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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 27 September 2022 (after trading hours), the Vendor, the Purchaser, the Subsidiary, the Company and Mr. Yan entered into the Agreement in relation to the Disposal.

LISTING RULES IMPLICATION

As all the applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposal is less than 5%, the Disposal, on its own, is not a notifiable transaction under Chapter 14 of the Listing Rules.

In August 2022, the Group disposed of an investment property to the Vendor at a consideration of RMB62,000,000.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposal (when aggregated with the First Disposal) is more than 5% but less than 25%, the Disposal (when aggregated with the First 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 27 September 2022 (after trading hours), 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 and assign the Shareholder's Loan 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 RMB38,300,000.

The consideration for the Disposal was arrived at after arm's length negotiation among the parties. It was determined with reference to the following formula.

$$A = B - C$$

where

A = the consideration for the Disposal, which represents the Group's interest in the Target including (1) the net asset value of the Target; and (2) the amount owed by the Target to the Group (i.e. the Shareholder's Loan);

B = the value of the Property of RMB92,000,000, which is the principal asset of the Target, based on an independent valuation of the Property in February 2022; and

C = the total liabilities (excluding the Shareholder's Loan) of the Target of RMB53,700,000 as at 31 August 2022.

The consideration will be subject to adjustment based on the value of C as at the Completion Date. 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 31 August 2022.

Payment schedule

The consideration is payable in the following manner.

Tranche	Amount	Payment terms
1	RMB38,300,000	<p>The first tranche consideration is payable upon satisfaction (or waiver by the Purchaser) of conditions including:</p> <ol style="list-style-type: none"><li data-bbox="735 476 1469 689">(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);<li data-bbox="735 725 1469 795">(2) no material adverse change to the Target having occurred;<li data-bbox="735 832 1469 902">(3) the registered and paid-up capital of the Target being RMB10 million;<li data-bbox="735 938 1469 1008">(4) completion of due diligence satisfactory to the Purchaser; and<li data-bbox="735 1044 1469 1264">(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. <p>The first tranche consideration will be paid to an escrow account.</p> <p>Within three working days from the payment of the first tranche consideration, the parties to the Agreement will proceed to the registration of the transfer of the Sale Shares with the relevant authority.</p> <p>Within one working day from completion of the registration, the first tranche consideration will be released to the Vendor.</p>
2	RMB38,300,000 subject to adjustment as explained in the section headed “Consideration” above	<p>Within three working days receipt of confirmation from the relevant authority in relation the construction safety of the Property provided that the final audit of the Target had been completed, the second tranche of the consideration will be paid.</p> <p>The Company expects that the approval will be received in mid-October 2022.</p>

Option at the Subsidiary's discretion

The Subsidiary, may at its sole discretion, request the Purchaser to sell the Sale Shares and assign to it the Shareholder's Loan. The option may be exercised in the last three months to the third anniversary of the Completion Date. The Company will comply with the applicable Listing Rules if it exercises the option.

Non-compete

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 assets value and the Shareholder's Loan of the Target of approximately RMB18,013,136 and RMB32,619,188 as at 31 August 2022; and (ii) the consideration of the Disposal of RMB38,300,000, it is expected that the Company will record a loss of approximately RMB12,332,324 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 principally engaged in real estate investment and property management. It is owned as to 100% by CCB Trust Co., Ltd* (建信信託有限責任公司), which is a wholly state-owned company.

To the best of the Director's knowledge, information and belief having made all reasonable enquiry, the Purchasers 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 1 April 2017. As at the date of the Agreement, the paid-up capital of the Target is RMB10,000,000.

The financial results of the Target are set out as follows:

	For the year ended 31 December	
	2020	2021
	RMB	RMB
	(audited)	(unaudited)
Revenue	5,374,638	6,076,258
Profit before taxation	4,367,757	3,553,084
Profit after taxation	3,414,002	2,664,813

The unaudited net asset value of the Target as at 30 June 2022 was approximately RMB7,494,217.

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.

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 all the applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposal is less than 5%, the Disposal, on its own, is not a notifiable transaction under Chapter 14 of the Listing Rules.

In August 2022, the Group disposed of an investment property to the Vendor at a consideration of RMB62,000,000 (the “**First Disposal**”).

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposal (when aggregated with the First Disposal) is more than 5% but less than 25%, the Disposal (when aggregated with the First 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 27 September 2022 entered into among the 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 and the assignment of the Shareholder’s Loan

“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. 835, 855, 875, North Zhongshan Road, Jing’an District, Shanghai, the PRC, with a total gross floor area 3,206.88 sq.m.
“Purchaser”	Shanghai Tingyu Industrial Co., Ltd.* (上海廷寓實業有限公司), a company established in the PRC with limited liability
“Sale Shares”	the entire equity interest in the Target
“Share(s)”	ordinary shares of US\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shareholder’s Loan”	the amount due from the Target to the Group in the aggregate amount of RMB32,619,188 as at the date of the Agreement
“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 Jingxia Consulting Management Co., Ltd.* (上海精瑕諮詢管理有限公司), a company established in the PRC with limited liability
“Vendor”	Ningbo Meishan Bonded Port Area Yiran Investment Co., Ltd.* (寧波梅山保稅港區怡然投資有限公司), 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, 27 September 2022

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