
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, 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 circular with the Election Form (if applicable) to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or 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)

**SCRIP DIVIDEND SCHEME IN RELATION TO
THE FINAL DIVIDEND
FOR THE YEAR ENDED 31 DECEMBER 2017**

If you **do not** wish to receive your Final Dividend **wholly in cash**, you should complete the Election Form in accordance with the instructions printed on it and return it to the Company's branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, **by 4:30 p.m. on Thursday, 19 July 2018.**

DEFINITIONS

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

“Average Closing Price”	has the meaning ascribed to it under the paragraph headed “2. Details of the Scrip Dividend Scheme – 2.2 Market value” in this circular
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“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)
“Director(s)”	the director(s) of the Company
“Election Form(s)”	the form(s) of election in relation to the Scrip Dividend Scheme
“Eligible Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company on the Record Date
“Final Dividend”	a final dividend of HK19 cents per Share for the year ended 31 December 2017 to be paid to the Shareholders whose names appear on the register of members of the Company as at the Record Date
“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
“Overseas Shareholder”	has the meaning ascribed to it under the paragraph headed “7. Shareholders with registered addresses outside Hong Kong” in this circular
“PRC” or “China”	the People’s Republic of China, and for the purpose of this circular only, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Record Date”	Thursday, 21 June 2018
“Scrip Dividend Scheme”	the scheme proposed by the Board on 27 March 2018 in relation to the Final Dividend pursuant to which the Eligible Shareholders will receive the Final Dividend wholly by way of an allotment and issue of Scrip Shares unless the relevant Eligible Shareholder elects to receive the Final Dividend wholly in cash or partly in cash and partly in Scrip Shares
“Scrip Share(s)”	the new Share(s) to be allotted, issued and credited as fully paid under the Scrip Dividend Scheme
“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
“%”	per cent.



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

Registered office:

Cricket Square

Hutchins Drive, PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands

*Principal place of business
in the PRC:*

No. 59, Gu Jia Ying Road

Xuanwu District

Nanjing

China

Headquarters:

Room 1403

9 Queen's Road Central

Hong Kong

4 July 2018

To the Shareholders

Dear Sirs or Madams,

**SCRIP DIVIDEND SCHEME IN RELATION TO
THE FINAL DIVIDEND
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. INTRODUCTION

On 27 March 2018, the Board recommended the payment of a final dividend of HK19 cents per Share for the year ended 31 December 2017 to the Shareholders whose names appear on the register of members of the Company on the Record Date and that the Final Dividend be satisfied wholly in the form of an allotment and issue of Scrip Shares, while Shareholders will be given an option to receive the Final Dividend wholly in cash in lieu of Scrip Shares, or partly in cash and partly in the form of Scrip Shares. At the annual general meeting held on 13 June 2018, Shareholders approved the payment of the Final Dividend.

LETTER FROM THE BOARD

For the purpose of determining Shareholders' entitlement to the Final Dividend, the Company's register of members was closed from Wednesday, 20 June 2018 to Thursday, 21 June 2018 (both dates inclusive). The latest time by which transfers were accepted for registration for entitlement to the Final Dividend was 4:30 p.m. on Tuesday, 19 June 2018.

The purpose of this circular is to set out the procedures which apply in relation to the Scrip Dividend Scheme.

2. DETAILS OF THE SCRIP DIVIDEND SCHEME

2.1 Election available to Eligible Shareholders

Under the Scrip Dividend Scheme, the Eligible Shareholders whose names appear on the register of members of the Company as at the Record Date have the following choices to receive the Final Dividend:

- (a) by way of an allotment and issue of Scrip Shares (the number of which is determined as explained below) having an aggregate market value, save for adjustment for fractions, equal to the total amount of the Final Dividend which such Shareholder would otherwise be entitled to receive in cash; or
- (b) a cash dividend of HK19 cents for each Share held on the Record Date; or
- (c) partly in cash and partly in Scrip Shares.

Final Dividend in cash will be paid out in Hong Kong dollars regardless of the registered address of the Shareholders as at the Record Date.

2.2 Market value

For the purpose of calculating the number of Scrip Shares to be allotted under (a) and (c) above, the market value of the Scrip Shares has been fixed at HK\$14.13 per Share, which is equal to the approximate average closing price of the Share on the Stock Exchange for the five consecutive trading days from Wednesday, 13 June 2018 to Wednesday, 20 June 2018 (both dates inclusive) (the "**Average Closing Price**"). Accordingly, the number of the Scrip Shares which the Eligible Shareholders will receive in respect of the existing Shares registered in their names as at the Record Date will be calculated as follows:

$$\begin{array}{rcccl} \text{Number of Scrip Shares} & & \text{Number of existing Shares} & & \text{HK19 cents} \\ \text{to be received} & & \text{held on the Record Date and} & & \text{(Final Dividend per Share)} \\ \text{(rounded down to the} & = & \text{elected for the Scrip Shares} & \times & \hline \text{nearest whole number)} & & \text{(as applicable)} & & \text{HK\$14.13} \\ & & & & \text{(Average Closing Price)} \end{array}$$

LETTER FROM THE BOARD

Based on 2,452,000,000 Shares in issue as at the Record Date, if all Shareholders choose to receive Scrip Shares instead of cash in respect of the Final Dividend, the maximum number of Scrip Shares to be issued would be 32,970,983 Shares, representing approximately 1.34% of the existing issued share capital of the Company and approximately 1.33% of the issued share capital of the Company as enlarged by the issue of the Scrip Shares.

The number of the Scrip Shares to be issued to each Eligible Shareholder will be rounded down to the nearest whole number. Fractional entitlements to the Scrip Shares in respect of alternatives (a) and (c) above will be disregarded and the benefit thereof will accrue to the Company. The Scrip Shares to be issued pursuant to the Scrip Dividend Scheme will, when they are issued, rank *pari passu* in all respects with the existing Shares of the Company except that they will not be entitled to the Final Dividend.

Scrip Shares issued to the Eligible Shareholders pursuant to an election to receive some or all of their Final Dividend in Scrip Shares may be allotted in odd lots (of less than a board lot of 2,000 Shares). No special dealing arrangements will be put in place by the Company to facilitate the trading or disposal of the Scrip Shares issued in odd lots. Eligible Shareholders should be aware that odd lots usually trade at a discount to the price of whole board lots.

3. ADVANTAGES OF THE SCRIP DIVIDEND SCHEME

The Directors consider that the Scrip Dividend Scheme will enable the Eligible Shareholders to increase their investment in the Company without incurring brokerage fees, stamp duty and related dealing costs and the Company will benefit by retaining the cash for its operation.

4. CONDITIONS OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme is subject to: (i) approval of the Final Dividend by the Shareholders at the annual general meeting of the Company held on 13 June 2018; and (ii) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Scrip Shares to be issued in respect of the Final Dividend.

The Shareholders approved the Final Dividend at the annual general meeting held on 13 June 2018. If the condition (ii) set out above is not satisfied, the Scrip Dividend Scheme will not become effective and the Election Form will be void. The Final Dividend will then be paid wholly in cash.

5. EFFECT OF THE SCRIP DIVIDEND SCHEME

Shareholders should note that any receipt of the Scrip Shares by them may give rise to disclosure requirements under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). **Shareholders who are in any doubt as to how these provisions may affect them are recommended to seek their own professional advice. Shareholders who are in any doubt as to their taxation position are also recommended to seek their own professional advice.**

LETTER FROM THE BOARD

6. ELECTION FORM

An Election Form is enclosed with this document for use by the Eligible Shareholders who wish to elect to receive the Final Dividend **wholly in Scrip Shares** or **partly in cash and partly by the issue of Scrip Shares**. If you do not wish to receive your Final Dividend wholly in cash, you should complete the Election Form in accordance with the instructions printed on it and return it to the Company's branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, **by 4:30 p.m. on Thursday, 19 July 2018**. No acknowledgement of receipt of the Election Form will be issued.

If any Eligible Shareholder does not complete and return the Election Form by 4:30 p.m. on Thursday, 19 July 2018, the Eligible Shareholder will receive the Final Dividend in the form of cash.

(a) To receive cash only

If you wish to receive the Final Dividend wholly in the form of cash, you do **NOT** need to take any action. Please **DO NOT** return the Election Form.

(b) To receive Scrip Shares only

If you wish to receive the Final Dividend wholly in Scrip Shares, please just **SIGN, DATE** and **RETURN** the Election Form.

(c) To receive partly in cash and partly in Scrip Shares

If you wish to receive the Final Dividend partly in cash and partly in Scrip Shares, you should complete **Box C** of the Election Form and fill in the number of registered shares which you held on the Record Date for which you wish your dividend to be paid in Scrip Shares. Please **SIGN, DATE** and **RETURN** the Election Form.

If you complete the Election Form but do not specify the number of Shares in respect of which you wish to receive the Scrip Shares, or if you elect to receive Scrip Shares in respect of a greater number of Shares than your registered shareholding on the Record Date, you will be deemed to have exercised your election to receive Scrip Shares in respect of all the Shares of which you were then registered as the holder. Therefore, you will receive only Scrip Shares for the Final Dividend.

LETTER FROM THE BOARD

The latest time and date for return of the Election Form will be extended, as the case may be, in accordance with (a) or (b) below if there is a Typhoon Signal No. 8 or above, or a “black” rainstorm warning:

- (a) in force in Hong Kong at any local time at or before 12:00 noon and no longer in force after 12:00 noon on Thursday, 19 July 2018. Instead, the deadline for the submission of Election Form will be 5:00 p.m. on the same business day, i.e. Thursday, 19 July 2018;
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:30 p.m. Thursday, 19 July 2018. Instead, the deadline for the submission of Election Form will be rescheduled to 4:30 p.m. on the next business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:30 p.m. (i.e. Friday, 20 July 2018 assuming the aforesaid warnings are not in force).

For Shareholders residing outside Hong Kong, please refer to the paragraph headed “Shareholders with Registered Addresses Outside Hong Kong” below.

7. SHAREHOLDERS WITH REGISTERED ADDRESSES OUTSIDE HONG KONG

None of this circular or the Election Form will be registered in Hong Kong or in any other jurisdiction.

Based on the register of members of the Company as at the close of business on the Record Date, there was one Shareholder with registered address in the BVI (the “**Overseas Shareholder**”) who held 299,500,000 Shares.

In compliance with Rule 13.36(2) of the Listing Rules, the Company has made enquiries on legal restrictions and regulatory requirements formalities in relation to the scrip dividend arrangement in the BVI. Based on the legal advice on the applicable laws of the BVI, if the scrip dividend arrangement is made by the Company in Hong Kong and the scrip dividend arrangement is being offered to the Overseas Shareholder whose registered address is in the BVI solely by reason that it is an existing Shareholder, there are no securities law or other similar laws in the BVI which would prevent the Company from including the Overseas Shareholder whose registered address is in the BVI in the scrip dividend arrangement. Based on the above, the Company will not be subject to any registration or other legal requirements or any governmental or regulatory procedures under the laws of the BVI for issuing the Scrip Shares to the Overseas Shareholder whose registered address is in the BVI. Any Shareholder receiving a copy of this circular and/or Election Form outside Hong Kong may not treat the same as an invitation to participate in the Scrip Dividend Scheme unless such invitation could lawfully be made to him/her without the Company having to comply with any registration or other requirements or formalities in the relevant territory.

LETTER FROM THE BOARD

For the avoidance of doubt, the Scrip Shares are not offered to the public (other than the Shareholders) and the Election Form is non-transferable. Accordingly, the Scrip Dividend Scheme will not be offered, directly or indirectly, and neither this offering nor any other offering material or advertisements in connection with the Scrip Dividend Scheme may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with all applicable rules and regulations of any such country or jurisdiction. Notwithstanding the legal advice taken by the Company, it is the responsibility of anyone wishing to participate in the Scrip Dividend Scheme to satisfy themselves as to full observance of the laws of any relevant territory or jurisdiction, including obtaining any governmental or other consents which may be required. Overseas Shareholder who is in doubt as to its position should consult its own professional advisers.

8. LISTING AND DEALINGS

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Scrip Shares to be issued pursuant to the Scrip Dividend Scheme. Subject to the said permission being granted by the Stock Exchange, it is expected that share certificates for the Scrip Shares and/or cheques for cash dividend will be posted by ordinary mail to those entitled thereto at their own risk on Monday, 30 July 2018. Dealings of the Scrip Shares on the Stock Exchange are expected to commence on Tuesday, 31 July 2018 after despatch to the Eligible Shareholders of the certificates for the Scrip Shares.

The Shares are listed, and dealt in, on the Stock Exchange. There is no other stock exchange on which the Shares are listed or dealt in or on which listing or permission to deal is being or proposed to be sought.

Subject to the granting of listing of, and permission to deal in, the Scrip Shares to be issued under the Scrip Dividend Scheme on the Stock Exchange, such Scrip Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in the Central Clearing and Settlement System. You should seek the advice of your stockbroker or other professional adviser for details of these settlement arrangements and how such settlement arrangements will affect your rights and interests.

9. RECOMMENDATION AND ADVICE

Whether or not it is to the Eligible Shareholders' advantages to receive Scrip Shares or cash, in whole or in part, it will depend upon their own individual circumstances. The effect on the tax position of any Eligible Shareholder will depend on that Eligible Shareholder's particular circumstances. If you are in any doubt as to what to do, you should consult your professional advisers. Eligible Shareholders who are trustees are recommended to take professional advice as to whether the choice to receive cash or Scrip Shares is within their powers and as to its effect having regard to the terms of the relevant trust instrument.

LETTER FROM THE BOARD

10. EXPECTED TIMETABLE

Latest time for submission of transfer forms to qualify for the Final Dividend	4:30 p.m. on Tuesday, 19 June 2018
Fix the market value of a Scrip Share (5 trading days average)	Wednesday, 13 June 2018 to Wednesday, 20 June 2018
Record Date	Thursday, 21 June 2018
Latest time and date for return of the Election Form	4:30 p.m. on Thursday, 19 July 2018
Despatch of share certificates for the Scrip Shares and/or cheques for cash dividend	Monday, 30 July 2018
Commencement of dealings in the Scrip Shares	Tuesday, 31 July 2018

Yours faithfully,
By Order of the Board
Jiayuan International Group Limited
Shum Tin Ching
Chairman