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JINGRUI HOLDINGS LIMITED

景瑞控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01862)

DISCLOSEABLE TRANSACTION DISPOSAL OF SUBSIDIARY

THE DISPOSAL

On 12 March 2023, the Vendor, the Purchaser, the Subsidiary, the Company and Mr. Yan entered into the Agreement in relation to the Disposal.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposal (on a standalone basis, and when aggregated with the First Disposal and the Second Disposal) is more than 5% but less than 25%, the Disposal (on a standalone basis, and when aggregated with the First Disposal and the Second Disposal) constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

THE DISPOSAL

On 12 March 2023, the Vendor, the Purchaser, the Subsidiary, the Company and Mr. Yan entered into the Agreement in relation to the Disposal. The principal terms of the Agreement are set out below.

Subject matter

The Vendor agreed to sell the Sale Shares to the Purchaser.

The Sale Shares represent the entire equity interest of the Target as at the date of the Agreement and upon Completion.

Consideration

The total consideration for the Disposal is RMB132,386,667.

The consideration will be subject to adjustment based on the total liabilities of the Target as at the Completion Date. The consideration was determined on a debt-free basis. If the total liabilities as at the Completion Date exceeds RMB0, the consideration will be reduced by the excess. If the total liabilities as at Completion Date is less than RMB0, the consideration will be increased by the deficit.

The Company does not expect the actual consideration of the Disposal to differ significantly from the consideration calculated based on the financial information of the Target as at 28 February 2023.

Payment schedule

The consideration is payable in the following manner.

Tranche	Amount	Payment terms
1	RMB20,000,000	<p>The first tranche consideration is payable within five days upon satisfaction (or waiver by the Purchaser) of conditions including:</p> <ol style="list-style-type: none">(1) all the necessary approvals and consents having been obtained for the transaction contemplated under the Agreement (including approvals required under the articles of association of the Target and consents from the relevant banks and financial institutions);(2) no material adverse change to the Target having occurred since the date of the Agreement;(3) the paid-up capital of the Target remains to be RMB10.8 million;(4) completion of due diligence satisfactory to the Purchaser;(5) if requested by the Purchaser, the appointees by the Vendor to the board of directors of the Target or the senior management of the Target having tendered their resignation or entered into new employment contracts (as the case may be) with the Purchaser; and(6) the Target having completed the registration for the Disposal with the relevant authorities and a new business licence having been issued to the Target.
2	RMB100,000,000	<p>Within three working days of receipt of the confirmation from the relevant authority in relation the construction safety of the Property and the final audit of the Target having been completed, the second tranche of the consideration will be paid.</p>
3	RMB12,386,667 subject to adjustment as explained in the section headed "Consideration" above	<p>Within five working days of release of the Property subject to the mortgage from the relevant bank and the termination of the relevant mortgage agreement, the third tranche of the consideration will be paid.</p>

Non-compete

Upon completion of the Disposal, it is expected that the Group will provide property management services to the Property. For so long as the Property is managed by a subsidiary of the Company, the Subsidiary and its related parties shall not engage in the acquisition, investment, operation, management and construction of long-term rental apartment projects within a radius of 1 km from the location of the Property unless prior consent from the Purchaser has been obtained.

Guarantee

The Company and Mr. Yan have jointly guaranteed the obligations of the Vendor and the Subsidiary under the Agreement.

FINANCIAL EFFECTS OF THE DISPOSAL

Upon completion of the Disposal, the Target will no longer be a subsidiary of the Company. Accordingly, the assets, liabilities and the financial results of the Target will no longer be consolidated into the financial statements of the Group.

Based on (i) the unaudited net asset value of the Target of approximately RMB131,023,497 as at 28 February 2023; and (ii) the consideration of the Disposal of RMB132,386,667, it is expected that the Company will record a profit of approximately RMB1,363,170 from the Disposal after deducting the expenses attributable thereto.

The actual amount of gain or loss as a result of the Disposal to be recorded by the Company will be subject to the review and final audit by the auditors of the Company.

INFORMATION ON PARTIES TO THE AGREEMENT

(1) The Group, the Vendor and the Subsidiary

The Group is principally engaged in the property development business in the Yangtze River Delta region.

The Vendor is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. Its principal business activity is investment holding and its principal asset includes the interest in the Target.

The Subsidiary is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company. Its principal business activity is investment holding.

(2) The Purchaser

The Purchaser is a limited partnership established for the purpose of real estate investment. It was established by China Construction Bank in November 2022. To the best of the Company's knowledge, as at the date of the Agreement, the Purchaser is wholly-owned by and managed by China Construction Bank, which is a state-owned company.

To the best of the Director's knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

(3) The Target

The Target is a wholly-owned subsidiary of the Company. It is primarily engaged in property investment. As at the date of the Agreement, its principal asset is the Property.

The Property is a commercial building, which has been held by the Group as investment property for rental income.

The Target was established on 20 October 1992. As at the date of the Agreement, the paid-up capital of the Target was RMB10,800,000.

The financial information of the Target is set out as follows:

	For the year ended 31 December	
	2022	2021
	<i>RMB</i>	<i>RMB</i>
	(unaudited)	(unaudited)
Revenue	7,939,307	8,623,348
Profit before taxation	18,677,806	4,462,962
Profit after taxation	15,692,575	3,966,411

The unaudited net asset value of the Target as at 31 December 2022 was approximately RMB130,649,562.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal would help ease the liquidity issue of the Group. The proceeds will be applied as general working capital of the Group.

The consideration for the Disposal was arrived at after arm's length negotiation among the parties taking into account all of the following factors:

- (1) the consideration of RMB102,000,000 paid by the Group for the acquisition of the Target in early 2017;
- (2) an independent valuation of the Property in February 2022 of approximately RMB150,300,000, which is the principal asset of the Target;
- (3) the nil total liabilities of the Target as at 28 February 2023; and
- (4) the weakened market sentiment in the property market since December 2021 together with the downward trend in property prices in Shanghai since February 2022 up to now.

For the above reasons, the Directors consider that the terms of the Agreement (including the consideration of the Disposal) are normal commercial terms and are fair and reasonable, and that the Disposal is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As disclosed in the announcement of the Company dated 27 September 2022, the Group disposed of investment properties in August 2022 (the “**First Disposal**”) and September 2022 (the “**Second Disposal**”) at a consideration of RMB62,000,000 and RMB38,300,000, respectively, to a company owned by CCB Trust Co., Ltd* (建信信託有限責任公司), which is also owned by the ultimate controller of the Purchaser.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposal (on a standalone basis, and when aggregated with the First Disposal and the Second Disposal) is more than 5% but less than 25%, the Disposal (on a standalone basis, and when aggregated with the First Disposal and the Second Disposal) constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Agreement”	the agreement dated 12 March 2023 entered into among the Vendor, the Purchaser, the Subsidiary, the Company and Mr. Yan in relation to the Disposal
“Company”	Jingrui Holdings Limited (景瑞控股有限公司*), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion Date”	within five business days upon completion of the registration of the Purchaser as the owner of the Target as agreed by the parties to the Agreement
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Yan”	Mr. Yan Hao, an executive Director and the co-chairman of the board of the Company
“PRC”	the People’s Republic of China
“Property”	the property located at No.1-3, 233 Lane, Xiaomu Qiao Road, Xuhui District, Shanghai, the PRC (中國上海市徐匯區小木橋路233弄1-3號), with a total gross floor area 3,360.77 sq.m.
“Purchaser”	CCB Housing Leasing Fund (Limited Partnership)* (建信住房租賃基金(有限合夥)), a limited partnership established in the PRC
“Sale Shares”	the entire equity interest of the Target
“Share(s)”	ordinary shares of US\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	Jingrui Properties (Group) Co., Ltd.* (景瑞地產(集團)有限公司), a company established in the PRC with limited liability

“Target”	Shanghai Shenxin Real Estate Co., Ltd.* (上海申信房地產有限公司), a company established in the PRC with limited liability
“Vendor”	Ningbo Xiangxin Investment Co., Ltd.*(寧波翔鑫投資有限公司), a company established in the PRC with limited liability
“%”	per cent.

By order of the Board
Jingrui Holdings Limited
Yan Hao Chen Xin Ge
Co-chairmen

Hong Kong, 12 March 2023

As at the date of this announcement, the board of the Company comprises Yan Hao, Chen Xin Ge, Xu Hai Feng and Chen Chao, as executive directors; Han Jiong, Qian Shi Zheng and Lo Wing Yan William, as independent non-executive directors.

* *For identification purpose only*