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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 ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**FINANCIAL HIGHLIGHTS**

- The Group recorded property contracted sales of approximately RMB36,054 million for the year ended 31 December 2021 representing an increase of approximately 17% as compared to the same period of 2020, and the average selling price was approximately RMB13,558 per sq.m.
- The Group's revenue was approximately RMB18,947 million for the year ended 31 December 2021 as compared to approximately RMB19,157 million in the same period of 2020, and representing an increase of approximately RMB584 million as compared to the year ended 31 December 2020 of approximately RMB18,363 million before the acquisition of Luyuan<sup>(Note 1)</sup>.
- The Group's gross profit was approximately RMB5,399 million for the year ended 31 December 2021, with gross profit margin of approximately 28%.
- Net profit of the Group for the year amounted to approximately RMB2,674 million for the year ended 31 December 2021.
- Core net profit of the Group for the year<sup>(Note 2)</sup> was approximately RMB2,710 million for the year ended 31 December 2021, representing a decrease of approximately 8.7% as compared to approximately RMB2,966 million in the same period of 2020.

- Basic earnings per share of the Group amounted to RMB41 cents for the year ended 31 December 2021.
- Cash and bank balances of the Group<sup>(Note 3)</sup> as at 31 December 2021 was RMB9,830 million.
- As at 31 December 2021, the Group's liabilities to assets ratio after excluding pre-sale deposits received<sup>(Note 4)</sup> was approximately 60.62%, representing a decrease of 3.66 percentage points as compared to approximately 64.28% as at 31 December 2020.
- As at 31 December 2021, the Group's non-restricted cash to current borrowings ratio<sup>(Note 5)</sup> was 1.36, as compared to 1.29 as at 31 December 2020.
- Net gearing ratio of the Group<sup>(Note 6)</sup> decreased from approximately 54% as at 31 December 2020 to approximately 53% as at 31 December 2021.
- As at 31 December 2021, the Group had land reserves of approximately 17.43 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 People's Republic of China (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. Luyuan Group did not contribute any revenue of the Group for the year ended 31 December 2021.*

*Note 2: Core net profits of the Group for the years ended 31 December 2021 and 31 December 2020 exclude fair value change on investment properties, fair value gain upon transfer of inventories of properties to 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), and gains arising from bargain purchase.*

*Note 3: Cash and bank balances include cash and cash equivalents, restricted bank deposits and short-term 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, senior notes and convertible bonds recognised as liabilities, net of cash and cash equivalents, restricted bank deposits and short-term bank deposits) over the total equity.*

## RESULTS

The board (the “Board”) of directors (the “Directors”) of Jiayuan International Group Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2021 with restated comparative figures for the year ended 31 December 2020, as follows:

### CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	<b>Year ended 31 December</b> <b>2021</b> <b>RMB'000</b>	<b>2020</b> <b>RMB'000</b> (Restated)
<b>Revenue</b>	3	<b>18,946,856</b>	19,157,405
Cost of sales	8	<b>(13,547,978)</b>	(12,917,010)
<b>Gross profit</b>		<b>5,398,878</b>	6,240,395
Other income	4	<b>216,703</b>	380,513
Other gains and losses	5	<b>383,250</b>	860,495
Net impairment losses on financial assets and guarantee contracts		<b>(98,294)</b>	(62,121)
Fair value change on investment properties		<b>(272,452)</b>	(177,503)
Selling and marketing costs	8	<b>(288,825)</b>	(309,098)
Administrative expenses	8	<b>(491,266)</b>	(484,711)
Finance costs	6	<b>(216,268)</b>	(318,547)
Share of results of investments accounted for using the equity method	11	<b>(48,777)</b>	125,041
<b>Profit before taxation</b>		<b>4,582,949</b>	6,254,464
Income tax expenses	7	<b>(1,908,940)</b>	(2,635,727)
<b>Profit for the year</b>		<b>2,674,009</b>	3,618,737
<b>Profit for the year attributable to:</b>			
– Owners of the Company		<b>2,419,877</b>	3,377,827
– Non-controlling interests		<b>254,132</b>	240,910
		<b>2,674,009</b>	3,618,737
<b>Earnings per share attributable to owners of the Company (expressed in RMB cents per share)</b>			
Basic earnings per share	10	<b>41</b>	58
Diluted earnings per share	10	<b>41</b>	58

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
<b>Profit for the year</b>	<b><u>2,674,009</u></b>	<b><u>3,618,737</u></b>
Other comprehensive loss		
<i>Items that may be reclassified to profit or loss:</i>		
– Exchange differences arising on translation of foreign operations	<b><u>(12,268)</u></b>	<b><u>(1,821)</u></b>
<b>Total comprehensive income for the year</b>	<b><u>2,661,741</u></b>	<b><u>3,616,916</u></b>
Total comprehensive income for the year attributable to:		
– Owners of the Company	<b>2,407,609</b>	3,376,006
– Non-controlling interests	<b><u>254,132</u></b>	<b><u>240,910</u></b>
	<b><u>2,661,741</u></b>	<b><u>3,616,916</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	Note	2021	2020
		RMB'000	RMB'000
			(Restated)
<b>Non-current assets</b>			
Investment properties		7,501,000	7,926,545
Property and equipment		149,125	125,437
Intangible assets		158,275	38,670
Right-of-use assets		7,605	9,624
Investments accounted for using the equity method	11	6,296,244	2,289,700
Financial assets at fair value through profit or loss		850,390	961,039
Deposits paid for acquisitions		1,263,025	1,150,157
Deferred tax assets		1,031,844	692,987
Trade and other receivables	12	29,894	38,450
		<u>17,287,402</u>	<u>13,232,609</u>
<b>Current assets</b>			
Inventories of properties		50,383,073	44,863,464
Trade and other receivables	12	6,656,181	7,929,056
Financial assets at fair value through profit or loss		106,494	131,880
Prepaid income tax		599,255	397,964
Short-term bank deposits		332,321	–
Restricted bank deposits		723,024	2,002,900
Cash and cash equivalents		8,775,042	9,151,057
		<u>67,575,390</u>	<u>64,476,321</u>
<b>Total assets</b>		<u><b>84,862,792</b></u>	<u><b>77,708,930</b></u>
<b>Current liabilities</b>			
Trade and other payables	13	6,882,743	7,506,257
Pre-sale deposits received		21,317,280	18,918,597
Current income tax liabilities		7,754,171	6,654,592
Bank and other borrowings	14	3,627,753	1,380,497
Derivative financial instruments		–	190,913
Senior notes	15	2,842,463	5,687,872
Lease liabilities		5,644	6,638
		<u>42,430,054</u>	<u>40,345,366</u>
<b>Net current assets</b>		<u><b>25,145,336</b></u>	<u><b>24,130,955</b></u>
<b>Total assets less current liabilities</b>		<u><b>42,432,738</b></u>	<u><b>37,363,564</b></u>

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2021</b>	<b>2020</b>
		<b>RMB'000</b>	<b>RMB'000</b>
			<b>(Restated)</b>
<b>Non-current liabilities</b>			
Bank and other borrowings	14	<b>9,442,461</b>	12,224,169
Derivative financial instruments	17(b)	<b>172,331</b>	–
Pre-sale deposits received		<b>354,811</b>	540,412
Deferred tax liabilities		<b>595,414</b>	726,512
Senior notes	15	<b>6,398,135</b>	3,065,145
Convertible bonds	17(b)	<b>581,456</b>	–
Lease liabilities		<b>2,487</b>	2,957
		<b>17,547,095</b>	16,559,195
<b>Equity attributable to owners of the Company</b>			
Share capital	16	<b>41,987</b>	34,876
Convertible bonds	17(a)	<b>2,848,025</b>	–
Reserves		<b>18,568,380</b>	16,169,358
		<b>21,458,392</b>	16,204,234
<b>Non-controlling interests</b>		<b>3,427,251</b>	4,600,135
<b>Total equity</b>		<b>24,885,643</b>	20,804,369
<b>Total equity and non-current liabilities</b>		<b>42,432,738</b>	37,363,564

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2021*

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

### 1.1 General information

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”). 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.

These consolidated financial statements for the year ended 31 December 2021 are presented in Renminbi (“RMB”), unless otherwise stated.

### 1.2 Basis of preparation

*(a) Compliance with Hong Kong Financial Reporting Standards (“HKFRSs”) and the Hong Kong Companies Ordinance*

The consolidated financial statements of the Group have been prepared in accordance with applicable HKFRSs and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

*(b) Historical cost convention*

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities at fair value through profit or loss (“FVTPL”), investment properties and derivative financial instruments, which are carried at fair value.

### 1.3 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 Lingshihuafu Property Co., Ltd. (“Lingshihuafu”). Weihai Xiangyuan, Qingdao Zhongwei and Qingdao Shuiqingmuhua were controlled by the Ultimate Shareholder and Lingshihuafu was jointly controlled by the the Ultimate Shareholder.

In preparation and as the conditions of the completion for the 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 Lingshihuafu.
- (c) Luyuan Group acquired 63% equity interest of Lingshihuafu 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 Lingshihuafu 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 HKD3.30 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 consolidated financial statements for the year ended 31 December 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 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

### 2.1 New and amended standards adopted by the Group

The Group has applied new and amended standards effective for the financial period beginning on 1 January 2021. The adoption of these new and revised standards does not have any significant impact on the consolidated financial statements of the Group.

### 2.2 New and amended standards and interpretations not yet adopted by the Group

Certain new and amended standards and interpretations to existing standards that have been issued and relevant to the Group but are not effective for the financial year beginning on 1 January 2021 and have not been early adopted. The Group is currently evaluating the impact of these new or revised standards, interpretation and amendments on its consolidated financial statements. None of these new and amended standards and interpretations is expected to have a significant effect on the consolidated financial statements of the Group for the year ending 31 December 2022.

## 3 REVENUE

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
<b>Types of goods and services</b>		
Sales of properties	18,015,294	18,324,854
Property management services	774,702	578,382
Property rental	156,860	254,169
	<b>18,946,856</b>	<b>19,157,405</b>
<b>Revenue is recognised:</b>		
Contracts with customers:		
– At a point in time	18,031,063	18,333,846
– Over time	758,933	569,390
	<b>18,789,996</b>	<b>18,903,236</b>
Other source: rental income	156,860	254,169
	<b>18,946,856</b>	<b>19,157,405</b>

One of our customers contributed revenue from sales of properties of RMB2,042,558,000 for the year ended 31 December 2021. Apart from this customer, there was no other individual customer contributing over 10% of the total revenue for the years ended 31 December 2021 and 2020.

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

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

During the years ended 31 December 2021 and 2020, the board of directors concluded that the Group has only one reportable segment – Property development. The other segments are individually and collectively insignificant for segment reporting purpose. As such, no segment information is presented.

#### 4 OTHER INCOME

	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i> (Restated)
Interest income on financial assets at fair value through profit or loss	<b>14,176</b>	107,670
Interest income on loans receivable	<b>100,993</b>	109,287
Interest income on bank deposits	<b>42,333</b>	125,311
Government grant	<b>41,085</b>	4,371
Compensation income	<b>2,188</b>	17,786
Others	<b>15,928</b>	16,088
	<b>216,703</b>	380,513

#### 5 OTHER GAINS AND LOSSES

	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i> (Restated)
Gains arising from bargain purchase	<b>122,237</b>	67,453
Foreign exchange gains, net	<b>117,870</b>	705,554
Gains on disposals of investments accounted for using the equity method	<b>93,983</b>	7,674
Gains on disposals of subsidiaries	<b>74,192</b>	–
Fair value change on derivative financial instruments	<b>57,346</b>	54,053
Gains on disposals of property and equipment	<b>279</b>	–
Losses on disposals of investments properties	<b>(29,076)</b>	–
Fair value change on financial assets at fair value through profit or loss	<b>(54,072)</b>	3,694
Revaluation gain upon transfer of inventories of properties to investment properties	–	21,152
Gains on disposals of financial assets at fair value through profit or loss	–	756
Others	<b>491</b>	159
	<b>383,250</b>	860,495

## 6 FINANCE COSTS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
Interest expenses:		
– Bank and other borrowings	1,169,685	1,330,769
– Senior notes	1,394,317	1,222,730
– Lease liabilities	1,004	806
– Convertible bonds	32,576	–
– Advances from related parties	–	19,188
– Advances from non-controlling interests	–	9,820
Gains on extinguishment upon repurchasing senior notes	(21,456)	–
	<u>2,576,126</u>	<u>2,583,313</u>
Less: amounts capitalised on qualifying assets	(2,359,858)	(2,264,766)
	<u><b>216,268</b></u>	<u><b>318,547</b></u>

## 7 INCOME TAX EXPENSES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
Current income tax		
– Corporate income tax	1,516,413	1,804,043
– Land appreciation tax	950,735	1,133,186
	<u>2,467,148</u>	<u>2,937,229</u>
Deferred income tax	(558,208)	(301,502)
	<u><b>1,908,940</b></u>	<u><b>2,635,727</b></u>

No provision for taxation has been recognised for companies incorporated in the Cayman Islands and the BVI as they are not subject to any tax during the year (2020: nil).

Hong Kong profits tax has been provided at the rate of 16.5% (2020:16.5%) on the estimated assessable profits of the Group's subsidiaries operating in Hong Kong.

Under the Law of the Mainland China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Mainland China subsidiaries is 25% from 1 January 2008 onwards.

All gains arising from the sale or transfer of real estate in the Mainland China are subject to land appreciation tax at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including payments made for acquisition of land use rights, costs and certain expenses for the development of the land. Apart from the aforementioned deductions, property developers enjoy an additional deduction, which is equal to 20% of the payment made for acquisition of land use rights and the costs of land development and construction of new buildings or related facilities.

## 8 EXPENSE BY NATURE

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
Cost of inventories sold	13,205,064	11,937,961
Net (reversal of write-down)/write-down of inventories of properties	(219,858)	436,305
Employee benefit expenses	677,521	539,867
Advertising and promotion expenses	191,255	220,346
Office expenses	143,539	129,807
Tax and surcharges	97,957	160,382
Professional service fees	71,029	98,083
Travelling and entertainment expenses	52,225	42,125
Depreciation and amortisation charges	42,447	31,897
Bank charges	16,536	35,266
Auditors' remuneration		
– Audit services	9,430	8,260
– Non-audit services	5,574	8,887
Rental expenses	5,725	6,605
Listing expenses of a subsidiary	–	27,085
Other expenses	29,625	27,943
	<hr/>	<hr/>
Total cost of sales, selling and marketing costs and administrative expenses	14,328,069	13,710,819

## 9 DIVIDENDS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Dividends recognised as distribution during the year:		
Final dividends declared for the prior year		
– HK15.5 cents (2020: HK11 cents) per share	523,405	391,651

The final dividends in respect of the year ended 31 December 2020 of HK15.5 cents per share, in an aggregate amount of HKD628,639,000, approximately RMB523,405,000, were approved at the Annual General Meeting on 9 June 2021. Share scrip alternatives were offered in respect of the dividends declared. These share scrip alternatives were accepted by shareholders, as follows:

	2021 <i>HKD'000</i>	Equivalent to <i>RMB'000</i>	2020 <i>HKD'000</i>	Equivalent to <i>RMB'000</i>
Dividends				
– Cash	578,040	481,275	86,711	78,274
– Scrip dividend alternative	50,599	42,130	347,157	313,377
	<hr/>	<hr/>	<hr/>	<hr/>
	628,639	523,405	433,868	391,651

The Board of Directors did not recommend the payment of final dividends for the year ended 31 December 2021 (2020 final dividends: HK15.5 cents per share).

On 28 February 2021, Weihai Xiangyuan declared and paid a dividend of RMB154,700,000 to its then shareholder before the completion of Luyuan Acquisition.

## 10 EARNINGS PER SHARES

### (a) Basic earnings per share

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

	2021	2020 (Restated)
Profit for the year attributable to owners of the Company (RMB'000)	2,419,877	3,377,827
Weighted average number of ordinary shares in issue (in thousands)	5,938,239	5,867,718
Basic earnings per share (RMB cents)	<u>41</u>	<u>58</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

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has dilutive potential ordinary shares arising from the convertible bonds (Note 17(b)). In calculating the diluted earnings per share, the convertible bonds are assumed to have been converted into ordinary shares. Interest savings and other related gains and losses on convertible bonds are adjusted to the extent of the amount charged to the profit attributable to owners of the Company. For the year ended 31 December 2021, the effect of the convertible bonds was anti-dilutive and therefore diluted earnings per share equals basic earnings per share.

# 11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	31 December 2021 RMB'000	31 December 2020 RMB'000 (Restated)
Interests in joint ventures (a)	5,734,669	2,236,558
Interests in associates (b)	561,575	53,142
	<u>6,296,244</u>	<u>2,289,700</u>

## (a) Interests in joint ventures

	2021 RMB'000	2020 RMB'000 (Restated)
At 1 January	2,236,558	931,896
Additions (i)	4,193,348	1,442,358
Transfer to subsidiaries	(649,209)	(262,750)
Share of results	(46,028)	125,054
At 31 December	<u>5,734,669</u>	<u>2,236,558</u>

- (i) Additions for the year mainly included the acquisition of the 63% equity interest of Lingshihuaifu from the Ultimate Shareholder for a consideration of RMB3,960,000,000 (Note 1.3).

## (b) Interests in associates

	31 December 2021 RMB'000	31 December 2020 RMB'000 (Restated)
At 1 January	53,142	53,155
Additions	4,001	–
Transfer from subsidiaries	507,181	–
Share of results	(2,749)	(13)
At 31 December	<u>561,575</u>	<u>53,142</u>

## 12 TRADE AND OTHER RECEIVABLES

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000 (Restated)
Trade receivables, net (a)	<b>297,693</b>	524,773
Other receivables, net (b)	<b>5,493,981</b>	6,190,838
Prepayments (c)	<b>894,401</b>	1,251,895
	<b>6,686,075</b>	7,967,506
Less: Non-current portion of other receivables	<b>(29,894)</b>	(38,450)
Current portion of trade and other receivables	<b>6,656,181</b>	7,929,056

(a) Details of trade receivables are as follows:

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000 (Restated)
Trade receivables	<b>358,848</b>	560,091
Less: allowance for impairment	<b>(61,155)</b>	(35,318)
Trade receivables – net	<b>297,693</b>	524,773

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

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000 (Restated)
0-60 days	<b>51,841</b>	381,423
61-180 days	<b>89,285</b>	51,950
181-365 days	<b>78,800</b>	68,107
Over 1 year	<b>138,922</b>	58,611
	<b>358,848</b>	560,091

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

The Group applies the simplified approach to provide for expected credit losses on 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>31 December 2021 RMB'000</b>	31 December 2020 RMB'000 (Restated)
Advances to related parties (i)	2,737,400	3,171,273
Advances to non-controlling interests	1,062,326	1,140,932
Loans receivable	490,249	509,971
Projects related deposits	399,356	488,556
Deposits paid for acquisitions of land use rights	339,112	446,923
Interest receivable	170,967	62,243
Deposits for trust financing arrangements	35,320	60,178
Advance to staff	10,853	37,609
Other deposits	168,564	186,869
Other receivables	199,048	187,141
	<b>5,613,195</b>	6,291,695
Less: allowance for impairment	(119,214)	(100,857)
	<b>5,493,981</b>	6,190,838
Less: Non-current portion of deposits for trust financing arrangements	(29,894)	(38,450)
Current portion of other receivables – net	<b>5,464,087</b>	6,152,388

(i) The amounts mainly represent advances to joint ventures and associates as at 31 December 2021.

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

### 13 TRADE AND OTHER PAYABLES

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000 (Restated)
Trade payables (a)	2,309,599	3,019,258
Advances from non-controlling interests (c)	1,032,052	819,719
Advances from related parties (b)	977,879	1,021,120
Business and other taxes payable	920,727	703,706
Deposits related to sales of properties	480,849	425,465
Consideration payable for acquisitions of entities	461,764	915,545
Accrued charges	171,738	129,817
Payroll payables	128,779	121,378
Receipts on behalf of property residents	61,538	156,594
Provisions for financial guarantee contracts	47,281	–
Other deposits received	290,537	193,655
	<b>6,882,743</b>	7,506,257



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

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

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000 (Restated)
0-60 days	<b>1,249,279</b>	2,312,315
61-180 days	<b>431,097</b>	293,135
181-365 days	<b>330,436</b>	103,678
Over 1 year	<b>298,787</b>	310,130
	<b><u>2,309,599</u></b>	<b><u>3,019,258</u></b>

- (b) Advances from related parties mainly represent advances from joint ventures, associates and the entities controlled by the Ultimate Shareholder.
- (c) The amounts represent advances made by certain non-controlling shareholders to non-wholly subsidiaries pursuant to the terms of the respective shareholders' agreements. These advances are unsecured, interest-free and repayable on demand.

#### 14 BANK AND OTHER BORROWINGS

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000 (Restated)
Bank borrowings	<b>9,816,246</b>	8,243,316
Trust and other borrowings	<b>3,253,968</b>	5,361,350
Total bank and other borrowings	<b>13,070,214</b>	13,604,666
Less: amounts due within one year or on demand shown under current liabilities	<b>(3,627,753)</b>	(1,380,497)
Amounts shown under non-current liabilities	<b><u>9,442,461</u></b>	<b><u>12,224,169</u></b>

## 15 SENIOR NOTES

	<i>Notes</i>	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i> (Restated)
Issued in 2019 and due March 2022	(a)	<b>866,686</b>	1,757,054
Issued in 2019 and due May 2022		<b>638,212</b>	747,265
Issued in 2019 and due February 2023	(b)	<b>1,128,039</b>	2,139,166
Issued in 2020 and due June 2021		–	954,730
Issued in 2020 and due October 2022		<b>1,283,131</b>	1,241,069
Issued in 2020 and due April 2023		<b>1,915,928</b>	1,913,733
Issued in 2021 and due July 2023	(c)	<b>1,955,767</b>	–
Issued in 2021 and due February 2024	(d)	<b>1,452,835</b>	–
		<b>9,240,598</b>	8,753,017
Less: amounts due and demandable for repayment within one year shown under current liabilities		<b>(2,842,463)</b>	(5,687,872)
Included in non-current liabilities		<b>6,398,135</b>	3,065,145

- (a) In 2019, the Company issued senior notes (the “March 2022 Senior Notes”) with a principal amount of USD255,000,000 (equivalent to approximately RMB1,756,046,000), 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 2020, the Company issued the March 2022 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 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 2021, the Company repurchased the March 2022 Senior Notes in an aggregate principal amount of USD129,870,000 (equivalent to approximately RMB841,430,000), representing 40.27% of the aggregate principal amount of the notes originally issued.

- (b) In 2019, the Company issued senior notes (the “February 2023 Senior Notes”) with a principal amount of USD237,500,000 (equivalent to approximately RMB1,677,136,000), bearing interest at a fixed interest rate of 13.75% per annum and will mature in February 2023.

In 2020, the Company issued the February 2023 Senior Notes with a principal amount of USD90,000,000 (equivalent to approximately RMB629,947,000), which were consolidated with and formed a single series with the February 2023 Senior Notes.

In 2021, the Company repurchased the February 2023 Senior Notes in an aggregate principal amount of USD151,785,000 (equivalent to approximately RMB979,315,000), representing 46.34% of the aggregate principal amount of the notes originally issued.

- (c) In 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 2021, the Company issued senior notes (the “February 2024 Senior Notes”) with a principal amount of USD230,000,000 (equivalent to approximately RMB1,488,587,000), bearing interest at a fixed interest rate of 11.00% per annum and will mature in February 2024.

## 16 SHARE CAPITAL

	Number of shares	Nominal value HKD'000	Nominal value RMB'000
Ordinary shares of HKD0.01 each			
<b>Authorised</b>			
At 1 January 2021 and 31 December 2020	10,000,000,000	100,000	
<b>Issued and fully paid</b>			
At 1 January 2021	4,055,734,623	40,557	34,876
Issue of shares for Luyuan Acquisition (Note 1.3)	840,000,000	8,400	6,994
Issue of shares upon scrip dividend scheme (a)	14,094,525	141	117
At 31 December 2021	4,909,829,148	49,098	41,987
At 1 January 2020	3,944,252,161	39,443	33,870
Issue of shares upon scrip dividend scheme	111,482,462	1,114	1,006
At 31 December 2020	4,055,734,623	40,557	34,876

- (a) Share scrip alternative were offered in respect of dividends declared during the year. In July 2021, 14,094,525 shares were issued at HKD3.59 each to shareholders of the Company (the “Shareholders”) who had elected to receive new shares in lieu of cash dividend of HKD50,599,000 (equivalent to RMB42,130,000) (2020: RMB313,377,000) in respect of the 2020 final dividends under the scrip dividend scheme. The amount in excess of share capital issued is taken to share premium account.

## 17 CONVERTIBLE BONDS

### (a) Convertible bonds for acquisition

As a part of the consideration for Luyuan Acquisition, the Company issued convertible bonds in an aggregate principal amount of HKD3,420,640,000 (equivalent to RMB2,848,025,000) 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 bondholders determines 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 bondholders.

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

### (b) 2025 Convertible Bonds

In July 2021, the Company issued convertible bonds with a principal total amount of USD100,000,000 (equivalent to RMB646,380,000) at 100% issue price, bearing interest at a fixed interest rate of 7.0% per annum and maturing in January 2025 (“2025 Convertible Bonds”). The cash proceeds related to the issuance of USD97,417,000 (equivalent to RMB629,687,000) were received by the Group after deduction the initial cost of RMB16,693,000. Pursuant to the subscription agreement, the 2025 Convertible Bonds contain three embedded derivatives arising from the holders’ conversion rights, the holders’ put options and the Company’s call options.

The holders’ conversion rights and holders’ put options will significantly modify the cash flow of the host contract and are not closely related to economic characteristics and risks of the host contract. Conversely, as the Company’s call option price approximates the principle together with accrued interest on call option date, the Company’s call options do not significantly modify the cash flows of the host contract and are closely related to economic characteristics and risks of the host contract. Hence, holders’ conversion rights and the holders’ put options are separated from the host contract, while the Company’s call options are not separated from the host contract.

The initial fair value of the host contract of the 2025 Convertible Bonds was determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion, early redemption or maturity of the bonds.

As the conversion currency is different from the Company's functional currency, the conversion right will not be settled by the Company exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments. Hence, the holders' conversion rights are treated as financial liabilities.

The holders' put options and holders' conversion rights are treated as a single compound embedded derivative financial liability as they are contained in a single contract.

As at issue date of the 2025 Convertible Bonds, the total proceeds after initial cost are RMB629,687,000. An amount of RMB72,849,000 was allocated to holders' conversion rights and holders' put options recognised as derivative financial instruments, and the remaining of the total proceeds of RMB556,838,000 was allocated to the host contracts recognised as host liabilities.

The movements of the 2025 Convertible Bonds are as follow:

	<b>Derivative financial instruments</b> <i>RMB'000</i>	<b>Host liabilities</b> <i>RMB'000</i>
Proceeds from issue of new convertible bonds	72,849	556,838
Fair value change of the derivatives financial instruments	101,704	–
Exchange difference	(2,222)	(7,958)
Interest expenses	–	32,576
	<hr/>	<hr/>
As at 31 December 2021	<b>172,331</b>	<b>581,456</b>

## **CHAIRMAN’S STATEMENT**

Dear Shareholders,

I am pleased to present to you the Group’s business review for the year ended 31 December 2021 and prospects for year 2022.

### **REVIEW OF 2021**

In 2021, China’s economy began to recover slowly as the post-COVID era came. The year-on-year increase of investment in real estate development projects decreased to 4.4% as compared with that of 7% in 2020. The Chinese Government insists on tightening real estate policies and policies such as “Three Red Lines” and “Two Limits on Real Estate Loans” and “Two Centralized Land Supply Mode” has multiple impacts on the markets, thus creating an imbalance in the divergent trends of domestic real estate market between the first and second half year, from high growth to a deep adjustment in the industry. Under the pressure of all-round control policies over the industry and the volatile COVID-19 epidemic situation, even some large-scale real estate enterprises were involved in indebtedness default and the whole industry has been facing critical challenges.

In light of complex market environment, strict funding monitoring policies and unprecedentedly strong policy control, the Group still took proactive initiatives by reorganizing the internal management structure and optimizing its management system and mechanism. Meanwhile, the Group stressed out deeply plowing strategy in existing market, improving sales and cash collection, which in turn, resulted in a steady operating performance of the Group despite the sluggish market environment. At the same time, the Group proactively established a sound financial system, redeemed overseas bonds on time and maintained fund balancing. Thus, the Group remained one of the most outstanding non-state-owned Chinese residential property enterprises in the “Three Red Lines” assessment.

In 2021, the Group adhered to its development strategy and focused on cities in Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area and potential provincial capital cities in central and western China, showing further development layout on regional focuses.

Benefitting from its layout and mature product design and building capacity, the Group achieved contracted sales of RMB36,053 million and sales area of 2,659,251 sq.m. during the year.

## **PROSPECTS OF 2022**

It is expected that the major emphasis of the real estate market in 2022 shall remain the same as it always has, and the principles of “housing is for accommodation instead of speculation” and “City-Specific Policies” will remain unchanged. In pursuit of the goals of “stabilizing land and housing prices as well as market expectations”, policy-driven restoration of the real estate market will proceed gradually. With the emphasis on facilitating a virtuous cycle and healthy development of the real estate industry at the state level, real estate enterprises will face an improved financing environment. At the city level, policies and measures focusing on risk prevention and satisfying reasonable demands will also be rolled out to mitigate risks.

Expanding domestic demand and stabilizing growth will remain a fundamental strategy for economic development in 2022. The development of the Chinese real estate sector, which spans across upstream and downstream industries, will still echo with the government’s policy of deleverage and stabilizing market expectations to enhance product and service standards, maintain stable operation and sustain a steadily growing momentum.

In view of the above analysis of macroeconomic conditions, in 2022, the Group shall continue to follow the requirements under China’s national policy. We will shift towards a quality-oriented development mode from a scale-oriented development mode and focus on the strategic core, key cities, advantageous sectors and major projects. Through exploring a new business model, improving product quality and enhancing the management and service standards, we will be able to achieve quality growth and secure the lifeline of stable development. In the meantime, we will firmly assume our corporate social responsibilities in the aspects of economy, society and environment and push ahead with high-quality urban development in realizing the cooperation between the eastern and western regions to create common wealth and make contribution of Jiayuan’s power.

On behalf of the Board, I would like to take this opportunity to express the Group’s sincere gratitude to all Shareholders, investors and business partners for their trust and support and to all staff members for their diligence on their positions.

**Jiayuan International Group Limited**  
**Shum Tin Ching**  
*Chairman*

30 March 2022

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

#### **I. Market Review**

In 2021, control policies towards real estate in China continued to tighten. Under the principle of “housing is for accommodation instead of speculation”, not only did the policies cover purchase, loan and sale quota, but also put focus on optimizing land auction rules, managing housing quality and enhancing housing security. In addition, credit policies towards real estate also continued to tighten, which led to a reduction of trading in the property market to a certain extent. The property market has entered a period of stable development.

In retrospect, the investment of the PRC real estate development in 2021 amounted to RMB14,760.2 billion, representing a year-on-year increase of 4.4%; the sales area of commodity housing was 1,794.33 million sq.m., representing a year-on-year increase of 1.9%; the sales of commodity housing was RMB18,193.0 billion, representing a year-on-year increase of 4.8%.

Looking from the performance of the real estate market in the year, the first half of the year and the second half of the year diverged obviously, which shifted from the high growth in the first half of the year to the deep adjustment in the second half of the year. Under multiple pressures of all-round control policies, spreading pandemic and debt defaults of some large housing enterprises, the industry recorded a slight increase in sales area and sales of commodity housing, representing a decrease of 0.7 and 3.9 percentage points, respectively, in growth as compared to that in 2020.

With the continuous real estate control policies, the year-on-year growth in sales area and sales was the highest at the beginning of the year, followed by a monthly reduction and marked the lowest point of the year in December. Sales index of the year achieved a slight positive growth. While facing challenges, China’s real estate market has been showing significant resilience.



## II. Business Review

### *Enhancement in Quality of Land Reserves and Concentration on Core Cities Layout*

Since the second half of 2021, the real estate market in Mainland China has been cooling down rapidly. Leveraging by its high quality but low-cost land reserves, the Group laid a sound foundation for its stable development in the future. In 2021, the Group acquired eight premium projects in Hefei, Yangzhou, Suqian, Guiyang, 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. only. As of December 2021, the Group had a land reserve of approximately 17.43 million sq.m., laying a solid foundation for continuous and robust development. In 2021, the Group streamlined the layout strategies for the core city clusters which were predominant in economic development and population density, deepened its presence in the Yangtze River Delta Region, and strengthened its layout in first-tier and second-tier cities, including cities in the Guangdong-Hong Kong-Macau Greater Bay Area. The Group acquired 5 premium projects in Qingdao and Weihai owned by Mr. Shum Tin Ching by entering into a sale and purchase agreement with Mr. Shum, so that the Group could enter the Bohai Rim Region and build a solid moat for its development. At the end of 2021, the Group's land reserve value at the Yangtze River Delta Region was approximately RMB120.5 billion, which accounted for approximately 51%; land reserve value at the Guangdong-Hong Kong-Macau Bay Area was approximately RMB57.9 billion, which accounted for approximately 25%; land reserve value at the Shandong Province was approximately RMB36.4 billion, which accounted for approximately 15%.

### *Solid Growth in Business Scale with High Percentage of Attributable Interests and Sustainable Profitability*

Taking an overview of 2021, the Group managed to surmount the difficulties amid the recurrence of COVID-19 as well as rigorous real estate regulation and control. Thanks to the development opportunities as a result of the strong foothold in Yangtze River Delta Region in the past, the business layout in Guangdong-Hong Kong-Macau Greater Bay Area in recent years and the contribution of quality assets in Shandong Province by Mr. Shum, contracted sales for the year grew steadily. As at 31 December 2021, contracted sales of the Group amounted to approximately RMB36.1 billion, representing a year-on-year increase of approximately 17%. Attributable contracted sales of the Group amounted to approximately RMB29.2 billion, with an attributable interest of 81%. In 2021, the gross profit of the Group was approximately RMB5,399 million with a gross profit margin of 28%, ranking the Group among the forefront of the industry.

### *Market Confidence in the Group's Enhancing Financial Discipline and Early Redemption of Overseas Debts*

In light of the rigorous financing environment in the second half of 2021, the management of the Group strived for enhancing its financial discipline by stringently controlling its cash recovery ratio vis-à-vis land acquisitions and emphasizing prudence in expanding its liabilities, and as a result of which, liquidity was remained at a stable and safe level. In 2021, the Group actively repurchased its senior notes of USD293,655,000 in aggregate, which enhanced the market confidence. On 11 March 2022, the Group repaid the outstanding principal amount of USD132,630,000 in full of the 13.75% senior notes due 2022.

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, which was the first issuer of green financing convertible bonds among Chinese property developers. 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 and sustainable water management. It marked another milestone in the Company's efforts to promote green industry development and achieve sustainable growth.

### *Market Recognition for the Group's Overall Performance*

In 2021, the Group achieved bright business performance. The Group was awarded the “Best Communication Company in the Capital Market of the 4th China IR Annual Awards” at the “2021 Listed Companies Investor Relations Innovation Summit and the 4th IR Annual Conference and Awards Ceremony” organized by Roadshow China and Excellent IR; the “Listed Company Award 2021” by The Hong Kong Institute of Financial Analysts and Professional Commentators Limited; the “Excellent Mainland Property Developer Brand in the Hong Kong Leaders’ Choice Awards 2021” by Metro Radio in Hong Kong, and the “2021 Hong Kong Outstanding Listing Enterprise – Outstanding China-based Property Developer” by Economic Digest. Meanwhile, the Group was conferred the accolades including the “China Property Award of Supreme Excellence 2021” by the Preparatory Committee of China Property Award of Supreme Excellence; the “2021 ESG Leading Enterprise Awards – Real Estate Sector” at the 19th China Financial Billboard in 2021 sponsored by Hexun.com; “The Best 2021 Golden Kirin Small and Mid-cap Listed Company in the Hong Kong and US Stock Market” at the “Overseas Investment Summit and 2021 Golden Kirin Best Hong Kong and US-Listed Company Awards Ceremony” organised by Sina Finance; “2021 China Financial Award – Best Brand Value” by China Financial Market, a renowned financial magazine; and “Outstanding Listed Company with Sound Financial Position” of “Believe 2021 · China Real Estate Yearbook” by ifeng.com.

The Group’s property projects have also received awards from the media and various organizations. The Spire Bay (珠海佳源 · 海韻星灣) was awarded “New Heights in the Prosperity Era · 2021 China’s New City Landmark” on the “2021 China Real Estate Honor List”. Hefei Paris Metropolis (合肥佳源 · 巴黎都市) was honoured as “City Complex of the Year” on the “2021 13th Anhui Property Market General Evaluation List” organized by www.xafc.com. Hefei Yuhe Bay (譽和灣) project was honoured as “Project with Market Value of the Year” on the same list.

### *Performance of Corporate Social Responsibilities and Fostering Sustainable Development*

With devotion and commitment to the communities in its property projects, the Group performs its corporate social responsibilities to foster the sustainable development of such communities. In 2021, the Group and its project companies proactively participated in charitable activities organized by charitable organizations, such as actively organizing visits to local welfare houses and nursing homes to show their care, donation activities for students, such as provision of RMB32 million by Qingdao Lingshihuafu Property Co., Ltd to Shandong Qingdao University Education Group as the capital for construction of “Experimental Secondary School of Qingdao University”, “Experimental Primary School of Qingdao University” and “Experimental Kindergarten of Qingdao University” in Laoshan District, Qingdao. Suqian Jiayuan· Seasons Park (宿遷佳源 · 四季璟園) jointly held a book donation activity named “Building Dreams for the Next Generation with Books (書香溢學府 築夢下一代)” with the Suqian Huanghai Road Campus of the High School Affiliated to Nanjing Normal University and assisted the high school to construct it as a campus full of academic atmosphere to carry forward

the corporate mission and social responsibility of the Group. The Group also actively fulfilled its social responsibilities, such as a donation of RMB250,000 by Qingdao Lingshihuafu Property Co., Ltd to Gansu Li County Health Bureau for the purchase of ambulances and on-board medical equipment, contributing to the rural revitalization and protection of the health of people living in the rural area.

Meanwhile, the Group pushed ahead with green awareness in the community and encouraged staff members to practice low-carbon living, while fully supporting and participating in charity related to sports and culture.

Besides, the Group, its subsidiaries, associates and joint ventures actively participated in epidemic prevention and control in their respective localities and launched warmth-giving service activities in various communities and organized epidemic prevention and control drills, thereby making proactive contributions in response to the epidemic and showcasing its social responsibility.

## **Prospects**

Looking ahead to 2022, China is still in the stage of rapid urban development. The population size and number of households in cities and towns will continue to increase and the rigid demand for housing is still relatively strong, and thus the real estate industry still has potential for development. The Ministry of Housing and Urban-Rural Development of the PRC made remark on the consistency and stability of the control policies and enhancement of accuracy and coordination of the control policies in 2022, which demonstrated the determination of the state to foster sound development in the real estate industry. Policy-side adjustments are also gradually being channelled towards demand stimulation. The government work report during the two sessions clarified its goals to “continue to safeguard people’s housing needs”, “explore new development modes” and “support the commodity housing market to better meet the reasonable housing needs of property buyers”. It is expected that in 2022, the PRC government will adhere to the major keynote of “housing is for accommodation instead of speculation” and the principle of “city-specific policies” to achieve the goals of “stabilizing land and housing prices as well as market expectations”. Specific measures in various regions will have different progresses and remain moderate. The real estate industry in China will continue to follow the path with virtuous cycle and healthy development. Real estate developers will be facing with both opportunities and challenges in 2022.

The Group will continue to adhere to its principle of stability and 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, achieve high quality and all-rounded development for continuous increase of profitability, constantly optimise its financial structure and enhance corporate governance level in order to maximise the value for its Shareholders.

## Contracted Sales

The Group recorded total contracted sales of approximately RMB36,054 million in 2021. The contracted sales attributable to the owners of the Company was RMB29,155 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 year ended 31 December 2021:

	<b>Twelve Months ended 31 December 2021</b>			
	<b>Contracted sales</b>	<b>Contracted gross floor area</b>	<b>Contracted average selling price</b>	<b>Percentage</b>
	<i>RMB (million) (unaudited)</i>	<i>("GFA") (sq.m.)</i>	<i>("ASP") (RMB per sq.m.)</i>	
Hefei	3,499	224,778	15,565	9.70%
Nanjing	2,064	71,307	28,948	5.70%
Yangzhou	2,776	194,141	14,297	7.70%
Suzhou	1,913	156,116	12,254	5.30%
Taizhou	2,287	284,631	8,034	6.30%
Suqian	2,978	362,503	8,216	8.30%
Bozhou	1,419	201,532	7,040	3.90%
Yancheng	2,430	167,782	14,483	6.70%
Shanghai/Changzhou/Lu'an/ Ma'anshan/Bengbu	1,614	152,914	10,559	4.50%
<b>Yangtze River Delta Region subtotal</b>	<b>20,980</b>	<b>1,815,704</b>	<b>11,555</b>	<b>58.10%</b>
Qingdao	6,323	192,702	32,810	17.50%
Weihai	346	23,429	14,772	1.00%
<b>Shandong Province subtotal</b>	<b>6,669</b>	<b>216,131</b>	<b>30,855</b>	<b>18.50%</b>
<b>Guangdong – Hong Kong – Macao Greater Bay Area subtotal</b>	<b>4,299</b>	<b>222,314</b>	<b>19,337</b>	<b>12.00%</b>
<b>Other Cities subtotal</b>	<b>4,106</b>	<b>405,102</b>	<b>10,135</b>	<b>11.40%</b>
<b>Total</b>	<b>36,054</b>	<b>2,659,251</b>	<b>13,558</b>	<b>100.00%</b>

## Land Reserves

The following table sets out a summary of the Group's land reserves by project as at 31 December 2021:

	<b>Total GFA</b> (sq.m.)	<b>Percentage</b>
Hefei	1,574,825	9.0%
Nanjing	669,658	3.8%
Shanghai	156,917	0.9%
Yangzhou	1,139,519	6.5%
Taizhou	1,224,939	7.0%
Suqian	1,816,631	10.4%
Bozhou	757,916	4.4%
Suzhou/Changzhou/Zhenjiang/Yancheng	990,927	5.8%
Bengbu/Huainan/Ma'anshan/Lu'an	936,541	5.4%
<b>Yangtze River Delta Region subtotal</b>	<b>9,267,873</b>	<b>53.2%</b>
<b>Guangdong – Hong Kong – Macao</b>		
<b>Greater Bay Area subtotal</b>	<b>2,691,248</b>	<b>15.4%</b>
Qingdao	1,589,343	9.1%
Weihai	35,511	0.2%
<b>Shandong Province subtotal</b>	<b>1,624,854</b>	<b>9.3%</b>
Urumqi	1,732,826	9.9%
Guizhou	721,182	4.2%
Hainan	85,910	0.5%
Cambodia	1,308,092	7.5%
<b>Other regions subtotal</b>	<b>3,848,010</b>	<b>22.1%</b>
<b>Total</b>	<b>17,431,985</b>	<b>100.0%</b>

## Investment Properties

The Group retains the ownership of certain self-developed commercial properties to generate recurring income. As at 31 December 2021, the Group had investment properties with a total GFA of approximately 848,547 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 property development, property management service and property rental, which contributed 95%, 4% and 1% of the Group's revenue for the year ended 31 December 2021, respectively.

#### *(1) 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 RMB18,015 million for the year ended 31 December 2021.

#### *(2) Property Management Service*

Revenue generated from property management increased by approximately 34% to approximately RMB775 million for the year ended 31 December 2021 from approximately RMB578 million for year ended 31 December 2020. The increase in revenue was primarily driven by the growth of our GFA under management.

#### *(3) Property Rental*

The Group's property rental mainly consisted of leasing of commercial properties (predominantly shopping arcades, retail shops, office properties and car parks). Revenue generated from property rental for the year ended 31 December 2021 was approximately RMB157 million which decreased approximately 38% compared to approximately RMB254 million for the year ended 31 December 2020. The decrease of revenue generated from property rental was mainly due to the Group's response to policy requirements by reducing portions of educational institution tenants and certain properties closed for renovations during the year.

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

Gross profit was approximately RMB5,399 million for the year ended 31 December 2021. The Group's gross profit margin maintained at approximately 29% for the year ended 31 December 2021.

#### *Other Income*

The Group had other income of approximately RMB217 million for the year ended 31 December 2021, mainly generated from interest income on bank deposits, loans receivable and financial assets at fair value through profit or loss and government grant.



### *Other Gains and Losses*

The Group recorded other gains of RMB383 million for the year ended 31 December 2021. The gains was mainly generated from foreign exchange gains arising from appreciation of RMB versus USD, and arising from bargain purchase of business combination.

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

The Group's selling and marketing costs and administrative expenses for the year ended 31 December 2021 amounted to approximately RMB780 million, compared with approximately RMB794 million for the year ended 31 December 2020.

### *Finance Costs*

The Group's finance costs decreased to approximately RMB216 million for the year ended 31 December 2021 from approximately RMB319 million for the year ended 31 December 2020. The decrease in finance costs of approximately 32% was primarily due to the increase of capitalised amount on qualifying assets.

### *Income Tax Expenses*

The Group's income tax expenses decreased to approximately RMB1,909 million for the year ended 31 December 2021 from approximately RMB2,636 million for the year ended 31 December 2020. The Group's income tax expenses included payments and provisions made for enterprise income tax and land appreciation tax less deferred taxation during the year 2021.

### *Profit and Total Comprehensive Income for the Year*

The Group's profit and total comprehensive income for the year decreased by approximately 26% to approximately RMB2,662 million for the year ended 31 December 2021 from approximately RMB3,617 million for the year ended 31 December 2020 which was mainly due to the decrease of gross profit margin and the decrease of foreign exchange gains.

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

### *Cash Position*

As at 31 December 2021, the Group's aggregate amount of short-term bank deposits, restricted bank deposits and cash and cash equivalents was approximately RMB9,830 million (as at 31 December 2020: approximately RMB11,154 million), representing a decrease of approximately 47% as compared to that as at 31 December 2020. As at 31 December 2021, short-term bank deposits and restricted bank deposits of approximately RMB1,055 million (as at 31 December 2020: approximately RMB2,003 million) were restricted for use in specific property development projects.

Approximately 85.7% of the Group's cash at banks were denominated in RMB, while 14.3% were denominated in foreign currencies. The Group keeps maintaining its cash and cash equivalents in foreign currencies in a low proportion to control the risk in exchange losses.



### *Borrowings and the Group's Pledged Assets*

As at 31 December 2021, the Group had bank and other borrowings of approximately RMB13,070 million (as at 31 December 2020: approximately RMB13,605 million). Amongst the borrowings, approximately RMB3,628 million (as at 31 December 2020: approximately RMB1,380 million) will be repayable within one year and approximately RMB9,442 million (as at 31 December 2020: approximately RMB12,224 million) will be repayable after one year.

As at 31 December 2021, bank and other borrowings of approximately RMB12,011 million (as at 31 December 2020: approximately RMB13,604 million) were secured by bank balances, land use rights and properties of the Group. As at 31 December 2021, the assets pledged to secure certain borrowings granted to the Group amounted to approximately RMB20,087 million (as at 31 December 2020: approximately RMB22,624 million).

Except for bank and other borrowings of approximately RMB2,976 million which are denominated in HKD and USD as at 31 December 2021, all the bank and other borrowings are denominated in RMB.

Approximately RMB5,586 million of the Group's bank and other borrowings were with fixed interest rates ranging from 1.55% per annum to 12.92% per annum at 31 December 2021. The remaining bank and other borrowings were quoted at floating interest rates, with effective interest rates ranging from 1.60% to 9.8%.

As at 31 December 2021, the Group had senior notes and convertible bonds of approximately RMB9,822 million (as at 31 December 2020: approximately RMB8,753 million). Amongst the senior notes and convertible bonds recognised as liabilities, approximately RMB2,842 million (as at 31 December 2020: approximately RMB5,688 million) will be repayable within one year and approximately RMB6,980 million (as at 31 December 2020: approximately RMB3,065 million) will be repayable or convertible after one year.

### *Net Gearing Ratio*

The net gearing ratio of the Group maintained stable during 2021. It slightly decreased to approximately 53% as at 31 December 2021 from 54% as at 31 December 2020, which was mainly attributable to the Group's effort in actively strengthening its control over the degree of leverage and fortifying capital management ability in 2021.

### *Foreign Currency 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. Foreign exchange risk mainly arises from the outstanding foreign currency borrowings and repayment obligations under senior notes issued and convertible bonds (mainly denominated in US dollars).

For the year ended 31 December 2021, the Group recorded a foreign exchange gain in the amount of RMB118 million due to fluctuations in foreign exchange rates. However, the Group's operating cash flow and liquidity were not significantly affected by fluctuations in foreign exchange rates. During the year ended 31 December 2021, the Group did not use any derivative financial instruments to hedge against the volatility associated with foreign currency denominated borrowings. The Group's management will continue to closely monitor fluctuations in foreign exchange rates and actively take corresponding measures to minimise foreign currency risks.

### *Contingent Liabilities*

As at 31 December 2021, the Group had the following contingent liabilities:

	<b>2021</b> <b>RMB'000</b>	2020 RMB'000 (Restated)
Mortgage guarantees provided to customers	<b>11,284,483</b>	11,041,907
Financial guarantees provided to joint ventures	<b>2,861,227</b>	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.

As at 31 December 2021, the Group provided guarantees to the extent of RMB2,861,227,000 (2020: RMB300,000,000) in respect of credit facilities granted to a joint venture.

### *Significant Investments Held, Material Acquisitions and Disposals*

Jiayuan Services Holdings Limited (stock code: 1153) ("Jiayuan Services"), a subsidiary of the Company, was listed on the Main Board of the Stock Exchange on 9 December 2020. The spin-off of Jiayuan Services and the issuance of additional 11,709,000 shares of Jiayuan Services pursuant to the partial exercise of the Over-allotment Option on 6 January 2022, constituted a deemed disposal by the Company of its interest in Jiayuan Services. Currently, the Company is interested in an aggregate of approximately 73.6% of the total issued share capital of Jiayuan Services. For details, please refer to the prospectus of Jiayuan Services dated 27 November 2020 and the announcement of the Company dated 3 January 2021.

On 30 June 2021, the Company completed the major acquisition of 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. For details, please refer to the announcements of the Company dated 13 January 2021, 25 February 2021 and 30 June 2021 and the circular of the Company dated 26 February 2021.

Save as disclosed above, there were no significant investments held and no other material acquisition or disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2021.

### **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. Save as disclosed above, the Group did not have any future plans for material investments as at the date of this announcement.

### **Employees, Remuneration Policies and Share Option Scheme**

As at 31 December 2021, the Group had approximately 8,285 employees (as at 31 December 2020: 7,137 employees). For the year ended 31 December 2021, the Group incurred employee costs of approximately RMB678 million (as at 31 December 2020: approximately RMB598 million). Remuneration for the employees generally includes salary and performance-based bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans, including pension insurance, medical insurance and personal injury insurance. The Company adopted a share option scheme on 12 February 2016 to provide incentives for eligible employees. The Group also provides training to its employees from time to time to enhance their relevant skills and knowledge.

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

There was no forfeited contribution utilized to offset employers' contributions for the year ended 31 December 2021, and there was no forfeited contribution available to reduce the contribution payable in the future years as at 31 December 2021.

## **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 shareholders and to enhance corporate value and accountability. The Board is committed to achieving high corporate governance standards.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”) as the basis of the Company’s corporate governance practices.

The Company has complied with all the code provisions as set out in the CG Code for the year ended 31 December 2021.

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 year ended 31 December 2021.

No incident of non-compliance of the Code of Conduct by the relevant employees was noted by the Company for the year ended 31 December 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 relevant employees in advance.

## **REVIEW OF CONSOLIDATED FINANCIAL INFORMATION**

The audit committee of the Company (the “Audit Committee”) has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the annual results and the audited consolidated financial statements for the year ended 31 December 2021. The Audit Committee has also reviewed the effectiveness of the internal control system, financial reporting system and risk management system of the Group and considers such systems to be effective and adequate.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

## **FINAL DIVIDEND**

The Board of Directors did not recommend the payment of final dividend for the year ended 31 December 2021 (2020 final dividend: HK15.5 cents per share).

## **ANNUAL GENERAL MEETING**

The forthcoming annual general meeting of the Company will be held on Thursday, 9 June 2022 (the "AGM") and the notice of the AGM will be published and despatched to the Shareholders in the manner as required by the Listing Rules in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

To ensure the eligibility to attend and vote at the AGM, the register of members of the Company will be closed on the following dates:

### **For ascertaining Shareholders' right to attend and vote at the AGM:**

Latest time to lodge transfers	:	4:30 p.m. on Thursday, 2 June 2022
Book closure dates	:	Monday, 6 June 2022 to Thursday, 9 June 2022 (both days inclusive)
Record date	:	Thursday, 9 June 2022

To be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest time.

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

During the year ended 31 December 2021, the Company redeemed (i) part of its USD262,500,000 13.75% senior notes due March 2022 in the aggregate principal amount of USD129,870,000; (ii) part of its USD115,000,000 11.375% senior notes due May 2022 in the aggregate principal amount of USD12,000,000; and (iii) part of its USD327,500,000 13.75% senior notes due February 2023 in the aggregate principal amount of USD151,785,000.

The Company cancelled the repurchased senior notes in accordance with the terms of the notes and indentures. After cancellation, as at 31 December 2021, (i) the aggregate principal amount of the 13.75% senior notes due March 2022 that remains outstanding is USD132,630,000; (ii) the aggregate principal amount of the 11.375% senior notes due May 2022 that remains outstanding is USD103,000,000; and (iii) the aggregate principal amount of the 13.75% senior notes due February 2023 that remains outstanding is USD175,715,000.

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 year ended 31 December 2021.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This announcement of annual results has been published on the websites of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.jiayuanintl.com](http://www.jiayuanintl.com). The 2021 Annual Report for the year ended 31 December 2021 containing all the information required by Appendix 16 to the Listing Rules will be despatched to the Shareholders and available on the same websites in due course.

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

Hong Kong, 30 March 2022

*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.*