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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)**

**MAJOR AND CONNECTED TRANSACTION:**

**SUPPLEMENTAL AGREEMENT TO THE SALE AND PURCHASE  
AGREEMENT IN RELATION TO THE ACQUISITION OF THE TARGET  
GROUP HOLDING PROPERTY DEVELOPMENT PROJECTS LOCATED  
IN ANHUI PROVINCE**

Reference is made to the announcement (the “**Announcement**”) of Jiayuan International Group Limited (the “**Company**”) dated 26 April 2019 in relation to, among other things, the Acquisition and the delay in despatch of circular announcements of the Company dated 21 May 2019, 31 May 2019 and 14 June 2019, respectively (collectively, the “**Delay Announcements**”). Unless otherwise defined herein, capitalised terms used herein shall have the same meanings as defined in the Announcement.

## THE SUPPLEMENTAL AGREEMENT

On 24 June 2019 (after trading hours), the Company entered into a supplemental agreement with Mr. Shum (the “**Supplemental Agreement**”), pursuant to which the Company and Mr. Shum agreed to make certain amendments to the Sale and Purchase Agreement. The principal amendments effected under the Supplemental Agreement are set out as follows:

1. the number of Consideration Shares has been increased to 1,377,959,475 from 1,345,036,518;
2. the Initial Consideration has been adjusted based on the audited net asset value attributable to the owners of the Target Group as at 31 December 2018, which had previously been calculated based on the unaudited net asset value attributable to owners of the Target Group as at 31 December 2018, resulting in an increase to RMB4,155,168,787 (equivalent to HK\$4,840,771,637) from RMB4,055,891,237 (equivalent to HK\$4,725,113,291);
3. for the purpose of determining the Initial Consideration, the discount rate to be applied to the Adjusted NAV has been raised from 3.00% to 8.00%;
4. the Final Consideration will be adjusted by reference to the unaudited consolidated management accounts of the Target Group as at 31 May 2019, which was previously to be adjusted by reference to the unaudited consolidated management accounts of the Target Group as at Completion;
5. the unaudited consolidated management accounts of the Target Group as at 31 May 2019 shall be reviewed and approved by the audit committee of the Company, before the Final Consideration is determined;
6. the appreciated value of the property development projects (based on a valuation report as at 28 February 2019) has been revised from RMB5,019,012,780 (equivalent to HK\$5,847,149,889) to RMB5,413,988,300 (equivalent to HK\$6,307,296,370) pursuant to an updated property valuation report as at 30 April 2019; and
7. date of fulfillment of conditions precedent to Completion has been postponed to 31 July 2019 from 30 June 2019.

Save as disclosed, all other terms and conditions of the Sale and Purchase Agreement shall remain in full force and effect. The Final Consideration, the relevant amount of Consideration Shares to be issued and the effect of the Consideration Shares on the shareholding structure will be announced by the Company at Completion.

## ADJUSTED NAV AND INITIAL CONSIDERATION

Pursuant to the Supplemental Agreement, the following table demonstrates the calculations of the Adjusted NAV of the Target Group and the Initial Consideration:

*RMB*

|  |   |
|--|---|
| Appreciated value of the property development projects as at 30 April 2019 based on the properties valuation and ownership percentage of the property development projects by the Target Group | 5,413,988,300<br>(equivalent to approximately<br>HK\$6,307,296,370) |
|--|---|

*Add:*

|   |   |
|---|---|
| Audited net asset value attributable to the owners of the Target Group as at 31 December 2018 | 1,207,763,000<br>(equivalent to approximately<br>HK\$1,407,043,895) |
|---|---|

*Less:*

|                    |   |
|--------------------|---|
| Deferred PRC taxes | 1,353,497,075<br>(equivalent to approximately<br>HK\$1,576,824,093) |
|--------------------|---|

*Less:*

|   |   |
|---|---|
| Payout of the retained profit of the Target Group as of 31 December 2018 declared and distributed as dividend prior to Completion | 751,766,413<br>(equivalent to approximately<br>HK\$875,807,871) |
|---|---|

*Equal to:*

|  |   |
|--|---|
| Adjusted net asset value attributable to the owners of the Target Group (the “Adjusted NAV”) | 4,516,487,812<br>(equivalent to approximately<br>HK\$5,261,708,301) |
|--|---|

*Less:*

|                                    |   |
|------------------------------------|---|
| 8.00% discount to the Adjusted NAV | 361,319,025<br>(equivalent to approximately<br>HK\$420,936,664) |
|------------------------------------|---|

### **Initial Consideration**

**4,155,168,787**  
**(equivalent to**  
**approximately**  
**HK\$4,840,771,637)**

The Initial Consideration of RMB4,155,168,787 (equivalent to approximately HK\$4,840,771,637) (subject to adjustment) will be settled in full by the allotment and issue of the 1,377,959,475 Consideration Shares (subject to adjustment based on the Final Consideration) by the Company to Mr. Shum or his nominee(s) at the Issue Price of HK\$3.513 per Consideration Share.

## EFFECT OF THE CONSIDERATION SHARES ON SHAREHOLDING STRUCTURE

As at the date of this announcement, the authorised share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 Shares, and 2,561,151,991 fully paid-up Shares were in issue. Set out below is the shareholding structure of the Company: (a) as at the date of this announcement; and (b) immediately after the Completion and the allotment and issue of the Consideration Shares in full as contemplated under the Sale and Purchase Agreement (as subsequently amended by the Supplemental Agreement):

|   | As at the date<br>of this announcement |                                 | Immediately after<br>Completion and the allotment<br>and issue of the<br>Consideration Shares<br>in full <sup>(2)(5)</sup> |                                 |
|---|--|---------------------------------|--|---------------------------------|
|   | Number of<br>Shares                    | Approximate<br>% <sup>(3)</sup> | Number of<br>Shares  | Approximate<br>% <sup>(3)</sup> |
| <b>Shareholders</b>                           |  |                                 |  |                                 |
| Mr. Shum and<br>his associates <sup>(4)</sup> | 1,353,851,249 <sup>(1)</sup>           | 52.86                           | 2,731,810,724  | 69.35                           |
| Public Shareholders                           | 1,207,300,742                          | 47.14                           | 1,207,300,742  | 30.65                           |
| <b>Total</b>                                  | <b>2,561,151,991</b>                   | <b>100.00</b>                   | <b>3,939,111,466</b>   | <b>100.00</b>                   |

Notes:

- 1,334,284,849 Shares are held by Mingyuan Investment, which is 100% owned by Mr. Shum, and 19,566,400 Shares are held by Mr. Shum in his personal capacity as a beneficial owner.
- The figures above assume that other than the Consideration Shares, no further Shares are issued or repurchased by the Company, and no Shares are sold or purchased by Mr. Shum or his associate(s), in each case on or after the Latest Practicable Date and up to the date the allotment and issue of the Consideration Shares.
- The percentage figures included in this table are subject to rounding adjustment.
- On 26 April 2019, the Company entered into a Sale and Purchase Agreement (as subsequently amended by the Supplemental Agreement) with Mr. Shum, pursuant to which the Company has conditionally agreed to acquire and Mr. Shum has conditionally agreed to sell the entire issued share capital of the Target Company, at the Initial Consideration of RMB4,155,168,787 (equivalent to approximately HK\$4,840,771,637) (subject to adjustment), which will be settled by the allotment and issue of the 1,377,959,475 Consideration Shares (subject to adjustment based on the Final Consideration) by the Company to Mr. Shum or his nominee(s).
- The allotment and issue of the Consideration Shares will not result in change in control of the Company.

## LISTING RULES IMPLICATIONS

### Major Transaction

The Acquisition, together with the Shanghai Acquisition and the Property Management Acquisition, constitute a series of transactions made by the Company within a 12-month period and shall be aggregated pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition, when aggregated with the Shanghai Acquisition and the Property Management 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.

### Connected Transaction

As at the date of this announcement, Mr. Shum, being the chairman, a non-executive Director and, together with Mingyuan Investment, the controlling shareholders (as defined in the Listing Rules) of the Company, is interested in approximately 52.86% of the issued share capital of the Company. Hence, Mr. Shum is a connected person of the Company. The Acquisition, together with the Shanghai Acquisition and the Property Management Acquisition, constitute a series of transactions made within a 12-month period and shall be aggregated pursuant to Rule 14A.81 of the Listing Rules. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 25% and the Consideration is more than HK\$10,000,000, the Acquisition is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

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

Hong Kong, 24 June 2019

*As at the date of this announcement, the board of directors of the Company comprises: (i) Mr. Shum Tin Ching, the Chairman and a Non-executive Director; (ii) Mr. Zhang Yi, a Vice Chairman and an Executive Director; (iii) Mr. Huang Fuqing, a Vice Chairman and an Executive Director; (iv) Ms. Cheuk Hiu Nam, an Executive Director; (v) Mr. Wang Jianfeng, an Executive Director; (vi) Mr. Tai Kwok Leung, Alexander, an Independent Non-executive Director; (vii) Dr. Cheung Wai Bun, Charles, JP, an Independent Non-executive Director; (viii) Mr. Gu Yunchang, an Independent Non-executive Director; and (ix) Mr. Shen Xiaodong, a Non-executive Director.*