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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 A SUBSIDIARY

On 23 March 2020, the Vendor, the Purchaser and the Target entered into the Agreement in relation to the Disposal.

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 subject to the notification and announcement requirements under the Listing Rules.

THE DISPOSAL

On 23 March 2020, the Vendor and the Purchaser entered into the Agreement in relation to the Disposal. The principal terms of the Agreement are set out below.

Subject matter

The Purchaser shall purchase the Sale Shares from the Vendor. The Sale Shares represent the entire equity interest of the Target as at the date of the Agreement.

Consideration

The consideration for the Disposal is RMB476,000,000, which is payable in cash.

As at the date of the Agreement, the Purchaser has paid a deposit (the “**Deposit**”) of RMB50,000,000 to the Vendor.

Within five business days (as defined in the Agreement) after the date of the Agreement, the Purchaser shall pay RMB425,000,000 to the Vendor (the “**Second Payment**”).

The Vendor shall apply approximately RMB220,765,000 of the consideration towards repayment of liabilities (including payables and outstanding loans) of the Target.

The consideration will be subject to adjustment as follows:

- (i) a reduction in the amount of the indebtedness of the Target at the Completion Date;
- (ii) an increase in the amount of the Target's cash on hand; and
- (iii) an increase in the amount of the tax prepayment or utility expense prepayment made by the Target for the period from the Completion Date to the end of the term covered by the prepayment (together the "**Adjustment Amount**").

Based on (i) the latest management accounts of the Target; and (ii) the operation of the Target as a property management company with a stable rental income, the Company expects that the Adjustment Amount will not deviate substantially from RMB1,000,000.

Within five business days (as defined in the Agreement) after the Completion Date:

- (i) if the Adjustment Amount is positive, the Purchaser shall pay the sum of RMB1,000,000 and the Adjustment Amount to the Vendor;
- (ii) if the Adjustment Amount is negative and the absolute amount is less than RMB1,000,000, the Purchaser shall pay RMB1,000,000 less the absolute amount of the Adjustment Amount to the Vendor; and
- (iii) if the Adjustment Amount is negative and the absolute amount is RMB1,000,000 or more, the Vendor shall pay the absolute amount of Adjustment Amount less RMB1,000,000 to the Purchaser.

Completion

Completion of the Disposal shall take place within 40 business days (as defined in the Agreement) (the "**Completion Date**") of receipt of the Second Payment and completion of the regulatory filings required to enter the name of the Vendor as the registered holder of the Sale Shares.

If the Purchaser defaults in the Second Payment by more than 10 business days (as defined in the Agreement), the Vendor may terminate the Agreement. The Deposit shall be retained by the Vendor as penalty payment by the Purchaser.

If completion of the Disposal does not take place as a result of the default of the Vendor, the Purchaser may terminate the Agreement. The Vendor shall refund the Deposit to the Purchaser and pay an amount equal to the Deposit as penalty payment to the Purchaser.

Basis of the consideration

The consideration for the Disposal was arrived at after arm's length negotiation among the parties, and was determined by reference to the recent market value of comparable commercial development in the proximity and the annual rental income of the Property.

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 of the Target of approximately RMB199,058,000; (ii) the net value of the liabilities (including payables and outstanding loans) of the Target to be borne by the Vender of approximately RMB220,765,000; and (iii) the consideration of RMB476,000,000, it is expected that the Company will record a gain of approximately RMB56,177,000 from the Disposal after deducting the expenses attributable to the Disposal.

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

(1) The Group and the Vendor

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 activities is investment holding.

(2) The Purchaser

The Purchaser is a steel production company established in the PRC with limited liability. It is ultimately owned by Zhao Yuqiao (趙玉喬).

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 an indirectly and wholly owned subsidiary of the Company. It is primarily engaged in property management. As at the date of the Agreement, its principal asset is the Property.

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

	For the year ended 31 December	
	2018	2019
	(RMB)	(RMB)
Revenue	5,185,000	16,732,000
Profit before taxation	76,485,000	4,845,000
Profit after taxation	57,111,000	3,634,000

The net profits before taxation for the year ended 31 December 2018 and 2019 include the Property's fair value gains of approximately RMB84,228,000 and RMB3,573,000 respectively.

The unaudited net asset value of the Target as at 29 February 2020 was approximately RMB199,058,000.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Property was acquired by the Group through the Target in early 2018. The principal asset of the Target is the Property. The Property has been held as an investment property of the Group for rental income.

The Company undertakes strategic review of the Group's assets from time to time. Having regard to the prevailing market conditions, the Directors are of the view that the Disposal provides an opportunity for the Group to realise a capital gain and generate additional working capital for the Group.

In view of the above, 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 subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Adjustment Amount”	has the meaning ascribed to it under the paragraph headed “Consideration”
“Agreement”	the agreement dated 23 March 2020 entered into between the Purchaser and the Vendor in relation to the Disposal
“Board”	the board of the Company
“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”	has the meaning ascribed to it under the paragraph headed “Completion”
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Deposit”	has the meaning ascribed to it under the paragraph headed “Consideration”
“Director(s)”	the 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
“PRC”	the People’s Republic of China
“Property”	a four storey commercial building located at number 4, 9 Dongzhimen Nei* Avenue (東直門內大街), Dongcheng District* (東城區), Beijing with a construction area of approximately 5,768.35 square meters
“Purchaser”	Qian’an City Jiujian Xiancai Company Limited* (遷安市九江線材有限責任公司), a company established in the PRC with limited liability

“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the entire equity interest in the Target
“Second Payment”	has the meaning ascribed to it under the paragraph headed “Consideration”
“Shareholder(s)”	the holder(s) of the ordinary shares of US\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Shanghai Hao Pei Properties Limited* (上海浩沛置業有限公司), a company established in the PRC with limited liability
“Vendor”	Shanghai Kaili Properties Company Limited* (上海鐸利置業有限公司), 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, 23 March 2020

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

* *for identification purpose only*