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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 2021**

RESULTS HIGHLIGHTS

- The Group achieved contracted sales of approximately RMB19,127 million for the six months ended 30 June 2021 representing an increase of approximately 64% from corresponding period and achieved 47% of the full year target.
- The Group's revenue was stable at approximately RMB9,364 million for the six months ended 30 June 2021 as compared to the corresponding period of approximately RMB9,354 million in 2020, and representing an increase approximately RMB805 million or 9% as compared to the corresponding period of approximately RMB8,559 million before the acquisition of Luyuan^(note 1).
- The Group's gross profit was approximately RMB2,994 million for the six months ended 30 June 2021, with gross profit margin of approximately 32%.
- Net profit of the Group for the six months ended 30 June 2021 amounted to approximately RMB2,170 million, representing an increase of approximately RMB425 million or 24% as compared to the corresponding period in 2020.
- Core net profit of the Group for the six months ended 30 June 2021^(note 2) was approximately RMB2,051 million.
- Cash and bank balances of the Group^(note 3) as at 30 June 2021 was RMB12,261 million, representing an increase of 10% compared to 31 December 2020.
- As at 30 June 2021, the Group's liabilities to assets ratio after excluding pre-sale deposits received^(note 4) was 62.11%, representing a decrease of 2.17 percentage points as compared to 64.28% as at 31 December 2020.

- As at 30 June 2021, the Group's non-restricted cash to current borrowings ratio^(note 5) was 1.29, which maintained the same level as at 31 December 2020.
- Net gearing ratio^(note 6) of the Group decreased from approximately 53.85% as at 31 December 2020 to approximately 40.71% as at 30 June 2021.
- The Group's basic earnings per share was approximately RMB33 cents for the six months ended 30 June 2021, representing an increase of approximately 19% in the corresponding period in 2020.
- As at 30 June 2021, the Group had land reserves of approximately 18.70 million sq.m..

Note 1: On 30 June 2021, the Group completed the acquisition of Luyuan Investment Holdings Limited ("Luyuan"), which are engaged in property development projects in Shandong Province, the PRC. Luyuan was wholly-owned by Mr. Shum Tin Ching ("Mr. Shum"). Pursuant to the relevant sale and purchase agreement, the consideration of HKD7,247,560,000 (equivalent to approximately RMB6,034,318,000) was settled (i) as to HKD3,420,640,000 by way of issue of convertible bonds by the Company; (ii) as to HKD2,772,000,000 by way of issue of 840,000,000 ordinary shares by the Company; and (iii) as to the remaining balance of HKD1,054,920,000 by cash. Please refer to the Company's announcement on 30 June 2021 for details.

Note 2: Core net profit of the Group for the six months ended 30 June 2021 and 30 June 2020 exclude fair value change on investment properties, 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 and their related deferred tax, foreign exchange gains/(losses).

Note 3: Cash and bank balances include cash and cash equivalents and restricted bank deposits.

Note 4: Liabilities to assets ratio after excluding pre-sale deposit received is calculated by dividing total liabilities minus pre-sale deposit received (including contract liabilities and relevant value-added tax) by total assets minus pre-sale deposit received (including contract liabilities and relevant value-added tax).

Note 5: Non-restricted cash to current borrowings ratio is calculated by dividing cash and cash equivalents by current borrowings.

Note 6: Net gearing ratio was measured by net debt (bank and other borrowings and senior notes net of cash and cash equivalents and restricted bank deposits) over the total equity.

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 2021 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 2021

		Six months ended 30 June	
		2021	2020
	<i>Note</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited and restated)
Revenue	2	9,363,917	9,354,254
Cost of sales		(6,370,024)	(5,858,987)
Gross profit		2,993,893	3,495,267
Other income	4	163,765	173,050
Other gains and losses	4	294,791	(155,663)
Net impairment reversal/(losses) on financial assets		4,098	(12,276)
Fair value change on investment properties		(35,720)	(126,609)
Selling and marketing costs		(144,934)	(156,337)
Administrative expenses		(163,789)	(203,385)
Other expenses		–	(1,814)
Finance costs	5	(29,284)	(154,298)
Share of results of investments accounted for using the equity method		25,268	135,633
Profit before taxation		3,108,088	2,993,568
Income tax expenses	6	(938,117)	(1,248,255)
Profit for the period		2,169,971	1,745,313
Profit for the period attributable to:			
– Owners of the Company		1,979,789	1,619,011
– Non-controlling interests		190,182	126,302
		2,169,971	1,745,313
Earnings per share attributable to owners of the Company (expressed in RMB cents per share)			
Basic and diluted	8	33	28

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30 June 2021*

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Profit for the period	<u>2,169,971</u>	<u>1,745,313</u>
Other comprehensive income/(loss)		
<i>Items that may be reclassified to profit or loss:</i>		
– Exchange differences arising on translation of foreign operations	<u>5,464</u>	<u>(1,571)</u>
Total comprehensive income for the period	<u>2,175,435</u>	<u>1,743,742</u>
Total comprehensive income for the period attributable to:		
– Owners of the Company	1,985,253	1,617,440
– Non-controlling interests	<u>190,182</u>	<u>126,302</u>
	<u>2,175,435</u>	<u>1,743,742</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Unaudited and restated)
	Note		
Non-current assets			
Investment properties		7,732,477	7,926,545
Property and equipment		137,145	125,437
Intangible assets		146,222	38,670
Right-of-use assets		13,170	9,624
Investments accounted for using the equity method	9	6,652,027	2,289,700
Financial assets at fair value through profit or loss		971,373	961,039
Deposits paid for acquisitions		778,104	1,150,157
Deferred tax assets		815,715	692,987
Trade and other receivables	10	29,209	38,450
		<u>17,275,442</u>	<u>13,232,609</u>
Current assets			
Inventories of properties		50,876,459	44,863,464
Trade and other receivables	10	8,739,944	7,929,056
Financial assets at fair value through profit or loss		124,277	131,880
Prepaid income tax		474,429	397,964
Restricted bank deposits		1,749,904	2,002,900
Cash and cash equivalents		10,511,028	9,151,057
		<u>72,476,041</u>	<u>64,476,321</u>
Total assets		<u>89,751,483</u>	<u>77,708,930</u>
Current liabilities			
Trade and other payables	11	11,371,731	7,506,257
Pre-sale deposits received		20,660,022	18,918,597
Current income tax liabilities		7,503,229	6,654,592
Bank and other borrowings	12	4,375,271	1,380,497
Derivative financial instrument		76,692	190,913
Senior notes	13	3,752,787	5,687,872
Lease liabilities		9,416	6,638
		<u>47,749,148</u>	<u>40,345,366</u>
Net current assets		<u>24,726,893</u>	<u>24,130,955</u>
Total assets less current liabilities		<u>42,002,335</u>	<u>37,363,564</u>

		30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Unaudited and restated)
	<i>Note</i>		
Non-current liabilities			
Bank and other borrowings	12	8,776,740	12,224,169
Pre-sale deposits received		227,768	540,412
Deferred tax liabilities		925,930	726,512
Senior notes	13	5,977,485	3,065,145
Lease liabilities		4,057	2,957
		15,911,980	16,559,195
Equity attributable to owners of the Company			
Share capital	14	41,870	34,876
Convertible bonds	15	2,848,025	–
Reserves		17,452,992	16,169,358
		20,342,887	16,204,234
Non-controlling interests		5,747,468	4,600,135
Total equity		26,090,355	20,804,369
Total equity and non-current liabilities		42,002,335	37,363,564

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2021

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 2021 (“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 25 August 2021.

1.1 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 2020 (“2020 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”).

1.2 Merger accounting for business combination involving entities under common control

On 13 January 2021, the Company entered into a sale and purchase agreement with the Ultimate Shareholder whereby the Company conditionally agreed to acquire and the Ultimate Shareholder agreed to sell the 100% equity interest of Luyuan Investment Holdings Limited (“Luyuan”) (“Luyuan Acquisition”), at an initial consideration of Hong Kong Dollar (“HKD”) 7,247,560,000 which would be settled (i) as to HKD3,420,640,000 by way of issue of a maximum number of 1,036,557,575 convertible bonds by the Company; (ii) as to HKD2,772,000,000 by way of issue of 840,000,000 ordinary shares by the Company; and (iii) as to the remaining balance of HKD1,054,920,000 by cash.

The purpose of Luyuan Acquisition was to acquire certain property development business controlled or jointly controlled by the Ultimate Shareholder in the People’s Republic of China (“PRC”) (the “Target Business”). The Target Business was primarily conducted by Weihai Xiangyuan Real Estate Development Co., Ltd. (“Weihai Xiangyuan”), Zhongwei (Qingdao) Real Estate Development Co., Ltd. (“Qingdao Zhongwei”), Qingdao Shuiqingmuhua Creative Development Co., Ltd (“Qingdao Shuiqingmuhua”) and Qingdao Lingshihua Property Co., Ltd. (“Lingshihua”). Weihai Xiangyuan, Qingdao Zhongwei and Qingdao Shuiqingmuhua were controlled by the Ultimate Shareholder and Lingshihua was jointly controlled by the the Ultimate Shareholder.

In preparation and as the conditions of the completion for Luyuan Acquisition, Luyuan and its subsidiaries (collectively “Luyuan Group”) completed below reorganisation before the completion date (the “Reorganisation”).

- (a) The Ultimate Shareholder transferred its 100% equity interest of Weihai Xiangyuan, 79.93% equity interest of Qingdao Zhongwei and 68.5% equity interest of Qingdao Shuiqingmuhua to Luyuan.
- (b) The Ultimate Shareholder injected cash of RMB3,960,000,000 as capital contribution to Luyuan Group to finance Luyuan Group to acquire Lingshihuaifu.
- (c) Luyuan Group acquired 63% equity interest of Lingshihuaifu at a consideration of RMB3,960,000,000.

Upon completion of the Reorganisation, Weihai Xiangyuan, Qingdao Zhongwei and Qingdao Shuiqingmuhua became subsidiaries of Luyuan and Lingshihuaifu became a joint venture of Luyuan Group.

On 30 June 2021, Luyuan Acquisition was completed and Luyuan became a subsidiary of the Group. The Company then issued 840,000,000 ordinary shares, issued 1,036,557,575 convertible bonds and paid cash of HKD1,054,920,000 (equivalent to RMB878,326,000) as the consideration at the completion date. The fair value of the issued ordinary shares of HKD2,772,000,000 (equivalent to RMB2,307,967,000) and convertible bonds of HKD3,420,640,000 (equivalent to RMB2,848,025,000) were determined by reference to HKD 3.30 per ordinary share, being the closing price of the ordinary share of the Company as quoted on the Stock Exchange on 30 June 2021.

Given Luyuan Group is under the control of the Ultimate Shareholder before and after Luyuan Acquisition, Luyuan Acquisition is regarded as a business combination under common control. The Group has applied merger accounting to Luyuan Acquisition under Accounting Guideline 5 “Merger Accounting for Common Control Combinations” (“AG 5”) issued by the HKICPA to account for Luyuan Acquisition. The Group and Luyuan Group are thus regarded as continuing entities. As a result, the comparative amounts of the Interim Financial Information for the six months ended 30 June 2020 are restated to present as if Luyuan Group had been consolidated by the Group since the date of the respective business came under common control of the Ultimate Shareholder.

2. REVENUE

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Types of goods and services		
Sales of properties	8,904,408	8,978,440
Property management services	362,413	264,527
Property rental	97,096	111,287
Total	9,363,917	9,354,254
Revenue is recognised:		
Contracts with customers:		
– At a point in time	8,904,408	8,982,989
– Over time	362,413	259,978
Other source: rental income	9,266,821	9,242,967
	97,096	111,287
	9,363,917	9,354,254

Sales of properties by geographical markets

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Mainland China	8,891,874	8,913,810
Hong Kong	12,534	64,630
Total	8,904,408	8,978,440

There was no individual customer contributing over 10% of the total revenue for the six months ended 30 June 2021 and 2020.

3. 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.

4. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Interest income on financial assets at fair value through profit or loss	68,502	43,569
Interest income on loans receivable	53,369	63,311
Interest income on bank deposits	20,258	36,719
Government grant	9,451	2,281
Compensation income	1,162	17,187
Others	11,023	9,983
	163,765	173,050
Other gains and losses		
Fair value change on financial assets at fair value through profit or loss	(2,251)	(21,605)
Fair value change on derivative financial instruments	92,669	(135,450)
Gain on deemed disposal of a subsidiary	30,267	–
Gain on deemed disposal of a joint venture	2,977	–
Losses on disposals of investment properties	(27,564)	–
Gain on extinguishment upon repurchasing senior notes	1,219	–
Foreign exchange gain/(loss), net	75,164	(5,119)
Gains arising from bargain purchase	122,237	6,535
Others	73	(24)
	294,791	(155,663)

5. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Interest expenses:		
– Bank and other borrowings	753,048	668,152
– Senior notes	714,134	527,404
– Lease liabilities	1,470	391
	<u>1,468,652</u>	<u>1,195,947</u>
Less: amounts capitalised on qualifying assets	<u>(1,439,368)</u>	<u>(1,041,649)</u>
	<u>29,284</u>	<u>154,298</u>

6. INCOME TAX EXPENSES

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Current income tax		
– Corporate income tax	788,644	842,653
– Land appreciation tax	212,010	580,220
	<u>1,000,654</u>	<u>1,422,873</u>
Deferred income tax	<u>(62,537)</u>	<u>(174,618)</u>
	<u>938,117</u>	<u>1,248,255</u>

7. DIVIDENDS

The Board of Directors did not recommend the payment of any interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: nil).

The final dividend in respect of the year ended 31 December 2020 of HK15.5 cents (2019: HK11 cents) per ordinary share, in an aggregate amount of HKD628,639,000, approximately RMB523,405,000 (2019: HKD433,868,000, approximately RMB388,962,000), approved at the Annual General Meeting on 9 June 2021, has been recognised as a liability as at 30 June 2021.

During the six months ended 30 June 2021, Weihai Xiangyuan declared and paid a dividend of RMB154,700,000 to its then shareholder.

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	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Profit for the period attributable to owners of the Company (RMB'000)	<u>1,979,789</u>	<u>1,619,011</u>
Weighted average number of ordinary shares for in issue (in thousands)	<u>5,932,292</u>	<u>5,820,810</u>
Basic earnings per share (RMB cents)	<u>33</u>	<u>28</u>

The weighted average number of ordinary shares in issue have been adjusted for events that have changed the number of ordinary shares outstanding without a corresponding change in resources, including the ordinary shares and convertible bonds issued as considerations for Luyuan Acquisition. As the convertible bonds were mandatorily convertible into ordinary shares, they are included in the calculation of basic earnings per share.

(b) Diluted earnings per share

For the six months ended 30 June 2021 and 2020, diluted earnings per share equal basic earnings per share as there were no dilutive potential shares in both periods.

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Unaudited and restated)
Interests in joint ventures (a)	6,166,397	2,236,558
Interests in associates (b)	485,630	53,142
	6,652,027	2,289,700

(a) Interests in joint ventures

	30 June 2021 RMB'000 (Unaudited)	30 June 2020 RMB'000 (Unaudited)
At 1 January	2,236,558	931,896
Additions	4,176,556	1,021,658
Share of results	28,697	137,471
Transfer to subsidiaries	(275,414)	–
At 30 June	6,166,397	2,091,025

- (i) During the six months ended 30 June 2021, paid-in capital of RMB50,000,000 was injected by the Group to Zhuhai Hengqin Jiayuan Lingqian Investment Company Limited (“Hengqin Jiayuan”), a company established by the Group jointly with a third party.
- (ii) As disclosed in Note 1.2, Luyuan acquired 63% equity interest of Lingshihuaifu from the Ultimate Shareholder at a consideration of RMB3,960,000,000 on 25 June 2021. Details of the transaction are as follows:

	RMB'000
63% of the fair value of the identifiable assets and liabilities of Lingshihuaifu at the acquisition date	3,960,000
Consideration settled by offsetting the balance of other receivables of Luyuan Group due from the companies controlled by the Ultimate Shareholder	3,960,000

(b) Interests in associates

	30 June 2021 RMB'000 (Unaudited)	30 June 2020 RMB'000 (Unaudited)
At 1 January	53,142	53,155
Additions	4,000	–
Transfer from subsidiaries	431,917	–
Share of results	(3,429)	(1,838)
At 30 June	485,630	51,317

10. TRADE AND OTHER RECEIVABLES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Unaudited and restated)
Trade receivables (a)	530,398	524,773
Other receivables (b)	5,755,180	6,190,838
Prepayments (c)	2,483,575	1,251,895
Less: loss allowance	8,769,153	7,967,506
Less: Non-current portion of other receivables (b)	(29,209)	(38,450)
Current portion of trade and other receivables	8,739,944	7,929,056

(a) Details of trade receivables are as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Unaudited and restated)
Trade receivables	577,894	560,091
Less: allowance for impairment	(47,496)	(35,318)
Trade receivables – net	530,398	524,773

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:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Unaudited and restated)
0-60 days	356,741	381,423
61-180 days	92,276	51,950
181-365 days	78,569	68,107
Over 1 year	50,308	58,611
	577,894	560,091

As at 30 June 2021 and 31 December 2020, trade receivables were mainly denominated in RMB.

The Group applies the simplified approach to provide for expected credit losses. As at 30 June 2021, a provision of RMB47,496,000 (31 December 2020: RMB35,318,000) 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:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Unaudited and restated)
Advances to related parties (i)	1,499,213	3,171,273
Advances to non-controlling interest	1,331,971	1,140,932
Deposits paid for acquisitions of land use rights	1,260,810	446,923
Projects related deposits	661,776	488,556
Deposits for trust financing arrangements	29,209	60,178
Other deposits	321,180	186,869
Advance to staff	39,246	37,609
Loans receivable	512,802	509,971
Interest receivable	118,484	62,243
Other receivables	73,275	187,141
	5,847,966	6,291,695
Less: allowance for impairment	(92,786)	(100,857)
	5,755,180	6,190,838
Less: Non-current portion of deposits for trust financing arrangements	(29,209)	(38,450)
Current portion of other receivables – net	5,725,971	6,152,388

(i) The amounts mainly represent advances to joint ventures and associates as at 30 June 2021 and advances to the Ultimate Shareholder by Luyuan Group, advances to joint ventures and associates by the Group as at 31 December 2020.

(c) Prepayments mainly represented prepayments including consideration for land use rights, construction cost, and business and other taxes.

11. TRADE AND OTHER PAYABLES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Unaudited and restated)
Trade payables (a)	3,656,869	3,019,258
Advances from non-controlling interests	1,708,306	819,719
Business and other taxes payable	724,577	703,706
Other deposits	176,198	193,655
Deposits related to sales of properties	401,392	425,465
Advances from related parties (b)	3,388,076	1,021,120
Receipts on behalf of property residents	93,546	156,594
Accrued charges	106,730	129,817
Consideration payable for acquisition of subsidiaries	255,279	689,045
Other consideration payables	226,500	226,500
Payroll payables	102,248	121,378
Dividend payables	532,010	–
	<u>11,371,731</u>	<u>7,506,257</u>

- (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 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Unaudited and restated)
0-60 days	2,726,601	2,312,315
61-180 days	396,379	293,135
181-365 days	145,996	103,678
Over 1 year	387,893	310,130
	<u>3,656,869</u>	<u>3,019,258</u>

- (b) Advances from related parties mainly represent advances from joint ventures and associates.

12. BANK AND OTHER BORROWINGS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Unaudited and restated)
Bank loans	9,883,363	8,243,316
Trust loans and other loans	3,268,648	5,361,350
Total bank and other borrowings	13,152,011	13,604,666
Less: Amounts due within one year or on demand shown under current liabilities	(4,375,271)	(1,380,497)
Amounts shown under non-current liabilities	8,776,740	12,224,169

13. SENIOR NOTES

The senior notes represented:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Unaudited and restated)
Issued in 2019 and due March 2022	942,153	1,757,054
Issued in 2019 and due May 2022	655,626	747,265
Issued in 2019 and due February 2023	2,155,008	2,139,166
Issued in 2020 and due October 2022	1,290,031	1,241,069
Issued in 2020 and due April 2023	1,921,341	1,913,733
Issued in 2020 and due June 2021	–	954,730
Issued in 2021 and due July 2023	1,964,783	–
Issued in 2021 and due February 2024	801,330	–
	9,730,272	8,753,017
Less: amounts due and demandable for repayment within one year	(3,752,787)	(5,687,872)
Included in non-current liabilities	5,977,485	3,065,145

Notes:

- (a) In July 2019, the Company issued senior notes (the “March 2022 Senior Notes”) 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 will mature in March 2022. A portion of the March 2022 Senior Notes 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 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.

In February 2020, the Company issued senior notes 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.

In October 2020, the Company repurchased the March 2022 Senior Notes in an aggregate principal amount of USD60,000,000 (equivalent to approximately RMB402,168,000), representing 18.60% of the aggregate principal amount of the Notes originally issued.

In February 2021, the Company repurchased senior notes in an aggregate principal amount of USD55,755,000 (equivalent to RMB360,306,000), representing 17.29% of the aggregate principal amount of the Notes originally issued.

In March 2021, the Company repurchased senior notes in an aggregate principal amount of USD61,538,000 (equivalent to RMB399,812,000), representing 19.08% of the aggregate principal amount of the Notes originally issued.

- (b) In May 2019, the Company issued senior notes (the “May 2022 Senior Notes I”) with a principal amount of USD225,000,000 (equivalent to approximately RMB1,514,588,000), bearing interest at a fixed interest rate of 11.375% per annum, will mature in May 2022. A portion of the May 2022 Senior Notes I was used to exchange for all of the outstanding USD160,000,000 senior notes due October 2019, i.e. the 2018 senior notes due October 2019.

In August 2019, the Company issued senior notes with a principal amount of USD25,000,000 (equivalent to RMB176,425,000) due in May 2022 (the “May 2022 Senior Notes II”) which were consolidated with and formed a single series with the USD225,000,000 11.375% May 2022 Senior Notes I.

In October 2020, the Company repurchased senior notes in an aggregate principal amount of USD135,000,000 (equivalent to RMB904,878,000), representing 54% of the aggregate principal amount of the Notes originally issued.

In May 2021, the Company repurchased senior notes in an aggregate principal amount of USD12,000,000 (equivalent to RMB77,542,800), representing 4.8% of the aggregate principal amount of the Notes originally issued.

- (c) In January 2021, the Company issued senior notes (the “July 2023 Senior Notes”) with a principal amount of USD300,000,000 (equivalent to approximately RMB1,957,470,000), bearing interest at a fixed interest rate of 12.50% per annum and will mature in July 2023.
- (d) In May 2021, the Company issued senior notes (the “February 2024 Senior Notes”) with a principal amount of USD130,000,000 (equivalent to approximately RMB840,047,000), bearing interest at a fixed interest rate of 11.00% per annum and will mature in February 2024.

14. SHARE CAPITAL

	Number of shares	Nominal value HKD'000	Nominal value RMB'000
Ordinary shares of HKD0.01 each			
Authorised			
At 1 January 2020, 1 January 2021 and 30 June 2021	10,000,000,000	100,000	–
Issued and fully paid			
At 1 January 2020 and 30 June 2020	3,944,252,161	39,443	33,870
At 1 January 2021	4,055,734,623	40,557	34,876
Issue of shares for Luyuan Acquisition (<i>Note 1.2</i>)	840,000,000	8,400	6,994
At 30 June 2021	4,895,734,623	48,957	41,870

15. CONVERTIBLE BONDS

As disclosed in Note 1.2, on 30 June 2021, as a part of the consideration for Luyuan Acquisition, the Company issued convertible bonds in an aggregate principal amount of HKD3,420,640,000 to the Ultimate Shareholder, entitling the Ultimate Shareholder to convert at the conversion price of HKD3.30 per conversion share (subject to adjustment for dilutive events) into 1,036,557,575 ordinary shares. The convertible bonds will mature in five years and bear no interest. The bond holder shall have the right, but not the obligation, to convert in whole or in part, the outstanding principal amount of the convertible bonds into such number of fully paid shares of the Company. Unless previously converted, the then outstanding principal amount of the convertible bonds shall be fully converted at 100% of their principal amount on the maturity date. The Company will not receive further consideration when the bond holders determine to convert the bonds into ordinary shares of the Company at the maturity date. The convertible bonds are non-redeemable by the Company or the bond holders.

As the Company has no contractual obligation to deliver cash or other financial assets nor to deliver a variable number of shares, the convertible bonds are classified as equity upon initial recognition.

BUSINESS REVIEW

Market Review

In the first half of 2021, in the face of the complicated and fast-changing domestic and international environment, China's economy continued to recover steadily. All major macro-economic indicators were within reasonable ranges and the economy was on an uptrend on top of reinforced stability. The gross domestic product ("GDP") of China amounted to RMB53,216.7 billion in the first half of 2021, representing a period-on-period increase of 12.7%. The GDP by quarter indicated a decelerating growth with period-on-period increase of 18.3% in the first quarter and period-on-period increase of 7.9% in the second quarter.

The overall trend of the real estate market in China declined before bouncing back, then plateaued at a high level in the first half of 2021. At the beginning of the year, the active atmosphere at the end of 2020 continued to influence the market. In February, trading became less frequent due to the Chinese New Year holiday and other factors. The property market had a "short rally" in March and April, when trading in certain key regions and key cities flourished and led to an overall market buoyance during the said period of time. In May and June, the market gradually stabilized by the increasingly stringent regulation policies in many cities and the tightening of credit environment.

From the perspective of distribution by cities, the property market had diverged performance in northern and southern China and excellent performance in central region. Divergence between cities continued to develop as trading tended to concentrate in well-established high-quality cities. Yangtze River Delta was still the most robust region as compared with all other major economic zones. Both Pearl River Delta and Chengdu-Chongqing Economic Circle had outstanding performance. As for other provinces and regions, usually only the downtown area of provincial capital cities performed satisfactorily, while rural counties and third and fourth-tier cities were deeply engaged in the strategy of lowering prices in exchange for increase in trading volume.

From the perspective of data analysis, from January to June, the sold area of commodity properties amounted to 886.35 million sq.m., representing a period-on-period increase of 27.7%; the investment in property development amounted to RMB7,217.9 billion, representing a period-on-period increase of 15.0%; new property construction areas amounted to 1,012.88 million sq.m., representing a period-on-period increase of 3.8%; the sales amount of commodity properties amounted to RMB9,293.1 billion, representing a period-on-period increase of 38.9%; the average transaction price of new housing amounted to RMB16,877 per sq.m., representing a period-on-period increase of 3.51%.

Results Performance

Geographic concentration with improvement in diversification

The Group deepened its region-focused development strategy and achieved steady growth in its key performance indicators. During the first half of 2021, the Group's contracted sales of properties amounted to approximately RMB19,127 million, representing an increase of 64% from the period ended 30 June 2020 to the period ended 30 June 2021. Contracted sales area amounted to approximately 1,491,382 sq.m.. As at 30 June 2021, the Group had land bank of 18.7 million sq.m., with planned locked-in saleable resources of RMB250.3 billion, of which the Yangtze River Delta Area accounted for RMB126.5 billion or 51%, the Guangdong-Hong Kong-Macau Bay Area accounted for RMB58.1 billion or 23%, and Shandong Province accounted for RMB36.4 billion or 15%, respectively.

During the first half of 2021, the Group acquired seven premium projects in Hefei, Yangzhou, Suqian, Zhuhai and Foshan through tender and bidding in the public market, merger and acquisition. With effective control of land acquisition costs, new lands were acquired at an average cost of RMB5,225 per sq.m., laying a solid foundation for continuous and robust development.

As at 30 June 2021, all the conditions set out in Sale and Purchase Agreement with Mr. Shum Tin Ching ("Mr. Shum") for the purpose of acquiring five premium projects in Qingdao and Weihai owned by Mr. Shum privately have been fulfilled. Following the completion of the Sale and Purchase Agreement, the five projects in Qingdao and Weihai have become premium land reserves of the Group.

Optimizing financial structure through active debt management

In the first half of 2021, the management of the Group strived for enhancing its financial discipline by stringently controlling its cash recovery ratio vis-a-vis land acquisitions and emphasizing prudence in expanding its liabilities, and as a result of which, various liquidity indicators and debt structures were constantly optimized. Moody's Investor Service changed the ratings outlook of the Company to "positive" from "stable" on 13 April 2021, which reflected that the Company will grow its operating scale without sacrificing profitability, maintain strong credit metrics and improve its capital structure over the next 12-18 months.

On 5 February 2021, the Company repurchased its 13.75% Senior notes due March 2022 (the "2022 Notes"). A total of approximately USD55.8 million in principal amount of the 2022 Notes have been validly tendered and accepted pursuant to the Company's offer to purchase. On 11 March 2021, a total of approximately USD61.5 million in principal amount of the 2022 Notes were further repurchased by the Company following the exercise of a put option pursuant to the terms of the 2022 Notes.

On 20 July 2021, the Company made on-market repurchases of the senior notes due July 2023 (the “2023 Notes”) and the senior notes due February 2024 (the “2024 Notes”) in an aggregate principal amount of USD5.0 million and USD3.0 million respectively, representing approximately 1.66% and 2.31% of the aggregate principal amount of the 2023 Notes and the 2024 Notes originally issued, respectively.

On 17 August 2021, the Company announced as at the expiration deadline of 13 August 2021, a total of approximately USD43.9 million in principal amount of the senior notes due March 2022, and a total of approximately USD84.9 million in principal amount of the senior notes due February 2023 have been validly tendered and not withdrawn pursuant to the offer to purchase announced on 29 July 2021. The Company settled a total of approximately USD12.6 million in principal amount of the senior notes due March 2022, and a total of approximately USD80.6 million in principal amount of the senior notes due February 2023 on 20 August 2021.

On 21 July 2021, the Company was the first to issue green financing convertible bonds among Chinese property developers, issuing in a principal amount of USD100 million bearing an interest rate of 7.00% and due 2025. The issuance of convertible bonds is an innovation in expanding the company’s financing channels, which can effectively reduce financing costs and help the Company further optimize its financial structure. In the long run, it will increase the liquidity and trading volume of the Company’s shares, providing more space for future asset injections from Mr. Shum.

On 9 July 2021, S&P Ratings issued its green framework alignment opinion on the Company’s green financing framework (“the Framework”) with opinion that the Framework is aligned with the four components of the Green Bond Principles 2021 and Green Loan Principles 2021. The Framework clarifies that the funds raised under green financings will be used in eligible green projects such as green buildings, pollution prevention and control, sustainable water management. It marked another milestone in the Company’s efforts to promote green industry development and achieve sustainable growth.

Prospects

Looking ahead to the second half of 2021, it may be difficult for the global economy to fully recover. Following the fade out of loosened monetary policies in Europe and America, inflation around the globe may reach its peak during the year. Economic recovery is yet to be stable under the continuous effect of the COVID-19 pandemic. Despite the bigger challenges that China may face regarding economic recovery in the second half of the year, the long-term outlook still remains optimistic.

For the real estate industry, under the guidance of the policy “housing is for accommodation instead of speculation”, control policies may be introduced and implemented to more cities. Market transaction scale and average price will still be aiming at maintaining stability. Differentiation between tiers of cities will further intensify. It is expected that market of first-tier cities may be less active in the second half of the year under further development of control policies, but nonetheless it will remain at a high level. With an accelerated internal differentiation in second-tier cities, major cities in some popular regions such as Yangtze River Delta, Pearl River Delta and Chengdu-Chongqing Economic Circle will still be robust. Meanwhile, under strengthened control in popular cities, some secondary popular cities will take up part of the spillover demand and gain higher popularity.

For real estate developers, with gradual increase in industry concentration, coupled with the effects of “three redlines” new policy, housing mortgage concentration management system and centralized land supply policy, the industry is faced with new reforms, which imply more severe challenges to real estate developers. The market gradually shifts from a “quantity-first” approach to a “quality-first” approach, which marked the arrival of the era of refined management.

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, 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.

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

Contracted Sales

The Group recorded total contracted sales of approximately RMB19,127 million in the six months ended 30 June 2021. The contracted sales attributable to the owners of the Company was RMB15,450 million represented an ownership interest of 81%, respectively.

The following table sets out the contracted sales of the Group's subsidiaries, joint ventures and associates for the six months ended 30 June 2021:

	Six Months ended 30 June 2021			
	Contracted sales RMB (million) (unaudited)	Contracted gross floor area ("GFA") (sq.m.)	Contracted average selling price ("ASP") (RMB per sq.m.)	Percentage
Hefei	2,478	137,353	18,040	13.0%
Yangzhou	2,376	160,618	14,791	5.4%
Suqian	1,632	198,005	8,242	12.4%
Yancheng	1,453	113,863	12,761	6.6%
Taizhou	1,264	152,507	8,289	8.5%
Nanjing	1,028	35,349	29,081	3.7%
Bozhou	704	95,972	7,333	7.6%
Shanghai/Suzhou/Changzhou/ Lu'an	1,019	85,443	11,934	5.3%
Yangtze River Delta Region subtotal	11,954	979,110	12,209	62.5%
Qingdao	2,588	82,305	31,448	13.5%
Weihai	197	15,527	12,655	1.0%
Shandong Province subtotal	2,785	97,832	28,466	14.5%
Guangdong – Hong Kong – Macao Greater Bay Area subtotal	1,162	99,523	11,671	6.1%
Zhengzhou	1,589	109,219	14,551	8.4%
Urumqi	1,437	188,033	9,661	7.5%
Hainan	200	17,665	11,322	1.0%
Other Cities subtotal	3,226	314,917	10,245	16.9%
Total	19,127	1,491,382	12,825	100.0%

Land Reserves

The following table sets out a summary of the Group's land reserves by project as at 30 June 2021:

	Total GFA (sq.m.)	Percentage
Hefei	1,658,591	8.9%
Nanjing	756,172	4.0%
Shanghai	168,702	0.9%
Yangzhou	1,238,511	6.6%
Taizhou	1,355,136	7.3%
Suqian	1,866,671	10.0%
Bozhou	863,450	4.6%
Suzhou/Changzhou/Zhenjiang/Yancheng	992,282	5.3%
Bengbu/Huainan/Ma'anshan/Lu'an	942,401	5.0%
Yangtze River Delta Region subtotal	9,841,916	52.7%
Shenzhen	310,544	1.7%
Guangzhou	177,850	1.0%
Foshan	201,399	1.1%
Zhuhai	317,464	1.7%
Huizhou	512,575	2.7%
Hong Kong	26,582	0.1%
Macao	60,969	0.3%
Enping	1,136,636	6.1%
Guangdong – Hong Kong – Macao Greater Bay Area subtotal	2,744,019	14.7%
Qingdao	1,589,343	8.5%
Weihai	35,511	0.2%
Shandong Province Region subtotal	1,624,854	8.7%
Urumqi	1,892,509	10.1%
Zhengzhou	455,163	2.4%
Guizhou	721,182	3.9%
Hainan	85,909	0.5%
Cambodia	1,308,092	7.0%
Other regions subtotal	4,462,855	23.9%
Total	18,673,644	100.0%

Investment Properties

The Group retains the ownership of certain self-developed commercial properties to generate recurring income. As at 30 June 2021 the Group had investment properties with a total GFA of approximately 885,064 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, through third-party property management firms, in order to enable the Group to select tenants and determine industry composition.

FINANCIAL REVIEW

Operating Results

Revenue

Revenue of the Group mainly consists of revenue derived from (i) property development, (ii) property investment and (iii) property management service. For the six months ended 30 June 2021, revenue of the Group amounted to approximately RMB9,364 million.

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 amounted to approximately RMB8,904 million for the six months ended 30 June 2021. It was mainly due to delivery of properties pre-sold upon their completion in the first half of 2021.

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 for the six months ended 30 June 2021 was approximately RMB97 million. The income was primarily due to rental income from leasing contracts.

Property Management

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

Revenue generated from property management increased by approximately 37% to approximately RMB362 million for the six months ended 30 June 2021 from approximately RMB265 million for the six months ended 30 June 2020. The increase was primarily attributable to (i) the increase in GFA under management; and (ii) the increase in the average property management fee.

Gross Profit and Gross Profit Margin

The Group's gross profit was approximately RMB2,994 million for the six months ended 30 June 2021. The Group's gross profit margin was 32% for the six months ended 30 June 2021.

Other Income

The Group had other income of approximately RMB164 million for the six months ended 30 June 2021 as compared with approximately RMB173 million for the six months ended 30 June 2020, representing a decrease of approximately RMB9 million or 5% which mainly due to the decrease of compensation income during the period.

Other Gains and Losses

The Group's other gains and losses recognized gains at approximately RMB295 million for the six months ended 30 June 2021. The increase in other gains was mainly due to foreign exchange gains arising from appreciation of RMB versus USD and the gains arising from bargain purchase of acquisition of subsidiaries.

Selling and Marketing Costs and Administrative Expenses

The Group's selling and marketing costs and administrative expenses for the six months ended 30 June 2021 amounted to approximately RMB309 million, compared with approximately RMB360 million for six months ended 30 June 2020, representing a decrease of approximately 14%, mainly due to the Group's stringent control over expenses and costs to maximize its shareholder's interests.

Finance Costs

The Group's finance costs decrease by approximately 81% to RMB29 million for the six months ended 30 June 2021, which was primarily due to the increase of capitalised amount on qualifying assets.

Income Tax Expense

The Group's income tax expense decreased to approximately RMB938 million for the six months ended 30 June 2021 from approximately RMB1,248 million for the six months ended 30 June 2020. The Group's income tax expense included provisions made for Enterprise Income Tax ("EIT") and Land Appreciation Tax ("LAT") less deferred taxation during the period. The decrease was mainly due to the decrease of LAT provision, which tax at a progressive rate between 30%–60%.

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 23% to approximately RMB1,985 million for the six months ended 30 June 2021 from approximately RMB1,617 million for the six months ended 30 June 2020.

Liquidity, Financial and Capital Resources

Cash Position

As at 30 June 2021, the Group had an aggregate of cash and cash equivalents, which includes restricted bank deposits of approximately RMB12,261 million (as at 31 December 2020: approximately RMB11,154 million), representing an increase of approximately 10% as compared to that as at 31 December 2020. As at 30 June 2021, restricted bank deposits of approximately RMB1,750 million (as at 31 December 2020: approximately RMB2,003 million) were restricted for use in specific property development projects or pledged for mortgage guarantees given by the Group.

Bank and Other Borrowings

As at 30 June 2021, the Group had bank and other borrowings of approximately RMB13,152 million (as at 31 December 2020: approximately RMB13,605 million). Amongst the borrowings, approximately RMB4,375 million (as at 31 December 2020: approximately RMB1,380 million) will be repayable within one year and approximately RMB8,777 million (as at 31 December 2020: approximately RMB12,224 million) will be repayable after one year.

Net Gearing Ratio

The net gearing ratio of the Group was 40.71% as at 30 June 2021. 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

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

For the six months ended 30 June 2021, the Group recorded a foreign exchange gain in the amount of RMB75 million due to fluctuations in foreign exchange rates. However, the Group's operating cash flow and liquidity were not significantly affected by fluctuations in foreign exchange rates. The Group's management will continue to closely monitor fluctuations in foreign exchange rates and actively take corresponding measures to minimise foreign currency risks.

Guarantees

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Unaudited and restated)
Mortgage guarantees	13,932,563	11,041,907
Facility granted to related parties	200,000	300,000

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

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

Material Acquisitions and Disposals

On 30 June 2021, the Company completed the major acquisition of Luyuan Investment Holdings Limited ("Luyuan"), which is engaged in property development projects in Shandong Province, the PRC. Luyuan was ultimately and wholly-owned by Mr. Shum prior to the acquisition. Pursuant to the relevant sale and purchase agreement, the consideration of HKD7,247,560,000 (equivalent to approximately RMB6,034,318,000) was settled (i) as to HKD3,420,640,000 by way of issue of convertible bonds by the Company; (ii) as to HKD2,772,000,000 by way of issue of 840,000,000 ordinary shares by the Company; and (iii) as to the remaining balance of HKD1,054,920,000 by cash.

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.

Events after the Reporting Period

Issue of Convertible Bonds

On 21 July 2021, the Company issued convertible bonds in a principal amount of USD100 million bearing an interest rate of 7.00% and due 2025.

Repurchase of Senior Notes

On 20 July 2021, the Company made on-market repurchases for part of its USD300,000,000 12.5% senior notes due July 2023 and USD130,000,000 11.0% senior notes due February 2024 in an aggregate principal amount of USD5,000,000 and USD3,000,000 respectively.

On 20 August 2021, the Company repurchased part of its USD145,207,000 13.75% senior notes due March 2022 in the aggregate principal amount of USD12,577,000 and part of its USD327,500,000 13.75% senior notes due February 2023 in the aggregate principal amount of USD80,638,000.

Distribution of Final Dividend

On 30 July 2021, the Group despatched certificates for scrip shares and cheques of cash dividend in an aggregate amount of HKD628,639,000. The final dividend in respect of the year ended 31 December 2020 of HK15.5 cents per ordinary share was approved at the Company's Annual General Meeting on 9 June 2021. The final dividend has been paid in cash of HKD578,040,000 and in form of scrip shares of HKD50,599,000.

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 2021, 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 2021.

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 2021. 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 2021 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.

INTERIM DIVIDEND

No interim dividend was proposed by the Board for the six months ended 30 June 2021 (for the six months ended 30 June 2020: nil).

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

During the six months ended 30 June 2021, the Company redeemed part of its USD262,500,000 13.75% senior notes due March 2022 in the aggregate principal amount of USD117,293,000 and part of its USD115,000,000 11.375% senior notes due May 2022 in the aggregate principal amount of USD12,000,000.

The Company cancelled the repurchased senior notes in accordance with the terms of the notes and indentures. After cancellation, as at 30 June 2021, the aggregate principal amount of the 13.75% senior notes due March 2022 that remains outstanding is USD145,207,000 and the aggregate principal amount of the 11.375% senior notes due May 2022 that remains outstanding is USD103,000,000.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2021.

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 and the Company at www.jiayuanintl.com. The interim report of the Company for the six months ended 30 June 2021 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, 25 August 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.