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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

COOPERATION AGREEMENT IN RELATION TO YANGZHOU LAND

COOPERATION AGREEMENT IN RELATION TO YANGZHOU LAND

On 13 April 2016, Nanjing Gangyuan, an indirect wholly-owned subsidiary of the Company, and Xiangjiang Property entered into the Cooperation Agreement, pursuant to which, the parties agreed to implement one of the following Transaction Structures:

- (i) *Transaction Structure I* – Nanjing Gangyuan has agreed to acquire and Xiangjiang Property has agreed to sell the entire equity interest in Xiangjiang Center, or failing which,
- (ii) *Transaction Structure II* – Nanjing Gangyuan has agreed to acquire and Xiangjiang Property has agreed to sell 49% equity interest in Jinying New City,

for a consideration of RMB765,950,000 (equivalent to approximately HK\$917,454,910).

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 Cooperation Agreement exceed 5% but less than 25%, the Acquisition contemplated under the Cooperation Agreement 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.

BACKGROUND

Jinying New City was the successful bidder in a public bidding process and was granted the state-owned land use rights in respect of Yangzhou Land, which comprises two parcels of land with distinct lot numbers, namely, Yangzhou Land I and Yangzhou Land II. As at the date of this announcement, the registered capital of Jinying New City in the amount of RMB800,000,000 (equivalent to approximately HK\$958,240,000), with RMB730,000,000 (equivalent to approximately HK\$874,394,000) paid up, was held as to 51% and 49% by Jinying International and Xiangjiang Property, respectively.

Pursuant to the Land Subdivision and Development Agreement entered into between Jinying International, Xiangjiang Property and Jinying New City:

- (i) Jinying New City established Jinying Center and Xiangjiang Center, each being a wholly-owned subsidiary of Jinying New City, to hold and develop Yangzhou Land I and Yangzhou Land II, respectively;
- (ii) Jinying International and Xiangjiang Property agreed that, after the grant of the state-owned land use rights certificate to each of Jinying Center in respect of Yangzhou Land I and Xiangjiang Center in respect of Yangzhou Land II (the “**Grant of LUR Certificates**”), they shall use their best endeavours to procure Jinying New City to transfer (a) the entire equity interest in Jinying Center to Jinying International (which shall hold Yangzhou Land I); and (b) the entire equity interest in Xiangjiang Center to Xiangjiang Property (which shall hold Yangzhou Land II), prior to 15 April 2016; and
- (iii) the land premium for each of the acquisition of Yangzhou Land I and Yangzhou Land II was RMB719,650,000 (equivalent to approximately HK\$861,996,770) and RMB722,950,000 (equivalent to approximately HK\$865,949,510), respectively, which shall be funded in full by Jinying International and Xiangjiang Property, respectively.

As at the date of this announcement, Jinying International has paid the land premium in respect of Yangzhou Land I in full while Xiangjiang Property has partly paid the land premium in respect of Yangzhou Land II, with an outstanding land premium and related tax and surcharges payable in the amount of RMB366,475,000 (equivalent to approximately HK\$438,963,755).

COOPERATION AGREEMENT

Transaction

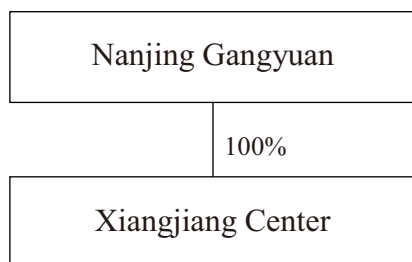
On 13 April 2016, Nanjing Gangyuan, an indirect wholly-owned subsidiary of the Company, and Xiangjiang Property entered into the Cooperation Agreement, pursuant to which, the parties agreed to implement one of the following Transaction Structures:

- (i) *Transaction Structure I* – Nanjing Gangyuan has agreed to acquire and Xiangjiang Property has agreed to sell the entire equity interest in Xiangjiang Center (“**Transaction Structure I**”), or failing which,
- (ii) *Transaction Structure II* – Nanjing Gangyuan has agreed to acquire and Xiangjiang Property has agreed to sell 49% equity interest in Jinying New City (“**Transaction Structure II**”), (collectively, the “**Transaction Structures**”).

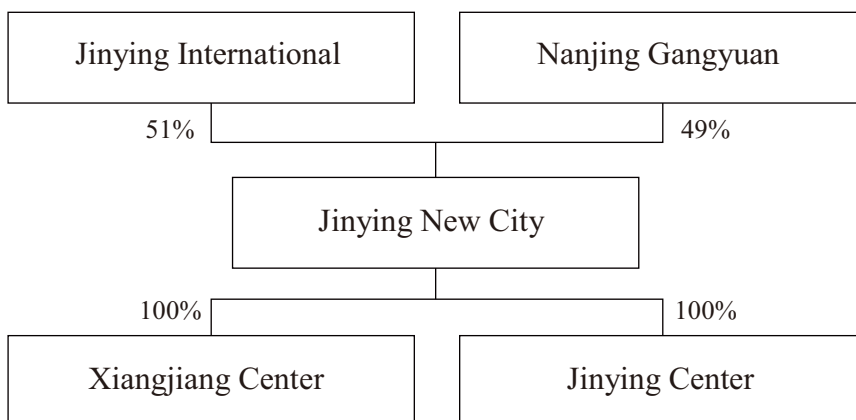
Transaction Structures

The graphs below illustrate Nanjing Gangyuan’s interest in (i) Xiangjiang Center upon Completion under Transaction Structure I; and (ii) Jinying New City, Xiangjiang Center and Jinying Center upon Completion under Transaction Structure II:

Transaction Structure I



Transaction Structure II



Date

13 April 2016

Parties

- (i) Nanjing Gangyuan, an indirect wholly-owned subsidiary of the Company
- (ii) Xiangjiang Property

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Xiangjiang Property and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Subject matter*Transaction Structure I – Acquisition of the entire equity interest in Xiangjiang Center*

Under the Cooperation Agreement, the transfer of the entire equity interest in Xiangjiang Center by Jinying New City to Xiangjiang Property shall complete within 60 day after the Grant of LUR Certificates (or such other date as the parties thereto may mutually agree), provided that the Advancement was duly made by Nanjing Gangyuan.

Upon successful transfer of the entire equity interest in Xiangjiang Center by Jinying New City to Xiangjiang Property, the Cooperation Agreement provides that Xiangjiang Property shall transfer its entire equity interest in Xiangjiang Center (which shall hold Yangzhou Land II) to Nanjing Gangyuan.

Upon Completion, Xiangjiang Center will be accounted for as a wholly-owned subsidiary of the Company.

Transaction Structure II – Acquisition of 49% equity interest in Jinying New City

In the event that the transfer of the entire equity interest in Xiangjiang Center by Jinying New City to Xiangjiang Property cannot be proceed with, Xiangjiang Property shall transfer its 49% equity interest in Jinying New City to Nanjing Gangyuan.

At the relevant time, Jinying New City shall own the entire equity interest in Jinying Center (which shall hold Yangzhou Land I) and Xiangjiang Center (which shall hold Yangzhou Land II) , respectively.

Upon Completion, each of Jinying New City, Jinying Center and Xiangjiang Center will be accounted for as a joint venture of the Company, respectively.

Consideration

The consideration for the Acquisition shall be RMB765,950,000 (equivalent to approximately HK\$917,454,910) (the “**Consideration**”), which shall be settled by Nanjing Gangyuan in cash in the following manner:

- (i) RMB366,475,000 (equivalent to approximately HK\$438,963,755) shall be advanced by Nanjing Gangyuan to Xiangjiang Property to fund the payment of the outstanding land premium in the amount of RMB361,475,000 (equivalent to approximately HK\$432,974,755) and the related tax and surcharges estimated in the amount of RMB5,000,000 (equivalent to approximately HK\$5,989,000) in respect of Yangzhou Land II (the “**Advancement**”). The Cooperation Agreement provides that Nanjing Gangyuan shall, at the direction of Xiangjiang Property, pay the Advancement to the relevant land and resources bureau to settle the outstanding land premium and the related tax and surcharges for Yangzhou Land II within 3 days from the date of the Cooperation Agreement (the “**Advancement Date**”). The Advancement is an arrangement to facilitate the acquisition of Yangzhou Land II by Xiangjiang Center during the period from the date of the Cooperation Agreement and prior to Nanjing Gangyuan becoming interested in Xiangjiang Center. Upon Completion, the Advancement shall be regarded as an interest free shareholder’s loan advanced by Nanjing Gangyuan to Xiangjiang Center; and
- (ii) RMB399,475,000 (equivalent to approximately HK\$478,491,155) shall be paid by Nanjing Gangyuan to Xiangjiang Property into a bank account jointly controlled by Nanjing Gangyuan and Xiangjiang Property within 10 days from the date of completion notice served by Xiangjiang Property (the “**Payment Date**”). The above RMB399,475,000 (equivalent to approximately HK\$478,491,155) and any bank interests accrued thereon shall be released to Xiangjiang Property upon Completion.

The Consideration has been arrived at after arm’s length negotiations between the parties to the Cooperation Agreement with reference to (i) the part payment of the land premium paid by Xiangjiang Property in respect of Yangzhou Land II in the amount of RMB361,475,000 (equivalent to approximately HK\$432,974,755) and the finance cost in respect thereof in the amount of RMB38,000,000 (equivalent to approximately HK\$45,516,400); and (ii) the outstanding land premium and the related tax and surcharges in respect of Yangzhou Land II in the amount of RMB366,475,000 (equivalent to approximately HK\$438,963,755).

The Consideration will be funded by the internal resources of the Group and bank financing.

Completion

Completion shall take place before the expiry of (i) 100 days after the Advancement Date; and (ii) 30 days after the Payment Date, whichever is the earlier.

Termination

Under the Cooperation Agreement, after the latest date for the Completion to take place, Nanjing Gangyuan is entitled to terminate the Cooperation Agreement if Xiangjiang Property failed to make all necessary arrangements in respect of the completion of either Transaction Structure I or Transaction Structure II.

In such event, Xiangjiang Property shall repay and refund all payments made by Nanjing Gangyuan under the Cooperation Agreement plus interest thereon and pay a liquidated damages of RMB100,000,000 to Nanjing Gangyuan.

FINANCIAL INFORMATION

Xiangjiang Center

As Xiangjiang Center was established on 24 November 2015, the net profit before and after taxation and extraordinary items for two years ended 31 December 2014 and 2015, respectively, are not available.

Given that the registered capital had not been paid up and that Xiangjiang Center has yet to commence any business, the net asset value of Xiangjiang Center was nil as of 31 December 2015.

Jinying Center

As Jinying Center was established on 24 November 2015, the net profit before and after taxation and extraordinary items for two years ended 31 December 2014 and 2015, respectively, are not available.

Given that the registered capital had not been paid up and that Jinying Center has yet to commence any business, the net asset value of Jinying Center was nil as of 31 December 2015.

Jinying New City

As Jinying New City was established on 15 January 2015, the net profit before and after taxation and extraordinary items for the year ended 31 December 2014 is not available.

According to the unaudited management account of Jinying New City for the year ended 31 December 2015, (i) the net loss both before and after taxation and extraordinary items was approximately RMB3,320,000 (equivalent to approximately HK\$3,976,696); and (ii) the net asset value was approximately RMB726,680,000 (equivalent to approximately HK\$870,417,000).

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is of the view that Yangzhou Project is a land development project in line with its group strategy and commercial criteria. The Acquisition contemplated under the Cooperation Agreement will increase the Group's land bank and its coverage in Yangzhou, Jiangsu Province of the PRC.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Cooperation Agreement (i) have been negotiated on an arm's length basis; and (ii) are fair and reasonable and 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 Cooperation Agreement exceed 5% but less than 25%, the Acquisition contemplated under the Cooperation Agreement 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 and Xiangjiang Property and its 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.

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.

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.

Xiangjiang Property

Xiangjiang Property is a company established under the laws of the PRC with limited liability. It is principally engaged in property development.

Jinying New City

Jinying New City is a company established under the laws of the PRC with limited liability. It is principally engaged in property development.

As at the date of this announcement, (i) the registered capital of Jinying New City in the amount of RMB800,000,000 (equivalent to approximately HK\$958,240,000), with RMB730,000,000 (equivalent to approximately HK\$874,394,000) paid up, was held as to 51% and 49% by Jinying International and Xiangjiang Property, respectively; and (ii) the entire equity interest in Xiangjiang Center and Jinying Center, respectively, was held by Jinying New City.

Xiangjiang Center

Xiangjiang Center is a company established under the laws of the PRC with limited liability. It has not commenced business as at the date of this announcement and will be principally engaged in the development of Yangzhou Project II and will own Yangzhou Land II. Xiangjiang Center is a wholly-owned subsidiary of Jinying New City.

Jinying Center

Jinying Center is a company established under the laws of the PRC with limited liability. It has not commenced business as at the date of this announcement and will be principally engaged in the development of Yangzhou Project I and will own Yangzhou Land I. Jinying Center is a wholly-owned subsidiary of Jinying New City.

Yangzhou Land

Yangzhou Land I (Lot No: 2015G01) is a parcel of land of an aggregate site area of approximately 213,221 square meters and an aggregate gross floor area upon development of approximately 511,730 square meters located at Jiangdu District, Yangzhou, Jiangsu Province of the PRC. Yangzhou Land I is planned for residential and commercial uses.

Yangzhou Land II (Lot No: 2015G02) is a parcel of land of an aggregate site area of approximately 214,206 square meters and an aggregate gross floor area upon development of approximately 507,668 square meters located at Jiangdu District, Yangzhou, Jiangsu Province of the PRC. Yangzhou Land II is planned for residential and commercial uses.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of either (i) the entire equity interest in Xiangjiang Center under Transaction Structure I; or (ii) 49% equity interest in Jinying New City under Transaction Structure II, by Nanjing Gangyuan from Xiangjiang Property under the Cooperation Agreement
“Advancement”	has the meaning ascribed thereto under the section headed “Cooperation Agreement – Consideration”
“Advancement Date”	has the meaning ascribed thereto under the section headed “Cooperation Agreement – Consideration”
“Board”	the board of Directors
“Completion”	completion of the Acquisition in accordance with the terms of the Cooperation Agreement
“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, the shares of which are listed and traded on the Stock Exchange (Stock Code: 2768)
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	has the meaning ascribed thereto under the section headed “Cooperation Agreement – Consideration”
“Cooperation Agreement”	a cooperation agreement dated 13 April 2016 and entered into between Nanjing Gangyuan and Xiangjiang Property in relation to the Acquisition
“Directors”	the directors of the Company
“Grant of LUR Certificates”	has the meaning ascribed thereto under the section headed “Background”
“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

“Jinying Center”	揚州金鷹新城市中心開發有限公司 (Yangzhou Jinying New City Center Development Co., Ltd.*), a company established under the laws of the PRC with limited liability on 24 November 2015
“Jinying International”	金鷹國際商貿集團(中國)有限公司 (Jinying International Commercial Trading Group (China) Co., Ltd.*), a company established under the laws of the PRC with limited liability on 12 May 2000
“Jinying New City”	揚州金鷹新城市中心實業有限公司 (Yangzhou Jinying New City Center Enterprise Co., Ltd.*), a company established under the laws of the PRC with limited liability on 16 January 2015
“Land Subdivision and Development Agreement”	an land subdivision and development agreement dated 23 November 2015 and entered into between Jinying International, Xiangjiang Property and Jinying New City, which set out matters and arrangements in relation to Jinying Center, Xiangjiang Center, Yangzhou Land I and Yangzhou Land II
“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
“Payment Date”	has the meaning ascribed thereto under the section headed “Cooperation Agreement – Consideration”
“PRC”	the People’s Republic of China, which for the purposes of this announcement only (unless otherwise indicated) excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	the holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules

“Transaction Structure I”	has the meaning ascribed thereto under the section headed “Cooperation Agreement – Transaction”
“Transaction Structure II”	has the meaning ascribed thereto under the section headed “Cooperation Agreement – Transaction”
“Transaction Structures”	has the meaning ascribed thereto under the section headed “Cooperation Agreement – Transaction”
“Xiangjiang Center”	揚州香江新城市中心置業有限公司 (Yangzhou Xiangjiang New City Center Property Co., Ltd.*), a company established under the laws of the PRC with limited liability on 24 November 2015
“Xiangjiang Property”	揚州香江置業有限公司 (Yangzhou Xiangjiang Property Co., Ltd.*), a company established under the laws of the PRC with limited liability on 28 June 1994
“Yangzhou Land”	Yangzhou Land I and Yangzhou Land II
“Yangzhou Land I”	a parcel of land of located at Jiangdu District, Yangzhou, Jiangsu Province of the PRC as further described in the section headed “General Information of the Parties to and Subject Matter of the Transaction – Yangzhou Land”
“Yangzhou Land II”	a parcel of land of located at Jiangdu District, Yangzhou, Jiangsu Province of the PRC as further described in the section headed “General Information of the Parties to and Subject Matter of the Transaction – Yangzhou Land”
“Yangzhou Project”	Yangzhou Project I and Yangzhou Project II
“Yangzhou Project I”	the land development project on Yangzhou Land I
“Yangzhou Project II”	the land development project on Yangzhou Land II
“%”	per cent.

For the purpose of this announcement and for illustrative purpose only, RMB is converted into HK\$ at the rate of RMB1 : HK\$1.1978. 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, Wednesday, 13 April 2016

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

** For identification purposes only*