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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 14 September 2022 (after trading hours), the Vendor, the First Subsidiary, the Second Subsidiary, the Purchasers, the PM Company and the Target Company 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 is more than 5% but less than 25%, the 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 14 September 2022 (after trading hours), the Vendor, the First Subsidiary, the Second Subsidiary, the Purchasers, the PM Company and the Target Company 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 (1) transfer the Sale Shares to Shanghai Hongyi Enterprise Group Co., Ltd.* (上海宏伊企業集團有限公司); and (2) assign the Shareholder's Loan to Shanghai Hongyi Enterprise Group Co., Ltd.*.

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 calculated based on the following formula.

$$A = B - C + D$$

where

- A = the consideration for the Disposal;
- B = RMB164,900,000, which represents the value of the Property agreed with the Purchasers;
- C = the bank borrowings of the Target as at the Completion Date; and
- D = net working capital of the Target as at the Completion Date, which is the amount of cash less net payables (including salaries and prepayments received)

Based on the financial information of the Target as at 31 August 2022, the value of C and D are RMB58,819,472 and RMB(2,507,233), respectively, and the consideration of the Disposal is RMB103,573,295.

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

As at the date of the Agreement, the First Subsidiary has received an amount of US\$12,000,000 (the “**Deposit**”).

The balance of the consideration will be paid to the Vendor on the earliest of the following dates:

- (1) within 10 working days from the expiry date of the second anniversary of the date of the Agreement;
- (2) within 30 working days of receipt of the consideration by the Purchasers if the Purchasers transfer the Sale Shares to a third party; or
- (3) within 10 working days of completion of the sale of 90% of the saleable area of the Property.

If the Purchasers could pay the balance of the consideration (notwithstanding that the Sale Shares or the Property could not be sold as contemplated in item (2) or item (3) above) before 31 December 2022, then the consideration for the Disposal will be further reduced by RMB5 million.

The balance of the consideration of the Disposal will be calculated based on the following formula.

$$A = B - (C + D)$$

where

A = the balance of the consideration of the Disposal payable by the Purchasers;

B = the total consideration of the Disposal;

C = the Deposit translated into RMB based on the exchange rate as at the Completion Date announced by the People's Bank of China;

D = the interest accrued on the Deposit from the date of the payment of the Deposit up to the Completion Date calculated at an interest rate of 9% per annum.

Completion

Within 3 days from the date when the bank that provided bank borrowings to the Target consent to the Disposal, the Purchasers and Vendor will proceed with the registration of the transfer of the 100% interest of the Target.

The Purchasers have agreed that upon completion, the PM Company shall continue to provide operation management services to the Property. Such provision of services by the PM Company shall not be terminable by the Purchasers or the Target until the Vendor has received the balance of the consideration referred to in the section headed "Payment schedule" above. The Purchasers shall pay a penalty in an amount equal to 20% of the balance of the consideration for the breach of the abovementioned provision.

FINANCIAL EFFECTS OF THE DISPOSAL

Upon completion, 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 RMB14,846,751 and RMB124,851,507 as at 31 August 2022; and (ii) the consideration of the Disposal of RMB103,573,295, it is expected that the Company will record a loss of approximately RMB36,124,963 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, the First Subsidiary, the Second Subsidiary and the PM Company

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 PM Company is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. Its principal business activity is the provision of property management services.

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

The Second 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 Purchasers

The Purchasers are Mr. Zheng Jiahao* (鄭嘉豪) and Shanghai Hongyi Enterprise Group Co., Ltd.*.

Shanghai Hongyi Enterprise Group Co., Ltd.* is a company principally engaged in investment holding. It is owned as to 98% by Ms. Chen Meiqing* (陳美卿) and as to 2% by Mr. Zhang Jishun* (張吉順). Mr. Zheng Jiahao* is the son of the chairman of Shanghai Hongyi Enterprise Group Co., Ltd.*.

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 has been held by the Group as investment property for rental income.

The Target was established on 1 April 2017. The financial results of the Target are set out as follows:

| | For the year ended 31 December | |
|-------------------------------|---------------------------------------|--------------------|
| | 2020 | 2021 |
| | RMB | RMB |
| | <i>(audited)</i> | <i>(unaudited)</i> |
| Revenue | 9,956,427 | 11,150,434 |
| (Loss)/profit before taxation | (4,541,104) | 3,377,412 |
| (Loss)/profit after taxation | (3,405,828) | 3,005,583 |

The unaudited net asset value of the Target as at 30 June 2022 was approximately RMB13,786,699.

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. The value of A in the formula set out in the section headed "Consideration" 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). It was determined with reference to the only offer received in relation to the acquisition of the Property, which was more than 10% less than RMB164,900,000 (the value of the Property agreed with the Purchaser in calculating the consideration (i.e. B in the formula set out in the section headed "**Consideration**")) and the financial position of the Target.

The 9% interest of the Deposit in the calculation of the balance of the consideration was determined with reference to the borrowing costs of short-term loan in the current market condition.

In light of the tight liquidity, the Company also provided an additional incentive of a discount of RMB5 million for the Purchasers if the Purchasers could settle the balance of the consideration before 31 December 2022 even if they could not sell the Property or the Sale Shares.

In light of the above and the prevailing market sentiment, the Directors consider that the terms of the Agreement (including the consideration) 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 the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the 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 14 September 2022 entered into among the Purchasers, the Vendor, the Target, the First Subsidiary, the Second Subsidiary and the PM Company 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" | the day on which a new business license of the Target is issued after completion of the registration of the transfer of the Sale Shares |

| | |
|----------------------|---|
| “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 |
| “First Subsidiary” | Joyride RY (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability |
| “Group” | the Company and its subsidiaries |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China |
| “Property” | the property located at No. 6, Sanxiang Road*, Suzhou City (蘇州市三香路6號), the PRC, with a total construction area of 12,081.20 square meters |
| “PM Company” | Shanghai Yueyi Enterprise Management Consulting Co., Ltd. (上海悅檯企業管理諮詢有限公司), a company established in the PRC with limited liability and wholly-owned by the Company |
| “Purchasers” | Mr. Zheng Jiahao* (鄭嘉豪) and Shanghai Hongyi Enterprise Group Co., Ltd.* (上海宏伊企業集團有限公司), which is a company established in the PRC with limited liability |
| “Sale Shares” | the entire equity interest in the Target |
| “Second Subsidiary” | Jingrui Properties (Group) Co., Ltd* (景瑞地產 (集團)有限公司), a company incorporated in the PRC with limited liability |
| “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 loan due from the Target to the Group in the aggregate amount of RMB124,851,507 as at the date of the Agreement |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target” | Suzhou Jingyu Consulting Management Co., Ltd. (蘇州璟譽諮詢管理有限公司), 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, 14 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*