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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Jingrui Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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### **MAJOR TRANSACTION DISPOSAL OF 100% EQUITY INTERESTS IN SHANGHAI JIAJING AND SHANGHAI JINGQI**

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<sup>\*</sup> For identification purpose only

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## DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday) on which commercial banks are open for business in Hong Kong and the PRC
“China” or “PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region and Taiwan area
“Company”	Jingrui Holdings Limited (景瑞控股有限公司*), a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 1862)
“Control Cut-off Date”	2 December 2016, being the latter of (i) the date on which the legal title of the 100% equity interest in Shanghai Jiajing had been transferred to Hengda Shanghai and registered with the local Administration for Industry and Commerce, upon which effective control over Shanghai Jingqi is also passed to Hengda Shanghai, being 1 December 2016; and (ii) the date on which a written approval was obtained from the Company’s controlling shareholders and their controlled corporations holding Shares in the Company to vote in favour of the resolution approving the Hongkou Equity Transfer Agreement and the transactions contemplated thereunder should a shareholder’s meeting is required to be held, being 2 December 2016
“Director(s)”	the director(s) of the Company
“Disposals”	the Hongkou Disposal and the Tianjin Disposal
“Evergrande”	Hengda Real Estate Group Company Limited (恒大地產集團有限公司), a company established under the laws of the PRC and an Independent Third Party
“Group”	the Company and its subsidiaries

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## DEFINITIONS

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“Hengda Shanghai”	Hengda (Shanghai) Real Estate Group Company Limited (恒大地產集團上海盛建置業有限公司), a company established under the laws of the PRC and an Independent Third Party
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hongkou Disposal”	(i) the disposal of the entire equity interest in Shanghai Jiajing (which, as of the date of this circular, owns 49% equity interest in Shanghai Jingqi and in turn the Hongkou Land) by Shanghai Jingrui (as the transferor) to Hengda Shanghai (as the transferee); and (ii) the transfer of the remaining 51% equity interest in Shanghai Jingqi by Shanghai Jingrui to Shanghai Jiajing
“Hongkou Equity Transfer Agreement”	the equity transfer agreement dated 1 December 2016 entered into between Shanghai Jingrui (as the transferor) and Hengda Shanghai (as the transferee) in respect of the Hongkou Disposal
“Hongkou Land”	the land parcel no. A06-02 comprising the zone portions situated at No. 386 Street, Jiangwan Town, Hongkou District, Shanghai, PRC (中國上海市虹口區江灣鎮街道386街坊), with a total site area of 8,916.40 sq.m. and a planned above-ground gross floor area not exceeding 20,507.72 sq.m.
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is(are) independent of the Company and its connected persons (within the meaning of the Listing Rules)
“Jingrui Properties (Group)”	Jingrui Properties (Group) Co., Ltd.* (景瑞地產(集團)有限公司), a limited liability company established under the laws of the PRC and an indirect wholly owned subsidiary of the Company
“Latest Practicable Date”	19 January 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time

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## DEFINITIONS

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“Loan”	the loan with a principal amount of RMB326,000,000 extended to Shanghai Jingqi by Puxi Branch of the Bank of Shanghai, with the Hongkou Land and the 51% and 49% equity interests in Shanghai Jingqi held by Shanghai Jingrui and Shanghai Jiajing, respectively, as of the date of this circular being pledged as collateral for such loan and Jingrui Properties (Group) acting as the guarantor of the loan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shanghai Hongkou Land Bureau”	Shanghai Hongkou Planning and Land Management Bureau (上海市虹口區規劃和土地管理局), a PRC government bureau
“Shanghai Jiajing”	Shanghai Jiajing Investment Co., Ltd.* (上海佳靖投資有限公司), a limited liability company established under the laws of the PRC and an indirect wholly owned subsidiary of the Company prior to the completion of the Hongkou Disposal
“Shanghai Jingqi”	Shanghai Jingqi Property Development Co., Ltd.* (上海景麒房地產開發有限公司), a limited liability company established under the laws of the PRC and an indirect wholly owned subsidiary of the Company prior to the completion of the Hongkou Disposal, and the direct owner of the Hongkou Land
“Shanghai Jingrui”	Shanghai Jingrui Investment Co., Ltd.* (上海景瑞投資有限公司), a limited liability company established under the laws of the PRC and an indirect wholly owned subsidiary of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Shares”	ordinary shares in the capital of the Company with nominal value of US\$0.01 each
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers

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## DEFINITIONS

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“Tianjin Disposal”	the disposal of the entire equity interest in Tianjin Jingxiu Property Investment Co., Ltd. (天津景秀置業投資有限公司) (which in turn holds the land parcel no. Jinbao (gua) 200710 located at east of Baobai Road, Dabaizhuang Town, Baodi District, Tianjin, PRC (中國天津市寶坻區大白莊鎮寶白公路東側)) by Jingrui Properties (Group), Shanghai Jingrui, Shanghai Youmao Construction Material Co., Ltd. (上海友茂建築材料有限公司) and Shanghai Lichen Building Decoration Engineering Co., Ltd. (上海立臣建築裝飾工程有限公司) (as the transferors) to Hengda (Tianjin) Real Estate Group Company Limited (恒大地產集團天津有限公司) (as the transferee), details of which had been disclosed in the announcement of the Company dated 28 November 2016
“%”	per cent.

*The Chinese name of the entities incorporated in the PRC is the official name and the English name is the translation for identification purpose only.*

\* *For identification purpose only*

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## LETTER FROM THE BOARD

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*Executive Directors:*

Mr. YAN Hao (*Co-chairmen*)  
Mr. CHEN Xin Ge (*Co-chairmen*)  
Mr. YANG Tie Jun  
Mr. XU Chao Hui

*Registered Office:*

190 Elgin Avenue  
George Town  
Grand Cayman  
KY1-9005  
Cayman Islands

*Independent non-executive Directors:*

Mr. HAN Jiong  
Dr. QIAN Shi Zheng  
Dr. LO Wing Yan, William

*Principal place of business in  
Hong Kong:*

Room 09, 43/F  
China Resources Building  
26 Harbour Road  
Hong Kong

24 January 2017

*To the Shareholders*

Dear Sir/Madam,

### **MAJOR TRANSACTION DISPOSAL OF 100% EQUITY INTERESTS IN SHANGHAI JIAJING AND SHANGHAI JINGQI**

#### **I. INTRODUCTION**

References are made to the announcement of the Company dated 1 December 2016 in relation to the Hongkou Equity Transfer Agreement and the Hongkou Disposal.

Pursuant to Rule 14.44 of the Listing Rules, in lieu of holding a general meeting, the Company has obtained a written approval of the Hongkou Equity Transfer Agreement and the transactions contemplated thereunder from a closely allied group of shareholders comprising Mr. YAN Hao, Mr. CHEN Xin Ge, Beyond Wisdom Limited and Decent King Limited, who together held approximately 70.27% of the issued capital of the Company as of the date of the written approval.

This circular is despatched to you for information purposes only. The purpose of this circular is to provide you with, among others, (i) further information on the Hongkou Equity Transfer Agreement and the Hongkou Disposal; (ii) the property valuation report of the Hongkou Land; and (iii) other information required to be disclosed under the Listing Rules.

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## LETTER FROM THE BOARD

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### II. DISPOSAL OF 100% EQUITY INTERESTS IN SHANGHAI JIAJING AND SHANGHAI JINGQI

Reference is made to the announcement of the Company dated 18 June 2015 relating to, among others, Shanghai Jingrui and Shanghai Jiajing succeeded in bidding for, and obtained the auction confirmation letter from the Shanghai Hongkou Land Bureau in connection with the acquisition of the Hongkou Land. On 1 December 2016, Shanghai Jingrui (as the transferor and a wholly owned subsidiary of the Company) and Hengda Shanghai (as the transferee) entered into the Hongkou Equity Transfer Agreement. Pursuant to the Hongkou Equity Transfer Agreement, Shanghai Jingrui has agreed to sell, and Hengda Shanghai has agreed to purchase, directly and indirectly, the entire equity interests in Shanghai Jiajing and Shanghai Jingqi, which in turn holds the Hongkou Land.

#### Principal Terms of the Hongkou Equity Transfer Agreement

The principal terms of the Hongkou Equity Transfer Agreement are summarized below.

##### *Date*

1 December 2016

##### *Parties*

- |                                  |  |
|----------------------------------|--|
| (1) Transferor:                  | Shanghai Jingrui, an indirect wholly owned subsidiary of the Company                           |
| (2) Transferee:                  | Hengda Shanghai, an indirect wholly owned subsidiary of Evergrande, an Independent Third Party |
| (3) Guarantor of the Transferor: | Jingrui Properties (Group), an indirect wholly owned subsidiary of the Company                 |
| (4) Guarantor of the Transferee: | Evergrande, an Independent Third Party   |

##### *The equity interest to be disposed of*

Pursuant to the Hongkou Equity Transfer Agreement, Shanghai Jingrui agreed to sell, and Hengda Shanghai agreed to purchase, directly and indirectly, the entire equity interest in Shanghai Jiajing and Shanghai Jingqi.

As of the date of the Hongkou Equity Transfer Agreement, Shanghai Jingrui owns the entire equity interest in Shanghai Jiajing. In addition, Shanghai Jingrui owns 51% equity interest in Shanghai Jingqi, which directly holds the Hongkou Land in Hongkou District, Shanghai, PRC, and Shanghai Jiajing owns the remaining 49% equity interest in Shanghai Jingqi.



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## LETTER FROM THE BOARD

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Pursuant to the Hongkou Equity Transfer Agreement, Shanghai Jingrui agreed to transfer the entire equity interest in Shanghai Jiajing to Hengda Shanghai. In addition, Shanghai Jingrui agreed to transfer its 51% direct equity interest in Shanghai Jingqi to the Shanghai Jiajing. Upon completion of such share transfer, Shanghai Jingqi will be wholly owned by Shanghai Jiajing.

In the event that Shanghai Jingrui fails to complete the transfer of the 51% equity interest in Shanghai Jingqi to Shanghai Jiajing as a result of the failure to obtain the relevant regulatory approval from local government bureau in Hongkou, Shanghai, PRC, Hengda Shanghai agreed to purchase directly the 51% equity interest in Shanghai Jingqi from Shanghai Jingrui.

### *Consideration and basis of the consideration*

The consideration payable in respect of the Hongkou Disposal by Hengda Shanghai to Shanghai Jingrui shall be RMB1,157,410,000, comprising of (i) cash consideration of RMB831,410,000, of which (1) RMB493,750,000 as consideration for the transfer of the equity interest, which represents the total registered capital of Shanghai Jiajing and Shanghai Jingqi and the premium payable by Hengda Shanghai for the equity interests; and (2) RMB337,660,000 for the interest-free shareholder's loan with no fixed repayment term granted by Shanghai Jingrui to Shanghai Jingqi for the purpose of the payment of the land premium of the Hongkou Land which shall be paid off by Hengda Shanghai; and (ii) an amount of RMB326,000,000, representing the outstanding principal amount of the Loan owed by Shanghai Jingqi to Puxi Branch, Bank of Shanghai as of the date of the Hongkou Equity Transfer Agreement, which shall be assigned to the Hengda Shanghai.

### *Loan owed by Shanghai Jingqi to be assigned to Hengda Shanghai*

As of the date of the Hongkou Equity Transfer Agreement, the total outstanding principal amount of the Loan is RMB326,000,000, bearing interest at a rate of 9.988% per annum. Shanghai Jingrui and Shanghai Jiajing had pledged their respective equity interests in Shanghai Jingqi to Puxi Branch of the Bank of Shanghai as collateral for the Loan. Jingrui Properties (Group) is the guarantor of the Loan with a guarantee period commencing from 14 September 2015 and expiring on 14 March 2020. Hengda Shanghai will assume all the obligations to settle the Loan after the assignment of the Loan from Shanghai Jingqi to Hengda Shanghai pursuant to the terms of the Hongkou Equity Transfer Agreement. Jingrui Properties (Group)'s guarantee on the Loan will also be released accordingly.

Under the Hongkou Equity Transfer Agreement, Shanghai Jingrui represents and warrants to Hengda Shanghai that, save for the equity interests pledged as collateral for the Loan, the equity interest in Shanghai Jiajing and Shanghai Jingqi are free from any encumbrances.

### *Basis of the consideration*

The total consideration of the Hongkou Disposal of RMB1,157,410,000 has been determined after arm's length negotiations among the parties to the Hongkou Equity Transfer Agreement taking into consideration the book value of the Hongkou Land as of 31 October 2016 of approximately RMB652 million, historical financial performance of Shanghai Jiajing

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## LETTER FROM THE BOARD

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and Shanghai Jingqi and the market value of the Hongkou Land of approximately RMB1,153,000,000 as advised by the independent property valuer, DTZ Cushman & Wakefield Limited. The property valuation report of the Hongkou Land prepared by DTZ Cushman & Wakefield Limited is set out in Appendix II to this circular.

In addition, the parties to the Hongkou Equity Transfer Agreement had also taken into account the registered capital of Shanghai Jiajing and Shanghai Jingqi, the appreciation in the value of the Hongkou Land, as well as the capital contribution made by Shanghai Jingrui to Shanghai Jingqi in the form of the shareholder's loan when considering the split and the settlement method of the total consideration of the Hongkou Disposal. In particular, with respect to the consideration for the transfer of equity interests, the parties to the Hongkou Equity Transfer Agreement took into account (i) the unaudited net asset value of both Shanghai Jiajing and Shanghai Jingqi of approximately RMB99.25 million in aggregate; (ii) the appreciation in the value of the Hongkou Land calculated based on the difference between the market value of the Hongkou Land of approximately RMB1,153.0 million and the book value of the inventory of Shanghai Jingqi of approximately RMB761.89 million; and (iii) a premium of approximately RMB3.15 million. In addition, with respect to the shareholder's loan, the parties to the Hongkou Equity Transfer Agreement considered that it would be appropriate for Hengda Shanghai to settle such outstanding shareholder's loan of approximately RMB337,660,000 directly to Shanghai Jingrui as part of the consideration for the Hongkou Disposal.

### *Payment of the cash consideration*

The cash consideration of RMB831,410,000 shall be payable by Hengda Shanghai to Shanghai Jingrui in cash in the following manner:

- (i) an initial sum of RMB30,000,000 as deposit was paid to Shanghai Jingrui prior to the entering into of the Hongkou Equity Transfer Agreement; and
- (ii) the remaining sum of RMB801,410,000 by instalments depending on the progress of completion of the share transfers:
  - a. in the event that (i) the transfer of 51% equity interest in Shanghai Jingqi to Shanghai Jiajing is completed within 10 days from the date of the Hongkou Equity Transfer Agreement; and after which (ii) the transfer of 100% equity interest in Shanghai Jiajing to Hengda Shanghai is completed within 10 Business Days from the date of the Hongkou Equity Transfer Agreement, and subject to Shanghai Jingrui's satisfaction of its obligations and undertakings under the Hongkou Equity Transfer Agreement:
    - i. RMB151,410,000 is payable on the date of acceptance of the application for change in equity interest in Shanghai Jingqi by the local Administration for Industry and Commerce; and
    - ii. the remaining balance of RMB650,000,000 is payable on or before 15 December 2016; or

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## LETTER FROM THE BOARD

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- b. in the event that Shanghai Jingrui fails to complete the transfers of equity interest in Shanghai Jingqi within 10 Business Days from the date of the Hongkou Equity Transfer Agreement as a result of the failure to obtain the consent from the Shanghai Hongkou Land Bureau to waive certain pre-condition for share transfer of Shanghai Jingqi as set forth in the land contract for the Hongkou Land:
- i. RMB51,410,000 is payable on the date of acceptance of Shanghai Jingqi's application for change in business registration by the local Administration for Industry and Commerce;
  - ii. RMB343,180,000 is payable by 15 December 2016 after the completion of the relevant business registration process for the transfer of 100% equity interest in Shanghai Jiajing. Further, prior to 15 December 2016 and taking into consideration the progress of the Hongkou Disposal, Shanghai Jingrui and Hengda Shanghai had mutually agreed to extend the payment date for such installment payment to no later than end of January 2017;
  - iii. RMB100,000,000 prepayment within three (3) days from the date on which Shanghai Jingrui pledges the 51% equity interest in Shanghai Jingqi in favour of Hengda Shanghai pending Shanghai Jingqi satisfying the pre-condition for share transfer of Shanghai Jingqi as set forth in the land contract for the Hongkou Land. Upon completion of the relevant business registration for the transfer of 51% equity interest in Shanghai Jingqi, Hengda Shanghai shall release the share pledge and such amount prepaid will be used to settle the consideration; and
  - iv. RMB306,820,000 is payable within one and a half (1.5) month from the date of completion of the relevant business registration process for the transfer of 51% equity interest in Shanghai Jingqi to Shanghai Jiajing.

As of the date of this circular, Shanghai Jingrui has received the initial sum of RMB30,000,000 as disclosed in (i) above and the amount of RMB51,410,000 as disclosed in (ii)(b)(i) above from Hengda Shanghai. The remaining amount of the consideration remains outstanding from Hengda Shanghai as of the date of this circular.

### ***Undertakings of Shanghai Jingrui***

Shanghai Jingrui has undertaken to Hengda Shanghai that, as of 31 October 2016, the total liabilities of Shanghai Jingqi shall not exceed RMB663,665,100 (inclusive of the Loan). Shanghai Jingrui shall be responsible for releasing and settling such amounts of debts of Shanghai Jingqi in excess of RMB663,665,100 within three (3) days from the date of the Hongkou Equity Transfer Agreement. In addition, during the period commencing from 1 November 2016 to the Control Cut-off Date, Shanghai Jingqi would only incur reasonable

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## LETTER FROM THE BOARD

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operating expenses which shall not exceed RMB1.0 million. Related expenses incurred by Shanghai Jingqi during the period commencing from 1 November 2016 to the Control Cut-off Date in excess of RMB1.0 million shall be borne by Shanghai Jingrui.

As of 31 October 2016, the total liabilities of Shanghai Jiajing was RMB49,000,000. Shanghai Jingrui has further undertaken to Hengda Shanghai that it will release and settle all outstanding debts of Shanghai Jiajing prior to the completion of the Hongkou Disposal. Accordingly, Shanghai Jiajing should have no outstanding liabilities immediately prior to the completion of the Hongkou Disposal.

In addition, Shanghai Jingrui agrees that during the period commencing from the date of completion of the transfer of 100% equity interest in Shanghai Jiajing to Hengda Shanghai and ending on the date of completion of the transfer of 51% equity interest in Shanghai Jingqi to Shanghai Jiajing, Shanghai Jingrui shall procure the approval of the appointment of two (2) directors nominated by Hengda Shanghai to the board of directors of Shanghai Jingqi. As a result, during such transitional period, the board of directors of Shanghai Jingqi shall comprise of three (3) directors, one (1) of which is a representative of the Company and the remaining two (2) are representatives of Evergrande. Certain matters would require the approval by simple majority of the board of directors of Shanghai Jingqi during the transitional period. Such matters include, among others, changes of registered capital, profit distribution plan, acquisition or disposal of any material asset, approval of business plan and financial budget, approval of any borrowings or capital expenditures, appointment of major personnel and compensation system of Shanghai Jingqi. Hengda Shanghai shall also be mainly responsible for overseeing the daily operations and management of Shanghai Jingqi during such transitional period.

### *Completion of the Hongkou Disposal*

The completion of the Hongkou Disposal shall take place upon receipt of the consideration in full from Hengda Shanghai. Shanghai Jingrui and Hengda Shanghai have agreed to use their reasonable endeavours to complete the Hongkou Disposal by 30 April 2017.

Notwithstanding the above, the legal title of the 100% equity interest in Shanghai Jiajing (which effectively holds 49% interest in Hongkou Land) had been transferred to Hengda Shanghai and registered with the local Administration for Industry and Commerce on the Control Cut-off Date, upon which the effective control over Shanghai Jingqi is also passed to Hengda Shanghai in accordance with the undertakings of Shanghai Jingrui concerning the management of Shanghai Jingqi during the transitional period as further disclosed above even though Shanghai Jingrui still directly holds 51% equity interest in Shanghai Jingqi. As a result, from an accounting perspective, the financial results as well as the assets and liabilities of Shanghai Jiajing and Shanghai Jingqi were no longer consolidated into the financial statements of the Group as indirect wholly owned subsidiaries of the Company from the Control Cut-off Date. Commencing from the Control Cut-off Date, Shanghai Jiajing and Shanghai Jingqi have been accounted for as available-for-sale financial assets measured at fair value in the Company's consolidated financial statements and will continue to be accounted for as such up

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## LETTER FROM THE BOARD

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to the completion of the Hongkou Disposal. Upon completion of the Hongkou Disposal, the Company will no longer hold any interest in Shanghai Jiaping and Shanghai Jingqi and the available-for-sale financial assets will be derecognized from the Company's consolidated financial statements.

### ***Termination***

Any party of the Hongkou Equity Transfer Agreement may, in its sole discretion, terminate the Hongkou Equity Transfer Agreement in the event of a breach of any of the provisions and obligations under the Hongkou Equity Transfer Agreement by the other party which subsists for more than 60 days. The defaulting party shall pay the non-defaulting party an amount equaling to approximately 0.02% to 0.05% of the total consideration per day as liquidated damages for the first 60 days and an additional amount of RMB200,000,000 as liquidated damages if such breach subsists for more than 60 days. Each of Jingrui Properties (Group), an indirect wholly owned subsidiary of the Company, and Evergrande has agreed to guarantee the due and punctual performance of the obligation to the payment of liquidated damages (if any) by Shanghai Jingrui and Hengda Shanghai, respectively, under the Hongkou Equity Transfer Agreement. In addition, if Shanghai Jingrui defaults in completing the Hongkou Disposal or breaches the term of the Hongkou Equity Transfer Agreement, Shanghai Jingrui shall refund to Hengda Shanghai any amounts already paid by Shanghai Hengda and such amounts will be treated as liquidated damages paid to Hengda Shanghai for such default.

## **III. INFORMATION ON THE PARTIES AND THE HONGKOU LAND**

### **Information on Hengda Shanghai**

Hengda Shanghai is a company established under the laws of the PRC and its principal business activity is investment holding.

Evergrande is a company established under the laws of the PRC and its principal business activity is investment holding.

Each of Hengda Shanghai and Evergrande is an indirect wholly owned subsidiary of China Evergrande Group, the shares of which are listed on the Stock Exchange (Stock Code: 3333). China Evergrande Group, together with its subsidiaries, is a developer of large scale quality residential property projects and a leader adopting a standardized operational model in the PRC to manage various projects in different cities across China. China Evergrande Group and its subsidiaries are also engaged in other new industries in China including (i) spring water; (ii) grain and oil; (iii) dairy; and (iv) health.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Hengda Shanghai, Evergrande, China Evergrande Group and its ultimate substantial beneficial owners as publicly disclosed by China Evergrande Group are Independent Third Parties.

### **Information on the Company, the Transferor and the Target Group**

The Company is incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The Group is one of the leading property developers in the Yangtze River Delta region, the PRC.

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## LETTER FROM THE BOARD

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### *The transferor under the Hongkou Disposal*

Shanghai Jingrui is a company established under the laws of the PRC and an indirect wholly owned subsidiary of Jingrui Properties (Group) and in turn the Company. Its principal business activity is investment holding. As of the date of the Hongkou Equity Transfer Agreement, Shanghai Jingrui directly holds the entire equity interest in Shanghai Jiajing and 51% equity interest in Shanghai Jingqi. The legal title of the 100% equity interest in Shanghai Jiajing, and in turn the effective control over Shanghai Jingqi, had been transferred to Hengda Shanghai from the Control Cut-off Date.

Jingrui Properties (Group) is a company established under the laws of the PRC and an indirect wholly owned subsidiary of the Company. Its principal business activity is property land investment holding.

### *The target group under the Hongkou Disposal*

Shanghai Jiajing is a company established under the laws of the PRC in July 2013 and an indirect wholly owned subsidiary of the Company as of the date of the Hongkou Equity Transfer Agreement and prior to the Control Cut-off Date. Its principal business activity is investment holding. As of the date of this circular, Shanghai Jiajing directly holds 49% equity interest in Shanghai Jingqi.

As of 31 October 2016, the unaudited net asset value of Shanghai Jiajing was approximately RMB0.99 million, which mainly represent the investment in Shanghai Jingqi less the outstanding principal amount of the Loan. The financial results of Shanghai Jiajing for the two financial years and eleven months period immediately preceding the date of the Hongkou Equity Transfer Agreement, prepared in accordance with the generally accepted accounting practices of the PRC, were as follows:

	<b>For the years ended</b>		<b>For the</b>
	<b>31 December</b>		<b>eleven months</b>
	<b>2014</b>	<b>2015</b>	<b>period ended</b>
	<b>(unaudited)</b>		<b>30 November</b>
	<b>RMB</b>	<b>RMB</b>	<b>2016</b>
			<b>(unaudited)</b>
			<b>RMB</b>
Revenue	—	—	—
Loss before tax	1,354	1,363	1,631
Loss after tax	1,354	1,363	1,631

The loss incurred by Shanghai Jiajing was mainly attributable to the bank service fees and charges incurred by Shanghai Jiajing.

Shanghai Jingqi is a company established under the laws of the PRC in July 2015 and an indirect wholly owned subsidiary of the Company as of the date of the Hongkou Equity Transfer Agreement and prior to the Control Cut-off Date. Its principal business activity is

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## LETTER FROM THE BOARD

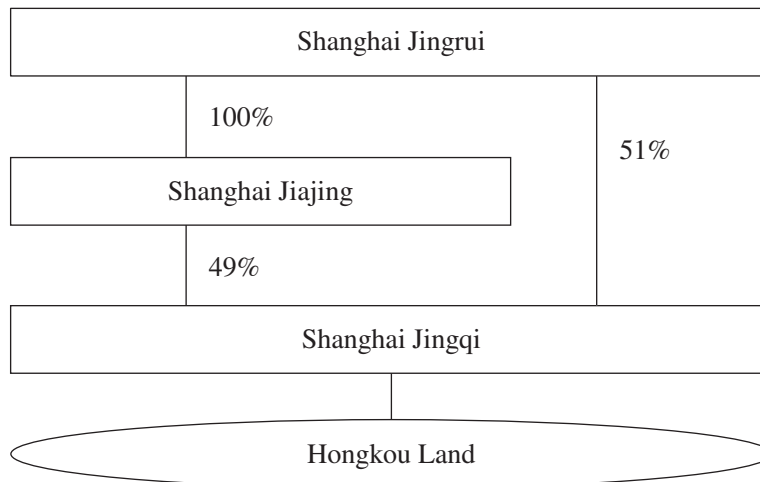
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property development and it directly holds the Hongkou Land. As of 31 October 2016, the unaudited net asset value of Shanghai Jingqi was approximately RMB98.26 million, which mainly represent the book value of the inventory of approximately RMB761.89 million, which comprise of the book value of the Hongkou Land of approximately RMB652 million and late payment charge relating to the payment of the land premium of approximately RMB109.89 million, less outstanding liabilities of approximately RMB663.67 million comprising the shareholder's loan of RMB337,660,000 and the Loan. The financial results of Shanghai Jingqi for the period commencing from the date of its establishment (being 13 July 2015) to 31 December 2015 and eleven months period immediately preceding the date of the Hongkou Equity Transfer Agreement, prepared in accordance with the generally accepted accounting practices of the PRC, were as follows:

	<b>From 13 July 2015 (date of incorporation) to 31 December 2015 (unaudited) RMB</b>	<b>For the eleven months period ended 30 November 2016 (unaudited) RMB</b>
Revenue	—	—
Loss before tax	258,751	1,549,668
Loss after tax	258,751	1,549,668

The loss incurred by Shanghai Jingqi was mainly a result of the selling and administrative expenses incurred by Shanghai Jingqi, which mainly represent professional fees for the acquisition of the Hongkou Land and staff costs incurred by Shanghai Jingqi. The increase in the unaudited loss for the eleven months period ended 30 November 2016 was mainly due to the professional fees, including fees payable to accountants, lawyers and property valuer, payable by Shanghai Jingqi with respect to the Hongkou Land.

The corporate structure of the transferor and the target group of the Hongkou Disposal as of the date of the Hongkou Equity Transfer Agreement and prior to the Control Cut-off Date is as follows:



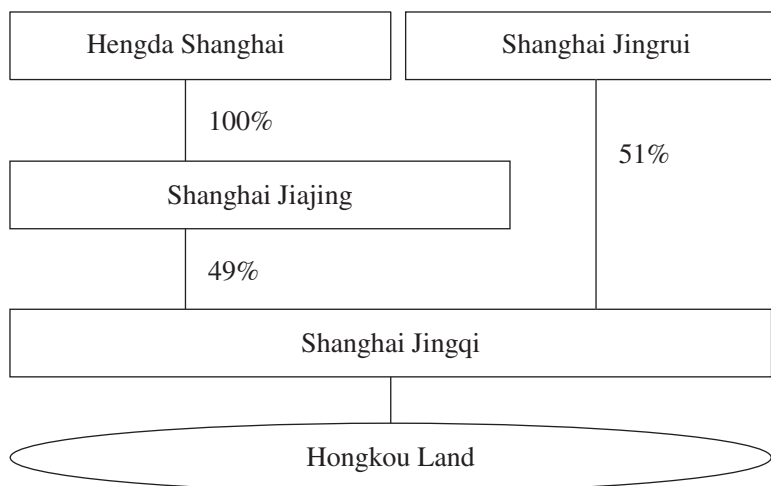


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## LETTER FROM THE BOARD

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The corporate structure of the transferor, the transferee and the target group of the Hongkou Disposal as of the Control Cut-off Date and as of the date of this circular is as follows:



### Information on the Hongkou Land

The Hongkou Land comprises the zone portions situated at No. 386 Street, Jiangwan Town, Hongkou District, Shanghai, PRC (中國上海市虹口區江灣鎮街道386街坊), with a total site area of 8,916.40 sq.m. and a planned above-ground gross floor area of 20,507.72 sq.m. and a height restriction of 80 metres. The term of the land use right of the Hongkou Land is 70 years commencing from 23 November 2015 and ending on 22 November 2085. The Hongkou Land shall be used for the development of residential properties. The land premium of the Hongkou Land amounted to RMB652,000,000. The Land Use Right Certificate for the Hongkou Land has been obtained. As of the date of this circular, Shanghai Jingqi has not commenced development of the Hongkou Land and has successfully applied for an extension for the commencement of development to May 2017.

According to the property valuation report in Appendix II to this circular, the value of the Hongkou Land as of 31 October 2016 was RMB1,153,000,000. Please refer to the property valuation report in Appendix II to this circular for further details.

### IV. FINANCIAL EFFECTS AND USE OF PROCEEDS FROM THE HONGKOU DISPOSAL

Upon the completion of the Hongkou Disposal, the Group will not own any direct or indirect equity interest in Shanghai Jiajing and Shanghai Jingqi, and in turn the Hongkou Land. However, from an accounting perspective, the financial results as well as the assets and liabilities of Shanghai Jiajing and Shanghai Jingqi were no longer consolidated into the financial statements of the Group as indirect wholly owned subsidiaries of the Company from the Control Cut-off Date.



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## LETTER FROM THE BOARD

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### **Assets and liabilities**

Upon completion of the Hongkou Disposal, the properties under development for sale of the Group would have decreased by approximately RMB761 million and the total liabilities of the Group would have decreased by approximately RMB326 million, whilst cash and cash equivalents would have increased by approximately RMB831 million before deducting tax outflow of approximately RMB100 million, thereby leading to an increase in net assets of the Group by approximately RMB297 million.

Accordingly, the Directors believe that the Hongkou Disposal would enhance the Group's financial position and liquidity.

### **Earnings**

The Group had realized a gain of approximately RMB297 million after deducting estimated tax of approximately RMB100 million from the Hongkou Disposal. The gain from the Hongkou Disposal (before taking into account the estimated tax of approximately RMB100 million) is mainly the difference between (i) the carrying amount of the combined net assets of Shanghai Jiaping and Shanghai Jingqi of approximately RMB99.25 million; and (ii) the cash consideration for the transfer of the equity interest of RMB493.75 million from the Hongkou Disposal. For the part of the total consideration for the Hongkou Disposal which shall be settled by way of (i) direct repayment in full of the outstanding shareholder's loan of RMB337.66 million by Hengda Shanghai to Shanghai Jingrui; and (ii) the assignment of the Loan of RMB326 million to Hengda Shanghai, no gain or loss would be realized as the loans shall be settled and assigned at par.

Upon the Control Cut-off Date, from an accounting perspective, a total gain before income tax of approximately RMB397 million is recognized, which represents (i) the gain of approximately RMB195 million on the disposal of 49% equity interests in Shanghai Jingqi; and (ii) a further gain of approximately RMB202 million on the re-measurement of the 51% equity interests in Shanghai Jingqi retained by the Group from its carrying value to the fair value. Assuming the fair value changes on the 51% equity interests in Shanghai Jingqi retained by the Group are minimal from the Control Cut-off Date up to the full completion of the Hongkou Disposal, the estimated gain of RMB397 million before income tax had been substantially recognized by the Group as of the Control Cut-off Date.

Accordingly, the Directors believe that the Hongkou Disposal would realize the value of assets owned by the Group and enhance the Group's earnings.

### **Use of proceeds**

The Group intends to apply the proceeds from the Hongkou Disposal for potential acquisitions of new projects or land for development in the future. As at the Latest Practicable Date, the Company was having preliminary negotiation with certain PRC property developers for a potential cooperation opportunity to jointly develop certain land parcels in Tianjin, the PRC. The negotiation is still undergoing and no formal agreement (including terms and conditions) has been reached, therefore, the transaction may or may not proceed. The Company will comply with all applicable requirements under the Listing Rules and further announcement will be made by the Company as and when appropriate or required in accordance with the Listing Rules. Save for the aforesaid and the acquisitions of properties and project companies disclosed by the Company since the date of the Hongkou Equity Transfer Agreement and prior

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## LETTER FROM THE BOARD

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to the date of this circular, the Company had not identified or committed to acquire any new projects or land for development in the future as at the date of this circular. However, the Company's strategy is to focus its property development activities in the Yangtze River Delta Region and hence the Group will continue to focus on identifying potential new projects or land for development in cities such as Nanjing, Suzhou, Hangzhou and Ningbo should suitable opportunities arise.

### **V. REASONS FOR THE HONGKOU DISPOSAL**

The Group is principally engaged in the property development business in the Yangtze River Delta region and the Hongkou Disposal is conducted in the ordinary and usual course of business of the Group.

The Hongkou Land was acquired by the Group from the Shanghai Hongkou Land Bureau on 17 June 2015 at the price of RMB652.0 million, which price was determined and reached after a public bidding process. Further details of the acquisition of the Hongkou Land was set out in the announcement of the Company dated 18 June 2015. The Board considered that, the acquisition of the Hongkou Land in June 2015 provided an excellent investment opportunity and would further strengthen the Group's established presence in the property market in Yangtze River Delta region and Southwest China. The Group initially planned to develop the Hongkou Land into a single-phased residential development with a total gross floor area of approximately 31,132 sq.m., which construction was initially expected to complete in the second half of 2017. However, the development of the Hongkou Land was delayed due to the delay in obtaining the approval from relevant government authorities on the preliminary planning and design proposals with respect to the Hongkou Land previously submitted to the government authorities by Shanghai Jingqi. As at the date of this circular, Shanghai Jingqi is still amending its preliminary planning and design proposals with respect to the Hongkou Land pursuant to the requests from relevant government authorities, and therefore the construction has not yet commenced. Shanghai Jingqi has successfully applied for an extension for the commencement of the development of the Hongkou Land to May 2017.

In view of the delay in the development of the Hongkou Land and in order to accelerate overall asset turnover and realize the value of assets owned, the Company's strategy is to divest properties at the right price and time. Taking into consideration the appreciation in the value of the Hongkou Land as a result of the general increase in market value of properties in the proximity, the Company considers that the Hongkou Disposal provides an excellent opportunity for the Group to divest such properties and to realize gains for the Group. The Hongkou Disposal is also in line with the Company's strategic monetization plan in light of the prevailing market conditions.

The Directors consider that the Hongkou Disposal is in the interests of the Company and the Shareholders as a whole and the terms thereof are on normal commercial terms, which are fair and reasonable. The Directors also consider that disposing the interests in the Hongkou Land would be a better option than continuing to developing Hongkou Land as planned as (i) it enables the Group to realize the gain of approximately RMB297 million in light of the appreciation in value of the Hongkou Land; and (ii) the proceeds from Hongkou Disposal could be utilized to fund potential acquisitions of other suitable new projects or land for development in the future which are located at a more strategic location for the Company's nationwide expansion and which might produce more immediate returns.

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## LETTER FROM THE BOARD

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### VI. LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Hongkou Disposal is more than 25% but less than 75%, the Hongkou Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Reference is made to the announcement of the Company dated 28 November 2016 with respect to the Tianjin Disposal, which constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Taking into consideration the proximity of the date of the Disposals, even if the Company is to aggregate the Disposals for the purpose of calculating the applicable percentage ratios (as defined in the Listing Rules), such ratios in respect of the Disposals, even if aggregated, are less than 75% and therefore the Disposals, even if aggregated, would not constitute a very substantial disposal of the Company under Chapter 14 of the Listing Rules.

As no Shareholder has a material interest in the Hongkou Disposal, no Shareholder would be required to abstain from voting if the Company was to convene a general meeting for approving the Hongkou Disposal. Pursuant to Rule 14.44 of the Listing Rules, written shareholders' approval can be accepted in lieu of holding a general meeting. The Company's controlling shareholders, namely, Mr. YAN Hao and Mr. CHEN Xin Ge, who, through Beyond Wisdom Limited and Decent King Limited, held 480,220,613 Shares and 427,205,918 Shares (representing 37.19% and 33.08% of the issued capital of the Company as of 2 December 2016, respectively). As of the date of this circular, Mr. YAN Hao and Mr. CHEN Xin Ge, through Beyond Wisdom Limited and Decent King Limited, hold 505,917,613 Shares and 427,205,918 Shares, representing 39.18% and 33.08% of the issued share capital of the Company as of the date of this circular, respectively. Mr. YAN Hao and Mr. CHEN Xin Ge are co-founders of the Group and have been controlling shareholders of the Company and its predecessor since November 2002. Both of them are co-chairmen of the Company and Mr. YAN Hao is also the chief executive officer of the Company. Mr. YAN Hao and Mr. CHEN Xin Ge are presumed to be parties acting in concert under the Takeovers Code. Accordingly, Mr. YAN Hao and Mr. CHEN Xin Ge and their respective holding companies, Beyond Wisdom Limited and Decent King Limited, are considered as a closely allied group of shareholders under Rule 14.44 of the Listing Rules. Mr. YAN Hao and Mr. CHEN Xin Ge, Beyond Wisdom Limited and Decent King Limited have approved the Hongkou Equity Transfer Agreement and the transactions contemplated thereunder in writing on 2 December 2016.

\* *For identification purpose only*

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

**1. FINANCIAL INFORMATION OF THE GROUP**

The audited consolidated financial statements of the Group for each of the three years ended 31 December 2013, 2014 and 2015 and the unaudited financial information of the Group for the six months ended 30 June 2016, together with the relevant notes thereto are disclosed in the following documents:

- interim report of the Company for the six months ended 30 June 2016 published on 27 September 2016 (pages 39 to 108);

*<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0927/LTN20160927341.pdf>*

- annual report of the Company for the year ended 31 December 2015 published on 26 April 2016 (pages 57 to 159);

*<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0426/LTN20160426285.pdf>*

- annual report of the Company for the year ended 31 December 2014 published on 8 April 2015 (pages 54 to 147); and

*<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0408/LTN20150408796.pdf>*

- annual report of the Company for the year ended 31 December 2013 published on 21 March 2014 (pages 48 to 125).

*<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0321/LTN201403211230.pdf>*

**2. STATEMENT OF INDEBTEDNESS**

As of 30 November 2016, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had borrowings of approximately RMB13,963 million, consisting of current borrowings of approximately RMB4,285 million and non-current borrowings of approximately RMB9,678 million.

As of 30 November 2016, the Group had un-utilized banking facilities of approximately RMB3,584 million.

As of 30 November 2016, the Group had the following debt instruments:

- (i) an aggregate US\$93.7 million principal amount of 13.625% guaranteed senior notes due 2019, jointly and severally guaranteed by certain subsidiaries of the Company organized outside the PRC;
- (ii) an aggregate US\$64.8 million principal amount of 13.250% guaranteed senior notes due 2018, jointly and severally guaranteed by certain subsidiaries of the Company organized outside the PRC;
- (iii) an aggregate of RMB1.5 billion principal amount of 5.88% unsecured domestic corporate bonds; and
- (iv) an aggregate of RMB1.0 billion principal amount of 6.75% unsecured domestic corporate bond.

As of 30 November 2016, the contingent liabilities incurred by the Group for provision of guarantees to financial institutions in respect of the mortgage loans provided by such financial institutions to the property purchasers of the Group were approximately RMB11,033 million. In addition, the Group provided guarantee for certain bank loans amounting to RMB360 million for joint venture companies of the Group as of 30 November 2016.

Save as disclosed above or as otherwise mentioned herein, and apart from intragroup liabilities and normal accounts payables in the ordinary course of business, as of 30 November 2016, the Group did not have any debt securities issued and outstanding, and authorized or otherwise created but unissued, and term loans, other borrowings or indebtedness in the nature of borrowing including liabilities under acceptances or acceptance credits or hire purchase commitments, and any mortgages and charges, guarantees and material contingent liabilities.

### 3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, taking into consideration the financial resources available to the Group (including the Group's internal resources, available facilities and the effect of the Tianjin Disposal, the Hongkou Disposal and the disposal of Ningbo Jiamu Investment Co., Ltd. as disclosed in the announcement of the Company dated 5 January 2017), in the absence of unforeseeable circumstances, the Group will have sufficient working capital for at least 12 months from the date of this circular.

### 4. FINANCIAL AND TRADING PROSPECT OF THE GROUP

In the coming financial year, the Group will continue to be engaged in property development and property investment in the Yangtze River Delta region in the PRC, as well as in Tianjin and Chongqing, the PRC. The management team has been exploring business opportunities in the area to expand the Group's operation and enhance its earnings. The management team is actively looking for suitable investments opportunities to diversify its existing business portfolio and to broaden its source of income.

The following table sets out the existing projects of the Group's property development as of 30 November 2016:

Location/Project name	Development status	Expected date of completion	Gross floor area (sq.m.) – under construction	Gross floor area (sq.m.) – pending construction
Shanghai/Shanghai Fengxiang PHASE III (上海鳳翔項目三期)	Mixed used development/Under construction	December 2017	183,638	–
Tianjin/Tianjin Yuefu (天津•悅府項目)	Residential/Under construction	November 2017	111,093	–
Chongqing/Chongqing Jingrui Xilianshe (重慶景端•西聯社項目)	Mixed used development/Under construction	November 2017	39,368	–

**APPENDIX I**
**FINANCIAL INFORMATION OF THE GROUP**

Location/Project name	Development status	Expected date of completion	Gross floor area (sq.m.) – under construction	Gross floor area (sq.m.) – pending construction
Hangzhou/Hangzhou Jingrui Shenhua No. One (杭州景瑞•申花壹號院)	Residential/Under construction	–	191,359	–
PHASE I (一期)	–	December 2016	91,751	–
PHASE II (二期)	–	July 2017	99,608	–
Hangzhou/Hangzhou Jingrui Olympic (杭州景瑞•奧體項目)	Residential/Under construction	December 2018	107,865	–
Hangzhou/Hangzhou Shenhua County (杭州申花郡)	Residential/Under construction	December 2016	73,940	–
Ningbo/Ningbo Majestic Mansion (寧波紅翎臺項目)	Residential/Under construction	October 2017	120,632	–
Ningbo/Ningbo Jingrui Ti Xiangjun (寧波景瑞•緹香郡)	Residential/Under construction	August 2018	120,832	–
Ningbo/Ningbo Jingrui Qingfeng (寧波景瑞•慶豐項目)	Mixed used development/Under construction	October 2018	120,927	–
Zhoushan/Zhoushan Jingrui Haobusika PHASE III (舟山景瑞•豪布斯卡三期)	Residential/Pending construction	December 2017	–	63,659
Shaoxing/Shaoxing Jingrui Dignity Mansion (紹興景瑞•望府)	Residential/Under construction	–	183,370	–
PHASE IV (四期)	–	December 2016	120,370	–
PHASE V (五期)	–	November 2017	63,000	–
Shaoxing/Shaoxing Jingrui Lake of Dawn (紹興景瑞•曦之湖)	Residential/Under construction	August 2017	271,215	–

**APPENDIX I**
**FINANCIAL INFORMATION OF THE GROUP**

Location/Project name	Development status	Expected date of completion	Gross floor area (sq.m.) – under construction	Gross floor area (sq.m.) – pending construction
Suzhou/Suzhou Jingrui Jade Bay PHASE IV (蘇州景瑞 • 翡翠灣四期)	Residential/Under construction	November 2017	88,391	–
Suzhou/Suzhou Jingrui Nobility Mansion (蘇州景瑞 • 御江山)	Residential/Under construction	–	123,423	–
PHASE I NORTH (一期北)	–	May 2017	57,140	–
PHASE III (三期)	–	August 2017	44,559	–
PHASE IV (四期)	–	November 2017	21,724	–
Suzhou/Suzhou Jingrui Dignity Mansion (蘇州景瑞 • 望府)	Residential/Under construction	–	118,909	–
PHASE IV (四期)	–	December 2016	50,830	–
PHASE V (五期)	–	December 2017	68,079	–
Suzhou/Suzhou Wujiang (蘇州吳江項目)	Mixed used development/Under construction	December 2017	136,075	–
Suzhou/Suzhou Tech City (蘇州科技城項目)	Residential/Under construction	December 2018	133,871	–
Wuxi/Wuxi Jingrui Dignity Mansion PHASE II (無錫景瑞 • 望府二期)	Residential/Under construction	August 2018	7,903	–
Changzhou/Changzhou Jingrui Dignity Mansion PHASE III (常州景瑞 • 望府三期)	Residential/Pending construction	December 2017	–	113,266
Nantong/Nantong Jingrui Royal Mansion (南通景瑞 • 御府)	Residential/Under construction	–	344,452	–
PHASE I (一期)	–	December 2017	155,237	–

Location/Project name	Development status	Expected date of completion	Gross floor area (sq.m.) – under construction	Gross floor area (sq.m.) – pending construction
PHASE II (二期)	–	October 2018	189,215	–
Nanjing/Nanjing Jishan (南京 • 吉山項目)	Residential/Under construction	October 2017	37,571	–
<b>Total</b>			2,514,834	176,925

## 5. MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited financial statements of the Group were made up.



*The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from DTZ Cushman & Wakefield Limited, an independent property valuer, in connection with their opinion of market value of the Hongkou Land as of 31 October 2016.*



16/F Jardine House  
1 Connaught Place  
Central  
Hong Kong

24 January 2017

The Directors  
Jingrui Holdings Limited  
8/F, Building B  
BenQ Business Plaza  
207 Songhong Road  
Shanghai  
the PRC

Dear Sirs,

**Re: The land parcel no. A06-02 comprising the zone portions situated at No. 386 Street, Jiangwan Town, Hongkou District, Shanghai, the People's Republic of China (中國上海市虹口區江灣鎮街道386街坊) (the "Hongkou Land")**

#### INSTRUCTIONS, PURPOSE & VALUATION DATE

In accordance with the instructions from Jingrui Holdings Limited (the "Company") for us to value the Hongkou Land held by Shanghai Jingqi Property Development Co., Ltd. (上海景麒房地產開發有限公司) ("Shanghai Jingqi") in the People's Republic of China (the "PRC"), we confirm that we have inspected the Hongkou Land, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value in existing state of the Hongkou Land as at 31 October 2016 (the "valuation date").

Shanghai Jingqi Property Development Co., Ltd. (上海景麒房地產開發有限公司) was an indirectly owned subsidiary of the Company on the valuation date. We have valued the whole interest of the Hongkou Land.

#### DEFINITION OF MARKET VALUE

Our valuation of the Hongkou Land represent its Market Value. The definition of Market Value adopted in The HKIS Valuation Standards 2012 Edition follows the International Valuation Standards published by the International Valuation Standards Council ("IVSC"). Market Value is defined by the IVSC as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion".

**VALUATION BASIS & ASSUMPTIONS**

Our valuation exclude any estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuation of the Hongkou Land held by Shanghai Jingqi with reference to the PRC Legal opinion of the Grandall Law Firm (Shanghai) (國浩律師(上海)事務所), we have prepared our valuation on the basis that transferable land use rights in respect of the Hongkou Land for its specific term at nominal annual land use fee has been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Company and the PRC legal opinion of the Company's legal adviser, dated 15 December 2016, regarding the title to the Hongkou Land and the interest in the Hongkou Land. In valuing the Hongkou Land, we have prepared our valuation on the basis that the owner has enforceable title to the Hongkou Land and have free and uninterrupted rights to use, occupy or assign the Hongkou Land for the whole of the unexpired terms as granted.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the Hongkou Land nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Hongkou Land are free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

**METHOD OF VALUATION**

In valuing the Hongkou Land, which is held by Shanghai Jingqi for development in the PRC, we have valued the Hongkou Land by Direct Comparison Approach by making reference to comparable sales evidences as available in the relevant market and where appropriate, we have also taken into account the expended construction costs.

In valuing the Hongkou Land, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institutes of Surveyors.

**SOURCE OF INFORMATION**

We have been provided by the Company with extracts of documents in relation to the title to the Hongkou Land. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a considerable extent on the information given by the Company in respect of the Hongkou Land in the PRC and have accepted advice on such matters as planning approvals or statutory notices, easements, tenure, identification of land, development scheme, construction cost, site and floor areas and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificate are based on the information provided to us and are therefore only approximations. We have had no reason to

doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

#### **TITLE INVESTIGATION**

We have been provided with copies of documents in relation to the current title to the Hongkou Land. However, we have not been able to conduct search to verify the ownership of the Hongkou Land or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the Hongkou Land in the PRC and we have therefore relied on the advice given by the PRC Legal adviser and the Company.

#### **SITE INSPECTION**

Our Shanghai Office valuer, Jack Sun (a member of China Appraisal Society), has inspected the exterior and, wherever possible, the interior of the Hongkou Land in December 2016. However, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period.

Unless otherwise stated, we have not carried out on-site measurements to verify the site and floor areas of the Hongkou Land and we have assumed that the areas shown on the copies of the documents handed to us are correct.

#### **CURRENCY**

Unless otherwise stated, all monetary amounts indicated herein our valuation are in Renminbi (RMB) which is the official currency of the PRC.

We attach herewith a valuation certificate.

Yours faithfully,  
For and on behalf of  
**DTZ Cushman & Wakefield Limited**  
**Philip C Y Tsang**  
Registered Professional Surveyor (General Practice)  
Registered China Real Estate Appraiser  
MSc, MHKIS  
*Director*

*Note:* Mr. Philip C Y Tsang is Registered Professional Surveyor who has over 23 years' experience in the valuation of properties in the PRC.

## VALUATION CERTIFICATE

## Hongkou Land held for development in the PRC

Hongkou Land	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2016
The land parcel no. A06-02 comprising the zone portions situated at No. 386 Street, Jiangwan Town, Hongkou District, Shanghai, the PRC (中國上海市虹口區江灣鎮街道386街坊)	<p>The Hongkou Land comprises the zone portions situated at No. 386 Street, Jiangwan Town, Hongkou District, Shanghai, PRC (中國上海市虹口區江灣鎮街道386街坊), with a total site area of 8,916.40 sq.m. and a planned above-ground gross floor area of 20,507.72 sq.m.</p> <p>The Property is located at east of south Jiangyang Road, north of Hongkou Fire Briade, south of Sanmen Road, west of Jiangyang Garden, Hongkou District, which is in urban area of Shanghai. Developments nearby are mainly residential development. According to the Company, the Hongkou Land shall be used for the development of residential properties. There is no environmental issues and litigation dispute.</p> <p>The term of the land use right of the Hongkou Land is 70 years commencing from 23 November 2015 and ending on 22 November 2085 for residential use.</p>	As advised by the Company, Shanghai Jingqi has not commenced development of the Hongkou Land and has successfully applied for an extension for the commencement of development to May 2017.	RMB1,153,000,000

## Notes:

- (1) According to Shanghai Certificate of Real Estate Ownership No HFDHZ(2016)003521 issued by Shanghai Planning, Land & Resources Administration Bureau (上海市規劃和國土資源管理局), the land use right of the Hongkou Land comprising a site area of 8,916.40 sq m, have been vested in Shanghai Jingqi for residential use with terms due to expire on 22 November 2085.
- (2) According to Contract for Grant of Land Use Right No. HHGT (2015) 7 dated 17 June 2015, Supplementary Grant Contract of Land Use Right No. HHGT (2015) Bu12 dated 19 November 2015 and Supplementary Grant Contract of Land Use Right No. HHGT (2016) Bu9 dated 5 September 2016, the land use right of the Hongkou Land have been granted with details as follows:
  - (i) Grantor : Shanghai Hongkou Planning and Land Management Bureau (上海市虹口區規劃和土地管理局)
  - (ii) Grantee : Shanghai Jingqi
  - (iii) Location : East of south Jiangyang Road, North of Hongkou Fire Briade, south of Sanmen Road, west of Jiangyang Garden
  - (iv) Site area : 8,916.40 sq. m.
  - (v) Use : Residential
  - (vi) Plot ratio : No more than 2.3
  - (vii) Land Premium : RMB652,000,000
  - (viii) Building covenant : To commence construction before 31 May 2017 and to complete the construction before 31 May 2019.
- (3) According to Planning Permit for Construction Use of Land HHD (2016) EA31010920164021 issued by Shanghai Hongkou Planning and Land Management Bureau (上海市虹口區規劃和土地管理局), the construction site of a parcel of land with a site area of 8,916.4 sq. m. is in compliance with the urban planning requirements.

- (4) According to Business License No. 91310109324605997P dated 17 May 2016, Shanghai Jingqi was established on 13 July 2015 as a limited liability company with a registered capital of RMB100,000,000.
- (5) As advised by the Company, the construction cost expended as at 31 October 2016 was approximately RMB4,000,000 and the estimated outstanding construction cost as at 31 October 2016 was approximately RMB277,000,000. In the course of our valuation, we have taken into account such amount in our valuation.
- (6) According to the legal opinion on the Hongkou Land prepared by the Company's PRC legal adviser:
- (i) Shanghai Jingqi has fully paid the land premium and obtained the Shanghai Certificate of Real Estate Ownership of the Hongkou Land, which is valid, legal and enforceable under the PRC laws;
  - (ii) Shanghai Jingqi is the legal land user of the Hongkou Land;
  - (iii) the Hongkou Land is subject to a mortgage in favour of Puxi Branch, Bank of Shanghai for a loan amount of RMB326,000,000 from 10 March 2016 to 14 March 2018;
  - (iv) Shanghai Jingqi has the right to occupy, use and develop the Hongkou Land; and
  - (v) subject to the consent of the mortgagee, Shanghai Jingqi can transfer, lease, mortgage and handle the land use right of the Hongkou Land.
- (7) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Company are as follows:

Shanghai Certificate of Real Estate Ownership	Yes
Grant Contract of State-owned Land Use Rights and Supplementary Grant Contract of Land Use Right	Yes
Planning Permit for Construction Use of Land	Yes
Business License	Yes

**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**2. DISCLOSURE OF INTERESTS****(a) Interests of the Directors and the Chief Executive of the Company**

As of the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules, were as follows:

Name of Director	Capacity/ Nature of Interest	Number of Underlying Shares/ Debentures <sup>(3)</sup>	Approximate % shareholding interest
Beyond Wisdom Limited	Direct interest	505,917,613	39.18
Yan Hao <sup>(1)</sup>	Interest in a controlled corporation	505,917,613 (L)	39.18
Decent King Limited	Direct interest	427,205,918	33.08
Chen Xin Ge <sup>(2)</sup>	Interest of a controlled corporation	427,205,918 (L)	33.08
Xu Chao Hui	Beneficial owner	560,792	0.04
Yang Tie Jun	Beneficial owner	482,675	0.04

*Notes:*

- (1) Mr. Yan owns 100% of Beyond Wisdom Limited. Mr. Yan is therefore deemed to be interested in the 505,917,613 Shares held by Beyond Wisdom Limited. Mr. Yan is the sole director of Beyond Wisdom Limited.
- (2) Mr. Chen owns 100% of Decent King Limited. Mr. Chen is therefore deemed to be interested in the 427,205,918 Shares held by Decent King Limited. Mr. Chen is the sole director of Decent King Limited.
- (3) (L) represents long positions in these securities.

**(b) Substantial shareholders**

Save as disclosed in this section headed “Disclosure of interests”, as of the Latest Practicable Date, as far as the Directors are aware, no person (other than the Directors or the chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which will be required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

**(c) Interests in Other Members of the Group**

As of the Latest Practicable Date, the following persons (excluding the Company) are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

***Interests in subsidiaries***

<b>Name of Subsidiary</b>	<b>Name of Shareholder</b>	<b>Registered Capital</b>	<b>Approximate % of Interest</b>
Hangzhou Jinghang Property Co., Ltd.	Shanghai Jiacan Investment Co., Ltd.	RMB100 million	49%
Shanghai Fengxiang Property Development Co., Ltd.	Zhang Bei	RMB100 million	11%
	Gu Jiabin		9%
Shanghai Huajiang Construction and Development Co., Ltd.	Shanghai Liheng Investment Management Co., Ltd.	RMB100 million	15%
	Shanghai House Industry Co., Ltd.		15%
	Shanghai Zongquan Property Co., Ltd.		2.5%
Shaoxing Jingming Property Co., Ltd.	Riyuecheng Property Co., Ltd.	RMB300 million	49%
Shanghai Weishu Information Technology Co., Ltd.	Cai Tiansi	RMB100 million	30%

Name of Subsidiary	Name of Shareholder	Registered Capital	Approximate % of Interest
Suzhou Ailide Trade Co., Ltd.	Kunshan Haigang Investment and Consulting Co., Ltd.	RMB50 million	50%
Taicang Jingshang Property Co., Ltd.	Shanghai Jiading District Real Estate (Group) Co., Ltd.	RMB150 million	20%
	Shanghai Oasis Investment Holding Group Co., Ltd.		10%
Chongqing Jingteng Property Development Co., Ltd.	Asia Green Property SARL	RMB150 million	49%
Shanghai Xiaoze Investment Co., Ltd.	Tianjin Shengdeli Science and Technology Co., Ltd.	RMB100 million	30%
Shanghai Xiaoyi Investment Co., Ltd.	Shanghai Jiayu Property Co., Ltd.	RMB0.1 million	35%
	Shenzhen Pingjia Investment and Management Co., Ltd.		15%

**(d) Directors' Service Contracts**

None of the Directors has entered into a service agreement with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

**(e) Directors' Competing Interests**

As of the Latest Practicable Date, none of the Directors are interested in any business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the business of the Group.



**(f) Disclaimers**

Save as disclosed in this circular, none of the Directors or chief executive of the Company has any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

Save as disclosed in this circular, so far as is known to any Director or chief executive of the Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

As of the Latest Practicable Date, none of the Directors or experts had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2015, being the date to which the latest published financial statements of the Company were made up.

No Director was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

**3. MATERIAL CONTRACTS**

The following contracts (not being contracts in the ordinary course of business of the Group) have been entered into by members of the Group which is or may be material within the two years immediately preceding the date of this circular:

- (a) a purchase agreement dated 23 April 2015 entered into between the Company and the Subsidiary Guarantors (as defined therein), and BOSC International Company Limited, BNP Paribas, acting through its Hong Kong branch, Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited and QILU International Capital Limited, for the issue and sale of an aggregate of US\$150,000,000 principal amount of 13.250% senior notes due 2018;
- (b) an indenture dated 30 April 2015 entered into between the Company and the Subsidiary Guarantors (as defined therein), and Citicorp International Limited and Citibank, N.A., London Branch in connection with the issue and sale of an aggregate of US\$150,000,000 principal amount of 13.250% senior notes due 2018;

- (c) an equitable share mortgage in respect of shares dated 30 April 2015 entered into between the Company and Natural Apex Limited, and Citicorp International Limited in connection with the issue and sale of an aggregate of US\$150,000,000 principal amount of 13.250% senior notes due 2018 and the share mortgage over shares owned by the Company and Natural Apex;
- (d) a share charge dated 30 April 2015 entered into between Natural Apex Limited, Decent Pillar Limited, Faithful Gem Limited, Gladly Sheen Limited, Joyful Dawn Limited, Model Sheen Limited, Model Wealth Limited, Sound Pillar Limited, Sheeny Blaze Limited and Sheeny Bright Limited, and Citicorp International Limited in connection with the issue and sale of an aggregate of US\$150,000,000 principal amount of 13.250% senior notes due 2018 and the share charge over shares owned by the Chargors;
- (e) an intercreditor agreement dated 30 April 2015 entered into between the Company and the Subsidiary Guarantor Pledgors (as defined therein), and Citicorp International Limited (as 2019 Senior Notes Trustee), Citicorp International Limited (as 2018 Senior Notes Trustee) and Citicorp International Limited (as Collateral Agent) in connection with the issue and sale of an aggregate of US\$150,000,000 principal amount of 13.250% senior notes due 2018;
- (f) the capital subscription agreement dated 22 June 2016 between Shanghai Jingrui Investment Co., Ltd. (上海景瑞投資有限公司) (as subscriber), an indirect wholly-owned subsidiary of the Company, and Xiamen International Bank Co., Ltd. (廈門國際銀行股份有限公司) (as issuer), pursuant to which Shanghai Jingrui Investment Co., Ltd. subscribed for 84,000,000 subscription shares issued by Xiamen International Bank Co., Ltd. for a total consideration of RMB403.2 million;
- (g) the sale and purchase agreement dated 18 July 2016 among the Company, Natural Apex Limited (as purchaser), Wing Tai Properties (China) (No. 2) Limited and Keen Achieve Limited (as sellers) in respect of the (i) purchase of the entire issued share capital of Property Sky Limited by Natural Apex Limited from the sellers; (ii) assignment to Natural Apex Limited of the shareholders loan of a sum of HK\$765,100,000 lent by the sellers to Property Sky Limited; and (iii) repayment of certain loans owed by Property Sky Limited for a total consideration of HK\$1,022.0 million;
- (h) the equity transfer agreement dated 28 November 2016 among Jingrui Properties (Group) Co., Ltd., Shanghai Jingrui Investment Co., Ltd., Shanghai Youmao Construction Material Co., Ltd. and Shanghai Lichen Building Decoration Engineering Co., Ltd. (as transferors) and Hengda (Tianjin) Real Estate Group Company Limited (as transferee) in respect of the disposal of the entire equity interest in Tianjin Jingxiu Property Investment Co., Ltd. by the transferors to the transferee for a total consideration of RMB797,080,000;
- (i) the Hongkou Equity Transfer Agreement, details of which are set out in this circular;

- (j) the share purchase agreement dated 5 December 2016 between Natural Apex Limited (as buyer) and Robinson RE Company, Limited (as seller) in respect of the purchase of 43.24% of the total issued share capital of Modern Jump Limited by Natural Apex Limited from the seller at a consideration of US\$41.8 million;
- (k) the equity purchase agreement dated 5 December 2016 between Zhoushan Jingshang Property Co., Ltd. (舟山景尚置業有限公司) (as purchaser) and Shanghai Honglong Investment Co., Ltd. (上海宏龍投資控股有限公司) (as seller) in respect of the purchase of 34.43% equity interest in Shanghai Jiaguan Investment Co., Ltd. (上海佳冠投資有限公司) from the seller at a consideration of RMB503,580,000; and
- (l) the cooperation agreement dated 5 January 2017 entered into between Ningbo Ruice Investment Co., Ltd. (寧波瑞策投資有限公司) (as the seller) and Ningbo Huangao Investment Management Co., Ltd. (寧波環高投資管理有限公司) and Ningbo Haishu Kangfa Corporate Management Consulting Co., Ltd. (寧波海曙康發企業管理諮詢有限公司) (as the purchasers) in connection with the disposal of an aggregate 60% of the equity interest in, and the assignment of 60% of the shareholder's loan of, Ningbo Jiamu Investment Co., Ltd. (寧波佳穆投資有限公司) to the purchasers at an aggregate consideration of RMB208,853,446.20 and the management and administration of the affairs and business of Ningbo Jiamu Investment Co., Ltd. (寧波佳穆投資有限公司) and Ningbo Jinghang Property Co., Ltd. (寧波景航置業有限公司).

#### **4. LITIGATION AND CLAIMS**

As of the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Group, that would have a material adverse effect on its business, financial condition or results of operations.

#### **5. EXPERTS AND CONSENT**

The following are the qualifications of the experts who have given advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
DTZ Cushman & Wakefield Limited	Independent property valuer
Grandall Law Firm	PRC legal counsel

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of its letter as set out in this circular and references to its name in the form and context in which they appear respectively.

As of the Latest Practicable Date, each of the above experts was not beneficially interested in the share capital of any member of the Group, nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

## **6. GENERAL**

The English text of this circular shall prevail over the Chinese text in case of inconsistency.

The joint company secretaries of the Company are Mr. Lee Chian Jie and Ms. Lai Siu Kuen (FCIS, FCS).

The registered office of the Company is situated at 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands and its principal place of business in Hong Kong is situated at Room 09, 43/F, China Resources Building, 26 Harbour Road, Hong Kong.

## **7. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Room 09, 43/F, China Resources Building, 26 Harbour Road, Hong Kong during normal business hours on any weekday (public holidays excluded) from the date of this circular up to and including 6 February 2017:

- (a) the memorandum and articles of association of the Company;
- (b) the property valuation report from DTZ Cushman & Wakefield Limited as set out in Appendix II to this circular;
- (c) the legal opinion issued by Grandall Law Firm, the PRC legal counsel of the Company in respect of the property interests of Shanghai Jingqi;
- (d) the annual reports of the Company for the three financial years ended 31 December 2013, 2014 and 2015;
- (e) the interim report of the Company for the six months ended 30 June 2016;
- (f) the material contracts referred to in the paragraph headed “Material Contracts” in this Appendix;
- (g) the letters of consent referred to in the paragraph headed “Experts and Consent” in this Appendix;

- (h) the circular of the Company dated 13 April 2016 in relation to the acquisition of land use rights in Ningbo, the PRC;
- (i) the circular of the Company dated 22 April 2016 in relation to the acquisition of land use rights in Suzhou, the PRC;
- (j) the circular of the Company dated 23 September 2016 in relation to the acquisition of 100% equity interest in Property Sky Limited; and
- (k) this circular.