>12,363,340</b>	12,130,179
Less: Amounts due within one year or on demand shown under current liabilities	<b>(3,049,663)</b>	(4,667,930)
Amounts shown under non-current liabilities	<b>9,313,677</b>	7,462,249



### 13. SENIOR NOTES

The senior notes represented:

		<b>30 June 2020</b>	31 December 2019
		<b>RMB'000</b>	<b>RMB'000</b>
	<i>Notes</i>	<b>(Unaudited)</b>	<b>(Audited)</b>
Issued in 2018 and due October 2020		<b>124,435</b>	122,533
Issued in 2019 and due May 2022		<b>1,710,096</b>	1,639,014
Issued in 2019 and due March 2022	(a)	<b>2,281,481</b>	1,848,218
Issued in 2019 and due February 2023	(b)	<b>2,285,025</b>	1,665,011
Issued in 2020 and due June 2021	(c)	<b>806,095</b>	–
		<b>7,207,132</b>	5,274,776
Less : amounts due within one year shown under current liabilities		<b>(4,922,107)</b>	(314,084)
Included in non-current liabilities		<b>2,285,025</b>	4,960,692

Notes:

- (a) In July 2019, the Company issued senior notes (the “March 2022 Senior Notes I”) with a principal amount of USD225,000,000 (equivalent to approximately RMB1,545,233,000), bearing interest at a fixed interest rate of 13.75% per annum and which will mature in March 2022. A portion of the March 2022 Senior Notes I was used to exchange for a total of USD174,671,000 in principal amount of the senior notes due October 2020.

In November 2019, the Company issued senior notes (the “March 2022 Senior Notes II”) with a principal amount of USD30,000,000 (equivalent to approximately RMB210,813,000), which were consolidated with and formed a single series with the March 2022 Senior Notes I.

In February 2020, the Company issued senior notes (the “March 2022 Senior Notes III”) with a principal amount of USD67,500,000 (equivalent to approximately RMB472,891,500), which were consolidated with and formed a single series with the March 2022 Senior Notes I.

- (b) In October 2019, the Company issued senior notes (the “February 2023 Senior Notes I”) with a principal amount of USD200,000,000 (equivalent to approximately RMB1,413,800,000), bearing interest at a fixed interest rate of 13.75% per annum and which will mature in February 2023.

In November 2019, the Company issued senior notes (the “February 2023 Senior Notes II”) with a principal amount of USD37,500,000 (equivalent to approximately RMB263,336,000), which were consolidated with and formed a single series with the February 2023 Senior Notes I.

In January 2020, the Company issued senior notes (the “February 2023 Senior Notes III”) with a principal amount of USD30,000,000 (equivalent to approximately RMB209,599,000), which were consolidated with and formed a single series with the February 2023 Senior Notes I.

In February 2020, the Company issued senior notes (the “February 2023 Senior Notes IV”) with a principal amount of USD60,000,000 (equivalent to approximately RMB420,348,000), which were consolidated with and formed a single series with the February 2023 Senior Notes I.

- (c) In June 2020, the Company issued senior notes (the “June 2021 Senior Notes I”) with a principal amount of USD120,000,000 (equivalent to approximately RMB849,012,000), bearing interest at a fixed interest rate of 11.75% per annum and which will mature in June 2021.
- (d) The Company is required to make an offer to repurchase the outstanding senior notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, upon the occurrence of change of control triggering event or delisting event. In the opinion of Directors, the fair value of the above early redemption options was insignificant on initial recognition.
- (e) Certain senior notes contain a liability component and early redemption options:

The holders of these senior notes have the right, at their options, to require the Company to repurchase for all or any portion of the principal on designated repurchase dates, as set out in respective offering circulars at purchase prices ranging from 100% to 102.795% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase.

As at 30 June 2020, the fair value of these put options have been recognised as derivative financial instruments in the Interim Financial Information at the amount of RMB429,251,000 (2019: RMB238,387,000).

- (f) The fair values of the senior notes as at 30 June 2020 were approximately RMB6,858,311,505 (2019: RMB4,962,892,000). The fair value is calculated using the market prices of the senior notes on the date of condensed consolidated statement of financial position.

## **BUSINESS REVIEW**

### **Market Review**

In the first half of 2020, despite the uncertainty outside the PRC brought about by the Novel Coronavirus (“COVID-19”) pandemic, the economic performance of the PRC maintained at a reasonable level and showed overall stable growth. A high level of policy coordination was achieved between the policies of both the Central People’s Government (the “Central Government”) and local governments (the “Local Governments”) of the PRC on the property market and also in terms of its supply and demand management. The Central Government made its timely remarks on the principle of “housing is for accommodation instead of speculation” at some key meetings, and Local Governments responded to latest market changes and adopted city-specific policies such as “one city one policy”, under which market performance remained stable.

Looking back to the first half of 2020, developers have been resuming construction and have obtained satisfying sales performance, with an increase recorded in both sales volume and sales area for the top 100 real estate companies in the PRC and an average increase of 5% in sales volume for the top 50 real estate companies in the PRC, maintaining a steady growth in the real estate market in the PRC. According to the data from the National Bureau of Statistics, under the impacts of COVID-19 and Lunar New Year holiday, the sales of residential buildings in the first two months of this year recorded a period-on-period decrease of 35%, and the decrease reduced in March and April to 12% and 3% respectively; a significant recovery of sales by the end of the first half of 2020, as the sales in May and June recovered and had an increase of 15%, primarily driven by second-tier and strong third-tier cities as the Local Governments in these cities had less strict restrictions than first-tier cities on the property market and the economic conditions were better than that of lower-tier cities. From January to June in 2020, the investment in national property development amounted to approximately RMB6,278 billion, representing a period-on-period increase of approximately 2%; the sold area of commodity properties amounted to 694 million sq.m., representing a period-on-period decrease of approximately 8%; and the sales amount of commodity properties amounted to approximately RMB6,689.5 billion, representing a period-on-period decrease of approximately 5%.

### **Results Performance**

The Group deepened its region-focused development strategy and achieved steady growth in its key performance indicators. During the first half of 2020, the Group’s contracted sales of properties amounted to approximately RMB11,671 million. Contracted sales area amounted to approximately 1,078,227 sq.m.. Revenue of the Group increased by approximately 27% to approximately RMB8,559 million as compared to the same period in 2019. Profit attributable to the owners of the Company increased by approximately 6% from approximately RMB1,384 million in the first half of 2019 to approximately RMB1,462 million in the first half of 2020. The Group’s basic earnings per share was approximately RMB37.06 cents for the six months ended 30 June 2020, representing an increase of approximately 5% as compared with approximately RMB35.13 cents in the corresponding period in 2019. Excluding effects such as valuation gains, core earnings per share increased by 42% to RMB0.47 as compared with that of last year. As at 30 June 2020, the Group had land bank of 17 million sq.m., of which Jiangsu Province and Anhui Province accounted for 36% and 23%, respectively; and its property portfolio comprised 81 properties in various major cities in the PRC, consisting of 35 residential complexes, 1 commercial complex and 45 mixed-used complexes covering Yangtze River Delta, city cluster in the Guangdong-Hong Kong-Macao Greater Bay Area, cities along the “Belt and Road” initiative and other key provincial capital cities.

During the first half of 2020, the Group acquired 19 premium projects at a low premium in Shanghai, Huizhou, Yangzhou, Suzhou, Suqian, Bozhou, Hefei, Shenzhen, Guiyang, Urumqi and Cambodia through tender and bidding in the public market, and joint development, which further expanded its business footprint in the city cluster in the Guangdong-Hong Kong-Macao Greater Bay Area and cities along the “Belt and Road” initiative. In terms of regional development strategy, the Group continued to strictly follow the “13th Five-Year Plan” of the PRC and maintained its focus on four main areas; namely, the Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Delta Economic Zone and key provincial capital cities, as well as cities along the “Belt and Road” initiative, with the aim of furthering development of large-scale residential and commercial complex projects, diversifying property projects and boosting land values.

The Group firmly adheres to promoting diversified business development with solid financial strengths and rendering stable cash flow as important supporting pillars. Therefore, the Group strove to speed up cash recovery from property sales, fortified its capital management ability and normalised its standards for finance costs during the year. The successful issue of USD120 million senior notes in June 2020 and USD30 million senior notes in July 2020 further boosted the Group’s financial liquidity. As at 30 June 2020, the net gearing ratio of the Group was 78%, while cash and bank balances was RMB9.13 billion. On 7 April 2020, Moody’s confirmed the Group’s rating as “B2” under corporate family rating with a “stable” outlook and the Group maintained a public rating of “B” under Standard & Poor’s long-term issuer credit rating.

## **Prospects**

In the second half of 2020, against the backdrop of escalation of the US-China trade war, it is expected that the long-term outlook of the economy in China will nonetheless continue to be optimistic and the property control policies will be aimed at maintaining stability, and the city-specific adjustment measures will still be the keynote of property control. Maintaining the stability of property market will still remain as the top priority of the Central Government in the second half of the year, which in turn is conducive to achieving long-term control objectives of stabilising land and housing prices, and maintaining market expectations. In view of the challenges and opportunities brought by the new trend in the property market, the Group will be committed to implementing steady financial policies and risk control measures, ensuring construction quality and safety, 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.

Further, the Group will continue to replenish its premium land bank by adopting practical strategies to optimise the geographical layout of its projects and devise investment portfolios to suit the different urbanisation stages of the PRC with a view to capturing the different demands for the purchase of property in various 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.

The following table sets out the breakdown of the Group's contracted sales, contracted total gross floor area ("GFA") and contracted average selling price ("ASP") by projects for the six months ended 30 June 2020 and 2019:

Project	Six months ended 30 June 2020			Six months ended 30 June 2019		
	Contracted sales RMB (million) (unaudited)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)	Contracted sales RMB (million) (unaudited)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)
1 Anhui Jiayuan Paris Metropolis 安徽佳源巴黎都市	859	45,500	18,879	–	–	–
2 Yangzhou Jiayuan Yurun Guifu 揚州佳源雨潤桂府	765	41,722	18,336	–	–	–
3 Anhui Jiayuan Xinggangcheng 安徽佳源星港城	664	84,176	7,888	–	–	–
4 Yangzhou Jiayuan Yurun Huafu 揚州佳源雨潤華府	628	39,774	15,789	290	20,701	14,010
5 Jiayuan International Skyland 佳源國際天域	594	22,771	26,086	–	–	–
6 Yangzhou Jiayuan Jiulong Bay 揚州佳源玖龍灣	532	32,700	16,269	–	–	–
7 Taizhou Venice Metropolis 泰州威尼斯城	1,025	75,100	13,648	2,730	210,916	12,941
8 Urumqi Jiayuan Metropolis 烏魯木齊佳源都市	458	39,020	11,738	–	–	–
9 Anhui Minhe Project Dwellings 安徽民和民居	448	58,700	7,632	–	–	–
10 Nanjing Zijin Mansion 南京紫金華府	412	9,888	41,667	389	9,275	41,907
11 Yangzhou Centurial Honour Mansion 揚州世紀天城榮御府	396	30,934	12,801	202	17,294	11,682
12 Anhui Jiayuan He County Central City 安徽佳源和縣中央城	390	49,500	7,879	–	–	–
13 Anhui Lu'an Jiayuan Hua Fu 安徽六安佳源華府	366	64,700	5,657	–	–	–
14 Anhui Chengnan Xuefu 安徽城南學府	363	43,319	8,380	–	–	–
15 Suqian Paris Metropolis 宿遷巴黎都市	356	40,200	8,856	1,524	172,652	8,827
16 Anhui Mengcheng Biguiyuan 安徽蒙城碧桂園	346	47,800	7,238	–	–	–
17 Others	3,069	352,423	8,708	3,588	256,360	13,997
<b>Total</b>	<b>11,671</b>	<b>1,078,227</b>	<b>10,824</b>	<b>8,723</b>	<b>687,198</b>	<b>12,693</b>

## Property Projects

The Group retains the ownership of certain commercial properties developed by it to generate recurring income. As at 30 June 2020, the Group had investment properties with a total GFA of approximately 2 million sq.m.. 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 in order to enable the Group to select tenants and determine industry composition.

## Investment Properties

The following table sets out a summary of the Group's investment properties as at 30 June 2020:

Project	Total GFA Held for Investment (sq.m.)	Leased GFA (sq.m.)	Total Rental Income For the six months ended 30 June	
			2020 (RMB million) (unaudited)	2019 (RMB million) (unaudited)
Yangzhou				
1. Park Number One 公園一號	721	721	0.1	0.1
2. Jiayuan Centurial Garden 世紀花園	8,653	8,653	0.7	0.5
3. Centurial Honour Mansion 世紀天城榮御府 <sup>(1)</sup>	4,537	—	—	—
4. Jiayuan Centurial City 佳源世紀天城	99,991	99,991	5.7	6.2
5. Jiayuan Yurun Guifu 佳源雨潤桂府	1,588	—	—	—
6. Jiayuan Jiulong Bay 佳源玖龍灣 <sup>(1)</sup>	24,928	—	—	—
Taizhou				
7. Jiayuan Central Plaza 佳源中心廣場	47,567	45,888	2.3	0.6
8. Venice Metropolis 威尼斯城	101,232	62,221	43.5	—
9. Jiayuan New World 新天地	26,862	26,862	4.8	1.7
10. Qiangxi Garden 羌溪花苑	2,550	2,550	0.3	0.3
11. Jiayuan Mingfu 佳源名府	14,275	14,275	0.7	1.3
12. Oriental Bright City 東方不夜城	34,419	34,419	1.8	2.9
13. Quexiandao Number One 鵲仙島一號	10,428	10,192	1.1	1.2
14. Guxi Jiayuan Central Plaza 古溪佳源中心廣場	37,296	29,842	—	—
Suqian				
15. Rome Metropolis 羅馬都市	43,886	37,534	1.9	1.6
Changzhou				
16. Jiayuan Central Plaza 佳源中心廣場	49,777	49,777	2.6	2.3

Project	Total GFA Held for Investment (sq.m.)	Leased GFA (sq.m.)	Total Rental Income For the six months ended 30 June	
			2020 (RMB million) (unaudited)	2019 (RMB million) (unaudited)
<b>Nanjing</b>				
17. Zijin Mansion 紫金華府	55,124	30,575	8.5	–
18. Jiayuan International Skyland 佳源國際天域 <sup>(1)</sup>	20,000	–	–	–
<b>Shanghai</b>				
19. Jiayuan Dream Square 夢想廣場 <sup>(1)</sup>	21,260	21,260	16.1	19.0
20. Fengcheng Mingdu 奉城名都	13,621	13,621	6.0	6.4
21. Huijing Huating 匯景華庭	7,844	7,844	5.8	–
<b>Anhui</b>				
22. Hefei Paris Metropolis 合肥巴黎都市 <sup>(1)</sup>	216,729	67,896	9.1	1.8
23. He County Central City 和縣中央城 <sup>(1)</sup>	29,886	–	–	–
24. Guoyang Jiayuan Xinggangcheng 渦陽佳源星港城 <sup>(1)</sup>	31,130	–	–	–
<b>Cambodia</b>				
25. Cambodia, Phnom Penh 柬埔寨金邊*	1,308,092	–	–	–
<b>Others</b>				4.1
<b>Total</b>	<b>2,212,396</b>	<b>564,121</b>	<b>111.0</b>	<b>50.0</b>

*Note 1:* Part of the project is currently under construction.

\* The project is proposed for development.



## Land Reserves

The following table sets out a summary of the Group's land reserves by projects as at 30 June 2020:

Project		Location	Status	Expected	Project Type	Site Area	Total	Ownership
				Completion				
Yangtze River Delta Region								
1	Jiayuan Centurial City 佳源世紀天城	Yangzhou City, Jiangsu Province	Under development	2022 Q1	Mixed-use	214,260	316,883	100%
2	Centurial Honour Mansion 世紀天城榮御府	Yangzhou City, Jiangsu Province	Under development	2021 Q1	Mixed-use	167,826	472,809	100%
3	Jiayuan Westmount Villa 佳源西峰玖墅	Yangzhou City, Jiangsu Province	Under development	2020 Q4	Residential	143,822	91,548	70%
4	Jiayuan Centurial Villa 佳源世紀豪園	Yangzhou City, Jiangsu Province	Completed	–	Residential	391,088	1,803	100%
5	Jiayuan Centurial Garden 佳源世紀花園	Yangzhou City, Jiangsu Province	Completed	–	Residential	234,671	8,653	100%
6	Park Number One 公園一號	Yangzhou City, Jiangsu Province	Completed	–	Residential	75,591	721	100%
7	Jiayuan Centurial Scenery Park 佳源世紀景園	Yangzhou City, Jiangsu Province	Completed	–	Residential	60,972	915	100%
8	Jiayuan Yurun Guifu 佳源雨潤桂府	Yangzhou City, Jiangsu Province	Under development	2020 Q3	Residential	119,973	23,076	100%
9	Jiayuan Yurun Huafu 佳源雨潤華府	Yangzhou City, Jiangsu Province	Under development	2020 Q4	Residential	91,722	74,995	100%
10	Jiayuan Jiulong Bay 佳源玖龍灣	Yangzhou City, Jiangsu Province	Under development	2021 Q4	Mixed-use	49,676	165,170	100%
11	Shiji Chenzhang 世紀宸章	Yangzhou City, Jiangsu Province	Proposed for development	2022 Q2	Residential	66,397	144,054	100%
12	Xicheng Yinxiang 西城印象	Yangzhou City, Jiangsu Province	Proposed for development	2023 Q4	Mixed-use	106,709	255,713	100%
13	Zijin Mansion 紫金華府	Nanjing City, Jiangsu Province	Completed	–	Residential	339,008	82,169	100%
14	Jiayuan International Skyland 佳源國際天域	Nanjing City, Jiangsu Province	Under development	2022 Q3	Residential	58,609	678,977	51%
15	Youyou Huafu 優優華府	Taizhou City, Jiangsu Province	Under development	2022 Q4	Residential	56,910	117,322	100%
16	Venice Metropolis 威尼斯城	Taizhou City, Jiangsu Province	Under development	2022 Q3	Residential	660,576	764,854	100%
17	Taixing Jiayuan Central Plaza 泰興佳源中心廣場	Taizhou City, Jiangsu Province	Completed	–	Mixed-use	81,887	56,697	100%



Project	Location	Status	Expected	Project Type	Site Area (sq.m.)	Total GFA (sq.m.)	Ownership Interest %	
			Completion Date					
Yangtze River Delta Region								
18	Jiayuan Mingfu 佳源名府	Taizhou City, Jiangsu Province	Completed	–	Mixed-use	42,054	11,475	100%
19	Jiayuan New World 新天地	Taizhou City, Jiangsu Province	Completed	–	Mixed-use	190,802	338,606	100%
20	Qiangxi Garden 羌溪花苑	Taizhou City, Jiangsu Province	Completed	–	Residential	69,486	5,846	100%
21	Guxi Jiayuan Central Plaza 古溪佳源中心廣場	Taizhou City, Jiangsu Province	Completed	–	Mixed-use	83,048	142,825	100%
22	Oriental Bright City 東方不夜城	Taizhou City, Jiangsu Province	Completed	–	Residential	77,021	34,419	100%
23	Oriental Paris City 東方巴黎城	Taizhou City, Jiangsu Province	Completed	–	Residential	231,702	29,918	100%
24	Quexiandao Number One 鵲仙島一號	Taizhou City, Jiangsu Province	Completed	–	Residential	68,330	13,127	100%
25	Jiayuan Central Plaza 佳源中心廣場	Taizhou City, Jiangsu Province	Under development	2022 Q4	Mixed-use	15,702	15,702	100%
26	Jiayuan Metropolis 佳源都市	Suzhou City, Jiangsu Province	Under development	2020 Q4	Residential	52,988	127,969	100%
27	Jiangwan Lanting 江灣瀾庭	Changshu City, Jiangsu Province	Proposed for development	2023 Q2	Residential	69,993	238,914	80%
28	Jiayuan Park Number One 佳源一號院	Suqian City, Jiangsu Province	Under development	2023 Q2	Residential	91,822	129,361	100%
29	Elite International Garden 名人國際花園	Suqian City, Jiangsu Province	Completed	–	Residential	53,970	389	90%
30	Park Number One 公園一號	Suqian City, Jiangsu Province	Completed	–	Residential	126,183	25,786	90%
31	Paris Metropolis 巴黎都市	Suqian City, Jiangsu Province	Under development	2021 Q3	Residential	220,520	478,761	90%
32	Rome Metropolis 羅馬都市	Suqian City, Jiangsu Province	Under development	2020 Q4	Residential	302,505	233,260	100%
33	The Bund Number One 外灘一號	Suqian City, Jiangsu Province	Under development	2021 Q2	Residential	83,991	158,985	100%
34	Jiayuan Central Plaza 佳源中心廣場	Changzhou City, Jiangsu Province	Completed	–	Mixed-use	58,601	51,160	100%
35	Junchen Fu 君宸府	Changzhou City, Jiangsu Province	Under development	2020 Q4	Residential	26,768	77,075	51%
36	Yuefu 悅府	Changzhou City, Jiangsu Province	Under development	2020 Q3	Residential	17,996	47,692	100%
37	Jiayuan Metropolis 佳源都市	Nantong City, Jiangsu Province	Under development	2021 Q2	Residential	198,434	265,694	100%
38	Jiayuan Paris Metropolis 佳源巴黎都市	Zhenjiang City, Jiangsu Province	Under development	2020 Q4	Residential	119,607	89,105	100%
39	Fengcheng Mingdu 奉城名都	Shanghai City	Completed	–	Mixed-use	8,442	14,232	90%

Project		Location	Status	Expected	Project Type	Site Area (sq.m.)	Total GFA (sq.m.)	Ownership Interest %
				Completion Date				
Yangtze River Delta Region								
40	Huijing Huating 匯景華庭	Shanghai City	Completed	–	Mixed-use	5,162	7,844	90%
41	Jiayuan Dream Square 佳源夢想廣場	Shanghai City	Under development	2020 Q4	Mixed-use	31,528	84,833	90%
42	Shanghai Wanggu Project 上海網谷項目	Shanghai City	Under development	2022 Q4	Mixed-use	37,218	91,329	50%
43	Yancheng Jiayuan Square 鹽城佳源廣場	Yancheng City, Jiangsu Province	Under development	2022 Q4	Mixed-use	130,827	480,701	65%
44	Bengbu Oriental Metropolis 蚌埠東方都市	Bengbu City, Anhui Province	Under development	2021 Q2	Mixed-use	210,248	341,255	82%
45	Fengtai Jiayuan Metropolis 鳳台佳源都市	Huainan City, Anhui Province	Under development	2020 Q4	Mixed-use	75,920	100,914	100%
46	He County Central City 和縣中央城	Ma'anshan City, Anhui Province	Under development	2023 Q1	Mixed-use	322,462	402,802	79%
47	Lu'an Jiayuan Huafu 六安佳源華府	Lu'an City, Anhui Province	Under development	2022 Q3	Mixed-use	136,533	391,658	70%
48	Luijiang Oriental Metropolis 廬江東方都市	Hefei City, Anhui Province	Under development	2020 Q4	Mixed-use	180,704	111,695	42%
49	Guoyang Jiayuan Xinggangcheng 渦陽佳源星港城	Bozhou City, Anhui Province	Under development	2021 Q4	Mixed-use	189,200	425,633	91%
50	Youyou Chengnan 優優城南	Bozhou City, Anhui Province	Under development	2024 Q2	Residential	82,918	208,136	100%
51	Lixin Jiayuan Metropolis 利辛佳源都市	Bozhou City, Anhui Province	Under development	2020 Q3	Mixed-use	66,800	48,023	60%
52	Hefei Paris Metropolis 合肥巴黎都市	Hefei City, Anhui Province	Under development	2020 Q3	Mixed-use	416,995	944,607	100%
53	Mengcheng Biguiyuan 蒙城碧桂園	Bozhou City, Anhui Province	Under development	2020 Q4	Mixed-use	120,100	173,800	30%
54	Mingbang Xuefu 名邦學府	Bozhou City, Anhui Province	Under development	2020 Q4	Mixed-use	184,221	103,972	51%
55	Minhe Project Dwellings 民和民居	Bozhou City, Anhui Province	Under development	2022 Q4	Mixed-use	77,463	223,697	67%
56	Chengnan Xuefu 城南學府	Hefei City, Anhui Province	Under development	2021 Q4	Mixed-use	104,014	263,748	100%
57	Bailin Chuntian 柏林春天	Lu'an City, Anhui Province	Completed	–	Mixed-use	48,500	17,269	55%
58	Dongfang Huating 東方華庭	Hefei City, Anhui Province	Completed	–	Mixed-use	120,408	3,425	99%
59	Jiayuan Xin'an Yinxiang 佳源新安印象	Hefei City, Anhui Province	Under development	2022 Q2	Mixed-use	27,853	66,265	100%
60	Yuelu Chunxiao 閱廬春曉	Hefei City, Anhui Province	Under development	2023 Q1	Mixed-use	72,868	142,189	51%

Project	Location	Status	Expected Completion Date	Project Type	Site Area (sq.m.)	Total GFA (sq.m.)	Ownership Interest %
<b>Guangdong – Hong Kong – Macao Greater Bay Area</b>							
61	One Vista 匯賢一號	Hong Kong	Completed	– Mixed-use	1,793	25,409	70%
62	Success Centre 成功中心	Hong Kong	Under development	2020 Q3 Mixed-use	1,394	22,205	70%
63	T-plus 菁雋	Hong Kong	Completed	– Residential	2,202	2,110	70%
64	Ocean Hill 悅峯	Macao	Proposed for development	2022 Q4 Residential	5,597	60,969	100%
65	Shenzhen Dingxi 深圳鼎曦	Shenzhen City, Guangdong Province	Proposed for development	2022 Q2 Mixed-use	4,940	41,140	100%
66	Shenzhen Songling 深圳松齡	Shenzhen City, Guangdong Province	Proposed for development	2022 Q2 Mixed-use	4,281	38,100	100%
67	Panshan Yuehai 畔山悅海	Huizhou City, Guangdong Province	Under development	2022 Q3 Mixed-use	44,020	172,590	50%
68	Huizhou International Mansion 惠州國際公寓	Huizhou City, Guangdong Province	Under development	2022 Q3 Mixed-use	6,166	46,749	50%
69	Huizhou Lanwan Peninsula 惠州藍灣半島	Huizhou City, Guangdong Province	Under development	2021 Q4 Mixed-use	35,413	129,305	50%
70	Wenqiang Project 文強項目	Huizhou City, Guangdong Province	Proposed for development	2022 Q4 Mixed-use	23,407	63,199	50%
71	Lianda Project 聯大項目	Huizhou City, Guangdong Province	Proposed for development	2023 Q4 Mixed-use	26,597	71,812	50%
72	Jinyi Project 金逸項目	Huizhou City, Guangdong Province	Proposed for development	2022 Q3 Mixed-use	38,550	78,064	50%
73	Yantian Panshan 鹽田畔山	Shenzhen City, Guangdong Province	Under development	2022 Q4 Mixed-use	31,077	61,572	50%
74	Zhujiang Plaza 珠江廣場	Shenzhen City, Guangdong Province	Completed	– Commercial	52,430	169,732	50%
75	Jiayuan Didu Hot Spring Resort 佳源帝都溫泉山莊	Enping City, Guangdong Province	Under development	2021 Q1 Residential	593,637	1,180,000	90%

Project		Location	Status	Expected Completion Date	Project Type	Site Area (sq.m.)	Total GFA (sq.m.)	Ownership Interest %
<b>Other key provincial cities</b>								
76	Heng Feng Jia Yuan 恒豐佳源	Guiyang City, Guizhou Province	Proposed for development	2023 Q1	Residential	120,000	856,375	61%
77	Jiayuan Yinxiangli 佳源印象里	Guiyang City, Guizhou Province	Proposed for development	2024 Q3	Mixed-use	59,930	242,256	100%
78	Russian Cultural Complex 俄羅斯文化綜合體	Dongfang City, Hainan Province	Under development	2020 Q4	Mixed-use	223,304	85,910	36%
<b>Along the “Belt and Road” initiative</b>								
79	Cambodia, Phnom Penh 柬埔寨金邊	Phnom Penh, Cambodia	Proposed for development	2023 Q1	Residential	1,308,092	1,308,092	50%
80	Jiayuan Metropolis 佳源都市	Urumqi City, Xinjiang	Proposed for development	2023 Q1	Residential	74,000	295,087	90%
81	Xinjiang Silk Road Cultural City 新疆絲路文化城	Urumqi City, Xinjiang	Proposed for development	2023 Q2	Mixed-use	720,404	1,867,311	60%
<b>Total</b>						<u>11,148,838</u>	<u>17,238,442</u>	

## FINANCIAL REVIEW

### Operating Results

#### *Revenue*

Revenue of the Group mainly consists of revenue derived from (i) property development, (ii) property investment and (iii) property management service. For the six months ended 30 June 2020, revenue of the Group amounted to approximately RMB8,559 million, representing an increase of approximately 27% from approximately RMB6,730 million in the corresponding period in 2019. Profit for the period attributable to the owners of the Company for the six months ended 30 June 2020 was approximately RMB1,462 million, representing an increase of approximately 6% from approximately RMB1,384 million as compared to the corresponding period in 2019.

#### *Property Development*

The Group's revenue from property development included the sale of residential and commercial properties. The Group recognises 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 property development increased by approximately 26% to approximately RMB8,183 million for the six months ended 30 June 2020 from approximately RMB6,490 million for the six months ended 30 June 2019. The increase was mainly due to delivery of properties pre-sold in Yangtze River Delta upon their completion in the first half of 2020.

#### *Property Investment*

The Group's property investment mainly consisted of leasing of commercial properties (including predominantly shopping arcades, retail shops, office properties and car parks). Revenue generated from property investment increased by approximately 122% to approximately RMB111 million for the six months ended 30 June 2020 from approximately RMB50 million for the six months ended 30 June 2019. The increase was primarily due to properties completed in the second half of 2019 generating rental income from leasing contracts.

#### *Property Management*

On 21 January 2019, the Group completed the acquisition of the entire equity interest in Chuangyuan Group which is engaged in the property management business in the PRC.

The Group's revenue from property management primarily includes (i) post-delivery property management services such as security, repair and maintenance, cleaning and garden landscape maintenance provided to property owners, residents and tenants of residential communities and commercial properties; and (ii) pre-delivery property management services including on-site security, cleaning, greening and gardening as well as customer service and other ancillary services provided to property developers prior to the establishment of an owners' committee.

Revenue generated from property management increased by approximately 39% to approximately RMB265 million for the six months ended 30 June 2020 from approximately RMB190 million for the six months ended 30 June 2019. The increase was in line with the Group's delivery of completed properties in 2019.

On 26 June 2020, Jiayuan Services Holdings Limited ("Jiayuan Services"), a subsidiary of the Company, submitted a listing application form (Form A1) to the Stock Exchange to apply for the listing of, and permission to deal in, the Jiayuan Services Shares on the Main Board of the Stock Exchange. Jiayuan Services and its subsidiaries are principally engaged in the provision of property management services, value-added services to property developers and community value-added services in the PRC.

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

Gross profit increased by approximately 27% to approximately RMB3,203 million for the six months ended 30 June 2020 from approximately RMB2,526 million in the corresponding period in 2019. The Group's gross profit margin was 37% for the six months ended 30 June 2020.

#### *Other Income*

The Group had other income of approximately RMB173 million for the six months ended 30 June 2020 as compared with approximately RMB136 million for the six months ended 30 June 2019, representing an increase of approximately RMB37 million or 27%. The increase was mainly due to increase in interest income on financial assets at fair value through profit or loss and interest income from bank deposits.

#### *Other Gains and Losses*

The Group's other losses increased to approximately RMB154 million for the six months ended 30 June 2020 from approximately RMB17 million for the six months ended 30 June 2019. The increase in other losses was mainly due to fair value losses on financial assets at fair value through profit or loss of approximately RMB22 million and fair value loss of approximately RMB135 million on derivative financial instruments.

#### *Selling and Marketing Costs*

The Group's selling and marketing costs increased to approximately RMB155 million for the six months ended 30 June 2020 from approximately RMB108 million for the six months ended 30 June 2019. The increase by approximately 43% was mainly attributable to an increase in sales commission paid to property agents.

#### *Administrative Expenses*

The Group's administrative expenses increased by approximately 12% to approximately RMB197 million for the six months ended 30 June 2020 from approximately RMB176 million for the six months ended 30 June 2019, which was mainly attributable to the increase of staff salaries and allowances resulting from the expansion of operation scale of the Group.

### *Finance Costs*

The Group's finance costs after interest capitalisation increased to approximately RMB154 million for the six months ended 30 June 2020 from approximately RMB76 million for the six months ended 30 June 2019. The increase in finance cost of approximately 102% was attributable to the increase of senior notes issued in the second half of 2019.

### *Income Tax Expense*

The Group's income tax expense increased to approximately RMB1,133 million for the six months ended 30 June 2020 from approximately RMB1,045 million for the six months ended 30 June 2019. The Group's income tax expense included payments and provisions made for Enterprise Income Tax ("EIT") and Land Appreciation Tax ("LAT") less deferred taxation during the period. The increase was in line with the increase in the Group's taxable profit for the six months ended 30 June 2020.

### *Profit and Total Comprehensive Income Attributable to Owners of the Company*

Profit and total comprehensive income attributable to owners of the Company increased by approximately 5% to approximately RMB1,460 million for the six months ended 30 June 2020 from approximately RMB1,386 million for the six months ended 30 June 2019 which was in line with the expansion of the Group's operation during the first half of 2020.

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

### *Cash Position*

As at 30 June 2020, the Group had an aggregate of pledged/restricted bank deposits and bank balances and cash of approximately RMB9,127 million (as at 31 December 2019: approximately RMB8,154 million), representing an increase of approximately 12% as compared to that as at 31 December 2019. As at 30 June 2020, restricted/pledged bank deposits of approximately RMB1,238 million (as at 31 December 2019: approximately RMB2,123 million) were restricted for use in specific property development projects or pledged to secure bank borrowings raised by the Group.

### *Bank and Other Borrowings*

As at 30 June 2020, the Group had bank and other borrowings of approximately RMB12,363 million (as at 31 December 2019: approximately RMB12,130 million). Amongst the borrowings, approximately RMB3,050 million (as at 31 December 2019: approximately RMB4,668 million) will be repayable within one year and approximately RMB9,313 million (as at 31 December 2019: approximately RMB7,462 million) will be repayable after one year.



### *Net Gearing Ratio*

The net gearing ratio of the Group was 78% as at 30 June 2020. The net gearing ratio was measured by net debt (bank and other borrowings and senior notes net of bank balances and cash and restricted/pledged bank deposits) over total equity.

### *Exchange Rate Risk*

Other than the foreign currency denominated bank deposits, deposits paid for a life insurance policy, borrowings and senior notes, the Group does not have any other material direct exposure to foreign exchange fluctuations. The Directors expect that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group. The Group will closely monitor the exchange rate risk regularly and make foreign exchange hedging arrangement when necessary. The Group considers that no foreign exchange hedging arrangement is needed currently.

The Group mainly operates its business in the PRC.

### *Commitments*

As at 30 June 2020, the Group had committed payment for construction and land development expenditures in the amount of approximately RMB10,783 million (as at 31 December 2019: approximately RMB9,676 million).

### *Guarantees*

As at 30 June 2020, the Group had provided guarantees amounting to approximately RMB14,621 million (as at 31 December 2019: approximately RMB13,290 million) in respect of mortgage bank loans granted to 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 of the Group are insignificant at initial recognition and at relevant reporting dates and accordingly, the Directors consider that the possibility of default by the purchasers of the Group's properties is remote, accordingly, no provision for the guarantee contracts was recognised in the financial statements for the six months ended 30 June 2020.

### *Material Acquisitions and Disposals*

The Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the six months ended 30 June 2020.



### *Events after the End of the Reporting Period*

On 23 July 2020, the Group despatched certificates for scrip shares and cheques of cash dividend in an aggregate amount of HKD433,868,000 (approximately RMB388,962,000). The final dividend in respect of the year ended 31 December 2019 of HK11 cents (approximately RMB9.9 cents) per ordinary share was approved at the Company's Annual General Meeting on 10 June 2020. The final dividend has been paid in cash of HKD86,711,000 (approximately RMB78,274,000) and in form of scrip shares of HKD347,157,000 (approximately RMB313,377,000).

### *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.

## **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 2020, 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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as the basis of the Company's corporate governance practices.

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 Model Code and the Code of Conduct throughout the six months ended 30 June 2020.

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 2020. 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 employees in advance.

## REVIEW OF INTERIM FINANCIAL INFORMATION

The interim financial information for the six months ended 30 June 2020 is unaudited, but has been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, by the Company’s independent auditor, PricewaterhouseCoopers, whose report on review of interim financial information is included in the interim report to be despatched to the shareholders of the Company.

The comparative information for the condensed consolidated statement of financial position is based on the audited consolidated financial statements of the Group as at 31 December 2019. The comparative information for the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows, and related explanatory notes, for the six months ended 30 June 2019 has not been audited or reviewed.

## INTERIM DIVIDEND

No interim dividend was proposed by the Board for the six months ended 30 June 2020 (for the six months ended 30 June 2019: nil).

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2020.

## PUBLICATION OF 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 2020 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, 12 August 2020

*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) Ms. Cheuk Hiu Nam, an Executive Director; (v) Mr. Wang Jianfeng, 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.*