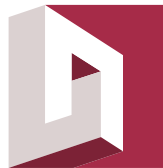


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## **Jiayuan International Group Limited**

**佳源國際控股有限公司**

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

**(Stock Code: 2768)**

### **DISCLOSEABLE TRANSACTION**

## **EQUITY TRANSFER AGREEMENT IN RELATION TO THE ACQUISITION OF THE ENTIRE EQUITY INTEREST IN YANGZHOU YURUN PROPERTY DEVELOPMENT CO., LTD.\***

### **THE EQUITY TRANSFER AGREEMENT**

The Board is pleased to announce that on 16 November 2017 (after trading hours), Nanjing Gangyuan, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Seller in respect of the acquisition of the Equity Interest for a consideration of RMB2,450 million (equivalent to approximately HK\$2,891 million).

### **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 contemplated under the Equity Transfer Agreement exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

### **THE ACQUISITION**

The Board is pleased to announce that on 16 November 2017 (after trading hours), Nanjing Gangyuan, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Seller in respect of the acquisition of the Equity Interest for a consideration of RMB2,450 million (equivalent to approximately HK\$2,891 million).

## **THE EQUITY TRANSFER AGREEMENT**

The principal terms of the Equity Transfer Agreement are set out below:

### **Date**

16 November 2017

### **Parties**

- (a) Nanjing Gangyuan, as purchaser
- (b) the Seller, as seller

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

### **Subject matter**

The Equity Interest, representing the entire equity interest in the Target Company.

The Target Company is wholly owned by the Seller. Following the signing of the Equity Transfer Agreement, the Seller and Nanjing Gangyuan shall proceed to file the industry and commerce registration for the transfer of the Equity Interest with the relevant government authority. Upon completion of the transfer, the Target Company will be accounted for as a wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

The Target Company holds the Yangzhou Projects. Details of the Yangzhou Projects are set out in the paragraph headed “General Information of the Parties to and Subject Matter of the Transaction – The Yangzhou Projects” below.

As at the date of this announcement, the Equity Interest and the lands on which the Yangzhou Projects are located are subject to charges in favour of a financial institution and corporate guarantee(s) has been provided by the Target Company in favour of a banking institution for the benefit of the Seller and/or its affiliates. It is expected such charges and corporate guarantee(s) will be released upon repayment having been made to the financial institution and the banking institution by Nanjing Gangyuan as contemplated under the Equity Transfer Agreement, as more particularised in the paragraph headed “The Equity Transfer Agreement – Consideration” below.

## **Consideration**

The Consideration of RMB2,450 million (equivalent to approximately HK\$2,891 million) shall be paid in the following manner:

- (a) an amount of RMB100.0 million (equivalent to approximately HK\$118.0 million), being the earnest money paid and held in escrow, shall be released to the Seller;
- (b) an amount of RMB1,905.6 million (equivalent to approximately HK\$2,248.6 million) shall be paid to the financial institution and the banking institution as directed by the Seller for repaying and settling outstanding loans and guarantees owed or provided by the Seller;
- (c) an amount of RMB238.5 million (equivalent to approximately HK\$281.4 million) shall be paid to the designated service providers as directed by the Seller for repaying and settling outstanding payables owed by the Target Company in the course of property development and construction; and
- (d) an amount of RMB205.9 million (equivalent to approximately HK\$243.0 million) shall be paid to the Seller or its nominee, of which RMB60.0 million (equivalent to approximately HK\$70.8 million) shall serve as retained payment whereby Nanjing Gangyuan may deduct therefrom any amount representing loss, damages, liabilities or claims incurred by the Target Company on or before completion of the transfer of the Equity Interest which is subsequently identified.

The Consideration was arrived after arm's length negotiation between the Seller and Nanjing Gangyuan, having taken into account of, among other factors (a) the current market prices of comparable parcels of land and properties in the nearby area; (b) the saleable area of the properties developed or to be developed under the Yangzhou Projects and the investment returns to be derived therefrom; and (c) the property market dynamics in Yangzhou City, Jiangsu Province, the PRC.

## **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 (a) the development and sale of residential and commercial properties; (b) 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 (c) the leasing of commercial properties owned or developed by the Group.

## Nanjing Gangyuan

Nanjing Gangyuan is a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally involved in property development.

## The Seller

The Seller is a company established under the laws of the PRC with limited liability. It is principally engaged in property development and management.

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

## The Target Company

The Target Company is a company established under the laws of the PRC with limited liability. It is principally engaged in property development and management.

As at the date of this announcement, the registered capital of the Target Company in the amount of RMB100,000,000 (equivalent to approximately HK\$118,000,000) was fully paid up and entirely held by the Seller.

The following table sets out the financial information of the Target Company as extracted from its unaudited financial statements for the two years ended 31 December 2015 and 2016, respectively.

	Year ended 31 December	
	2015	2016
	<i>Approximately</i>	<i>Approximately</i>
	<i>RMB</i>	<i>RMB</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Net loss (both before and after taxation and extraordinary items)	21,569,066	9,722,750

As at 30 June 2017, the unaudited net asset value of the Target Company was approximately RMB37,550,131 (equivalent to approximately HK\$44,309,155).

## The Yangzhou Projects

The Target Company holds two property development projects located at Guangling District, Yangzhou City, Jiangsu Province, the PRC, which comprise:

- (a) Yangzhou Guangling District Yurun Guifu Project (揚州廣陵區雨潤桂府項目)

Yangzhou Guangling District Yurun Guifu Project is located at the east side of Yunhe North Road, south side of Wutaishan Road, Wenchangge Commercial Circle in the west, Guangling New Town in the east and adjacent to the riverside section in Guangling

District, Yangzhou City, Jiangsu Province. It belongs to the high-end living circle along the canal bund as planned by the Yangzhou Government. The project has a site area of 119,973 sq.m. and a gross floor area of 324,904 sq.m. The development includes low-rise residential blocks, high-rise residential blocks, commercial properties and underground car parking spaces as well as auxiliary facilities. The project is well-positioned and enjoys geographical advantages in Yangzhou City.

- (b) Yangzhou Guangling District Yurun Xingyu Huafu Project (揚州廣陵區雨潤星雨華府項目)

Yangzhou Guangling District Yurun Xingyu Huafu Project is located at the interception of Renmin Road and Yunhe East Road, Guangling District, Yangzhou City, Jiangsu Province, the PRC. It is approximately eight-minute drive to the central commercial zone of Yangzhou City. The project has a site area of 91,722 sq.m and a gross floor area of 253,587 sq.m. The development includes low-rise residential blocks, terraced villas and underground car parking spaces as well as auxiliary facilities. The Company believes that its surrounding communities are maturely developed with abundant educational resources and well-developed public and municipal auxiliary facilities. For example, the construction of the Citizen Central Plaza (市民中心廣場) will be completed soon while certain government departments are expected to establish their office in the district.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

As disclosed in the interim results announcement of the Company dated 23 August 2017, the Group will continue to focus on the development of new projects in the major cities of Jiangsu Province, the PRC.

The Group believes that the Acquisition represents an excellent investment opportunity for the Group to further enhance the influence of Jiayuan Brand in Yangzhou City and better consolidate and utilize the brand advantages of the Group in the region. Meanwhile, the Group can expand its land bank in Jiangsu Province, which is in line with the Group's strategy and commercial criteria for land development and brings synergy to the Group's existing property development projects in the region.

Given the aforesaid reasons and benefits, the Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement and the Acquisition (a) have been negotiated on an arm's length basis; and (b) are on normal commercial terms and fair and reasonable in the interests of the Company and its Shareholders as a whole.

## **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 contemplated under the Equity Transfer Agreement exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, there is no other transaction entered into between any member of the Group, the Seller and their respective ultimate beneficial owner(s) within a 12-month period prior to the date of this announcement or otherwise related, which would be, together with the Acquisition, regarded as a series of transactions and treated as if they are one transaction under Rule 14.22 of the Listing Rules.

## DEFINITIONS

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

“Acquisition”	the acquisition of the Equity Interest by Nanjing Gangyuan from the Seller pursuant to the Equity Transfer Agreement
“Board”	the board of Directors
“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)
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	consideration for the Acquisition pursuant to the Equity Transfer Agreement
“Directors”	the directors of the Company
“Equity Interest”	the entire equity interest in the Target Company
“Equity Transfer Agreement”	an equity transfer agreement dated 16 November 2017 and entered into between the Seller (as seller) and Nanjing Gangyuan (as purchaser) in relation to the Acquisition
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nanjing Gangyuan”	南京港源投資諮詢有限公司 (Nanjing Gangyuan Investment Consulting Co., Ltd.*), a company established under the laws of the PRC with limited liability on 27 May 2015 and an indirect wholly-owned subsidiary of the Company

“PRC”	the People’s Republic of China, which for the purposes of this announcement only, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	江蘇地華房地產開發有限公司 (Jiangsu Dehua Property Development Co., Ltd.*), a company established under the laws of the PRC with limited liability on 16 November 2007
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	the holders of the Shares
“sq.m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rule
“Target Company”	揚州雨潤房地產開發有限公司 (Yangzhou Yurun Property Development Co., Ltd.*), a company established under the laws of the PRC with limited liability on 23 September 2013
“Yangzhou Projects”	two property development projects located at Guangling District, Yangzhou City, Jiangsu Province, the PRC, as further described in the paragraph headed “General Information of the Parties to and Subject Matter of the Transaction – The Yangzhou Projects” in this announcement
“%”	per cent

*For the purpose of this announcement and for illustrative purpose only, RMB is converted into HK\$ at the rate of RMB1: HK\$1.18. No representation is made that any amounts in RMB has been or could be converted at the above rates or at any other rates.*

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

Hong Kong, 16 November 2017

*As at the date of this announcement, the non-executive director of the Company is Mr. Shum Tin Ching; the executive directors of the Company are Mr. Huang Fuqing, Ms. Cheuk Hiu Nam and Mr. Wang Jianfeng; and the independent non-executive directors of the Company are Mr. Tai Kwok Leung, Alexander, Dr. Cheung Wai Bun, Charles, JP, and Mr. Gu Yunchang.*

\* For identification purposes only