

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

JOVAN 佳源
Jiayuan International Group Limited
佳源國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2768)

ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

On 8 July 2022 (after trading hours), the Company and eight (8) Subscribers entered into the Subscription Agreement, pursuant to which, the Company agreed to issue and the Subscribers agreed to subscribe, on a several but not joint basis, for the Convertible Bonds in the aggregate principal amount of HK\$667,080,000.

The gross proceeds and the net proceeds from the issue of the Convertible Bonds will be approximately HK\$667.1 million and HK\$666.3 million, respectively. The Company intends to use the net proceeds for the repayment of the principal and/or interest of certain existing liabilities of the Company and as general working capital of the Company. The Conversion Shares will be issued and allotted under the General Mandate upon conversion of the Convertible Bonds. Assuming full conversion of the Convertible Bonds at the initial conversion price of HK\$0.68, the Convertible Bonds will be convertible into 981,000,000 Conversion Shares (subject to adjustments set out in the conditions of the Convertible Bonds), representing approximately 16.50% of the issued share capital of the Company as at the date of this announcement and approximately 14.16% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the Convertible Bonds (assuming there is no change in the issued share capital of the Company other than the issue of the Conversion Shares since the date of the Subscription Agreement up to the date of the full conversion of the Convertible Bonds).

An application will be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares, which may be issued and allotted upon conversion of the Convertible Bonds. No listing application will be made for the Convertible Bonds on the Stock Exchange or any other stock exchange.

Shareholders and potential investors should note that completion of the Subscription Agreement is subject to the fulfilment of the conditions precedent thereunder. As the issue of the Convertible Bonds may or may not proceed, Shareholders and potential investors should exercise caution when investing or dealing in the securities of the Company. You are recommended to consult your own professional or financial advisers if you are in any doubt as to your investment positions.

ISSUE OF CONVERTIBLE BONDS

On 8 July 2022 (after trading hours), the Company and eight (8) Subscribers entered into the Subscription Agreement, pursuant to which, the Company agreed to issue and the Subscribers agreed to subscribe, on a several but not joint basis, for the Convertible Bonds in the aggregate principal amount of HK\$667,080,000.

The Subscription Agreement

Date

8 July 2022

Parties:

The Company (as issuer) and eight (8) Subscribers (as subscribers).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Subscribers and their ultimate beneficial owner(s) (in the case of corporate Subscribers) is a third party independent of the Company and its connected persons.

Completion

The Completion will take place on the Issue Date, which shall be a date as early as practicable after the completion conditions below are fulfilled (or waived in accordance with the terms of the Subscription Agreement) and no later than 30 September 2022, unless otherwise agreed by the Subscribers and the Company.

Completion Conditions

- (1) Completion is conditional upon the following conditions being fulfilled (or waived in accordance with (2) below) to the satisfaction of the Subscribers:
 - (a) the Transaction Documents shall have been in substantially agreed form and shall have been duly executed;
 - (b) the Company shall have obtained all necessary consents, authorisations and approvals in relation to the Transaction Documents and transactions contemplated thereunder, including but not limited to, the approval of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares and such consents, authorisations and approvals shall remain in full force and effect and shall not have been revoked or amended in a manner not acceptable to the Subscribers;

- (c) the Company shall have passed all the necessary resolutions of the board of directors of the Company approving, inter alia, the terms of, and the transactions contemplated by, the Transaction Documents and resolving that it executes the Transaction Documents to which it is a party and such resolutions shall remain in full force and effect and shall not have been revoked or amended in a manner not acceptable to the Subscribers;
 - (d) at the Issue Date, there shall not be an event existing or having occurred or a condition in existence which would (had the Convertible Bonds already been issued) constitute an Event of Default; and
 - (e) at the Issue Date, (i) the Warranties shall be true, accurate and correct at, and as if made on, such date; (ii) the Company shall have performed all of its obligations under the Subscription Agreement expressed to be performed on or before such date.
- (2) The Subscribers may, to such extent as they think fit and are legally entitled to do so, at any time waive in writing any of the conditions set out in (1) above on such terms as they may decide (save for the conditions set out in (1)(a) and (1)(b) above which cannot be waived).

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Convertible Bonds

Subject to certain conditions to Completion, the Company will issue the Convertible Bonds in an aggregate principal amount of HK\$667,080,000 which, unless previously redeemed, converted or purchased and cancelled, will mature on the date falling 364 days from the Issue Date, unless extended at the request of the Company.

Denomination

The Convertible Bonds are issued in registered form and will be in the denominations of HK\$10,000 and integral multiples of HK\$10,000 in excess thereof.

Issue Price of the Convertible Bonds

100% of the aggregate principal amount of the Convertible Bonds.

Interest

The Convertible Bonds will bear interest at a rate of 8% per annum, payable in arrears on the Maturity Date.

Maturity Date

The date falling 364 days from the Issue Date.

Transferability

The Convertible Bonds may be freely assigned or transferred to any third party who has confirmed to the relevant Holder in writing it is not a connected person of the Company within the meaning of the Listing Rules (save that the Convertible Bonds may be assigned or transferred to a connected person when the Company has given its written consent), subject to the compliance with (i) the Conditions; (ii) the Listing Rules; (iii) the approval for listing in respect of the Conversion Shares; and (iv) all applicable laws and regulations.

Ranking of the Convertible Bonds

The Convertible Bonds constitute the direct, unsubordinated, unconditional and unsecured general obligations of the Company and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future direct, unsubordinated, unconditional and unsecured obligations.

Redemption on Maturity

Unless previously redeemed, converted or purchased and cancelled, the Convertible Bonds shall be redeemed at 100% of their principal amount plus accrued but unpaid interest on the Maturity Date.

Conversion right

At any time after the Issue Date and up to and inclusive of one (1) Business Day prior to the Maturity Date, the Holders 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 as determined in accordance with the following formula:

$$N = A/C$$

Where:

“N” is the number of Shares to be issued by the Company upon conversion.

“A” is the principal amount of the Convertible Bonds to be converted.

“C” is the conversion price, as adjusted from time to time.

The Holder shall effect conversions by delivering to the Company a completed notice in the form prescribed in the Convertible Bonds Instrument.

The Conversion Shares, when issued, will in all respects rank *pari passu* with the Shares already in issue on the day when the Conversion Shares are issued.

Conversion Price

The initial conversion price of HK\$0.68 represents:

- (1) a premium of approximately 56.32% to the closing price of HK\$0.435 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (2) a premium of approximately 53.85% to the average closing price of HK\$0.442 per Share as quoted on the Stock Exchange for the last five (5) trading days immediately prior to the date of the Subscription Agreement; and
- (3) a premium of approximately 53.85% to the average closing price of HK\$0.442 per Share as quoted on the Stock Exchange for the last ten (10) trading days immediately prior to the date of the Subscription Agreement.

Accordingly, the initial conversion price of HK\$0.68 is not lower than the benchmarked price (as defined in Rule 13.36(5) of the Listing Rules) of the Shares as required under Rule 13.36(6) of the Listing Rules.

The initial conversion price was determined after arm's length negotiations between the Company and the Subscribers with reference to, among other factors, the prevailing market price of the Shares and the prevailing market condition.

The conversion price at which the Company shall issue the Conversion Shares to the Holders upon conversion of the Convertible Bonds will initially be HK\$0.68 per Share but will be subject to adjustment for, among other matters, sub-division, consolidation and reclassification of Shares, issue of Shares in lieu of the whole or any part of a specifically declared cash dividend, capital distributions, issue of convertible securities, issue of new shares in discount, consideration issues and other dilutive events.

Covenants of the Company

The Company covenants to each Holder that for so long as the Convertible Bonds remain outstanding:

- (i) the Company shall give prompt written notice to each Holder of any Event of Default upon the occurrence thereof;
- (ii) the Company shall not authorise or effect a voluntary liquidation of the Company;
- (iii) the Company shall not in any way modify the rights attached to the Shares (except as contemplated under the Conditions) as a class or attach any special restrictions thereto except for any issue of securities by the Company carrying rights to convert into or subscribe for any Shares;
- (iv) the Company shall procure that at no time shall there be in issue Shares of different nominal amounts other than arising from any consolidation or sub-division of the Shares;

- (v) the Company shall comply with and procure the compliance and fulfilment of all conditions imposed by the Stock Exchange or by any other competent authority (in Hong Kong or elsewhere) for the issue of the Convertible Bonds or the Conversion Shares and shall ensure the continued compliance and fulfilment thereof (provided in each case that each Holder complies with and satisfies all such conditions applicable to it);
- (vi) the Company shall do all that is necessary to maintain in full force and effect any authorisation and/or approval required to enable it to perform its obligations under the Convertible Bonds, and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of the Convertible Bonds;
- (vii) the Company shall use reasonable endeavours to maintain the current listing status of all the existing issued Shares and all the Conversion Shares on the Stock Exchange;
- (viii) other than as expressly provided in the Conditions, the Company shall pay (i) the expenses of the issue of, and all expenses of obtaining listing or trading for, the Conversion Shares arising on conversion of the Convertible Bonds; and (ii) all taxes and/or capital, stamp, issue and registration and transfer taxes and duties payable in respect of the issue of the Convertible Bonds; and
- (ix) the Company shall not make any offer, issue or distribute or take any action the effect of which would be to reduce the conversion price below the nominal amount of the Shares of the Company.

Events of Default

If any Event of Default occurs and is continuing (whether it is voluntary or involuntary, or results from operation of law or otherwise), the Majority Convertible Bondholders shall, during the continuance of the Event of Default, have the right at their sole option (but are not obliged) to require by notice (the “**Default Notice**”) the Company to redeem the Convertible Bonds then outstanding at their principal amount, plus accrued but unpaid interest up to, but excluding, the relevant redemption date.

The occurrence of any one or more of the following events will constitute an “**Event of Default**”:

- (i) the Shares cease to be listed or admitted to trading on the main board of the Stock Exchange (which, for the avoidance of doubt, does not include any trading halt or suspension);
- (ii) it is or will become unlawful for the Company to perform or comply with any of its obligations under the Transaction Documents or would result in any material terms contained in the Conditions be or becoming unenforceable, or would otherwise render the Transaction Documents cease to be legal, valid, binding, enforceable, effective or inadmissible as evidence in court;

- (iii) other than the defaults specified in events (iv) and (v) below, the Company does not perform or comply with one or more of its obligations, covenants, warranties, undertakings or other terms under the Transaction Documents and where such default is incapable of remedy or, if in the opinion of the Holders capable of remedy, is not remedied within sixty (60) Business Days after written notice is delivered by the Holder to the Company;
- (iv) failure by the Company to make any payment of the principal amount or interest or any other amount in respect of the Convertible Bonds in the manner specified in the Conditions within thirty (30) Business Days after the due date of such payment;
- (v) failure by the Company to deliver the required number of Shares as and when such Shares are required to be delivered following conversion of the Convertible Bonds; and
- (vi) any of the representations and warranties made by the Company in the Transaction Documents were judicially determined to be untrue or misleading in any material respect at the time when such representations and warranties were made or repeated.

EQUITY FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

Date of announcement	Fund raising activity	Net proceeds	Proposed use of the net proceeds	Actual use of the net proceeds
22 July 2021	Issue of US\$100,000,000 7.00% convertible bonds due 2025 under the General Mandate	Approximately US\$98,000,000	For refinancing of existing indebtedness in accordance with the green financing framework	The net proceeds has been fully utilised as intended

Save as disclosed above, the Company had not conducted any equity fund raising activities during the past twelve months immediately preceding the date of this announcement.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

Based on the initial conversion price of HK\$0.68 per Share and assuming full conversion of the Convertible Bonds at the initial conversion price, the Convertible Bonds will be convertible into 981,000,000 Shares with aggregate nominal value of approximately HK\$9,810,000, representing approximately 16.50% of the issued share capital of the Company as at the date of this announcement and approximately 14.16% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the Convertible Bonds (assuming there is no change in the issued share capital of the Company other than the issue of the Conversion Shares since the date of the Subscription Agreement up to the date of the full conversion of the Convertible Bonds).

The following table illustrates (i) the shareholding structure of the Company as at the date of this announcement; and (ii) the shareholding structure immediately after the issue of the Convertible Bonds and assuming full conversion of the Convertible Bonds into Conversion Shares:

	As at the date of this announcement <i>(Notes 1 & 3)</i>		Immediately after the issue of the Convertible Bonds and assuming full conversion of the Convertible Bonds into Conversion Shares at the initial conversion price <i>(Notes 1 & 3)</i>	
	<i>No. of shares</i>	<i>% of issued share capital of the Company</i>	<i>No. of shares</i>	<i>% of enlarged issued share capital of the Company</i>
Mr. Shum Tin Ching and his associate <i>(Note 2)</i>	4,206,574,173	70.74	4,206,574,173	60.72
The Subscribers	–	–	981,000,000	14.16
Public Shareholders	1,739,812,550	29.26	1,739,812,550	25.11
Total		100.00		100.00

Notes:

- (1) As at the date of this announcement, the Company has 5,946,386,723 Shares in issue.
- (2) 92,001,718 of these shares are held by Mr. Shum and 4,114,572,455 of these shares are held by Mingyuan Group Investment Limited (“**Mingyuan Investment**”). Mingyuan Investment is directly owned as to 70% by China Jiayuan Group Limited, which is directly wholly-owned by Galaxy Emperor Limited. Galaxy Emperor Limited is directly wholly-owned by Mr. Shum. Therefore, Mr. Shum is entitled to exercise or control the exercise of the voting power of the Shares held by Mingyuan Investment at any general meeting of the Company.
- (3) No account has been taken in relation to the US\$100,000,000 7.00% Green Convertible Bonds Due 2025 issued by the Company on 27 July 2021 which upon exercise in full at the initial conversion price of HK\$3.5 per share, 222,074,285 Shares will be issued and allotted by the Company.

GENERAL MANDATE TO ISSUE SHARES

The Conversion Shares will be issued under the general mandate granted to the Directors at the last annual general meeting of the Company held on 9 June 2022 (the “**General Mandate**”). As at the date of this announcement, the Directors have not exercised the power to allot and issue any Shares pursuant to the General Mandate. Accordingly, as at the date of this announcement, the Company is entitled to issue up to 981,965,829 Shares pursuant to the General Mandate. The Conversion Shares will be issued under the General Mandate. The issue of Conversion Shares is not subject to any approval by the Shareholders.

APPLICATION FOR LISTING

An application will be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares, which may be issued and allotted upon conversion of the Convertible Bonds. No listing application will be made for the Convertible Bonds on the Stock Exchange or any other stock exchange.

REASONS FOR AND BENEFITS OF THE ISSUE OF THE CONVERTIBLE BONDS

The Company will be able to raise funding through the issue of the Convertible Bonds to repay the principal and/or interest of certain existing liabilities of the Company and as general working capital of the Company and to improve the liquidity of the Company in light of the recent liquidity crisis of the real estate sector in the PRC.

On the above premises, the Directors (including the independent non-executive Directors) are of the view that the terms of the Transaction Documents (i) have been negotiated on an arm's length basis; and (ii) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds and the net proceeds from the issue of the Convertible Bonds will be approximately HK\$667.1 million and HK\$666.3 million, respectively. Therefore, the net issue price per Conversion Share is estimated to be approximately HK\$0.679 based on the initial conversion price of HK\$0.68 per Conversion Share assuming the conversion of the Convertible Bonds into the Conversion Shares in full.

The Company intends to use the net proceeds to repay the principal and/or interest of certain existing liabilities of the Company and as general working capital of the Company.

GENERAL

Shareholders and potential investors should note that completion of the Subscription Agreement is subject to the fulfilment of the conditions precedent thereunder. As the issue of the Convertible Bonds may or may not proceed, Shareholders and potential investors should exercise caution when investing or dealing in the securities of the Company. You are recommended to consult your own professional or financial advisers if you are in any doubt as to your investment positions.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or a Sunday or public holiday) on which licensed banks in Hong Kong are open for business

“Company”	Jiayuan International Group Limited, a company incorporated under the laws of the Cayman Islands with limited liability and whose Shares are listed and traded on the Main Board of the Stock Exchange (stock code: 2768)
“Completion”	the completion of the subscription of the Convertible Bonds
“Conditions”	the terms and conditions of the Convertible Bonds
“Conversion Shares”	Shares to be issued and allotted by the Company upon conversion of the Convertible Bonds
“Convertible Bonds”	8% senior convertible bonds in the aggregate principal amount of HK\$667,080,000 proposed to be issued by the Company
“Convertible Bonds Instrument”	the instrument to be executed by the Company constituting the Convertible Bonds
“Directors”	directors of the Company
“General Mandate”	has the meaning ascribed thereto under the section headed “General Mandate to Issue Shares”
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“Holder(s)”	a person (persons) in whose name(s) the Convertible Bonds are registered in the register of holders of Convertible Bonds (or in the case of joint holders, the first named thereof)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Date”	the date on which the Convertible Bonds are issued, which shall be no later than 30 September 2022 unless otherwise agreed by the Company and the Subscribers
“Issue Price”	100% of the aggregate principal amount of the Convertible Bonds
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Majority Convertible Bondholder(s)”	the Holder(s) of at least 75% in principal amount of the Convertible Bonds then outstanding

“Maturity Date”	the date falling 364 days from the issue date of the Convertible Bonds
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Taiwan and Macau
“Shareholders”	the holder(s) of the Shares
“Shares”	the ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	the eight (8) subscribers under the Subscription Agreement, who agreed to subscribe, on a several but not joint basis, for the Convertible Bonds
“Subscription Agreement”	the subscription agreement dated 8 July 2022 and entered into among the Company and the Subscribers in relation to the subscription of the Convertible Bonds
“Transaction Documents”	the Subscription Agreement, the Convertible Bond Instrument and the certificates issued to the Holders in respect of their registered holding of the Convertible Bonds
“Warranties”	the representations, warranties and undertakings by the Company as set out in the Subscription Agreement
“%”	per cent.

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

Hong Kong, 8 July 2022

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Yi, Mr. Huang Fuqing and Ms. Cheuk Hiu Nam, the non-executive directors of the Company are Mr. Shum Tin Ching, Mr. Shen Xiaodong and Mr. Yu Anqi and the independent non-executive directors of the Company are Dr. Cheung Wai Bun, Charles, Mr. Gu Yunchang, Mr. Lin Shaoyong and Ms. Su Ling.