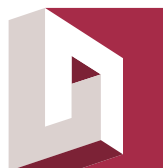


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Jiayuan International Group Limited

佳源國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2768)

PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE

Placing Agents



PLACING AND SUBSCRIPTION

The Board is pleased to announce that on 6 June 2017 (after trading hours), the Vendor, the Placing Agents and the Company entered into the Placing Agreement, pursuant to which the Vendor agreed to sell and the Placing Agents, as agents of the Vendor, agreed to place, on a best effort basis, a total of up to 352,500,000 existing Shares at the Placing Price of HK\$3.35 per Placing Share.

On the same date (after trading hours), the Vendor and the Company entered into the Subscription Agreement, pursuant to which the Vendor agreed to subscribe for up to 352,500,000 new Shares at the Subscription Price of HK\$3.35 per Subscription Share. Pursuant to the Subscription Agreement, the Vendor shall subscribe for such number of new Shares which is equal to the total number of the Placing Shares.

The Placing Shares represent approximately 18.88% of the existing issued share capital of the Company as of the date of this announcement and approximately 15.88% of the issued share capital of the Company as enlarged by the Subscription.

The net proceeds raised by the Company from the Subscription is estimated to be approximately HK\$1,166.5 million, which is intended to be used by the Company primarily for acquisition of land bank and general working capital.

Shareholders and potential investors should note that completion of the Placing and the Subscription are subject to the fulfillment of a number of conditions precedents thereunder. As the Placing and the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

6 June 2017

Parties

- (a) the Vendor;
- (b) the Company; and
- (c) the Placing Agents.

The Placing Shares

The number of Placing Shares shall be up to 352,500,000 existing Shares, which will be placed, on a best effort basis, by the Placing Agents during the period commencing from the date of the Placing Agreement and ending on the Closing Date, at the Placing Price. The Placing Shares represent approximately 18.88% of the existing issued share capital of the Company as of the date of this announcement and approximately 15.88% of the issued share capital of the Company as enlarged by the Subscription.

The Placing Price

The Placing Price is HK\$3.35 per Share, which represents:

- (a) a discount of approximately 11.61% to the closing price of HK\$3.79 per Share quoted on the Stock Exchange on 6 June 2017, being the last full trading date immediately before the date of the Placing Agreement and the Subscription Agreement (the “Last Trading Date”); and
- (b) a discount of approximately 10.90% to the average closing price of HK\$3.76 per Share as quoted on the Stock Exchange from 31 May 2017 to 6 June 2017, both dates inclusive, being the last five (5) trading days up to and including the Last Trading Date.

The Placing Price was determined on an arm’s length basis between the Company and the Placing Agents and was arrived at an approximately 7% discount to the average closing price of HK\$3.60 per Share as quoted on the Stock Exchange from 9 May 2017 to 6 June 2017, both dates inclusive, being the last twenty (20) trading days up to and including the Last Trading Date.

The Vendor

The Vendor is wholly-owned by Mr. Shum Tin Ching, the Chairman and the non-executive Director of the Company. Each of the Vendor and Mr. Shum is a controlling shareholder of the Company. The Vendor beneficially owns 1,350,000,000 Shares, representing approximately 72.29% of the existing issued share capital of the Company as of the date of this announcement.

The Placees

It is expected that the Placing Shares will be placed by the Placing Agents to not less than six (6) Placees.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Placees and its ultimate beneficial owner(s) is independent of and not connected with the Vendor, the Company, their respective associates and connected persons, and is not acting in concert with the Vendor (or parties acting in concert with it) or its associates.

It is currently anticipated that none of the Placees will become a substantial shareholder of the Company upon completion of the Placing.

The Placing Agents

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Placing Agents and its ultimate beneficial owner(s) is independent of and not connected with the Vendor, the Company, their respective associates and connected persons, and is not acting in concert with the Vendor (or parties acting in concert with it) or its associates.

The obligations of the Placing Agents under the Placing Agreement (and, in particular, each of their obligations in relation to procuring the placing of the Placing Shares) shall be several only (and not jointly nor on a joint and several basis).

Conditions Precedent of the Placing

The Placing is conditional upon:

- (a) the Subscription Agreement having been entered into by the parties thereto; and
- (b) there not having come to the attention of any of the Placing Agents prior to Completion any material breach of, or any event rendering untrue or incorrect in any material respect, any of the representations, warranties or undertakings contained in the Placing Agreement.

Rights

The Placing Shares will be sold free from all Encumbrances, and together with all rights attaching to the Placing Shares as at the Closing Date, including the right to receive all dividends and other distributions declared, made or paid on the Placing Shares on or after the Closing Date.

Termination

The Placing Agents may terminate the Placing Agreement without liability at any time prior to 9:30 a.m. on the Closing Date upon the occurring of certain customary termination events.

Completion of Placing

It is expected that the Placing will be completed on 9 June 2017 or such other date as the Vendor and the Placing Agents may agree in writing.

Undertaking

Pursuant to the Placing Agreement, each of the Vendor and the Company agrees that it will not at any time during the period ending on the date being the end of three (3) months from the Closing Date, engage in or announce any other placing, sale or issue of new or existing Shares (save for the issue of Shares pursuant to any existing employee option scheme of the Company or any existing warrants or convertible securities previously issued by the Company or the sale, transfer or disposal of Shares pursuant to any existing exchangeable securities previously issued by the Vendor where details of such warrants, convertible securities or exchangeable securities have been given to the Placing Agents).

THE SUBSCRIPTION AGREEMENT

Date

6 June 2017

Parties

- (a) the Vendor, as the subscriber; and
- (b) the Company.

The Subscription Shares

The number of the Subscription Shares shall be up to 352,500,000 new Shares, representing approximately 18.88% of the existing issued share capital of the Company as of the date of this announcement and approximately 15.88% of the issued share capital of the Company as enlarged by the Subscription.

Pursuant to the Subscription Agreement, the Vendor shall subscribe for such number of new Shares which is equal to the total number of the Placing Shares.

The total nominal value of the maximum of 352,500,000 Subscription Shares is HK\$3,525,000.

The Subscription Price

The Subscription Price is HK\$3.35 per Subscription Share, which is equivalent to the Placing Price.

The net proceeds of the Subscription is estimated to be approximately HK\$1,166.5 million and the net subscription price per Share is estimated to be approximately HK\$3.31.

Mandate to issue the Subscription Shares

The Subscription Shares will be issued under the general mandate granted to the Directors at the last annual general meeting of the Company held on 10 June 2016. Save for the Subscription, such general mandate has not been utilized since the date of the grant.

As at the date of this announcement, the Company may issue up to 352,500,000 Shares under the existing general mandate. Accordingly, the issue of the Subscription Shares is not subject to any approval by the Shareholders.

Ranking

The Subscription Shares, when fully paid, will rank equally in all respects with the existing Shares in issue including the right to receive all dividends and distributions which may be declared, made or paid after the date of completion of the Subscription Agreement.

Conditions Precedent of the Subscription

The Subscription is conditional upon:

- (a) completion of the Placing pursuant to the terms and conditions of the Placing Agreement; and

- (b) the granting of the listing of, and permission to deal in, the Subscription Shares by the Listing Committee of the Stock Exchange.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

Completion of the Subscription

Completion of the Subscription is expected to take place on 20 June 2017 after all the conditions precedent of the Subscription have been satisfied and in any event no later than 14 days after the date of the Subscription Agreement or such other date as the parties thereto may agree. Should the Subscription be completed after such date, the Company will comply with all the relevant requirements of the Listing Rules and the Takeovers Code. Further announcement will be made as and when appropriate.

As at the date of this announcement, the Vendor and parties acting in concert with it are interested in 1,350,000,000 Shares, representing approximately 72.29% of the existing issued share capital of the Company. The shareholding interest of the Vendor and parties acting in concert with it will decrease to approximately 53.41% upon completion of the Placing and will then increase to approximately 60.81% upon completion of the Subscription.

As the Vendor and parties acting in concert with it have continuously held more than 50% of the issued share capital and voting rights of the Company for more than 12 months immediately prior to the Placing and the Subscription, no waiver is required to be obtained from the Executive pursuant to Rule 26 of the Takeovers Code.

EFFECT OF THE PLACING AND THE SUBSCRIPTION

The shareholdings in the Company as at the date of this announcement and immediately before and after completion of the Placing and the Subscription are summarized as follows:

	As at the date of this announcement and before completion of the Placing and the Subscription		Immediately after completion of the Placing but before completion of the Subscription		Immediately after completion of the Placing and the Subscription	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
<i>The Vendor</i>	1,350,000,000	72.29	997,500,000	53.41	1,350,000,000	60.81
<i>Public Shareholders</i>	517,500,000	27.71	870,000,000	46.59	870,000,000	39.19
	<u>1,867,500,000</u>	<u>100.00</u>	<u>1,867,500,000</u>	<u>100.00</u>	<u>2,220,000,000</u>	<u>100.00</u>

Note: The figures above assume that other than the Subscription Shares, no further Shares are issued or repurchased by the Company and no share options are exercised, and other than the Placing Shares, no Shares are sold or purchased by the Vendor, in each case on or after the date of this announcement and up to the respective dates of completion of the Placing and the Subscription.

REASONS FOR THE PLACING AND THE SUBSCRIPTION

The aggregate gross and net proceeds raised by the Company from the Subscription is estimated to be approximately HK\$1,180.9 million and HK\$1,166.5 million, respectively. The Company intends to apply the net proceeds from the Subscription primarily for acquisition of land bank and general working capital.

The Placing will enlarge the shareholder and capital base of the Company and strengthen its financial position. The Directors (including the independent non-executive Directors) consider the terms of the Placing and the Subscription (including the Placing Price and the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING EXERCISES IN THE PREVIOUS 12 MONTHS

The Company has not conducted any equity fund raising activities for the 12 months immediately preceding the date of this announcement.

INFORMATION ON 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 organizations 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.

GENERAL

Shareholders and potential investors should note that completion of the Placing and the Subscription are subject to the fulfillment of a number of conditions precedents thereunder. As the Placing and the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning as ascribed to it under the Takeovers Code
“associates”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors

“Closing Date”	9 June 2017 or such other date as the Vendor and the Placing Agents may agree in writing
“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 Stock Exchange (Stock Code: 2768)
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Encumbrances”	mortgages, charges, pledges, liens, options, restrictions, rights of first refusal, rights of pre-emption, third-party rights or interests, other encumbrances or security interests of any kind, or any other type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect
“Executive”	the Executive Director of the Corporate Finance Division of the SFC
“Group”	the Company and its subsidiaries
“Haitong”	Haitong International Securities Company Limited, a corporation licensed to conduct Type 1 (dealing in securities), Type 3 (leveraged foreign exchange trading) and Type 4 (advising on securities) regulated activities under the SFO
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Huarong”	Huarong International Securities Limited, a corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any independent professional, institutional and/or individual investor(s) procured by the Placing Agents to purchase any of the Placing Shares pursuant to the obligations of the Placing Agents under the Placing Agreement

“Placing”	the placing of the Placing Shares by the Placing Agents under the Placing Agreement
“Placing Agents”	Haitong and Huarong
“Placing Agreement”	the placing agreement dated 6 June 2017 and entered into among the Vendor, the Company and the Placing Agents in relation to the Placing
“Placing Price”	HK\$3.35 per Placing Share
“Placing Shares”	up to 352,500,000 Shares to be placed by the Placing Agents pursuant to the Placing Agreement and “Placing Share” shall mean any one of them
“PRC”	the People’s Republic of China, which for the purposes of this announcement only (unless otherwise indicated) excludes Hong Kong, Macau and Taiwan
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Vendor under the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 6 June 2017 and entered into between the Vendor and the Company in relation to the Subscription
“Subscription Price”	HK\$3.35 per Subscription Share
“Subscription Shares”	up to 352,500,000 new Shares to be allotted and issued by the Company to the Vendor pursuant to the Subscription Agreement and “Subscription Share” shall mean any one of them

“substantial shareholder(s)”	has the meaning as ascribed to it under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Vendor”	Mingyuan Group Investment Limited, a company incorporated under the laws of the British Virgin Islands and wholly-owned by Mr. Shum Tin Ching
“%”	per cent.

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

Hong Kong, 6 June 2017

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.