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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Jiayuan International Group Limited**, you should at once hand this to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

MAJOR TRANSACTION

ACQUISITION OF MACAU LAND

13 October 2017

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II – PROPERTY VALUATION REPORT	II-1
APPENDIX III – GENERAL INFORMATION	III-1

DEFINITIONS

In this circular, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Acquisition”	the acquisition of the Macau Land by the Purchaser from the Seller on the terms and conditions of the Sale and Purchase Agreement
“Board”	the board of Directors
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Company”	Jiayuan International Group Limited (佳源國際控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 2768)
“Completion”	completion of the Acquisition pursuant to the Sale and Purchase Agreement
“Completion Date”	30 November 2017, or such other date as the Seller and the Purchaser may agree in writing
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Kwan Wai Lam (關偉霖)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land Exchange”	has the meaning ascribed thereto under the paragraph headed “Sale and Purchase Agreement – Subject matter” in this circular
“Latest Practicable Date”	10 October 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macao Special Administrative Region of the PRC
“Macau Government”	the government of Macau
“Macau Land”	two parcels of land located at Taipa District of Macau as further described in the paragraphs headed “Sale and Purchase Agreement – Subject matter” and “General Information of the Parties to and Subject Matter of the Transaction – Macau Land” in this circular, respectively
“Macau Land Owner”	the registered owner of the Macau Land from time to time, being the Seller prior to Completion and the Purchaser upon Completion
“Mingyuan Investment”	Mingyuan Group Investment Limited (明源集團投資有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability and one of the controlling shareholders of the Company
“PRC”	the People’s Republic of China, which for the purposes of this circular only (unless otherwise indicated), excludes Hong Kong, Macau and Taiwan
“Prospectus”	the prospectus of the Company dated 26 February 2016
“Purchaser”	Xiangyuan Property Development Limited (祥源地產開發有限公司), a company incorporated under the laws of Macau with limited liability on 21 August 2017 and an indirect wholly-owned subsidiary of the Company
“Replacement Land”	has the meaning ascribed thereto under the paragraph headed “Sale and Purchase Agreement – Subject matter” in this circular
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the promissory sale and purchase agreement dated 6 September 2017 entered into between the Seller, the Purchaser and the Guarantor in respect of the Acquisition

DEFINITIONS

“Seller”	San Kin Tai Property Development Limited (新建泰置業有限公司), a company incorporated under the laws of Macau with limited liability
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

LETTER FROM THE BOARD



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)

Non-executive Director:

Mr. Shum Tin Ching (*Chairman*)

Executive Directors:

Mr. Huang Fuqing (*Vice Chairman*)

Ms. Cheuk Hiu Nam (*Chief Executive Officer*)

Mr. Wang Jianfeng

Independent non-executive Directors:

Mr. Tai Kwok Leung, Alexander

Dr. Cheung Wai Bun, Charles, JP

Mr. Gu Yunchang

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Xuanwu District
Nanjing
PRC

Headquarters:

Room 1403, 9 Queen's Road Central
Hong Kong

13 October 2017

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

ACQUISITION OF MACAU LAND

INTRODUCTION

Reference is made to the announcement of the Company dated 6 September 2017 in relation to the acquisition of Macau Land. The purpose of this circular is to provide you with, among other things, (i) further details regarding the Acquisition; (ii) the property valuation report; and (iii) other disclosures required under the Listing Rules.

LETTER FROM THE BOARD

ACQUISITION OF MACAU LAND

The Board is pleased to announce that on 6 September 2017 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, the Seller and the Guarantor entered into the Sale and Purchase Agreement, pursuant to which, the Purchaser agreed to purchase and the Seller agreed to sell two parcels of land located at Taipa District of Macau for a consideration of HK\$3,510 million.

SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date

6 September 2017

Parties

- (a) the Purchaser, as purchaser
- (b) the Seller, as seller
- (c) the Guarantor, as personal guarantor of certain obligations

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Seller, its ultimate beneficial owners and the Guarantor are third parties independent of and not connected with the Company and its connected persons.

Subject matter

Two parcels of land located at Taipa District of Macau and registered under the name of the Seller as the sole legal and beneficial owner (the “**Macau Land**”), being:

- (a) Lot TN20 located at San Chai Village, Taipa District of Macau with a site area of approximately 2,323 square metres with unlimited land use term designated for private property (私有產權地); and
- (b) Lot TN24 located at San Chai Village, Taipa District of Macau with a site area of approximately 3,274 square metres with unlimited land use term designated for private property (私有產權地).

As part of town planning initiative proposed by the Macau Government in Taipa area, the Macau Land as well as neighbouring land parcels are required to be surrendered to and regranted by the Macau Government for town development. According to the urban condition plans (規劃條件圖) issued by the relevant department of the Macau Government in July 2015, the Macau Land Owner will surrender the Macau Land to the Macau Government in exchange

LETTER FROM THE BOARD

for a grant by the Macau Government (the “**Land Exchange**”) of a leasehold land with a total site area of approximately 3,826 square metres designated for urban land use (都市用地) at the same location (the “**Replacement Land**”), by way of a land grant contract to be entered into between the Macau Government and the Macau Land Owner. Upon regrant, the Replacement Land will be located at the same site of the Macau Land other than the realignment of lot boundaries and surrender of a net site area of approximately 1,771 square metres to the Macau Government for public amenities. The Replacement Land of Lot TN20 and Lot TN24 will have a plot ratio of 13 times and 11 times, respectively, and they will have an initial concession period of not more than 25 years, which is renewable for successive terms of not more than 10 years each upon the expiry of each concession period.

As at the Latest Practicable Date, the Macau Land is currently occupied as scrap yard for dumping of scrap vehicles by the Seller. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the scrap yard has been occupied by the Seller for self-use. As confirmed by the Seller, no revenue and profit has been generated from the operation of the scrap yard. The Company does not intend to continue the operation of the scrap yard after Completion. At Completion, the Seller is expected to deliver vacant possession of the Macau Land. It is the intention of the Company to carry out property development on the Replacement Land upon successful Land Exchange, according to the construction plan proposal (建築計劃草案) in respect of the Land Exchange submitted by the Seller (being the current Macau Land Owner) to the Macau Government in June 2017. The Company intends to take on and follow the construction plan proposal as submitted to the Macau Government and does not expect to make any major changes to the proposal.

According to the construction plan proposal, it is proposed that the Replacement Land will be developed into two 26-storey residential buildings erected over a 4-storey retail, clubhouse and social facilities podium as well as a 4-level basement carpark. The proposed property development project will have one phase with a total gross floor area of approximately 60,969 square metres and a total saleable area of approximately 33,113 square metres and ancillary area of approximately 4,408 square metres. The following table sets out the saleable area with breakdown by uses and the projected selling price of the proposed property development project:

Use	Saleable Area (in square metres)	Projected selling prices (in HK\$)
Residential	26,747.59	HK\$200,000–HK\$214,300 per square metre
Commercial	6,365.51	HK\$353,082–HK\$381,168 per square metre

LETTER FROM THE BOARD

	Ancillary Area (in square metres)	Projected selling prices (in HK\$)
Carpark	4,408.05 (providing 270 private car parking spaces and 107 motor parking spaces)	HK\$1,500,000– HK\$2,000,000 per car parking space HK\$200,000–HK\$300,000 per motor parking space

The construction plan proposal is subject to review and final approval by the Macau Government. The Company understands that, after consulting with the professional architect engaged by the Company, in general, the Macau Land Owner is expected to address to the relevant Macau Government departments on standard enquires such as the design and direction of the buildings, fire safety compliance, building compliance, road planning and common facilities etc. During the review process, the Macau Land Owner has the right to revise the construction plan proposal on its own initiative or according to requests from the Macau Government. Upon successful review and approval by the Macau Government, a land grant contract for the leasehold grant of the Replacement Land will be entered into between the Macau Government and the Macau Land Owner. The Company understands that the review to be a regular procedure for the Land Exchange. As at the Latest Practicable Date, the Company does not expect there to be any impediments for the Land Exchange. As at the Latest Practicable Date, the Macau Government and the Seller have not entered into a land grant contract for the leasehold grant of the Replacement Land. It is expected that the Land Exchange will take place in or around March 2018, subject to the final approval by the Macau Government.

Upon successful grant of the Replacement Land under the Land Exchange, the Company plans to commence the construction on the Replacement Land in the third quarter of 2018 and the construction is expected to be completed by the end of 2021. Subject to the then prevailing market conditions, it is expected that the properties will be offered for pre-sale in or around the second half of 2019.

Leveraging on the Group's profound knowledge and substantial experience in property development in the PRC including property construction, financing and marketing, it is the Company's strategy to further expand into the property development business in Macau, which would complement the Company's current core business. While the Group does not have prior experience for the property development in Macau, the Group intends to leverage on the management's substantial experience in general property development and to engage local licensed professionals and contractors to manage the property development project on the Replacement Land. The Company will appoint local professional team including architects, quantity surveyors, engineering consultants and project coordinators to monitor and operate the property development project in Macau. Mr. Huang Fuqing and Mr. Wang Jianfeng, being executive Directors who have more than 18 and 26 years of experience in the real estate development industry in the PRC, respectively, will oversee and supervise the local professional team in the Macau property development. Given the property development flow

LETTER FROM THE BOARD

in the PRC and Macau will be similar which involves planning and design, construction, sales of the properties, the Group believes the abundant industry experience and project management experience possessed by Mr. Huang Fuqing and Mr. Wang Jianfeng in the real estate industry in the PRC will be generally applicable in managing the Macau property development project.

Based on the construction plan proposal, the current estimated total development cost (excluding the consideration for the Acquisition) was approximately HK\$2,730 million, subject to adjustment for the land premium payable for the Land Exchange (if any). The estimated total development cost set out above includes, among others, (i) the construction costs of approximately HK\$1,290 million; (ii) tax expense of approximately HK\$140 million; (iii) finance costs of approximately HK\$700 million; (iv) marketing and selling expenses of approximately HK\$320 million; and (v) design, consulting and administrating expenses of approximately HK\$280 million. The Group currently intends to fund the development cost by way of internal resources and borrowings. The capital expenditure for the property development project on the Replacement Land is estimated to be around HK\$600 million to HK\$700 million each year. As at the Latest Practicable Date, no loan agreement has been entered into by the Company with any banks or financial institutions for the purpose of financing the property development project on the Replacement Land.

Under the Land Exchange, the Replacement Land in place of the Macau Land will carry plot ratios of 13 times and 11 times for urban land use (都市用地). The Directors consider that the development potential and investment return entailed thereof would be higher than that of the Macau Land and therefore they are of the view that the Land Exchange is in the interest of the Company and its Shareholders as a whole. For further details of the Macau Land, please refer to the paragraph headed “General Information of the Parties to and Subject Matter of the Transaction – Macau Land” below.

Consideration

The consideration for the Acquisition is HK\$3,510 million, which shall be payable in cash according to the following schedule:

- (a) HK\$100 million, being an earnest money paid to the Seller, was regarded as the 1st deposit paid on the date of the Sale and Purchase Agreement and will be applied as partial payment of the consideration;
- (b) HK\$251 million, being the 2nd deposit, was paid to the Seller by way of telegraphic transfer on the date of the Sale and Purchase Agreement and will be applied as partial payment of the consideration;
- (c) HK\$351 million, being the 3rd deposit, will be paid to the Seller by way of a cashier order or telegraphic transfer within 30 days from the date of the Sale and Purchase Agreement and will be applied as partial payment of the consideration; and
- (d) HK\$2,808 million, being the remaining balance of the consideration, will be paid to the Seller by way of a cashier order upon Completion.

LETTER FROM THE BOARD

The consideration was arrived at after arm's length negotiation between the Seller and the Purchaser, having taken into account of, among other factors (a) a preliminary appraised value of the Macau Land in the amount of HK\$3,560 million prepared by an independent property valuer engaged by the Company; (b) the current market prices of comparable parcels of land and properties in the nearby area; and (c) the saleable area and projected selling prices of the properties to be developed on the Replacement Land.

As advised by the independent professional valuer, factors including (i) the Replacement Land will be located at the same site of the Macau Land other than the realignment of lot boundaries and surrender of a net site area of 1,771 square metres to the Macau Government for public amenities; and (ii) the Land Exchange and the development potential of the Replacement Land according to the construction plan proposal, have been taken into account in arriving the appraised value of the Macau Land.

The consideration will be funded by the internal resources of the Group and bank and/or other financings.

If the Purchaser fails to perform its obligations under the Sale and Purchase Agreement, the Seller shall have the right to forfeit all deposits paid thereunder. If Seller fails to perform its obligations under the Sale and Purchase Agreement, the Purchaser shall have the right to demand the return of all deposits paid thereunder and a compensation in the amount equivalent to all deposits paid.

Guarantor's undertakings

Subject to certain exceptions set out in the Sale and Purchase Agreement, the Guarantor undertakes to the Purchaser that:

- (a) the total site area and value of the Macau Land to be surrendered to the Macau Government will be higher than those of the Replacement Land to be granted by the Macau Government under the Land Exchange, and hence, no land premium will be required to be paid by the Macau Land Owner in respect of the Land Exchange; and
- (b) in the event that land premium will be required to be paid by the Macau Land Owner in respect of the Land Exchange during the period from the date of the Sale and Purchase Agreement and until the date falling on the expiry of 18 months from the Completion Date, the Guarantor will pay to the Purchaser a sum equivalent to the amount of such land premium, which is subject to a cap of HK\$100 million.

As advised by the professional architect engaged by the Company after making enquiry to the relevant Macau Government department, the Company understands that given the total site area and value of the Macau Land to be surrendered to the Macau Government will be higher than those of the Replacement Land to be granted by the Macau Government under the Land Exchange, it is unlikely that any land premium will be required to be paid by the Macau

LETTER FROM THE BOARD

Land Owner in respect of the Land Exchange. Notwithstanding the above, as further illustrated in paragraph (b) above, the Guarantor has agreed to pay to the Purchaser a sum equivalent to the land premium payable by the Macau Land Owner subject to a cap of HK\$100 million, which is arrived at after commercial negotiation between the Seller and the Purchaser with reference to the top land premium paid for comparable Macau lands in previous land exchange transactions.

Completion

There is no condition precedents for the Completion. Completion shall take place on the Completion Date, being 30 November 2017, or such other date as the Seller and the Purchaser may agree in writing.

GENERAL INFORMATION OF THE PARTIES TO AND SUBJECT MATTER OF THE TRANSACTION

The Group

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

The Purchaser

The Purchaser is a company incorporated under the laws of Macau with limited liability on 21 August 2017 and an indirect wholly-owned subsidiary of the Company. It will be principally engaged in property development in Macau.

The Seller and the Guarantor

The Seller is a company incorporated under the laws of Macau with limited liability and ultimately owned as to 40% by the Guarantor. It is principally engaged in property investment in Macau. As confirmed by the Guarantor, the remaining 60% beneficial interest of the Seller is owned by four individuals, who are independent of and not connected with the Company, the Guarantor and their respective connected persons.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Seller, its ultimate beneficial owners and the Guarantor are third parties independent of and not connected with the Company and its connected persons.

Macau Land

The Macau Land is located at Lot TN20 and Lot TN24 near the Avenida Dr. Sun Yat-Sen in Taipa District of Macau. It is situated at the hub of three sea-crossing bridges, connecting

LETTER FROM THE BOARD

the Macau Peninsula, Zhuhai and Hengqin. The Macau Land is highly accessible by a 3-minute drive from the Macau Taipa Ferry Terminal and a 5-minute drive from the Macau International Airport and Cotal Strip, respectively.

The Macau Land is well equipped with neighbouring infrastructure, public and social amenities as well as renowned school network. While being surrounded by top-tier hotels and shopping arcades, the Macau Land is also facing the Taipa Grande Nature Park with a good living environment.

Taking into account of the Guangzhou-Zhuhai Intercity Railway under construction, which will be extended and connected to the Macau Light Rail Transit upon completion, and the official opening of Zhuhai-Hong Kong-Macau bridge in 2018, the Group believes that there exists a great development potential for the Macau Land.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As disclosed in the interim results announcement of the Company dated 23 August 2017, the Group targets to achieve parallel development in both domestic and overseas property markets. In particular, the Group will seek to make investments in the Pearl River Delta Metropolitan Circle in response to the development plan for a city cluster in the Guangdong-Hong Kong-Macau Bay Area.

The Group believes that the Acquisition represents an excellent investment opportunity for the Group to establish its presence in the Macau property market and enhances its brand influence in the Pearl River Delta Metropolitan Circle. The Acquisition also allows the Group to increase its land reserves in the Guangdong-Hong Kong-Macau Bay Area, which is in line with the Group's strategy and commercial criteria for land development.

The Group considers the recent recovering gambling industry in Macau is a favourable factor in the short or medium term. With the support from the PRC Government under the "One Belt One Road" initiative, Macau will act as one of the important transportation hub in the southern part of the PRC following completion of large-scaled infrastructure and transportation projects such as Hong Kong-Zhuhai-Macao Bridge as well as high-speed railway in the western part of the PRC nearby Macau. The Group believes that the Macau economy will be injected with further momentum as the PRC and Macau markets integrate. Further, it is believed that the mainland and overseas investors' increasing investment sentiment in respect of the Macau property market will also drive up the demand for Macau properties.

On the above premises, the Directors are of the view that the Acquisition is in the ordinary and usual course of business of the Group, on normal commercial terms and fair and reasonable in the interests of the Company and its Shareholders as a whole.

FINANCIAL EFFECTS OF THE ACQUISITION

As the Group will finance the consideration of the Macau Land with the general working capital and bank and other borrowings, the total assets and the total liabilities of the

LETTER FROM THE BOARD

Group will be increased by approximately HK\$1,755 million upon Completion, respectively. Save for the aforesaid financial effects from the Acquisition, the Company considers that there will not be any material effect on the earnings of the Group immediately upon Completion. In view of the future prospects of the property market in Macau, it is anticipated that the Acquisition will improve the Group's trading prospects in the future and the Directors consider the Acquisition will contribute to the revenue and earnings base of the Group upon completion of the property development project on the Macau Land but the quantification of such contribution will depend on the future performance of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

As at the Latest Practicable Date, Mingyuan Investment holds 1,350,000,000 Shares, representing approximately 60.81% of the issued share capital of the Company. The Company obtained a written shareholder's approval dated 6 September 2017 in relation to the Acquisition under the Sale and Purchase Agreement from Mingyuan Investment, which holds more than 50% in nominal value of the Shares giving the right to attend and vote at a general meeting of the Company.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, none of the Shareholders nor any of their respective close associates have any material interest in the Acquisition, and thus, no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition.

Accordingly, no general meeting is required to be held to consider and approve the Acquisition under the Sale and Purchase Agreement pursuant to Rule 14.44 of the Listing Rules.

RECOMMENDATION

The Directors consider that the Acquisition is on normal commercial terms and in the usual course of business of the Group, and that the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LETTER FROM THE BOARD

GENERAL

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of
Jiayuan International Group Limited
Shum Tin Ching
Chairman

1. CONSOLIDATED FINANCIAL STATEMENTS

For details of the audited financial information of the Group for the financial year ended 31 December 2014, please refer to the disclosure in the Prospectus on pages I-1 to I-94 (<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0226/LTN20160226019.pdf>).

For details of the audited financial information of the Group for the financial year ended 31 December 2015, please refer to the disclosure in the 2015 annual report of the Company on pages 42 to 134 (<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0428/LTN201604282138.pdf>).

For details of the audited financial information of the Group for the financial year ended 31 December 2016, please refer to the disclosure in the 2016 annual report of the Company on pages 52 to 152 (<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0407/LTN20170407083.pdf>).

For details of the unaudited interim financial information of the Group for the six months ended 30 June 2017, please refer to the disclosure in the 2017 interim report of the Company on pages 23 to 50 (<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0921/LTN20170921191.pdf>).

All of the above financial statements of the Group were published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.jiayuanintl.com).

2. STATEMENT OF INDEBTEDNESS

As at 31 August 2017, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group's total indebtedness is set out below:

	Range of effective interest rate	<i>RMB'000</i>
Bank loans, secured, guaranteed	1.89% to 9.00%	1,480,604
Trust loans, secured		
– Conventional loans, guaranteed	8.50% to 13.00%	3,115,801
Senior notes, secured, guaranteed	8.50% to 9.75%	1,318,120
Other loans, secured, guaranteed	9.50% to 12.9%	<u>629,000</u>
		<u><u>6,543,525</u></u>

The aforesaid secured borrowings of approximately RMB6,544 million were secured by the Group's investment properties, property and equipment, insurance policy, properties under development, properties held for sales, shares of subsidiaries and pledged bank deposits as at 31 August 2017.

As at 31 August 2017, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding guarantees of approximately RMB3,391 million to banks in favour of its customers in respect of the mortgage loans provided by the banks to these customers for the purpose of the Group's properties under development.

Save as disclosed above and apart from intra-group liabilities within the Group and normal trade business, the Group did not have, at the close of business on 31 August 2017, any other debt securities issued and outstanding or agreed to be issued, bank borrowings, other borrowings and indebtedness, bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchases commitments, finance lease obligation, mortgages and charges, guarantees or material contingent liabilities.

3. WORKING CAPITAL

After due and careful enquiry, the Directors are of the opinion that, taking into account the Group's ability to generate adequate financing and operating cash flows through successful renewal of its borrowings upon expiry, successful securing of the financing from banks with repayment terms beyond twelve months from the date of this circular and other short-term or long-term financing, and the effect of the Acquisition, and in the absence of unforeseeable circumstances, the Group will have sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, being the date to which the latest published audited financial statements of the Company were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In the financial year ending on 31 December 2017, the Group will continue to engage in the development and sale of residential and commercial properties and the leasing of commercial properties owned or developed by the Group.

The following table sets out a summary of the Group's properties under development by projects as of 30 June 2017:

Project	Project Type	Expected Completion Date	Site Area (in square metres)	Ownership Interest %
Yangzhou				
1. Jiayuan Centurial City 佳源世紀天城	Mixed Use	2022Q4	214,206	100%
2. Centurial Honour Mansion 世紀天城 • 榮御府	Mixed Use	2022Q4	167,810	100%
3. Jiayuan Centurial Rose Garden 世紀玫瑰園	Residential	2019Q2	143,822	70%
Nanjing				
1. Zijin Mansion 紫金華府	Residential	2018Q4	339,008	100%
Taixing				
1. Venice Metropolis 威尼斯城	Residential	2022Q3	660,576	100%
2. Huangqiao Jiayuan Central Plaza 黃橋佳源中心廣場	Mixed Use	2018Q2	123,940	100%
3. Jiayuan New World 新天地	Mixed Use	2018Q2	190,802	100%
4. Guxi Jiayuan Central Plaza 古溪佳源中心廣場	Mixed Use	2019Q3	83,048	100%
Taizhou				
1. Oriental Paris City 東方巴黎城	Residential	2018Q3	231,702	100%
2. Taizhou Jiayuan Central Plaza 泰州佳源中心廣場	Mixed Use	2018Q4	15,702	100%
Taicang				
1. Jiayuan Harbourview 海藝豪庭	Residential	2020Q2	52,989	100%

Project	Project Type	Expected Completion Date	Site Area (in square metres)	Ownership Interest %
Suqian				
1. Suqian Park Number One 宿遷公園一號	Residential	2018Q2	126,183	90%
Siyang				
1. Paris Metropolis 巴黎都市	Residential	2019Q4	220,520	90%
2. Rome Metropolis 羅馬都市	Residential	2020Q4	302,505	100%
3. The Bund Number One 外灘一號	Residential	2020Q4	83,991	100%
Changzhou				
1. Xueyan Jiayuan Central Plaza 雪堰佳源中心廣場	Mixed Use	2018Q4	58,601	100%
Nantong				
1. Jiayuan Metropolis 佳源都市	Residential	2019Q2	198,434	100%
Zhenjiang				
1. Jiayuan Paris Metropolis 佳源巴黎都市	Residential	2019Q2	119,607	100%
Shenzhen				
1. Shenzhen Dingxi 深圳鼎曦	Residential	2020Q2	4,940	100%
2. Shenzhen Songling 深圳松齡	Residential	2021Q2	4,281	49%
Total			3,342,667	
Total Attributable GFA			3,262,667	

The aggregate contracted sales of the Group from January 2017 to August 2017 amounted to approximately RMB4,799 million and the aggregate contracted sales area for the same period amounted to approximately 566,915 square metres. As at 30 June 2017, the Group had a total shareholders' funds of approximately RMB4,821 million with bank balances and cash of approximately RMB3,345 million. The Directors expect that the Group will continue to maintain a stable financial position to support the business operations.

The Group will leverage the resources of the Jiayuan brand with a wealth of development experience and operating base to explore more potential investment and acquisition opportunities. The Group will continue to capture market developments and further expand its business footprint in Hong Kong and Macau Bay Area, so as to achieve synergistic effects in terms of operation effectiveness and branding.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular issued by Vigers Appraisal and Consulting Limited, an independent professional valuer, in connection with the valuation of the Macau Land as at 6 September 2017.

Vigers Appraisal and Consulting Limited*International Property Consultants*

10/F, The Grande Building,

398 Kwun Tong Road, Kowloon, Hong Kong

Tel: (852) 2342-2000 Fax: (852) 3101-9041 E-mail: gp@vigers.comwww.Vigers.com

13 October 2017

Jiayuan International Group Limited**The Board of Directors**

Unit 1403, 9 Queen's Road Central,

Central,

Hong Kong

Dear Sirs,

We refer to the recent instruction from **Jiayuan International Group Limited** (the “**Company**”) and its subsidiaries (together referred to as the “**Group**”) to **Vigers Appraisal and Consulting Limited** (hereinafter referred to as “**we**” or “**Vigers**”) to assess the capital value of the property on a market value basis to be acquired by the Group as a vacant site for future development purpose. We confirm that we have inspected the property, conducted “*Informação por Escrito do Registo Predial*” (“**Written Information of the Land Registry**”) (“*物業登記書面報告*”) at the “*Conservatória do Registo Predial*” (“**Land Registry Office**”) (“*物業登記局*”) in Macao Special Administrative Region (“**Macao**”), made relevant enquiries and investigations as well as obtained such further information as we consider necessary for the purpose of providing our opinion of value of the property as at 6 September 2017 (the “**Date of Valuation**”).

Basis of Value

Our valuation is our opinion of market value of the property which is defined as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”. Our valuation has been prepared in accordance with “The HKIS Valuation Standards (2012 Edition)” published by The Hong Kong Institute of Surveyors (“**HKIS**”), “RICS Valuation - Global Standards 2017” published by the Royal Institution of Chartered Surveyors (“**RICS**”), relevant provisions in the Companies Ordinance and the “Rules

Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (Main Board) published by “The Stock Exchange of Hong Kong Limited” (“**HKEx**”). The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

Valuation Approach

In our valuation, we have assessed the property by market approach. As defined in the “International Valuation Standards 2017” published by the International Valuation Standards Council (“**IVSC**”), the market approach “provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available”. In our valuation, we have assessed the property by comparison method of valuation whereby comparisons based on actual sales transactions and/or offering of comparable properties in the locality on a unit selling price basis have been made. Comparable properties with similar character are analysed and carefully weighed against all respective advantages and disadvantages of the property in order to arrive at a fair comparison of value.

Title Investigations

We have conducted “Informação por Escrito do Registo Predial” at the “Conservatória do Registo Predial” but we have not searched the original documents to ascertain ownership nor to verify any lease amendments which may not appear on the copies handed to us. All documents have been used for reference purposes and all dimensions, measurements and areas are therefore approximations.

Valuation Consideration

An external inspection to the property and surrounding environment, but not in any form of a building survey, was carried out by **Sr Franky C. H. WONG** MSc(RealEst) MCIM MRICS MHKIS RPS(GP) RICS Registered Valuer on 31st August 2017. During the course of our inspection, the property was temporarily occupied as scrap yard and associated use and was pending for future property development as at the date of inspection. However, no structural survey nor test on any of the services has been made and we are therefore unable to report as to whether the property is free from rot, infestation or other structural or non-structural defect. We have carried out inspections and investigations to the property which is considered professionally adequate for the purpose of our valuation. But we must stress that the inspection and investigation conducted is not equivalent of an inspection conducted by other professional such as building surveyor, structural engineer or electrical engineer other than a general practice surveyor.

Having examined all relevant documents and information, we have relied to a considerable extent on the information given by the Group, in particular planning approvals or statutory notices, easements, land-use system(s), site and floor areas, occupancy status as well as in the identification of the property. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group, and we have been advised by the Group that no material fact has been omitted from the information so given. We have not carried out detailed on-site measurement to verify the correctness of the site and floor areas of the property but we have assumed that the site and floor areas shown on the documents and/or information handed to us are accurate and reliable. All dimensions, measurements and areas included in our valuation report are based on the information contained in the documents provided to us by the Group and are therefore approximations.

Valuation Assumptions

Our valuation has been made on the assumption that the property can be sold in the prevailing market in existing state on a vacant possession basis suitable for future property development use without the effect of any deferred term contract(s), leaseback(s), joint venture(s), management agreement(s) or any other similar arrangement(s) which may serve to affect the value of the property, unless otherwise noted or specified. In addition, no account has been taken into of any option or right of pre-emption concerning or affecting the sale of the property.

In our valuation, we have assumed that the owner of the property has free and uninterrupted rights to use and assign the property subject to the payment of usual land-use fee(s).

We had carried out on-site inspections to the property but no soil investigation has been carried out to determine the suitability of ground conditions or services for any property development erected or to be erected on the property. Our valuation has been carried out on the assumption that these aspects are satisfactory. We have also assumed that all necessary consent(s), approval(s) and licence(s) from relevant government authorities have been or will be granted without onerous condition(s) or delay.

Our valuation of the property is the value estimated without regard to cost(s) of sale or purchase or transaction and without offset for any associated tax(es) or potential tax(es). Any transaction cost(s) or encumbrance(s) such as mortgage(s), debenture(s) or other charge(s) against the property has been disregarded. In our valuation, we have assumed that the property is free from encumbrance(s), restriction(s) and outgoing of an onerous nature which may serve to affect the value of the property.

Other special assumptions for the property have been stated in the valuation certificate, if any.

Remarks

We hereby declare that we are independent of the Group and we are not interested directly or indirectly in any unit or share in any member of the Group. We do not have any right or option whether legally enforceable or not to subscribe for or to nominate persons to subscribe for any unit or share in any member of the Group.

Unless otherwise stated, all monetary amounts stated herein are denoted in the currency of Hong Kong Dollars (“**HK\$**”), the lawful currency of Hong Kong Special Administrative Region (“**Hong Kong**”). If applicable, the exchange rate adopted for Macau Pataca (“**MOP**”), the lawful currency of the Macao, is MOP1.03 to HK\$1.00, which was prevailing as at the Date of Valuation.

We enclose herewith the Valuation Certificate as at 6 September 2017 (the “**Date of Valuation**”).

Yours faithfully,

For and on behalf of

VIGERS APPRAISAL AND CONSULTING LIMITED

Sr David W. I. CHEUNG

MRICS MHKIS RPS(GP) CREA

RICS Registered Valuer

Executive Director

Sr Franky C. H. WONG

MSc(RealEst) MCIM MRICS MHKIS RPS(GP)

RICS Registered Valuer

Director

Note: **Sr David W. I. CHEUNG** is a “Registered Professional Surveyor in General Practice Division” (“**RPS(GP)**”) under the “Surveyors Registration Ordinance” (Cap. 417) in Hong Kong; and is a “RICS Registered Valuer” under the “Valuer Registration Scheme” regulated by the RICS with over 34 years’ valuation experience on properties in various regions including Hong Kong, Macao, the PRC, Taiwan, Japan, Southeast Asia countries, the United Kingdom (“**UK**”), Canada and the United State of America (“**USA**”). Sr CHEUNG has been vetted on the “List of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers” published by the HKIS, and is suitably qualified for undertaking valuations relating to listing exercises. Sr CHEUNG has been employed by Vigers Appraisal and Consulting Limited as a qualified surveyor since 2006.

Graduated from The University of Hong Kong with a Master of Science in Real Estate, **Sr Franky C. H. WONG** is a “Registered Professional Surveyor in General Practice Division” (“**RPS(GP)**”) under the “Surveyors Registration Ordinance” (Cap. 417) in Hong Kong, and is a “RICS Registered Valuer” under the “Valuer Registration Scheme” regulated by the RICS with over 16 years’ valuation experience on properties in various regions including Hong Kong, Macao, the PRC, Taiwan, Japan, Southeast Asia countries, UK and the USA. Sr WONG has been vetted on the “List of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in connection with Takeovers and Mergers” published by the HKIS and “List of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in connection with Takeovers and Mergers” published by RICS Hong Kong, and is suitably qualified for undertaking valuations relating to listing exercises. Sr WONG has been employed by Vigers Appraisal and Consulting Limited as a valuer since 2006 and as a qualified surveyor since 2009.

VALUATION CERTIFICATE

Property to be Acquired for Future Development purpose

Property	General Description	Occupancy Status	Market Value in Existing State as at the Date of Valuation																											
Lot TN20 and Lot TN24, Povoação de Sam Ka N° S/N, Avenida Dr. Sun Yat Sen, Taipa, Em Macau	The property comprises two parcels of land located at Povoação de Sam Ka (Sam Ka Village) N° S/N adjacent to Avenida Dr. Sun Yat Sen (Dr. Sun Yat Sen Avenue) in Taipa of Macao. According to a copy of “Cadastro (Processo 1140/1989)”, the site area of the property is approximately 41,183 square feet (3,826.00 square metres) or thereabout with breakdown shown below.	The property was temporarily occupied as scrap yard and associated use and was pending for future property development as at the date of inspection.	HK\$3,560,000,000 (HONG KONG DOLLARS THREE BILLION FIVE HUNDRED SIXTY MILLION ONLY)																											
N° de Referência (Reference No.): 14023 and 21738																														
	<p>TN20</p> <p>Land Parcel</p> <table border="1"> <thead> <tr> <th></th> <th colspan="2">Site Area</th> </tr> <tr> <th></th> <th>(sq.ft.)</th> <th>(sq.m.)</th> </tr> </thead> <tbody> <tr> <td>A3:</td> <td>19,978 or</td> <td>1,856.00</td> </tr> <tr> <td>A4:</td> <td><u>926 or</u></td> <td><u>86.00</u></td> </tr> <tr> <td>Sub-total:</td> <td>20,904 or</td> <td>1,942.00</td> </tr> </tbody> </table>		Site Area			(sq.ft.)	(sq.m.)	A3:	19,978 or	1,856.00	A4:	<u>926 or</u>	<u>86.00</u>	Sub-total:	20,904 or	1,942.00														
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	<p>The property is held under “Propriedade Privada” (“Private Property”) (“私有產權地”). Upon surrender and re-grant with the Macao Government, the property will have an initial concession period of not more than 25 years, which is renewable for successive terms of not more than 10 years each upon the expiry of each concession period. (Please also refer to Notes. 3 below for further details.)</p>																													

Notes:

1. Pursuant to “Informação por Escrito do Registo Predial”, the current registered owner of the property is COMPANHIA DE FOMENTO PREDIAL SAN KIN TAI, LIMITADA (San Kin Tai Property Development Limited) vide Nos. 119561 G, 313582 G, 175198 G and 176309 G dated 26th August 2005, 2nd September 2016, 28th July 2008 and 3rd September 2008 respectively.
2. Pursuant to “Informação por Escrito do Registo Predial”, the property is subject to the following salient encumbrances:
 - i. AQUI-4/5 (“取得登記-4/5”) Acquisition in favour of the above registered owner for a consideration of MOP6,000,000.00 vide No. 119561 G dated 26th August 2005;
 - ii. AQUI-1/5 (“取得登記-1/5”) Acquisition in favour of the above registered owner for a consideration of HK\$360,000,000.00 vide No. 313582 G dated 2nd September 2016;
 - iii. AQUI-4/5 (“取得登記-4/5”) Acquisition in favour of the above registered owner for a consideration of MOP16,830,845.00 vide No. 175198 G dated 28th July 2008;
 - iv. AQUI-1/5 (“取得登記-1/5”) Acquisition in favour of the above registered owner for a consideration of MOP3,366,169.00 vide No. 176309 G dated 3rd September 2008;
 - v. “Hipoteca Voluntária” (“抵押登記”) Mortgage Voluntary in favour of Banco Tai Fung, S.A. (Tai Fung Bank Limited) to the extent of MOP391,970,000.00 vide No. 141580 C dated 21st September 2012; and
 - vi. “Hipoteca Voluntária” (“抵押登記”) Mortgage Voluntary in favour of Banco Tai Fung, S.A. to the extent of MOP2,063,000,000.00 vide No. 208272 C dated 2nd September 2016 (Prédios Hipotecados (Mortgaged Buildings): 14023 and 21738).
3. As part of town planning initiative proposed by the Macau Government in Taipa area, the Macau Land as well as neighbouring land parcels are required to be surrendered to and regranted by the Macau Government for town development. According to a copy of “Planta de Condições Urbanísticas de Zona do Território Não Abrangida por Plano de Pormenor (Processo No. 88A005)” (“**Layout Plan of Urban Conditions of Zone Not Covered by Detailed Plan (Case no. 88A005)**”) (“未有詳細規劃地區的規劃條件圖 (檔案編號：88A005)”) issued by “Land, Public Works and Transport Bureau” of Macao Government in July 2015, the Macau Land Owner will surrender the Macau Land to the Macau Government in exchange for a grant by the Macau Government (the “**Land Exchange**”) of a leasehold land with a total site area of approximately 3,826 square metres designated for urban land use (都市用地) at the same location (the “**Replacement Land**”), by way of a land grant contract to be entered into between the Macau Government and the Macau Land Owner. Upon regrant, the Replacement Land will be located at the same site of the Macau Land other than the realignment of lot boundaries and surrender of a net site area of approximately 1,771 square metres to the Macau Government for public amenities. The Replacement Land of Lot TN20 and Lot TN24 will have a plot ratio of 13 times and 11 times, respectively, and they will have an initial concession period of not more than 25 years, which is renewable for successive terms of not more than 10 years each upon the expiry of each concession period.
4. According to a copy of “Cadastro (Processo 1140/1989)” (“**Register (Case 1140/1989)**”) (“地籍圖 (檔案 1140/1989)”) prepared by “Cartography and Cadastre Bureau” of Macao Government, a total of 15 land parcels (including the property (namely Parcels A1, A2, A3, A4, C1, C2, C3 & C4) with aggregate site area of about 41,183 square feet (3,826.00 square metres) and neighbouring parcels (namely Parcels B1, B2, B3, D1, D2, D3 and D4)) are to be surrendered and regranted for alignment of lot boundaries as required by the Macao Government in relation to the proposed property development of the property.
5. According to a copy of “Planta de Condições Urbanísticas de Zona do Território Não Abrangida por Plano de Pormenor (Processo No. 88A005)” (“**Layout Plan of Urban Conditions of Zone Not Covered by Detailed Plan (Case no. 88A005)**”) (“未有詳細規劃地區的規劃條件圖 (檔案編號：88A005)”) issued by “Land, Public Works and Transport Bureau” of Macao Government, the Replacement Land is subject to the following salient development conditions:
 - (1) Non-industrial use;
 - (2) Maximum building height = 90.0 metres;

- (3) Plot ratio of Lot TN20 = 13 times (excluding basement carpark area);
 - (4) Plot ratio of Lot TN24 = 11 times (including social facilities area but excluding basement carpark area);
 - (5) Maximum site coverage = 100%;
 - (6) Compliance of “Decreto-Lei n.º 42/89/M” (“**Decree-Law No. 42/89/M**”) (“**第 42/89/M 號法令**”) for Grade “A” and Grade “AM” building(s) as well as provision of motor cycle parking spaces of not less than 25% of private car parking spaces statutorily required;
 - (7) Maximum building height for podium = 15.0 metres;
 - (8) Provision of greenery leisure area of not less than 50% of uncovered area on top of podium in addition to vertical circulation use;
 - (9) Social facilities with provision of separate vertical circulation and separate entrance abutting public street of not less than gross floor area of 2,500 square metres (excluding carpark for social facilities) be provided in podium for Lot TN24; and
 - (10) Carpark for social facilities be provided in accordance with “Decreto-Lei n.º 42/89/M”.
6. The locality is a popular residential area where property developments are mainly in form of mass residential estates such as “Treasure Garden” and “Flower City”. Communal facilities such as park, schools and so on are located nearby. Pedestrian flow along the nearby section of “Avenida Dr. Sun Yat Sen” is considered to be moderate and hence the retail potential along ground floor is regarded as reasonable. Unit selling prices of typical residential units in the area vary from HK\$170,000 to HK\$210,000 per square metre on saleable area basis; unit selling prices of typical street-front ground floor retail units in the area vary from HK\$320,000 to HK\$640,000 per square metre on saleable area basis; unit selling prices of typical car parking spaces in the area vary from HK\$1,500,000 to HK\$2,000,000 per car parking space; and unit selling prices of typical motor parking spaces in the area vary from HK\$200,000 to HK\$300,000 per motor parking space.
7. According to the construction plan proposal and “Ficha Técnica” (“**Technical Information**”) (“**技術資料表**”) provided by the Group, the Replacement Land is proposed to be developed into two 26-storey residential buildings erected over a 4-storey retail, clubhouse and social facilities podium as well as a 4-level basement carpark (providing 270 private car parking spaces and 107 motor parking spaces) expected to be completed in 2021. The proposed development of the property will have a total gross floor area of approximately 656,268 square feet (60,969.38 square metres) and a total saleable area of approximately 356,426 square feet (33,113.10 square metres) with breakdown by uses shown below.

Use	Saleable Area	
	(sq.ft.)	(sq.m.)
Residential:	About 287,908	or 26,747.59
Commercial:	About 68,518	or 6,365.51

Use	Ancillary Area	
	(sq.ft.)	(sq.m.)
Carpark:	About 47,448	or 4,408.05

As advised by the Group, the estimated construction cost is approximately HK\$1,290,000,000 exclusive of land cost, financing cost, government charges, legal and professional fee, inflation of the construction cost or fitting and furniture cost(s).

8. As confirmed by the Group, the property is free from environmental issue such as breach of environmental regulation(s).
9. As confirmed by the Group, the property is free from investigations, notices, pending litigation, breaches of law; and there is no title defects found for the property which could freely be sold, occupied, used, leased out, mortgaged or otherwise by other legal means disposed of as at the Date of Valuation.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors confirm, having made all reasonable enquiries, that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as contained in Appendix 10 to the Listing Rules, were as follows:

(a) Interest in Shares of the Company

Name of Director	Nature of interest	Total number of Shares ⁽¹⁾	Approximate percentage of total shareholding ⁽⁴⁾
Mr. Shum Tin Ching ⁽²⁾	Interest of a controlled corporation	1,350,000,000 (L) ⁽³⁾	60.81%
	Interest of a controlled corporation	600,000,000 (S) ⁽³⁾	27.03%

Notes:

- (1) The letters “L” and “S” denote the Director’s long position and short position in the Shares respectively.
- (2) The disclosed interest represents the interest in the Company held by Mingyuan Investment, which is wholly-owned by Mr. Shum Tin Ching. Therefore, Mr. Shum Tin Ching is deemed to be interested in Mingyuan Investment’s interest in the Company.

- (3) On 29 June 2017, Mingyuan Investment entered into a share mortgage agreement with CCB International Overseas Limited, pursuant to which, Mingyuan Investment agreed to pledge 600,000,000 Shares out of 1,350,000,000 Shares held by it in favour of CCB International Overseas Limited as one of the collaterals for a secured note issued by a company wholly owned by Mr. Shum Tin Ching to CCB International Overseas Limited.
- (4) As at the Latest Practicable Date, the total number of issued Shares of the Company was 2,220,000,000.

(b) Interest in share of Mingyuan Investment

Name of Director	Nature of interest	Total number of shares ⁽¹⁾	Approximate percentage of total shareholding
Mr. Shum Tin Ching	Beneficial owner	1 (L)	100%

Note:

- (1) The letter “L” denotes the Director’s long position in the share of Mingyuan Investment.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(c) Other Directors’ interest

At the Latest Practicable Date, except Mr. Shum Tin Ching being the sole director of Mingyuan Investment, none of the Directors was a director or employee of a company which had or was deemed to have an interest or short position in the Shares or underlying shares in respect of equity derivatives of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS’ INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2016, being the date to which the latest published audited consolidated financial statements of the Group were made up.

4. DIRECTORS' INTERESTS IN CONTRACT OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).

6. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this circular and are or may be material:

- (a) a deed of non-competition dated 12 February 2016 and entered into by Mr. Shum Tin Ching and Mingyuan Investment with and in favour of the Company (for itself and on behalf of its subsidiaries), pursuant to which Mr. Shum Tin Ching and Mingyuan Investment have jointly and severally undertaken not to compete with the business of the Group (the “**Deed of Non-Competition**”);
- (b) a deed of indemnity dated 12 February 2016 and entered into by Mr. Shum Tin Ching and Mingyuan Investment as indemnifiers with and in favor of the Company (for itself and as trustee for the benefit of each of its present subsidiaries) in respect of, among other things, certain indemnities regarding taxation;
- (c) the Hong Kong underwriting agreement dated 25 February 2016 in relation to the Hong Kong Public Offering (as defined in the Prospectus) and entered into by, among others, the executive Directors, Mr. Shum Tin Ching, Mingyuan Investment, the sole global coordinator, the joint bookrunners, the joint lead manager, the co-lead manager, the Hong Kong underwriters and the Company;
- (d) the price determination agreement dated 2 March 2016 entered into between the Company and the sole global coordinator (on behalf of the underwriters) in relation to the determination of the final offer price per offer share issued under the Global Offering (as defined in the Prospectus);

- (e) the international underwriting agreement dated 2 March 2016 in relation to the International Placing (as defined in the Prospectus) and entered into by, among others, the executive Directors, Mr. Shum Tin Ching, Mingyuan Investment, the sole global coordinator, the joint bookrunners, the joint lead managers, the co-lead manager, the international underwriters and the Company;
- (f) a cooperation agreement dated 13 April 2016 and entered into between 南京港源投資諮詢有限公司 (Nanjing Gangyuan Investment Consulting Co., Ltd.*) (“**Nanjing Gangyuan**”) and 揚州香江置業有限公司 (Yangzhou Xiangjiang Property Co., Ltd.*) (“**Xiangjiang Property**”), pursuant to which the parties agreed to implement one of the following transaction structures: (i) Nanjing Gangyuan agreed to acquire and Xiangjiang Property agreed to sell the entire equity interest in 揚州香江新城市中心置業有限公司 (Yangzhou Xiangjiang New City Center Property Co., Ltd.*) (“**Yangzhou Xiangjiang**”), or failing which, (ii) Nanjing Gangyuan agreed to acquire and Xiangjiang Property agreed to sell 49% equity interest in 揚州金鷹新城市中心實業有限公司 (Yangzhou Jinying New City Center Enterprise Co., Ltd.*), details of which are set out in the announcement of the Company dated 13 April 2016;
- (g) a purchase agreement dated 9 September 2016 entered into between the Company as the issuer, Jiayuan Investment Management Limited (“**Jiayuan Investment**”), Guo Xiang Property Co., Limited and Hong Kong Jia Yuan Holdings Limited (“**Hong Kong Jia Yuan**”) as the subsidiary guarantors, and AMTD Asset Management Limited, BOCOM International Securities Limited, Haitong International Securities Company Limited, Zhongtai International Financial Solutions Limited and Zhongtai International Securities Limited (the “**Initial Purchasers**”), pursuant to which and subject to certain conditions contained therein, the Company had agreed to issue and sell to the Initial Purchasers, and the Initial Purchasers had severally and not jointly agreed with the Company to purchase the notes in the respective amounts set forth on Schedule 1 thereto from the Company at the aggregate purchase price of 100% of the aggregate principal amount of the US\$100,000,000 9.75% senior secured notes due 2018;
- (h) an equity transfer agreement dated 17 October 2016 and entered into between Nanjing Gangyuan, an indirect wholly-owned subsidiary of the Company, and Mr. Chen Jianhua and Zi Dian International Investment Limited (“**Zi Dian International**”), pursuant to which Mr. Chen Jianhua and Zi Dian International agreed to transfer the entire equity interest in 恒力房地產南通有限公司 (Hengli Property Nantong Co., Ltd.*) to Nanjing Gangyuan, details of which are set out in the announcement of the Company dated 17 October 2016;

* For identification purpose only

- (i) an investment framework agreement dated 18 November 2016 and entered into between 佳源(深圳)投資諮詢有限公司 (Jiayuan (Shenzhen) Investment Consultancy Co., Ltd.*) (“**Jiayuan (Shenzhen)**”), an indirect wholly-owned subsidiary of the Company, as the purchaser, Mr. Lin Juncheng and Mr. Zhong Shaowei, as the vendors (the “**Vendors**”), the Vendors together with 深圳市春江廬山大酒店有限公司 (Shenzhen Chunjiang Lushan Hotel Co., Ltd.*), as the guarantors and 深圳市鼎曦房地產開發有限公司 (Shenzhen Dingxi Real Estate Development Co., Ltd.*) (“**Shenzhen Dingxi**”), as the target company, which sets out the principal terms in respect of the sale and purchase of the entire equity interest in Shenzhen Dingxi for an estimated consideration of approximately RMB693,400,000, details of which are set out in the announcement of the Company dated 18 November 2016;
- (j) an equity transfer framework agreement dated 30 December 2016 and entered into between Jiayuan (Shenzhen), an indirect wholly-owned subsidiary of the Company, as the purchaser, Ms. Yuan Aiqing and Mr. Xu Yanfeng, as the vendors, and 深圳市松齡實業有限公司 (Shenzhen Songling Industrial Co., Ltd.*) (“**Shenzhen Songling**”), as the target company, which set out the principal terms in respect of the sale and purchase of 49% equity interest in Shenzhen Songling for an initial consideration of RMB610,000,000, details of which are set out in the announcement of the Company dated 30 December 2016;
- (k) a land use right transfer contract dated 12 January 2017 and entered between Yangzhou Xiangjiang, an indirect wholly-owned subsidiary of the Company, and 揚州市江都區國土資源局 (Bureau of Land and Resources of Jiangdu District, Yangzhou City*) (“**Yangzhou Land Bureau**”), pursuant to which Yangzhou Land Bureau agreed to transfer a state-owned construction land use right of Land Plot 2016G13, situated at the intersection of South Side of Wenchang East Road and West Side of Guangzhou Road, Yangzhou City, Jiangsu Province, the PRC to Yangzhou Xiangjiang at a consideration of RMB1,451,000,000, details of which are set out in the circular of the Company dated 25 January 2017;
- (l) a note purchase agreement dated 7 April 2017 and as amended 18 May 2017 entered into among the Company as the issuer, Mr. Shum Tin Ching as the shareholder guarantor, Jiayuan Investment, Guo Xiang Property Co., Limited (“**Guo Xiang**”) and Hong Kong Jia Yuan as the subsidiary guarantors and Harbor Sure (HK) Investments Limited (“**Harbor Sure**”) as the purchaser pursuant to which and subject to certain conditions contained therein, the Company had agreed to issue and sell to Harbor Sure, and Harbor Sure had agreed to purchase the notes from the Company at the aggregate purchase price of 100% of the aggregate principal amount of the US\$50,000,000 8.50% senior secured notes due 7 April 2019;

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- (m) a note purchase agreement dated 18 May 2017 entered into among the Company as the issuer, Mr. Shum Tin Ching as the shareholder guarantor, Jiayuan Investment, Guo Xiang and Hong Kong Jia Yuan as the subsidiary guarantors and Design Time Limited (“**Design Time**”) as the private note holder pursuant to which and subject to certain conditions contained therein, the Company had agreed to issue and sell to Design Time, and Design Time had agreed to purchase the notes from the Company at the aggregate purchase price of 100% of the aggregate principal amount of the US\$50,000,000 8.50% senior secured notes due 19 May 2019;
- (n) a placing agreement dated 6 June 2017 and entered into between Mingyuan Investment, as the vendor, Haitong International Securities Company Limited and Huarong International Securities Limited, as the placing agents (the “**Placing Agents**”), pursuant to which, the Placing Agents agreed to place, on a best effort basis, a total of up to 352,500,000 existing Shares of the Company at the placing price of HK\$3.35 per Share, details of which are set out in the announcement of the Company dated 6 June 2017;
- (o) a subscription agreement dated 6 June 2017 and entered into between Mingyuan Investment and the Company, pursuant to which, Mingyuan Investment agreed to subscribe for up to 352,500,000 new Shares at a price of HK\$3.35 per Share, details of which are set out in the announcement of the Company dated 6 June 2017; and
- (p) the Sale and Purchase Agreement.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any other member of the Group was engaged in any material litigations or claims and no litigations or claims of material importance is pending or threatened against the Company or any member of the Group.

8. DIRECTORS’ INTERESTS IN COMPETING BUSINESS

Mr. Shum Tin Ching is the non-executive Director and the Chairman of the Company, as well as the ultimate owner of a group of real estate development companies (other than members of the Group) (the “**Private Group**”). The core businesses of the Private Group are real estate development in the non-Target Cities (as defined in the Prospectus) in the PRC other than those cities which the Group has operation therein, as more fully described in the section headed “Relationship with the Controlling Shareholder” of the Prospectus. Mr. Shum and Mingyuan Investment entered into the Deed of Non-Competition in favour of the Company pursuant to which Mr. Shum and Mingyuan Investment have jointly and severally undertaken not to compete with the business of the Group.

Further, Mr. Shum is fully aware of, and has been discharging, his fiduciary duty to the Company and has acted and will continue to act in the best interest of the Company and its Shareholders as a whole. Therefore, the Group is capable of carrying on its business independently of, and at arm's length from, the business of the Private Group.

Saved as disclosed above, as at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates had any interest in a business which competes or may compete with the business of the Group, or has or may have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

9. EXPERT AND CONSENT

The following are the qualification of the expert who have given opinions or advice which are contained in this circular:

Name	Qualification
Vigers Appraisal and Consulting Limited	Independent property valuer

As at the Latest Practicable Date, Vigers Appraisal and Consulting Limited had no shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Vigers Appraisal and Consulting Limited did not have any interest, direct or indirect, in any assets which have been, since 31 December 2016 (being the date to which the latest published audited financial statements of the Company) were made up, acquired or disposed of by or leased to, any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Vigers Appraisal and Consulting Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or report (as the case may be) and references to its name in the form and context in which it appears.

10. GENERAL

- (a) Unless otherwise stated, the English text of this circular shall prevail over the Chinese text in case of inconsistency.
- (b) The company secretary of the Company is Mr. Siu Leung Wah. Mr. Siu is a fellow member of the Hong Kong Institute of Certified Public Accountants.
- (c) The registered office of the Company is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

- (d) The principal place of business of the Company in the PRC is situated at No. 59, Gu Jia Ying Road, Xuanwu District, Nanjing, PRC.
- (e) The headquarters of the Company is situated at Room 1403, 9 Queen's Road Central, Hong Kong.
- (f) The principal share registrar of the Company is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (g) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

11. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Room 1403, 9 Queen's Road Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. on any weekday (public holidays excluded) from the date of this circular up to and including the date which is 14 days from the date of this circular:

- (i) the memorandum and articles of association of the Company;
- (ii) the property valuation report, the text of which is set out in Appendix II to this circular;
- (iii) the written consent referred to in the paragraph headed "Expert and Consent" in this appendix";
- (iv) the annual reports of the Company for the two financial years ended 31 December 2015 and 2016;
- (v) the interim report of the Company for the six months ended 30 June 2017;
- (vi) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (vii) the circular of the Company dated 25 January 2017 in relation to acquisition of land use right in Yangzhou City, Jiangsu Province; and
- (viii) this circular.