

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

MAJOR TRANSACTION

ACQUISITION OF MACAU LAND

ACQUISITION OF MACAU LAND

The Board is pleased to announce that on 6 September 2017 (after trading hours), Xiangyuan Property, an indirect wholly-owned subsidiary of the Company, the Seller and the Guarantor entered into the Sale and Purchase Agreement, pursuant to which, Xiangyuan Property agreed to purchase and the Seller agreed to sell two parcels of land located at Taipa District of Macau for a consideration of HK\$3,510 million.

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 is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

As at the date of this announcement, Mingyuan Investment holds 1,350,000,000 Shares, representing approximately 60.81% of the issued share capital of the Company. The Company obtained a written shareholder's approval dated 6 September 2017 in relation to the Acquisition under the Sale and Purchase Agreement from Mingyuan Investment, which holds more than 50% in nominal value of the Shares of the Company giving the right to attend and vote at a general meeting of the Company.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, none of the Shareholders nor any of their respective close associates have any material interest in the Acquisition, and thus, no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition.

Accordingly, no general meeting is required to be held to consider and approve the Acquisition under the Sale and Purchase Agreement pursuant to Rule 14.44 of the Listing Rules.

GENERAL

A circular containing, among other things, further details of Acquisition under the Sale and Purchase Agreement is expected to be despatched to the Shareholders within 15 business days after the publication of this announcement.

ACQUISITION OF MACAU LAND

The Board is pleased to announce that on 6 September 2017 (after trading hours), Xiangyuan Property, an indirect wholly-owned subsidiary of the Company, the Seller and the Guarantor entered into the Sale and Purchase Agreement, pursuant to which, Xiangyuan Property agreed to purchase and the Seller agreed to sell two parcels of land located at Taipa District of Macau for a consideration of HK\$3,510 million.

SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date

6 September 2017

Parties

- (a) Xiangyuan Property, as purchaser
- (b) the Seller, as seller
- (c) the Guarantor, as personal guarantor of certain obligations

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Seller, its ultimate beneficial owners and the Guarantor are third parties independent of and not connected with the Company and its connected persons.

Subject matter

Two parcels of land located at Taipa District of Macau and registered under the name of the Seller as the sole legal and beneficial owner (the “Macau Land”), being:

- (a) Lot TN20 located at San Chai Village, Taipa District of Macau with a site area of approximately 2,323 square meters with unlimited land use term designated for private use (私家用地); and
- (b) Lot TN24 located at San Chai Village, Taipa District of Macau with a site area of approximately 3,274 square meters with unlimited land use term designated for private use (私家用地).

According to the urban condition plans (規劃條件圖) issued by the relevant department of the Macau Government in July 2015, the Macau Land Owner will surrender the Macau Land to the Macau Government in exchange for a grant by the Macau Government (the “Land Exchange”) of a leasehold land with a total site area of approximately 3,826 square meters designated for urban land use (都市用地) at the same location (the “Replacement Land”), by way of a land grant contract to be entered into between the Macau Government and the Macau Land Owner. A net site area of approximately 1,771 square meters will be surrendered to the Macau Government for public amenities. The Replacement Land will have an initial concession period of not more than 25 years, which is renewable for successive terms of not more than 10 years each upon the expiry of each concession period.

In June 2017, the Seller, being the current Macau Land Owner, submitted a construction plan proposal (建築計劃草案) to the Macau Government in respect of the Land Exchange. As at the date of this announcement, the Macau Government and the Seller have not entered into a land grant contract for the leasehold grant of the Replacement Land. It is expected that the Land Exchange will take place on or around four months subsequent to Completion.

For further details of the Macau Land, please refer to the paragraph headed “General Information of the Parties to and Subject Matter of the Transaction – Macau Land” below.

Consideration

The consideration for the Acquisition is HK\$3,510 million, which shall be payable in cash according to the following schedule:

- (a) HK\$100 million, being an earnest money paid to the Seller, was regarded as the 1st deposit paid on the date of the Sale and Purchase Agreement and will be applied as partial payment of the consideration;
- (b) HK\$251 million, being the 2nd deposit, was paid to the Seller by way of telegraphic transfer on the date of the Sale and Purchase Agreement and will be applied as partial payment of the consideration;

- (c) HK\$351 million, being the 3rd deposit, will be paid to the Seller by way of a cashier order or telegraphic transfer within 30 days from the date of the Sale and Purchase Agreement and will be applied as partial payment of the consideration; and
- (d) HK\$2,808 million, being the remaining balance of the consideration, will be paid to the Seller by way of a cashier order upon Completion.

The consideration was arrived at after arm's length negotiation between the Seller and Xiangyuan Property, having taken into account of, among other factors (a) a preliminary appraised value of the Macau Land in the amount of HK\$3,560 million prepared by an independent property valuer engaged by the Company; (b) the current market prices of comparable parcels of land and properties in the nearby area; and (c) the salesable area and projected selling prices of the properties to be developed on the Replacement Land.

The consideration will be funded by the internal resources of the Group and bank and/or other financings.

If Xiangyuan Property fails to perform its obligations under the Sale and Purchase Agreement, the Seller shall have the right to forfeit all deposits paid thereunder. If the Seller fails to perform its obligations under the Sale and Purchase Agreement, Xiangyuan Property shall have the right to demand the return of all deposits paid thereunder and a compensation in the amount equivalent to all deposits paid.

Guarantor's undertakings

Subject to certain exceptions set out in the Sale and Purchase Agreement, the Guarantor undertakes to Xiangyuan Property that:

- (a) the total site area and value of the Macau Land to be surrendered to the Macau Government will be higher than those of the Replacement Land to be granted by the Macau Government under the Land Exchange, and hence, no land premium will be required to be paid by the Macau Land Owner in respect of the Land Exchange; and
- (b) in the event that land premium will be required to be paid by the Macau Land Owner in respect of the Land Exchange during the period from the date of the Sale and Purchase Agreement and until the date falling on the expiry of 18 months from the Completion Date, the Guarantor will pay to Xiangyuan Property a sum equivalent to the amount of such land premium, which is subject to a cap of HK\$100 million.

Completion

Completion shall take place on the Completion Date, being 30 November 2017, or such other date as the Seller and Xiangyuan Property may agree in writing.

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.

Xiangyuan Property

Xiangyuan Property is a company incorporated under the laws of Macau with limited liability on 21 August 2017 and an indirect wholly-owned subsidiary of the Company. It will be principally engaged in property development in Macau.

The Seller and the Guarantor

The Seller is a company incorporated under the laws of Macau with limited liability and ultimately owned as to 40% by the Guarantor. It is principally engaged in property investment in Macau.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Seller, its ultimate beneficial owners and the Guarantor are third parties independent of and not connected with the Company and its connected persons.

Macau Land

The Macau Land is located at Lot TN20 and Lot TN24 near the Avenida Dr. Sun Yat-Sen in Taipa District of Macau. It is situated at the hub of three sea-crossing bridges, connecting the Macau Peninsula, Zhuhai and Hengqin. The Macau Land is highly accessible by a 3-minute drive from the Macau Taipa Ferry Terminal and a 5-minute drive from the Macau International Airport and Cotal Strip, respectively.

The Macau Land is well equipped with neighbouring infrastructure, public and social amenities as well as renowned school network. While being surrounded by top-tier hotels and shopping arcades, the Macau Land is also facing the Taipa Grande Nature Park with a good living environment.

Taking into account of the Guangzhou-Zhuhai Intercity Railway under construction, which will be extended and connected to the Macau Light Rail Transit upon completion, and the official opening of Zhuhai-Hong Kong-Macau bridge in 2018, the Group believes that there exists a great development potential for the Macau Land.

Under the latest construction plan proposal (建築計劃草案) submitted by the Seller to the Macau Government, the property development project on the Replacement Land will have a gross floor area of approximately 60,969 square meters, comprising of residential units, commercial units and car parks. Such proposal is subject to the approval by the Macau Government.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As disclosed in the interim results announcement of the Company dated 23 August 2017, the Group targets to achieve parallel development in both domestic and overseas property markets. In particular, the Group will seek to make investments in the Pearl River Delta Metropolitan Circle in response to the development plan for a city cluster in the Guangdong-Hong Kong-Macau Bay Area.

The Group believes that the Acquisition represents an excellent investment opportunity for the Group to establish its presence in the Macau property market and enhances its brand influence in the Pearl River Delta Metropolitan Circle. The Acquisition also allows the Group to increase its land reserves in the Guangdong-Hong Kong-Macau Bay Area, which is in line with the Group's strategy and commercial criteria for land development.

The Group considers the recent recovering gambling industry in Macau is a favourable factor in the short or medium term. With the support from the PRC Government under the "One Belt One Road" initiative, the Group believes that the Macau economy will be injected with further momentum as the China and Macau markets integrate. Further, it is believed that the mainland and overseas investors' increasing investment sentiment in respect of the Macau property market will also drive up the demand for Macau properties.

On the above premises, the Directors are of the view that the Acquisition is in the ordinary and usual course of business of the Group, on normal commercial terms and fair and reasonable 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 is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

As at the date of this announcement, Mingyuan Investment holds 1,350,000,000 Shares, representing approximately 60.81% of the issued share capital of the Company. The Company obtained a written shareholder's approval dated 6 September 2017 in relation to the Acquisition under the Sale and Purchase Agreement from Mingyuan Investment, which holds more than 50% in nominal value of the Shares of the Company giving the right to attend and vote at a general meeting of the Company.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, none of the Shareholders nor any of their respective close associates have any material interest in the Acquisition, and thus, no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition.

Accordingly, no general meeting is required to be held to consider and approve the Acquisition under the Sale and Purchase Agreement pursuant to Rule 14.44 of the Listing Rules.

GENERAL

A circular containing, among other things, further details of Acquisition under the Sale and Purchase Agreement is expected to be despatched to the Shareholders within 15 business days after the publication of this announcement.

DEFINITIONS

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

“Acquisition”	the acquisition of the Macau Land by Xiangyuan Property from the Seller on the terms and conditions of the Sale and Purchase Agreement
“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)
“Completion”	completion of the Acquisition pursuant to the Sale and Purchase Agreement
“Completion Date”	30 November 2017, or such other date as the Seller and Xiangyuan Property may agree in writing
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Kwan Wai Lam (關偉霖)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land Exchange”	has the meaning ascribed thereto under the paragraph headed “Sale and Purchase Agreement – Subject matter” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macao Special Administrative Region of the PRC
“Macau Land”	two parcels of land located at Taipa District of Macau as further described in the paragraphs headed “Sale and Purchase Agreement – Subject matter” and “General Information of the Parties to and Subject Matter of the Transaction – Macau Land” in this announcement, respectively
“Macau Land Owner”	the registered owner of the Macau Land from time to time, being the Seller prior to Completion and Xiangyuan Property upon Completion
“Mingyuan Investment”	Mingyuan Group Investment Limited (明源集團投資有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability and one of the controlling shareholders of the Company
“PRC”	the People’s Republic of China, which for the purposes of this announcement only (unless otherwise indicated), excludes Hong Kong, Macau and Taiwan
“Replacement Land”	has the meaning ascribed thereto under the paragraph headed “Sale and Purchase Agreement – Subject matter” in this announcement
“Sale and Purchase Agreement”	the promissory sale and purchase agreement dated 6 September 2017 and entered into between the Seller, Xiangyuan Property (as purchaser) and the Guarantor in respect of the Acquisition
“Seller”	San Kin Tai Property Development Limited (新建泰置業有限公司), a company incorporated under the laws of Macau with limited liability
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	the holders of the Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Xiangyuan Property”	Xiangyuan Property Development Limited (祥源地產開發有限公司), a company incorporated under the laws of Macau with limited liability on 21 August 2017 and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 6 September 2017

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.