

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.



JINGRUI HOLDINGS LIMITED

景瑞控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01862)

(Debt Stock Code: 5603, 40282, 40490, 40659 and 40866)

INSIDE INFORMATION

This announcement is made by Jingrui Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) under Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 10 June 2022 and 21 July 2022 in relation to the resignation of PricewaterhouseCoopers (“**PwC**”) and other inside information. This announcement is a supplementary announcement to the above-mentioned announcements.

In its resignation letter dated 31 May 2022, PwC stated that during the process of the 2021 annual review, PwC prepared and sent bank confirmation letters based on the materials and information provided by the Company, including five letters to a domestic bank’s (the “**Bank**”) Guangzhou branch and two to the Bank’s Shanghai branch (the “**Bank Confirmation Letters**”). According to the information provided by the Company, the aggregate year-end balance of bank deposits (the “**Bank Deposits**”) on all of the Bank Confirmation Letters was RMB4,910,030,000 and the accounts for the Bank Deposits were not fund pool collection accounts (資金池歸集賬戶), and have no freezing, guarantee or other usage restrictions. Further details as set out in PwC’s resignation letter are set out as follows:

- In February 2022, PwC sent through third-party courier five Bank Confirmation Letters and two Bank Confirmation Letters to the addresses of the Bank’s Guangzhou branch and Shanghai branch respectively as published on the Bank’s official website. The recipients were the respective account managers of the Bank. In March 2022, PwC received replies to the above-mentioned seven Bank Confirmation Letters (the “**Reply Letters**”), and the Reply Letters showed that the content in all of the Bank Confirmation Letters was consistent.
- In April 2022, PwC called the centralized operation center of the Bank’s Guangzhou branch to verify the information in the Reply Letters, and was told the following:
 - (a) the centralized operation center of the Bank’s Guangzhou branch did not have any record of receiving or accepting the five relevant Bank Confirmation Letters through courier, or sending the Reply Letters through courier;

- (b) the handler and reviewer of all the reply letters processed and issued by the Bank's centralized operation center are required to include their contact information on the letter (but PwC found that the five relevant Reply Letters from the Bank's Guangzhou branch only contained the names of the handler and the reviewer, whereas their contact information was excluded); and
- (c) the name stated on the Bank's "Special Seal for Counter Business of the Centralized Operation Center of the Guangzhou Branch" as displayed on the five relevant Reply Letters is consistent with the name on the special seal used by the centralized operation center of the Bank's Guangzhou Branch in their replies to bank confirmation letters.
- In light of the above situation, PwC had doubts over the authenticity of the five Reply Letters sent to the Company by the Bank's Guangzhou branch.
 - In addition, due to the epidemic situation in Shanghai, PwC was not able to contact the centralized operation center of the Bank's Shanghai branch to verify the reply information of the two Reply Letters from the Shanghai branch.
 - After discovering the above situation, PwC communicated with the management of the Company to request the Company to provide explanations and further information as soon as possible, and to assist PwC in resending the seven bank confirmation letters to the Bank's Guangzhou branch and Shanghai branch. Up till the date of PwC's resignation letter, the Company was not sure whether the relevant information in the Bank Confirmation Letters requires updates, and the Company was unable to complete the signing and sealing procedures due to the impact of the restrictions in Shanghai as a result of COVID-19. As such, PwC was not able to reissue the above seven Bank Confirmation Letters.
 - Subsequently, on 23 April 2022, the Company provided PwC with a copy of a "Seal change application form" issued by the Company's subsidiary, Shanghai Ruice Investment Co., Ltd., on 8 December 2021 to the Bank's Guangzhou branch in regard to one of the bank accounts relevant to the seven Bank Confirmation Letters. Pursuant to the "Seal change application form", an application is made for changing the Bank's reserved seal from the special financial seal of Shanghai Ruice Investment Co., Ltd. and the personal seal of the legal representative to the special financial special seal of Shanghai Ruice Investment Co., Ltd., the personal seal of the legal representative with the addition of a personal seal of a third-party. According to the Company's explanation, this third-party is the person in charge of one of the Company's partners.
 - On 9 May 2022, the Company further informed PwC verbally that the above-mentioned bank deposits in the Bank's Guangzhou Branch and Shanghai Branch had certain special arrangements such as pledges, fund transfers and counter-guarantees. The Company then provided PwC with a "Pledged Guarantee Agreement" as signed between Shanghai Youmao Building Materials Co., Ltd., a subsidiary of the Company, and the Bank's Shanghai branch, but was yet to provide PwC with the details of the special arrangements and other relevant information.

- Since the amount involved in the seven Bank Confirmation Letters was significant and that the relevant bank deposits might be restricted, in combination with the still unknown reason for the abnormality regarding the Reply Letters, PwC believed that the matter might have significant impact on the Company's 2021 financial statements. PwC also communicated the above to the Company's audit committee (the "**Audit Committee**") on 9 May 2022. PwC hoped that the Company would check the situation as soon as possible and provide explanation and further information, including but not limited to:
 - (a) the specific circumstances, relevant explanations and materials for the addition of the seal of the third-party and/or special arrangements for pledges, fund transfers and counter-guarantees regarding the above-mentioned seven bank accounts, including but not limited to: reasons for adding the seal of the third-party to the bank's reserved seal and whether the arrangement may lead to restrictions on the use of funds in the relevant bank accounts; all contractual agreements signed between the Company, the Bank and third parties involved in the special arrangements such as the addition of the seal of the third-party, pledges, fund transfers and counter-guarantees, the actual flow of relevant fund transfers and other relevant information; the Company's internal control and approval process, approval documents and relevant handling and approval personnel for contract agreements and special arrangements of a similar nature; the background of all parties involved in the aforementioned matters and whether such parties are related parties of the Group; and the business rationale for the aforementioned transactions and arrangements;
 - (b) the reasons and explanations for the differences between the seven Reply Letters as received in March 2022, which indicated that there was no freezing, guarantee or other restrictions over the use of the bank deposits, and the Company's understanding as currently notified that there are special arrangements such as pledges, fund transfers and counter-guarantees in relation to the above-mentioned bank accounts;
 - (c) whether material and information previously provided to PwC by relevant personnel of the Company for filling in the seven Bank Confirmation Letters were consistent with the relevant records and known information of the Company; whether there were special arrangements such as pledges, fund transfers and counter-guarantees over the bank deposits at the end of the year (including the aforementioned bank deposits of RMB4,910.03 million) that were known to the Company but had not been disclosed to PwC in a timely manner; and the reasons for such instances;
 - (d) whether any Company personnel contacted the account manager of the Bank about the seven Bank Confirmation Letters to understand why the seven Bank Confirmation Letters were not handled by the centralized operation center as designated by the Bank, as well as the reasons for the abnormalities regarding the Reply Letters;
 - (e) whether the Company had other similar financial restrictions or business arrangements that have not been disclosed to PwC; and
 - (f) PwC needed to resend the seven Bank Confirmation Letters and determine further audit procedures to be implemented based on the replies and the follow-ups to the above-mentioned issues.

- On 12 May 2022, PwC sent a letter to the Audit Committee, suggesting that the Audit Committee should be responsible for forming an independent investigation committee, and the investigation committee should hire a qualified independent third-party investigation agency to assist in the investigation. On 14 May 2022, PwC received an email reply from the Audit Committee confirming that the Audit Committee received the above letter and decided to immediately instruct the management of the Company to conduct a self-inspection on the transaction nature and approval procedures of the matter, and to review the implementation of the Company's internal control procedures. After reviewing the self-inspection report of the management of the Company, the Audit Committee would decide the next steps and measures. Apart from this, as of the date of PwC's resignation letter, PwC did not receive any further reply, information or explanation from the Company.

In the view of the management of the Company, there is no doubt about the authenticity of the Bank Deposits of RMB4,910,030,000 with the Bank. The issue concerns whether the Bank Deposits were restricted or not, and that would impact the classification of the Bank Deposits in the Company's consolidated financial statements. As stated in the Company's announcement dated 21 July 2022, an independent committee (the "**Independent Committee**") of the board has been established on 18 July 2022. The Independent Committee will engage a professional advisor to assist them in conducting an investigation of the Issue and related internal control matters of the Group. The Company will make further announcement(s) in relation to the progress as and when appropriate.

At the request of the Company, trading in the securities of the Company on the Stock Exchange has been suspended since 9:00 a.m. on 1 June 2022 pending the release of the 2021 Annual Results. Shareholders and other investors of the Company should consider the relevant risks and exercise caution when dealing in the securities of the Company and, if in doubt, seek professional advice from their professional or financial advisers.

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

Hong Kong, 25 July 2022

As at the date of this announcement, the Board of Directors 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*