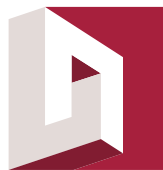


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Jiayuan International Group Limited

佳源國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2768)

ANNOUNCEMENT DISCLOSEABLE TRANSACTION FORMATION OF JOINT VENTURE

FORMATION OF GUIYANG JV

On 8 March 2018, Jiayuan (Shenzhen) (an indirect wholly-owned subsidiary of the Company) and JV Partner entered into the Cooperation Agreement, pursuant to which the parties agreed to (a) form Guiyang JV for the purpose of investing into the Guiyang Project; and (b) regulate their respective rights and obligations in Guiyang JV.

Upon establishment, Guiyang JV will be owned as to 61% and 39% by Jiayuan (Shenzhen) and JV Partner respectively and accounted for as a non-wholly owned subsidiary of the Company. Guiyang JV will be principally engaged in acquisition of the Target Land, project financing, investment, development and sale of the Guiyang Project.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Transaction are more than 5% but less than 25%, the Transaction 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.

INTRODUCTION

On 8 March 2018, Jiayuan (Shenzhen) (an indirect wholly-owned subsidiary of the Company) and JV Partner entered into the Cooperation Agreement, pursuant to which the parties agreed to (a) form Guiyang JV for the purpose of investing into the Guiyang Project; and (b) regulate their respective rights and obligations in Guiyang JV.

COOPERATION AGREEMENT

Date

8 March 2018

Parties

- (a) Jiayuan (Shenzhen), an indirect wholly-owned subsidiary of the Company; and
- (b) JV Partner.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, JV Partner and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons as at the date of this announcement.

Formation of Guiyang JV

Pursuant to the Cooperation Agreement, Jiayuan (Shenzhen) and JV Partner shall establish Guiyang JV for the purpose of acquisition of the Target Land, project financing, investment, development and sale of the Guiyang Project. Jiayuan (Shenzhen) and JV Partner shall hold 61% and 39% equity interests in Guiyang JV, respectively.

Jiayuan (Shenzhen) and JV Partner agreed to the following major terms concerning Guiyang JV in the Cooperation Agreement:

Capital Commitment: *Registered capital of Guiyang JV*

Guiyang JV shall have a registered capital of RMB10,000,000 (equivalent to approximately HK\$12,400,000), which shall be contributed by Jiayuan (Shenzhen) and JV Partner in proportion to their respective equity interests in Guiyang JV as follows:

Jiayuan (Shenzhen)	RMB6,100,000 (equivalent to approximately HK\$7,564,000)
JV Partner	RMB3,900,000 (equivalent to approximately HK\$4,836,000)

Project capital of Guiyang JV

Guiyang JV shall have an initial project capital for the acquisition of the Target Land of up to RMB6,120,000,000 (equivalent to approximately HK\$7,588,800,000), which shall be contributed by Jiayuan (Shenzhen) and JV Partner in proportion to their respective equity interests in Guiyang JV as follows:

Jiayuan (Shenzhen)	RMB3,733,200,000 (equivalent to approximately HK\$4,629,168,000)
JV Partner	RMB2,386,800,000 (equivalent to approximately HK\$2,959,632,000)

The respective contribution to the registered capital and the project capital of Guiyang JV is determined after arm's length negotiations between the parties with reference to the estimated capital requirements of Guiyang JV required for land acquisition and the parties' interest in Guiyang JV.

The capital contribution to Guiyang JV by Jiayuan (Shenzhen) will be funded by internal resources of the Group.

Board composition: The board of directors of Guiyang JV shall comprise three directors and one supervisor. Jiayuan (Shenzhen) and JV Partner shall nominate two and one directors, respectively. The right to appoint the chairman of the board of directors and the supervisor of Guiyang JV shall vest in Jiayuan (Shenzhen).

Profit/loss sharing: The profit/loss in respect of Guiyang JV shall be shared by Jiayuan (Shenzhen) and JV Partner in proportion to their respective equity interests in Guiyang JV.

Undertakings from
JV Partner:

JV Partner warrants and undertakes that:

- (a) completion of the government announcement procedure for the listing-for-sale of the Target Land within five months from the date of the Cooperation Agreement;
- (b) the land use right certificate of a portion of the Target Land shall be obtained within five months from the date of the Cooperation Agreement; and
- (c) the demolition and relocation procedures of the remaining portion of the Target Land shall be completed and a cleared site shall be delivered to Guiyang JV within one year from the public tender.

Jiayuan (Shenzhen) shall be entitled to terminate the Cooperation Agreement if JV Partner breaches any of its aforementioned undertakings. In such event, JV Partner shall (a) take responsibility for all losses suffered by Jiayuan (Shenzhen); and (b) pay liquidated damages of RMB100,000,000 to Jiayuan (Shenzhen).

INFORMATION ON GUIYANG JV AND GUIYANG PROJECT

Guiyang JV is a joint venture company to be formed by Jiayuan (Shenzhen) and JV Partner for the purpose of acquisition of the Target Land, project financing, investment, development and sale of the Guiyang Project. Upon establishment, Guiyang JV will be owned as to 61% and 39% by Jiayuan (Shenzhen) and JV Partner respectively and accounted for as a non-wholly owned subsidiary of the Company.

Located at the core area of Nanming District, Guiyang City, Guizhou Province, the PRC, the Guiyang Project is situated adjacent to Nanming River, Mount Guanfeng as well as cultural landmark of Guiyang City, namely the Jiaxiu Tower and Wenchang Pavilion. Conveniently connected with transit system, the Guiyang Project is nearby Metro line 2 (under construction) and it is only 3 kilometers away from the Guiyang Railway Station. The Guiyang Project enjoys the geographic advantages in downtown Guiyang City and it is located within a 10-minute ride to the Longdongbao International Airport. The Guiyang Project, upon development completion, is expected to occupy a total site area of approximately 120,000 square meters and planned to comprise low-rise residential buildings, high-rise residential buildings, commercial properties and underground car parking spaces as well as other auxiliary facilities. The Company is of the view that the surrounding public, education resources and municipal auxiliary facilities of the project are mature and well-established with vast potential for development.

As at the date of this announcement, JV Partner has entered into an agreement with the local governmental authority for primary land development in respect of the Target Land, pursuant to which JV Partner shall prepare the Target Land to conditions ready for public tender, auction and listing-for-sale. As part of the primary land development, subject to the winning of the public tender of the Target Land, Guiyang JV shall relocate the existing business establishments and residents on the Target Land, demolish the existing buildings and other structure, clear the site and provide resettlement residential property.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group believes that the Guiyang Project represents an excellent investment opportunity for the Group to further expand its property business to Guizhou Province, as well as expanding its land bank in the PRC, which is in line with the Group's strategy and business principle for land development.

Guiyang, capital of Guizhou Province, is located at the center of southwestern China and the transportation hub of the southwest. At the same time, the Target Land has considerable scale and is located at the core area of the city. It also occupies the advantage of the school district of key primary schools and middle schools, which is a rare land parcel located in the city center for commercial and residential development. JV Partner is a well-known local real estate development enterprise and has extensive experience in the primary land development in Guiyang City; in collaboration with the Group's mature experience in development of large-scale residential complex projects and integrated commercial complex projects, it is expected that the parties will exert their respective advantages to create a new landmark in downtown Guiyang.

Given the aforesaid reasons and benefits, the Directors (including the independent non-executive Directors) consider that (a) the terms of the Cooperation Agreement and the Transaction contemplated thereunder are fair and reasonable; and (b) the Cooperation Agreement and the Transaction contemplated thereunder are on normal commercial terms and in the interests of the Company and its Shareholders as a whole. None of the Directors has a material interest in the Transaction.

GENERAL INFORMATION OF THE PARTIES TO 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.

Jiayuan (Shenzhen)

Jiayuan (Shenzhen) 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 engaged in corporate management consultation and economic information consultation.

JV Partner

JV Partner is a company established under the laws of the PRC which is principally engaged in property development, sales and property management.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Transaction are more than 5% but less than 25%, the Transaction 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 members of the Group and JV Partner within a 12-month period prior to the date of this announcement or otherwise related, which would be, together with the Transaction, 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:

“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 person(s)”	has the meaning ascribed thereto under the Listing Rules
“Cooperation Agreement”	the cooperation agreement between Jiayuan (Shenzhen) and JV Partner dated 8 March 2018 in relation to the formation of Guiyang JV for the purpose of investing into the Guiyang Project
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Guiyang JV”	a joint venture company to be established as a limited liability company for the purpose of investing into the Guiyang Project

“Guiyang Project”	the shanty town redevelopment project in respect of the Target Land located at Guiyang City, Guizhou Province, the PRC (貴陽市觀水路地化所棚戶區改造項目), details of which are set out in the section headed “Information on Guiyang JV and Guiyang Project” of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jiayuan (Shenzhen)”	佳源(深圳)投資諮詢有限公司 (Jiayuan (Shenzhen) Investment Consulting Co., Ltd.*), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“JV Partner”	貴州恒豐偉業房地產開發有限公司 (Guizhou Hengfeng Weiye Property Development Co., Ltd.*), a company established under the laws of the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	has the meaning ascribed thereto under the Listing Rules
“PRC”	the People’s Republic of China, and for the purpose 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
“Shareholders”	the holders of the ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Target Land”	a parcel of land located at Nanming District, Guiyang City, Guizhou Province, the PRC, as further described in the paragraph headed “Information on Guiyang JV and Guiyang Project” in this announcement

“Transaction” the formation of joint venture, namely Guiyang JV, by Jiayuan (Shenzhen) and JV Partner on a 61:39 basis pursuant to the Cooperation Agreement

“%” per cent.

For the purpose of this announcement and for illustrative purpose only, RMB is converted into HK\$ at the rate of RMB1:HK\$1.24. 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, 8 March 2018

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*