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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Jiayuan International Group Limited**, you should at once hand this to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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 TRANSACTION

**ACQUISITION OF LAND USE RIGHT IN
YANGZHOU CITY, JIANGSU PROVINCE**

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DEFINITIONS

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

“Bid Confirmation”	the legally binding confirmation letter dated 29 December 2016 entered into between Yangzhou Xiangjiang and Yangzhou Land Bureau confirming the successful bid of the Yangzhou Land Plot by Yangzhou Xiangjiang
“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 Stock Exchange (Stock Code: 2768)
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration of the Yangzhou Land Plot
“Directors”	the directors of the Company
“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
“Land Use Right Transfer Contract”	the contract for the transfer of the state-owned construction land use right (國有建設用地使用權出讓合同) entered into between Yangzhou Xiangjiang and Yangzhou Land Bureau on 12 January 2017 in respect of the Yangzhou Land Plot
“Latest Practicable Date”	23 January 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purposes of this circular only (unless otherwise indicated) excludes Hong Kong, Macau and Taiwan
“Prospectus”	the prospectus of the Company dated 26 February 2016
“RMB”	Renminbi, the lawful currency of the PRC
“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
“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
“Yangzhou Land Bureau”	揚州市江都區國土資源局 (Bureau of Land and Resources of Jiangdu District, Yangzhou City*), the seller of the Yangzhou Land Plot
“Yangzhou Land Plot”	a parcel of land situated at the intersection of South Side of Wenchang East Road and West Side of Guangzhou Road, Yangzhou City, Jiangsu Province, the PRC
“Yangzhou Land Plot Acquisition”	the acquisition of the land use right of the Yangzhou Land Plot by way of public listing and tender held by Yangzhou Land Bureau

DEFINITIONS

“Yangzhou Xiangjiang”	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, being an indirect wholly-owned subsidiary of the Company and the purchaser of the Yangzhou Land Plot
“%”	per cent

For the purpose of this circular and for illustrative purpose only, RMB is converted into HK\$ at the rate of RMB1:HK\$1.1148. No representation is made that any amounts in RMB has been or could be converted at the above rates or at any other rates.

* *For identification purpose only*

LETTER FROM THE BOARD



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)

Non-executive Director:

Mr. Shum Tin Ching (*Chairman*)

Executive Directors:

Mr. Huang Fuqing (*Vice Chairman*)

Ms. Cheuk Hiu Nam (*Chief Executive Officer*)

Mr. Wang Jianfeng

Independent non-executive Directors:

Mr. Tai Kwok Leung, Alexander

Dr. Cheung Wai Bun, Charles, *JP*

Mr. Gu Yunchang

Registered Office:

Cricket Square
Hutchins Drive, PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

*Head Office and Principal Place
of Business in the PRC:*

No. 59, Gu Jia Ying Road
Xuanwu District
Nanjing
PRC

*Principal Place of Business
in Hong Kong:*

Room 1403
9 Queen's Road Central
Hong Kong

25 January 2017

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

**ACQUISITION OF LAND USE RIGHT IN
YANGZHOU CITY, JIANGSU PROVINCE**

INTRODUCTION

Reference is made to the announcement of the Company dated 30 December 2016 in relation to the Yangzhou Land Plot Acquisition. The purpose of this circular is to provide you with further details regarding the Yangzhou Land Plot Acquisition.

LETTER FROM THE BOARD

THE YANGZHOU LAND PLOT ACQUISITION

On 29 December 2016, Yangzhou Xiangjiang, an indirect wholly-owned subsidiary of the Company, successfully won a bidding in respect of the Yangzhou Land Plot, a state-owned construction land use right of Land Plot 2016G13, situated at the intersection of South Side of Wenchang East Road and West Side of Guangzhou Road, Yangzhou City, Jiangsu Province, the PRC, by way of public listing and tender held by the Yangzhou Land Bureau.

The site area of the Yangzhou Land Plot is 167,826 square meters, and upon fully developed, with gross floor area of 399,426 square meters and an integrated plot ratio of not exceeding 2.38. The permitted land uses are commercial and residential properties. It has a land use right of 40 years for the commercial development and a land use right of 70 years for the residential development.

Yangzhou Xiangjiang entered into the Bid Confirmation with Yangzhou Land Bureau to confirm the successful bid of the Yangzhou Land Plot on 29 December 2016. In accordance with the Bid Confirmation, Yangzhou Xiangjiang entered into the Land Use Right Transfer Contract with Yangzhou Land Bureau on 12 January 2017. Pursuant to the Land Use Right Transfer Contract, the Yangzhou Land Plot shall be transferred to Yangzhou Xiangjiang on or before 9 February 2018. Yangzhou Xiangjiang shall commence the developments on the Yangzhou Land Plot on or before 8 February 2019, which should be completed on or before 7 February 2022.

Consideration

The Consideration of the Yangzhou Land Plot was RMB1,451,000,000 (equivalent to approximately HK\$1,617,575,000), which shall be paid by Yangzhou Xiangjiang in the following manners:

- (a) an amount of RMB200,000,000 (equivalent to approximately HK\$222,960,000), being the deposit for the public listing and tender and part payment of the Consideration, has been paid to Yangzhou Land Bureau;
- (b) an amount of RMB525,500,000 (equivalent to approximately HK\$585,827,000) shall be paid on or before 10 February 2017; and
- (c) an amount of RMB725,500,000 (equivalent to approximately HK\$808,787,000) shall be paid on or before 11 January 2018.

The Consideration will be funded by the Group with internal resources and/or other financing.

The Consideration was arrived by way of public listing and tender held by Yangzhou Land Bureau on 29 December 2016, which was required to be conducted in accordance with the relevant PRC laws and regulations. In submitting the bid in respect of the Yangzhou Land Plot, the Group has taken into account the minimum bid price, current market conditions, location of the Yangzhou Land Plot, and land price in the surrounding area with reference to the information available from Yangzhou Land Bureau.

LETTER FROM THE BOARD

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.

Yangzhou Land Bureau

Yangzhou Land Bureau is a local government body of the PRC. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, Yangzhou Land Bureau and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

The Yangzhou Land Plot

The Yangzhou Land Plot is located at the intersection of South Side of Wenchang East Road and West Side of Guangzhou Road, Yangzhou City, Jiangsu Province, the PRC.

The Yangzhou Land Plot is adjacent to the riverside area and is situated at location which the Company considers being maturely developed and well supported by readily available infrastructure, public facilities and amenities and transportation system. It is of close proximity to major public transportation with a 15-minute drive from Jiangdu Railway Station and a 30-minute drive from Yangzhou Taizhou International Airport. With established supporting facilities in the surrounding area and convenient transportation network, the Yangzhou Land Plot has vast locality advantage and potential for development.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group believes that the Yangzhou Land Plot Acquisition represents an excellent opportunity for the Group to further enhance its presence and influence in Jiangsu Province, expand the Group's land bank and is in line with the Group's strategy and commercial criteria for land development. It is conducive for the Group to better build on and utilise its brand advantage in the region and bring synergy to the Group's existing property development projects in the region.

Given the aforesaid reasons and benefits, the Directors believe that the Yangzhou Land Plot Acquisition is in the ordinary and usual course of business of the Company and on normal commercial terms which is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE YANGZHOU LAND PLOT ACQUISITION

Immediately upon completion of the Yangzhou Land Plot Acquisition and assuming RMB401 million of the Consideration is to be satisfied by the Group's cash and bank balances and RMB1,050 million of the Consideration is to be satisfied by bank borrowings, respectively, the financial effects of the Group are (i) an increase in assets of approximately RMB1,050 million, being a net effect from an increase of asset from land amounting to RMB1,451 million minus a decrease in cash and bank amounting to RMB401 million; (ii) an increase in liabilities (representing the bank borrowings) of approximately RMB1,050 million; and (iii) an insignificant effect on the earnings of the Group.

IMPLICATIONS ON LISTING RULES

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Yangzhou Land Plot Acquisition exceed(s) 25% but less than 100%, the Yangzhou Land Plot Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

The Yangzhou Land Plot Acquisition is regarded as a "qualified property acquisition" under Rule 14.04(10C) of the Listing Rules as the Yangzhou Land Plot Acquisition involves an acquisition of governmental land from a PRC Governmental Body (as defined under the Listing Rules) through a tender, auction or a listing-for-sale governed by the PRC law (as defined under the Listing Rules). Accordingly, valuation of the Yangzhou Land Plot is not required under Rule 5.02A(2) of the Listing Rules.

The Board confirms that the Yangzhou Land Plot Acquisition is in the ordinary and usual course of business of the Company and on normal commercial terms which is fair and reasonable and in the interests of the Company and Shareholders as a whole. Accordingly, the Yangzhou Land Plot Acquisition is subject to reporting, announcement and circular requirements but is exempt from shareholders' approval requirement pursuant to Rule 14.33A of the Listing Rules.

GENERAL

Your attention is also drawn to the financial information of the Group and general information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of
Jiayuan International Group Limited
Shum Tin Ching
Chairman

1. CONSOLIDATED FINANCIAL STATEMENTS

For details of the audited financial information of the Group for the two financial years ended 31 December 2013 and 2014, respectively, please refer to the disclosure in the Prospectus on pages I-1 to I-94 (<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0226/LTN20160226019.pdf>).

For details of the audited financial information of the Group for the financial year ended 31 December 2015, please refer to the disclosure in the 2015 annual report of the Company on pages 42–133 (<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0428/LTN201604282138.pdf>).

For details of the unaudited interim financial information of the Group for the six months ended 30 June 2016, please refer to the disclosure in the 2016 interim report of the Company on pages 22–52 (<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0829/LTN20160829207.pdf>).

All of the above financial statements of the Group were published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.jiayuanintl.com).

2. STATEMENT OF INDEBTEDNESS

As at 30 November 2016, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group's total indebtedness is set out below:

	<i>RMB'000</i>
Bank loans, secured, guaranteed	1,321,830
Bank loans, secured, unguaranteed	210,000
Trust loans, secured	
– Conventional loans, guaranteed	1,768,000
– Conventional loans, unguaranteed	350,000
Senior notes, secured, guaranteed	689,620
Other loans, secured, guaranteed	2,400,000
Other loans, unsecured, unguaranteed	34,360
	<hr/>
	6,773,810

The aforesaid secured borrowings of approximately RMB6,739 million were secured by the Group's investment properties, property and equipment, insurance policy, properties under development, properties held for sales, shares of subsidiaries and pledged bank deposits as at 30 November 2016.

As at 30 November 2016, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding guarantees of approximately RMB3,341 million to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purpose of the Group's properties under development.

Save as disclosed above and apart from intra-group liabilities within the Group and normal trade business, the Group did not have, at the close of business on 30 November 2016, any other debt securities issued and outstanding or agreed to be issued, bank borrowings, other borrowings and indebtedness, bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchases commitments, finance lease obligation, mortgages and charges, guarantees or material contingent liabilities.

3. WORKING CAPITAL

After due and careful enquiry, the Directors are of the opinion that, taking into account the Group's internal resources available, the banking facilities presently available to the Group, other source of finance, and the effect of the Yangzhou Land Plot Acquisition, and in the absence of unforeseeable circumstances, the Group will have sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited financial statements of the Company were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In the financial year ending on 31 December 2017, the Group will continue to engage in development and sale of residential and commercial properties and the leasing of commercial properties owned or developed by the Group.

The aggregate contracted sales of the Group from January 2016 to December 2016 amounted to approximately RMB4,648.2 million and the aggregate contracted sales area for the same period amounted to approximately 460,094 square meters. As at 30 June 2016, the Group had a total shareholders' funds of approximately RMB2,777 million with bank balances and cash of approximately RMB1,819 million. The Directors expect that the Group will continue to maintain a stable financial position to support the business operations.

Riding on the Group's solid foundation of existing property development projects, the Group would continue to explore possible investment and acquisition opportunities. The Group would continue to leverage on the market knowledge, experience and resources of the Group, so as to achieve synergistic effects in terms of operation effectiveness and branding.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors confirm, having made all reasonable enquiries, that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as contained in Appendix 10 to the Listing Rules, were as follows:

(a) Interest in Shares of the Company

Name of Director	Nature of interest	Total number of Shares ⁽¹⁾	Approximate percentage of total shareholding
Mr. Shum Tin Ching ^{(2) & (3)}	Interest of a controlled corporation	1,350,000,000 (L)	72.29% ⁽⁴⁾

Notes:

- The letter “L” denotes the Director’s long position in the Shares of the Company.
- The disclosed interest represents the interest in the Company held by Mingyuan Group Investment Limited (“**Mingyuan Investment**”), which is wholly-owned by Mr. Shum Tin Ching. Therefore, Mr. Shum Tin Ching is deemed to be interested in Mingyuan Investment’s interest in the Company by virtue of the SFO.
- Mingyuan Investment entered into a share charge agreement with CTI Capital Management Limited (“**CTI Capital**”) on 19 December 2016, pursuant to the which, Mingyuan Investment pledged 280,000,000 Shares of the Company in favor to CTI Capital as one of the securities for a term loan granted to an Australian company with majority shares indirectly owned by Mr. Shum Tin Ching, details of which are set out in the announcement of the Company dated 19 December 2016.
- The percentage shareholding in the Company is calculated on the basis of 1,867,500,000 Shares in issue as at the Latest Practicable Date.

(b) Interest in share of Mingyuan Investment

Name of Director	Nature of interest	Total number of shares ^(Note)	Percentage of total shareholding
Mr. Shum Tin Ching	Beneficial owner	1 (L)	100%

Note: The letter “L” denotes the Director’s long position in the share of Mingyuan Investment.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests and short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director was taken or deemed to have under such provisions of the SFO); or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which was required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

(c) Other Directors’ interest

At the Latest Practicable Date, except Mr. Shum Tin Ching being the sole director of Mingyuan Investment, none of the Directors was a director or employee of a company which had or was deemed to have an interest or short position in the Shares or underlying shares in respect of equity derivatives of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS’ INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up.

4. DIRECTORS’ INTERESTS IN CONTRACT OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).

6. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this circular and are or may be material:

- (a) an equity transfer agreement dated 15 May 2015 and entered into between Suqian Jia Yuan Property Development Co., Ltd.* (“**Suqian Jia Yuan**”) and Zhejiang Jia Yuan Property Group Co., Ltd.* (“**Zhejiang Jia Yuan Group**”), pursuant to which Suqian Jia Yuan agreed to transfer and Zhejiang Jia Yuan Group agreed to acquire 90% equity interest in Haining Jia Yuan Property Development Co., Ltd.* (“**Haining Jia Yuan**”) at the consideration of RMB252.9 million;
- (b) an equity transfer agreement dated 17 May 2015 and entered into between Yangzhou Guangyuan Property Development Co., Ltd.* (“**Yangzhou Guangyuan**”) and Jia Yuan Chuangsheng Holding Group Co., Ltd.* (“**Jia Yuan Chuangsheng**”), pursuant to which Yangzhou Guangyuan agreed to transfer and Jia Yuan Chuangsheng agreed to acquire 35% equity interest in Tongxiang Jia Yuan Property Development Co., Ltd.* (“**Tongxiang Jia Yuan**”) at the consideration of RMB7.81 million;
- (c) an equity transfer agreement dated 21 May 2015 and entered into between Yangzhou Guangyuan and Zhejiang Guangyuan Property Development Co., Ltd.* (“**Zhejiang Guangyuan**”), pursuant to which Yangzhou Guangyuan agreed to transfer and Zhejiang Guangyuan agreed to acquire 60% equity interest in Jiaxing Jindi Property Development Co., Ltd.* (“**Jiaxing Jindi**”) at the consideration of RMB144 million;
- (d) an equity transfer agreement dated 27 May 2015 and entered into between Yangzhou Guangyuan and Jia Yuan Chuangsheng, pursuant to which Yangzhou Guangyuan agreed to transfer and Jia Yuan Chuangsheng agreed to acquire 45% equity interest in Zhejiang Guangyuan at the consideration of RMB22.59 million;
- (e) a share buy-back agreement dated 1 June 2015 and entered into between Hong Kong Jia Yuan Holdings Limited (“**Hong Kong Jia Yuan**”) and Mr. Shum Tin Ching, pursuant to which Hong Kong Jia Yuan bought back its 10,000 shares from Mr. Shum Tin Ching at a consideration of HK\$10,000;

- (f) an equity transfer agreement dated 1 June 2015 and entered into between Taizhou Jia Yuan Property Development Co., Ltd.* (“**Taizhou Jia Yuan**”) and Zhejiang Jia Yuan Group, pursuant to which Taizhou Jia Yuan agreed to transfer and Zhejiang Jia Yuan Group agreed to acquire 31.76% equity interest in Haiyan Jia Yuan Property Development Co., Ltd.* (“**Haiyan Jia Yuan**”) at the consideration of RMB75.6 million;
- (g) an equity transfer agreement dated 1 June 2015 and entered into between Yangzhou Guangyuan and Tongxiang Jia Yuan, pursuant to which Yangzhou Guangyuan agreed to transfer and Tongxiang Jia Yuan agreed to acquire 10.4% equity interest in Zhejiang Jia Yuan Group at the consideration of RMB92 million;
- (h) an equity transfer agreement dated 1 June 2015 and entered into between Jin Jiang Investment and Management Co. (“**Jinjiang Investment**”) and Hong Kong Jia Yuan, pursuant to which Jinjiang Investment transferred to Hong Kong Jia Yuan 100% equity interest in Taixing Mingyuan Property Development Co., Ltd.* (“**Taixing Mingyuan**”) at the consideration of RMB60 million;
- (i) an equity transfer agreement dated 1 June 2015 and entered into between Jinjiang Investment and Hong Kong Jia Yuan, pursuant to which Jinjiang Investment transferred to Hong Kong Jia Yuan 88.7% equity interest in Yangzhou Guangyuan at the consideration of USD20 million;
- (j) an equity transfer agreement dated 1 June 2015 and entered into between Jia Yuan Chuangsheng and Nanjing Gangyuan Investment Consulting Co., Ltd.* (“**Nanjing Gangyuan**”), pursuant to which Jia Yuan Chuangsheng transferred to Nanjing Gangyuan 11.3% equity interest in Yangzhou Guangyuan at the consideration of USD2.56 million;
- (k) an equity transfer agreement dated 1 June 2015 and entered into between Mr. Tsho Yun Wai and Hong Kong Jia Yuan (as supplemented by a supplemental agreement dated 1 June 2015 entered into between Mr. Tsho Yun Wai, Hong Kong Jia Yuan, Zhejiang Jia Yuan Group and Changzhou Tian Yu Property Development Co., Ltd.*), pursuant to which Mr. Tsho Yun Wai transferred to Hong Kong Jia Yuan 100% equity interest in Changzhou Jinyuan Property Development Co., Ltd.* (“**Changzhou Jinyuan**”) at the consideration of Hong Kong dollar equivalent for the amount of RMB70.5 million;
- (l) an equity transfer agreement dated 1 June 2015 and entered into by Yangzhou Guangyuan, Zhejiang Jia Yuan Group and Nanjing Gangyuan, pursuant to which:
- (i) Yangzhou Guangyuan transferred its equity interest in the amount of RMB63 million in Taizhou Jia Yuan to Nanjing Gangyuan at the consideration of RMB63 million, and
 - (ii) Zhejiang Jia Yuan Group transferred its equity interest in the amount of RMB77 million in Taizhou Jia Yuan to Nanjing Gangyuan at the consideration of RMB77 million;

- (m) an equity transfer agreement dated 1 June 2015 and entered into by Taizhou Jia Yuan, Zhejiang Jia Yuan Group and Nanjing Gangyuan, pursuant to which: (i) Taizhou Jia Yuan transferred its equity interest in the amount of RMB27 million in Taizhou Mingyuan Property Development Co., Ltd.* (“**Taizhou Mingyuan**”) to Nanjing Gangyuan at the consideration of RMB27 million, and (ii) Zhejiang Jia Yuan Group transferred its equity interest in the amount of RMB33 million in Taizhou Mingyuan to Nanjing Gangyuan at the consideration of RMB33 million;
- (n) an equity transfer agreement dated 1 June 2015 and entered into between Jia Yuan Chuangsheng, Zhejiang Jia Yuan Group and Nanjing Gangyuan, pursuant to which Jia Yuan Chuangsheng and Zhejiang Jia Yuan Group transferred 100% equity interest in Yangzhou Mingyuan Property Development Co., Ltd.* (“**Yangzhou Mingyuan**”) to Nanjing Gangyuan at the consideration of RMB10 million;
- (o) an equity transfer agreement dated 1 June 2015 and entered into between Taizhou Jia Yuan and Nanjing Gangyuan, pursuant to which Taizhou Jia Yuan transferred to Nanjing Gangyuan 31.5% equity interest in Taixing Guangyuan Property Development Co., Ltd.* (“**Taixing Guangyuan**”) at the consideration of RMB94.5 million;
- (p) an equity transfer agreement dated 1 June 2015 and entered into between Zhejiang Jia Yuan Group and Nanjing Gangyuan, pursuant to which Zhejiang Jia Yuan Group transferred 68.5% equity interest in Taixing Guangyuan to Nanjing Gangyuan at the consideration of RMB205.5 million;
- (q) an equity transfer agreement dated 1 June 2015 and entered into between Jiaxing Jindi and Nanjing Gangyuan, pursuant to which Jiaxing Jindi transferred equity interest in the amount of RMB16 million (representing 40% of the registered capital) in Yangzhou Hengyuan Property Development Co., Ltd.* (“**Yangzhou Hengyuan**”) to Nanjing Gangyuan at the consideration of RMB16 million;
- (r) an equity transfer agreement dated 1 June 2015 and entered into between Zhejiang Jia Yuan Group and Nanjing Gangyuan, pursuant to which Zhejiang Jia Yuan Group transferred equity interest in the amount of RMB24 million (representing 60% of the registered capital) in Yangzhou Hengyuan to Nanjing Gangyuan at the consideration of RMB24 million;
- (s) an equity transfer agreement dated 1 June 2015 and entered into between Yangzhou Mingyuan and Nanjing Gangyuan, pursuant to which Yangzhou Mingyuan agreed to transfer and Nanjing Gangyuan agreed to acquire equity interest in the amount of RMB3.2 million (representing 12% of the registered capital) in Taixing Hengyuan Property Development Co., Ltd.* (“**Taixing Hengyuan**”) at the consideration of RMB3.2 million;
- (t) an equity transfer agreement dated 1 June 2015 and entered into between Founder BEA Trust Company Limited* (“**BEA Trust**”) and Nanjing Gangyuan, pursuant to which BEA Trust agreed to transfer and Nanjing Gangyuan agreed to acquire

equity interest in the amount of RMB18.67 million (representing 70% of the registered capital) in Taixing Hengyuan at the consideration of RMB18.67 million;

- (u) an equity transfer agreement dated 1 June 2015 and entered into between Taixing Guangyuan and Nanjing Gangyuan, pursuant to which Taixing Guangyuan agreed to transfer and Nanjing Gangyuan agreed to acquire equity interest in the amount of RMB4.8 million (representing 18% of the registered capital) in Taixing Hengyuan at the consideration of RMB4.8 million;
- (v) an equity transfer agreement dated 2 June 2015 and entered into between Hong Kong Jia Yuan and Jin Jiang Investment Limited (“**Jin Jiang Limited**”), pursuant to which Hong Kong Jia Yuan agreed to transfer and Jin Jiang Limited agreed to acquire 100% equity interest in Jiaying Jinyuan Information Consulting Co., Ltd.* at the consideration of USD4 million;
- (w) an equity transfer agreement dated 2 June 2015 and entered into between Haiyan Jia Yuan and Nanjing Gangyuan, pursuant to which Haiyan Jia Yuan transferred to Nanjing Gangyuan 40% equity interest in Siyang Fengyuan Property Development Co., Ltd.* (“**Siyang Fengyuan**”) at the consideration of RMB20 million;
- (x) an equity transfer agreement dated 2 June 2015 and entered into between Suqian Jia Yuan and Nanjing Gangyuan, pursuant to which Suqian Jia Yuan transferred to Nanjing Gangyuan 60% equity interest in Siyang Fengyuan at the consideration of RMB30 million;
- (y) an equity transfer agreement dated 3 June 2015 and entered into between Zhejiang Jia Yuan Group and Nanjing Gangyuan, pursuant to which Zhejiang Jia Yuan Group transferred to Nanjing Gangyuan 56.25% equity interest in Suqian Jia Yuan at the consideration of RMB33.75 million;
- (z) an equity transfer agreement dated 3 June 2015 and entered into between Jiaying Jindi and Nanjing Gangyuan, pursuant to which Jiaying Jindi transferred to Nanjing Gangyuan 33.75% equity interest in Suqian Jia Yuan at the consideration of RMB20.25 million;
- (aa) a deed of non-competition dated 12 February 2016 and entered into by Mr. Shum Tin Ching and Mingyuan Investment with and in favour of the Company (for itself and on behalf of its subsidiaries), pursuant to which Mr. Shum Tin Ching and Mingyuan Investment have jointly and severally undertaken not to compete with the business of the Group (the “**Deed of Non-Competition**”);
- (bb) a deed of indemnity dated 12 February 2016 and entered into by Mr. Shum Tin Ching and Mingyuan Investment as indemnifiers with and in favor of the Company (for itself and as trustee for the benefit of each of its present subsidiaries) in respect of, among other things, certain indemnities regarding taxation;

- (cc) the Hong Kong underwriting agreement dated 25 February 2016 in relation to the Hong Kong Public Offering (as defined in the Prospectus) and entered into by, among others, the executive Directors, Mr. Shum Tin Ching, Mingyuan Investment, the sole global coordinator, the joint bookrunners, the joint lead manager, the co-lead manager, the Hong Kong underwriters and the Company;
- (dd) the price determination agreement dated 2 March 2016 entered into between the Company and the sole global coordinator (on behalf of the underwriters) in relation to the determination of the final offer price per offer share issued under the Global Offering (as defined in the Prospectus);
- (ee) the international underwriting agreement dated 2 March 2016 in relation to the International Placing (as defined in the Prospectus) and entered into by, among others, the executive Directors, Mr. Shum Tin Ching, Mingyuan Investment, the sole global coordinator, the joint bookrunners, the joint lead managers, the co-lead manager, the international underwriters and the Company;
- (ff) a cooperation agreement dated 13 April 2016 and entered into between Nanjing Gangyuan and Yangzhou Xiangjiang Property Co., Ltd.* (“**Xiangjiang Property**”), pursuant to which the parties agreed to implement one of the following transaction structures: (i) Nanjing Gangyuan agreed to acquire and Xiangjiang Property agreed to sell the entire equity interest in Yangzhou Xiangjiang New City Center Property Co., Ltd.*, or failing which, (ii) Nanjing Gangyuan agreed to acquire and Xiangjiang Property agreed to sell 49% equity interest in Yangzhou Jinying New City Center Enterprise Co., Ltd.*, details of which are set out in the announcement of the Company dated 13 April 2016;
- (gg) a purchase agreement dated 9 September 2016 entered into between the Company as the issuer, Jiayuan Investment Management Limited, Guo Xiang Property Co., Limited and Hong Kong Jia Yuan as the subsidiary guarantors, and AMTD Asset Management Limited, BOCOM International Securities Limited, Haitong International Securities Company Limited, Zhongtai International Financial Solutions Limited and Zhongtai International Securities Limited (the “**Initial Purchasers**”), pursuant to which and subject to certain conditions contained therein, the Company had agreed to issue and sell to the Initial Purchasers, and the Initial Purchasers had severally and not jointly agreed with the Company to purchase the notes in the respective amounts set forth on Schedule 1 thereto from the Company at the aggregate purchase price of 100% of the aggregate principal amount of the U.S.\$100,000,000 9.75% senior secured notes due 2018;
- (hh) an equity transfer agreement dated 17 October 2016 and entered into between Nanjing Gangyuan, an indirect wholly-owned subsidiary of the Company, and Mr. Chen Jianhua and Zi Dian International, pursuant to which Mr. Chen Jianhua and Zi Dian International agreed to transfer the entire equity interest in Hengli Property Nantong Co., Ltd.* to Nanjing Gangyuan, details of which are set out in the announcement of the Company dated 17 October 2016;

- (ii) an investment framework agreement dated 18 November 2016 and entered into between Jiayuan (Shenzhen) Investment Consultancy Co., Ltd.*, an indirect wholly-owned subsidiary of the Company, as the purchaser, Mr. Lin Juncheng and Mr. Zhong Shaowei, as the vendors (the “**Vendors**”), the Vendors together with Chunjiang Lushan Hotel*, as the guarantors and Shenzhen Dingxi Real Estate Development Co., Ltd.* (“**Shenzhen Dingxi**”), as the target company, which sets out the principal terms in respect of the sale and purchase of the entire equity interest in Shenzhen Dingxi for an estimated consideration of approximately RMB693,400,000, details of which are set out in the announcement of the Company dated 18 November 2016; and
- (jj) an equity transfer framework agreement dated 30 December 2016 and entered into between Jiayuan (Shenzhen) Investment Consulting Co., Ltd.*, an indirect wholly-owned subsidiary of the Company, as the purchaser, Ms. Yuan Aiqing and Mr. Xu Yanfeng, as the vendors, and Shenzhen Songling Industrial Co., Ltd.* (“**Shenzhen Songling**”), as the target company, which set out the principal terms in respect of the sale and purchase of 49% equity interest in Shenzhen Songling for an initial consideration of RMB610,000,000, details of which are set out in the announcement of the Company dated 30 December 2016.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any other member of the Group was engaged in any material litigations or claims and no litigations or claims of material importance is pending or threatened against the Company or any member of the Group.

8. DIRECTORS’ INTERESTS IN COMPETING BUSINESS

Mr. Shum Tin Ching is the non-executive Director and the Chairman of the Company, as well as the ultimate owner of a group of real estate development companies (other than members of the Group) (the “**Private Group**”). The core businesses of the Private Group are real estate development in the non-Target Cities (as defined in the Prospectus) in the PRC other than those cities which the Group has operation therein, as more fully described in the section headed “Relationship with the Controlling Shareholder” of the Prospectus. Mr. Shum and Mingyuan Investment entered into the Deed of Non-Competition in favour of the Company pursuant to which Mr. Shum and Mingyuan Investment have jointly and severally undertaken not to compete with the business of the Group.

Further, Mr. Shum is fully aware of, and has been discharging, his fiduciary duty to the Company and has acted and will continue to act in the best interest of the Company and its Shareholders as a whole. Therefore, the Group is capable of carrying on its business independently of, and at arm’s length from, the business of the Private Group.

Saved as disclosed above, as at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business which competes or may compete with the business of the Group, or has or may have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

9. GENERAL

- (a) Unless otherwise stated, the English text of this circular shall prevail over the Chinese text in case of inconsistency.
- (b) The company secretary of the Company is Ms. Wong Tak Yee. Ms. Wong is a Chartered Secretary and a Fellow of both The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries.
- (c) The registered office of the Company is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (d) The head office and principal place of business of the Company in the PRC is situated at No. 59, Gu Jia Ying Road, Xuanwu District, Nanjing, PRC.
- (e) The head office and principal place of business of the Company in Hong Kong is situated at Room 1403, 9 Queen's Road Central, Hong Kong.
- (f) The principal share registrar of the Company is Codan Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (g) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

10. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Room 1403, 9 Queen's Road Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. on any weekday (public holidays excluded) from the date of this circular up to and including the date which is 14 days from the date of this circular:

- (i) the memorandum and articles of association of the Company;
- (ii) the Prospectus;
- (iii) the annual report of the Company for the year ended 31 December 2015;
- (iv) the interim report of the Company for the six months ended 30 June 2016;
- (v) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix; and
- (vi) this circular.