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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 FORMATION OF THE PROJECT COMPANY FOR PROPERTY DEVELOPMENT IN NINGBO, PRC AND DEEMED DISPOSAL**

#### **FORMATION OF THE PROJECT COMPANY AND DEEMED DISPOSAL**

On 23 June 2017, Zhoushan Jingshang, an indirect wholly owned subsidiary of the Company, entered into the Cooperation Agreement with Ningbo Longjia (as the Investor), for the formation of the Project Company to jointly develop the Land located in Beilun District, Ningbo, PRC. Pursuant to the terms of the Cooperation Agreement, the Parties have agreed to form the Project Company by way of the Equity Subscription following which the Project Company will be owned as to 50% by Zhoushan Jingshang and 50% by Ningbo Longjia.

The registered capital of the Project Company is initially set at RMB450,000,000. The total capital commitment to be made by Zhoushan Jingshang and Ningbo Longjia into the Project Company shall be RMB872.6 million, and will be borne on a pro-rata basis with reference to their respective shareholding in the Project Company by way of capital contribution in cash and in the form of shareholder's loan. Pursuant to the terms of the Cooperation Agreement, the total amount to be contributed by Zhoushan Jingshang shall be no more than RMB436.3 million, which will be financed by internal resources of the Group.

Upon the completion of the Equity Subscription, the Project Company will be accounted for as a non-wholly owned subsidiary of the Company.

#### **LISTING RULES IMPLICATIONS**

Following the completion of the Equity Subscription, the equity interests of the Group in the Project Company will be diluted from 100% to 50%. The Equity Subscription will constitute a deemed disposal of the Group's equity interest in the Project Company under Rule 14.29 of the Listing Rules.

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Formation is more than 5% but all of the applicable percentage ratios are less than 25%, the Formation 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 Chapter 14 of the Listing Rules.

Reference is made to the announcement of the Company dated 5 January 2017 with respect to, among other things, the disposal of 40% equity interest in Ningbo Jiamu to Ningbo Huangao, which constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Taking into consideration that Ningbo Huangao is a wholly owned subsidiary of Longfor and hence a fellow subsidiary of Ningbo Longjia, even if the Company is to aggregate such disposal with the Formation for the purpose of calculating the applicable percentage ratios (as defined in the Listing Rules), such ratios in respect of these transactions, even if aggregated, are less than 25% and therefore would not constitute a major transaction of the Company under Chapter 14 of the Listing Rules.

## **FORMATION OF THE PROJECT COMPANY FOR PROPERTY DEVELOPMENT IN NINGBO, PRC AND DEEMED DISPOSAL**

On 23 June 2017, Zhoushan Jingshang, an indirect wholly owned subsidiary of the Company, entered into the Cooperation Agreement with Ningbo Longjia (as the Investor), for the formation of the Project Company to jointly develop the Land located in Beilun District, Ningbo, PRC.

### **PRINCIPAL TERMS OF THE COOPERATION AGREEMENT**

The principal terms of the Cooperation Agreement are summarized below.

#### **Date**

23 June 2017

#### **Parties**

- (1) Zhoushan Jingshang, an indirect wholly owned subsidiary of the Company established in the PRC.
- (2) Ningbo Longjia, a company established in the PRC with limited liability and an indirect wholly owned subsidiary of Longfor, which is subscribing for 50% of the equity interest in the Project Company. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Longfor's indirect interest in Ningbo Jiamu, Ningbo Longjia and its ultimate substantial beneficial owners as publicly disclosed by Longfor are Independent Third Parties.

#### **Ownership of the Project Company**

In accordance with the terms and conditions of the Cooperation Agreement, Zhoushan Jingshang and Ningbo Longjia shall jointly invest in the Project Company, and in turn jointly develop the Land.

Pursuant to the terms of the Cooperation Agreement, the Parties have agreed to form the Project Company by way of the Equity Subscription following which the Project Company will be owned as to 50% by Zhoushan Jingshang and 50% by Ningbo Longjia.

## **Registered capital and capital commitment**

The registered capital of the Project Company is initially set at RMB450.0 million. The total capital commitment to be made by Zhoushan Jingshang and Ningbo Longjia into the Project Company shall be RMB872.6 million, and will be borne on a pro-rata basis with reference to their respective shareholding in the Project Company by way of capital contribution in cash and in the form of shareholder's loan.

Pursuant to the terms of the Cooperation Agreement, the total amount to be contributed by each of Zhoushan Jingshang and Ningbo Jialong shall be no more than RMB436.3 million. Pursuant to the Cooperation Agreement, 50% of the capital contribution by each of Zhoushan Jingshang and Ningbo Jialong (being approximately RMB218.1 million) shall be payable in cash by each of Zhoushan Jingshang and Ningbo Jialong on 23 June 2017. As at the date of this announcement, Zhoushan Jingshang had paid RMB100.0 million to the Beilun Land Bureau as a deposit for participating in the public bidding process for the land use right of the Land, which can be applied for settling part of the land premium of the Land. Pursuant to the Cooperation Agreement, the Parties acknowledged that the amount paid by Zhoushan Jingshang shall be recognized as part of its capital contribution to the Project Company. The remaining RMB118.1 million payable by Zhoushan Jingshang shall be paid directly to the Beilun Land Bureau as part of the first instalment payment of the land premium for the Land. Ningbo Jialong shall pay its 50% capital contribution of RMB218.1 million to Zhoushan Jingshang, which in turn will use such contributed amount for payment to the Beilun Land Bureau as remaining portion of the first instalment payment of the land premium for the Land.

The remaining 50% of the capital contribution by each of Zhoushan Jingshang and Ningbo Jialong (being approximately RMB218.1 million) shall be payable in cash by each of Zhoushan Jingshang and Ningbo Jialong on or before 24 July 2017. Such amount shall be utilized for payment of the final instalment payment of the land premium for the Land to the Beilun Land Bureau. Such capital contribution shall be made in the form of shareholder's loan extended by each of Zhoushan Jingshang and Ningbo Longjia to the Project Company, and which is expected to be capitalized as the registered capital of the Project Company by the end of December 2017.

Pursuant to the Cooperation Agreement, in consideration of Ningbo Longjia prepaying the capital contribution to the Project Company prior to the completion of the Formation and the issuance of the Land Use Right Certificate with respect to the Land to the Project Company, Zhoushan Jingshang undertakes to pledge 50% equity interest in the Project Company in favor of Ningbo Longjia pending the completion of the Formation and the grant of the Land Use Right Certificate to the Project Company. Ningbo Longjia shall release the share pledge within three business days from the date on which the Project Company obtains the Land Use Right Certificate for the Land after the Formation.

The total amount of the capital contribution was arrived at after arm's length negotiation among the Parties, and was determined with reference to the land premium and associated cost of the Land, as well as the proportion of equity interests in the Project Company to be held by each party after completion of the Formation.

The capital contribution by Zhoushan Jingshang will be settled by using the Group's available internal resources.

## **Board of directors and management**

Pursuant to the terms of the Cooperation Agreement, the board of directors of the Project Company shall comprise of three directors, two of whom shall be nominated by Zhoushan Jingshang and one by Ningbo Longjia. The chairman of the board of directors of the Project Company shall be appointed by Ningbo Longjia.

As set out in the Cooperation Agreement, the daily management of the Project Company shall be delegated to the general manager, whom shall be appointed by the board of directors of the Project Company.

## **Veto or protective rights**

Pursuant to the Cooperation Agreement, certain matters would require the approval of the shareholders of Project Company representing at least two-thirds of the total equity interest of the Project Company. Such matters include, among others, amendments to the constitutional documents, change of the principal business activity, changes of the registered capital and the winding-up and dissolution of the Project Company.

## **Profit sharing and distributions**

Pursuant to the terms of the Cooperation Agreement, subject to the repayment of all existing indebtedness, the shareholders, being Zhoushan Jingshang and Ningbo Longjia, shall be entitled to share in the profits of the Project Company in proportion to their respective equity interests in the Project Company, provided that any such distributions do not affect the operations of the Project Company, in particular the development and construction of the Land.

## **INFORMATION ON THE PARTIES**

### **Zhoushan Jingshang**

Zhoushan Jingshang is a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company. Its principal business activity is property development.

### **Ningbo Longjia, the Investor**

Ningbo Longjia is a company established in the PRC with limited liability and its principal business activity is properties development. Ningbo Longjia is an indirect wholly owned subsidiary of Longfor Properties Co. Ltd., the shares of which are listed on the Stock Exchange (stock code: 960). Longfor, together with its subsidiaries, are principally engaged in the property development, property investment and property management businesses in China. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Longfor's indirect interest in Ningbo Jiamu, each of Ningbo Longjia, Longfor and its ultimate substantial beneficial owners as publicly disclosed by Longfor is an Independent Third Party.

## **The Project Company**

The Project Company is a limited liability company to be established in the PRC, which shall be responsible for the development of the Land. The Project Company shall initially be established by Zhoushan Jingshang as its sole registered shareholder and upon completion of the Equity Subscription pursuant to the Cooperation Agreement, the Project Company shall be held by Zhoushan Jingshang as to 50% and Ningbo Longjia as to 50%. It is expected that the Formation will be completed by end of August 2017.

## **INFORMATION ON THE LAND**

In June 2017, Zhoushan Jingshang succeeded in bidding for the land use right of the Land comprising the zone portions situated at north of Chunxiao Road (春曉大道北) and east of Mingyue Road (明月路東) in Beilun District, Ningbo, the PRC, at a consideration of approximately RMB872.6 million payable in two equal instalments through the auction (listing-for-sale) process organized by the Beilun Land Bureau. The State-owned Construction Land Use Right Contract (國有建設用地使用權出讓合同) in connection with the acquisition of the Land shall be entered into with the Beilun Land Bureau on or around 23 June 2017 and the Project Company shall be the land use right owner of the Land upon completion of the Formation. The Land has a total site area of 106,266 square meters and a planned above-ground gross floor area of not exceeding 223,158.60 square meters. Building density of the land shall be no more than 35% with a greening rate of no less than 30%. The Land shall be used for the development residential and commercial properties. The term of the land use right of the Land is 70 years with respect to its residential units and 40 years with respect to its commercial units.

## **FINANCIAL EFFECTS OF AND USE OF PROCEEDS FROM THE EQUITY SUBSCRIPTION**

The Company does not expect to record any gains or losses on the Equity Subscription as the capital contribution and the amount of the shareholders' loan are determined with reference to the land premium and associated cost of the Land of approximately RMB857.6 million, as well as their respective proportion of equity interests in the Project Company after the Equity Subscription.

Upon completion of the Equity Subscription, the Group will hold 50% of the equity interest in the Project Company and the Project Company will be accounted for as a non-wholly owned subsidiary of the Company.

The funding to be received from Ningbo Longjia through the Equity Subscription by way of capital contribution in cash and in the form of the shareholders' loan will be used to settle the land premium of the Land.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

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

The Land is intended to be developed as a commercial and residential project. The Company believes the strategic partnership with Ningbo Longjia to develop the Land will be beneficial to the general growth and expansion of the Group. The Directors consider the Formation 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 development of the Land is also in-line with the Group's development strategy of intensively penetrating into the Yangtze River Delta region, with special focus on first-tier and second-tier core cities in this region.

The terms of the Cooperation Agreement and the Formation have been arrived at after arm's length negotiations between the Parties. The capital contribution in cash and the amount of shareholders' loan were agreed between the Parties by reference to the land premium and associated cost of the Land of approximately RMB872.6 million, as well as their respective proportion of equity interests in the Project Company after the Formation. The Directors believe that the terms of the Cooperation Agreement, the Formation and the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary course of business of the Group, fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Following the completion of the Equity Subscription, the equity interests of the Group in the Project Company will be diluted from 100% to 50%. The Equity Subscription will constitute a deemed disposal of the Group's equity interest in the Project Company under Rule 14.29 of the Listing Rules.

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Formation is more than 5% but all of the applicable percentage ratios are less than 25%, the Formation 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 Chapter 14 of the Listing Rules.

Reference is made to the announcement of the Company dated 5 January 2017 with respect to, among other things, the disposal of 40% equity interest in Ningbo Jiamu to Ningbo Huangao, which constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Taking into consideration that Ningbo Huangao is a wholly owned subsidiary of Longfor and hence a fellow subsidiary of Ningbo Longjia, even if the Company is to aggregate such disposal with the Formation for the purpose of calculating the applicable percentage ratios (as defined in the Listing Rules), such ratios in respect of these transactions, even if aggregated, are less than 25% and therefore would not constitute a major transaction of the Company under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Beilun Land Bureau”	the Beilun Branch of Ningbo Municipal Bureau of Land and Resources (寧波市國土資源局北侖分局), a PRC government bureau
“Board”	the board of Directors
“China” or “PRC”	the People's Republic of China, for the purpose of this announcement, 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, the shares of which are listed on the Main Board of the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules

“Cooperation Agreement”	the cooperation agreement dated 23 June 2017 entered into between Zhoushan Jingshang and Ningbo Longjia in connection with the Formation and the management and administration of the affairs and business of the Project Company and for the development of the Land
“Equity Subscription”	the proposed subscription of equity interest in the Project Company by Ningbo Longjia by way of capital contribution in cash and in the form of shareholder’s loan subject to and in accordance with the terms and conditions of the Cooperation Agreement
“Formation”	the formation of the Project Company as contemplated under the Cooperation Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is (are) independent of and not connected with (within the meaning of the Listing Rules) the Company or any of its connected persons
“Land”	the piece of land (parcel no. Chunxiao No. 160 (春曉160號地塊) land comprising the zone portions situated at north of Chunxiao Road (春曉大道北) and east of Mingyue Road (明月路東), Beilun District, Ningbo, the PRC, with a total site area of approximately 106,266 square meters
“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
“Longfor”	Longfor Properties Co. Ltd., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 960)
“Ningbo Huangao”	Ningbo Huangao Investment Management Co., Ltd. (寧波環高投資管理有限公司), a limited liability company established in the PRC, an indirect wholly owned subsidiary of Longfor, which holds 40% equity interest in Ningbo Jiamu as at the date of this announcement
“Ningbo Jiamu”	Ningbo Jiamu Investment Co., Ltd. (寧波佳穆投資有限公司), a limited liability company established in the PRC, a joint venture company of the Company in which the Company indirectly holds 40% equity interest as at the date of this announcement
“Ningbo Longjia” or the “Investor”	Ningbo Longjia Real Estate Development Co., Ltd. (寧波龍嘉房地產發展有限公司), a limited liability company established in the PRC

“Parties”	Zhoushan Jingshang and Ningbo Longjia, the parties to the Cooperation Agreement, and a “Party” shall mean each and any one of them as the context may require
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhoushan Jingshang”	Zhoushan Jingshang Property Co., Ltd. (舟山景尚置業有限公司), a limited liability company established in the PRC, an indirect wholly owned subsidiary of the Company
“%”	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.*

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

Hong Kong, 23 June 2017

*As at the date of this announcement, the Board of Directors of the Company comprises Yan Hao, Chen Xin Ge, Yang Tie Jun and Xu Chao Hui, as executive Directors; Han Jiong, Qian Shi Zheng and Lo Wing Yan William, as independent non-executive Directors.*

\* *For identification purpose only*