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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)

VOLUNTARY ANNOUNCEMENT ACQUISITION OF LANDS IN CAMBODIA

The Board is pleased to announce that on 10 May 2018, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor and the Registered Owner, whereby the Vendor has agreed to procure the Registered Owner to sell, and the Purchaser or its designee has agreed to acquire, the Lands for an initial purchase price of US\$35,576,190 (approximately HK\$279,255,303), subject to downward adjustment.

This announcement is made by the Company on a voluntary basis to update the shareholders and potential investors of the Company about the business development of the Group.

THE ACQUISITION

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THE SALE AND PURCHASE AGREEMENT

Date

10 May 2018

Parties

- (a) Vendor: Y Seng Co., Ltd
- (b) Purchaser: Gang Yuan (Cambodia) Development Co., Ltd
- (c) Registered Owner: Mr. Heng Kimleng and Mr. Chan Dara

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner is a third party independent of and not connected with the Company and its connected persons.

The Lands

The Lands consist of a total of five plots of adjoining lands measuring approximately 608,140 square meters in aggregate, and are located in Phum Kdei Chas, Sangkat Bek Kheng, Khan Chroy Changva, Phnom Penh, Cambodia. The Vendor holds contractual rights to be transferred with the ownership of the Lands and the Lands are held under Certificates of Ownership which are registered in the name of the Registered Owner. On Completion, the Vendor shall immediately deliver vacant possession of the Lands to the Purchaser or its designee.

Purchase Price and Terms of Payment

The initial Purchase Price of the Lands is US\$35,576,190 (approximately HK\$279,255,303), which was determined by reference to (a) the current land size of 608,140 square meters as stated in the Certificates of Ownership; and (b) the rate of US\$58.5 per square meter of the Lands, subject to proportionate downward adjustment if (i) the final land size of the Lands as stated in the Certificates of Ownership duly registered in the name of the Purchaser's designee (the "**Final Land Size**") is less than 608,140 square meters or (ii) the Lands contain any river, stream, waterways pursuant to official report after remeasurement by government authority which would be excluded from the Final Land Size. The parties to the Sale and Purchase Agreement acknowledged that the Purchase Price shall not be increased in any circumstances whatsoever.

The Purchase Price shall be satisfied in the following manners:

- (a) the Purchaser shall pay the Purchase Price in full to an escrow account to be established and maintained by the Vendor, Registered Owner and the Purchaser within 2 Business Days from the date of establishment of the escrow account;
- (b) a sum of US\$32,018,571 (approximately HK\$251,329,773) of the Purchase Price paid into the escrow account shall be released by the Purchaser upon Completion (the “**First Release**”), provided that, among other things, the conditions (a) to (e) as set out in the paragraph headed “The Sale and Purchase Agreement – Conditions Precedent” below in this announcement are fulfilled to the Purchaser’s satisfaction and that the Lands are ready for delivery of vacant possession to the Purchaser in accordance with certain conditions as set out in the Sale and Purchase Agreement;
- (c) the remaining sum of US\$3,557,619 (approximately HK\$27,925,530) of the Purchase Price paid into the escrow account shall be released by the Purchaser upon the completion of certain renovation and refurbishment works of the Lands under the Sale and Purchase Agreement by the Vendor and in the Vendor’s sole costs and expenses to the sole satisfaction of the Purchaser (the “**Second Release**”); and
- (d) in the event of any downward adjustment of the Purchase Price, the Purchaser shall have the right to demand refund of such portion of the Purchase Price paid to the Vendor.

The Purchase Price was arrived at after arm’s length negotiation between the Purchaser and the Vendor, having taken into account the price of comparable lands in nearby location.

The Purchase Price will be fully funded by the internal resources of the Company.

Conditions Precedent

Completion is conditional upon, among other things, the following conditions precedent being satisfied or waived by the Purchaser in writing on or before Completion:

- (a) the Purchaser having the authenticity of the Certificates of Ownership verified by government authority and completed the legal due diligence in respect of the Lands and the Certificates of Ownership and there is no occupant on the Lands;
- (b) the Registered Owner having completed the conversion of the category of use of land of the Certificates of Ownership from agricultural or production land to commercial or private to ensure that the Lands are suitable for real estate development within three months from the date of the Sale and Purchase Agreement;

- (c) the Vendor and/or the Registered Owner having settled all claims, proceedings, existing encumbrances (if any), and terminated all agreements signed with any third parties in relation to the Lands and/or the Certificates of Ownership;
- (d) the Vendor and/or the Registered Owner having settled all costs, expenses, liabilities and taxes affecting the Lands up to the Completion; and
- (e) the Registered Owner having completed the identification of the boundaries in relation to the Lands in accordance with the Sale and Purchase Agreement.

Completion

Completion shall take place on a Business Day falling no later than 10 Business Days from the date the last of the conditions precedent as containing in the Sale and Purchase Agreement having been fulfilled and the Lands are ready for delivery of vacant possession to the Purchaser in accordance with certain conditions which in any event shall not be later than 6 months from the date of the Sale and Purchase Agreement.

Possible Acquisition of Additional Lands

On 10 May 2018, the Vendor also entered into a service agreement with the Purchaser, pursuant to which the Purchaser agreed to engage the Vendor to assist in acquiring, on a best effort basis, multiple plots of freehold lands adjoining the north of the Lands with a maximum aggregate area of approximately 2,900,000 square meters. The Purchaser in principle agreed to purchase such identified lands from the Vendor at the rate of US\$58.5 per square meter, subject to the fulfilment of conditions to the satisfaction of the Purchaser. There is no assurance that such suitable lands can be identified by the Vendor.

INFORMATION ON THE GROUP AND THE PURCHASER

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.

The Purchaser is a company registered under the laws of the Kingdom of Cambodia and is principally engaged in property investment and development.

INFORMATION ON THE VENDOR

The Vendor is a company registered under the laws of the Kingdom of Cambodia and is principally engaged in investment holding.

REASONS FOR THE ACQUISITION

The Lands planned to be acquired is located at Bek Kheng, Chroy Changvar District, Phnom Penh, Cambodia. It is located along National Highway 6, which is only 10 kilometres from downtown of Phnom Penh. It takes less than an hour drive to Phnom Penh International Airport. The auxiliary facilities surrounding the project to be developed on the Lands include hypermarkets, golf hotels, PNN Television Station, universities, hospitals and various properties under construction, indicating a comprehensive plan. Due to the significant demographic dividend and increasing urbanisation in Phnom Penh, the Company is optimistic about the development and expansion in Phnom Penh. As a result, Chroy Changvar District, which will be built as a satellite city, is expected to attract a large population.

The successive completion and operation of a series of infrastructures in the district, such as the main venue of Southeast Asian Games, zoos, and the largest water park in Asia has led to a more significant regional advantage. It is expected that after the operation of the Pan-Asian Railway to be commenced in 2019, it will take only 4.5 hours from Kunming to Phnom Penh by high-speed railway. Phnom Penh will be closely connected to other countries of Association of Southeast Asian Nations (ASEAN), and there will be more opportunities for the economic development of Cambodia. For the past years, the growth of Growth Domestic Product (GDP) in Cambodia amounted to approximately 7% each year. Under a stable political environment in recent years, the urbanisation of Phnom Penh has been accelerating. Cambodia is also enjoying the demographic dividend with a high child population of approximately 30% to the total population, which is expected to become a driving force of consumption in the future Cambodia real estate market.

The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement and the Acquisition are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATION

As all of the applicable percentage ratios (as defined under the Listing Rules) in relation to the Acquisition are less than 5%, the Acquisition does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Lands pursuant to the Sale and Purchase Agreement
“Board”	board of Directors

“Business Day(s)”	means a day or days (other than Saturday, Sunday or public holiday) on which banks are open for general banking business in the Kingdom of Cambodia, PRC and Hong Kong
“Certificates of Ownership”	Certificates of Immovable Property Possession issued by Phnom Penh Department of Land Management, Urban Planning, Construction and Cadastre
“Company”	Jiayuan International Group Limited, 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 in accordance with the terms and conditions of the Sale and Purchase Agreement
“connected persons”	has the meaning as ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Final Land Size”	has the meaning ascribed in the paragraph headed “The Sale and Purchase Agreement – Purchase Price and Terms of Payment” in this announcement
“First Release”	has the meaning ascribed in the paragraph headed “The Sale and Purchase Agreement – Purchase Price and Terms of Payment” in this announcement
“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
“Lands”	a total of five plots of adjoining lands measuring approximately 608,140 square meters in aggregate, located in Phum Kdei Chas, Sangkat Bek Kheng, Khan Chroy Changva, Phnom Penh, Cambodia
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchase Price”	the purchase price for the Acquisition pursuant to the Sale and Purchase Agreement

“Purchaser”	Gang Yuan (Cambodia) Development Co., Ltd, a company registered under the laws of the Kingdom of Cambodia with limited liability, and an indirect wholly-owned subsidiary of the Company
“Registered Owner”	Mr. Heng Kimleng and Mr. Chan Dara, both being Cambodian citizens
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Vendor, Purchaser, and the Registered Owner on 10 May 2018 in relation to the Acquisition
“Second Release”	has the meaning ascribed in the paragraph headed “The Sale and Purchase Agreement – Purchase Price and Terms of Payment” in this announcement
“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
“Vendor”	Y Seng Co., Ltd, a company registered under the laws of the Kingdom of Cambodia with limited liability

For illustration purposes only, the exchange rate of US\$1.00 = HK\$7.8495 has been adopted for translating US\$ into HK\$ in this announcement. No representation is made that any amounts can be or could have been converted at the relevant dates at the above rate or any other rates at all.

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

Hong Kong, 10 May 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.