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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)

**COOPERATION AGREEMENT AND
ACQUISITION OF 40% EQUITY INTEREST IN WUHAN YINGJIN**

* *For identification purpose only*

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DEFINITIONS

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

“Acquisition”	the acquisition of the 40% equity interest in Wuhan Yingjin from the Vendors to Wuhan Ruixiao
“Advance”	the part of the consideration payable in a form of advance of RMB574,000,000 by Wuhan Ruixiao to Wuhan Xinfeilun pursuant to the Cooperation Agreement on an interest-free basis
“associates”	has the meaning ascribed to it under the Listing Rules
“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
“Completion”	satisfaction of all the conditions precedents under the Cooperation Agreement including, among other things, the business registration with local Administration for Industry and Commerce concerning the Acquisition is completed
“connected persons”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Cooperation”	(i) a capital injection of an aggregate amount of RMB762,000,000 to be made by Wuhan Ruixiao to Wuhan Yingjin by way of capital contribution in cash and in the form of shareholder’s loan; and (ii) an Advance of RMB574,000,000 to be made by Wuhan Ruixiao to Wuhan Xinfeilun pursuant to the Cooperation Agreement, upon Completion of which Wuhan Yingjin will be interested in as to 40% by Wuhan Ruixiao and 60% by Wuhan Xinfeilun
“Cooperation Agreement”	the cooperation agreement dated 27 September 2017 entered into between, among others, the Investor and the Vendors pursuant to which (i) Wuhan Ruixiao shall make a capital injection of an aggregate amount of RMB762,000,000 to Wuhan Yingjin by way of capital contribution in cash and in the form of shareholder’s loan; and (ii) Wuhan Ruixiao shall make an Advance of RMB574,000,000 to Wuhan Xinfeilun
“Director(s)”	the director(s) of the Company
“Enlarged Group”	the Group and the Target upon completion of the Acquisition
“Group”	the Company and its subsidiaries
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“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 the Company and its connected persons
“Land”	the land lot number K4 of P(2016)162 (P(2016)162號地塊K4地塊) located at Changjiang Village, Hongshan District (洪山區長江村) of Wuhan City, the PRC, with a total site area of 106,556.58 square meters and a total construction area of not more than 410,000 square meters to be used for the development of residential properties

DEFINITIONS

“Latest Practicable Date”	13 December 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
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares in the capital of the Company with nominal value of US\$0.01 each
“Shareholder(s)”	the holder(s) of the Share(s)
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers
“US\$”	United States dollar, the lawful currency of the United States
“Vendors”	collectively, Wuhan Xinfeilun and Wuhan Tongbang
“Wuhan Land Bureau”	Wuhan Land Resources and Planning Bureau (武漢市國土資源局和規劃局), a PRC government bureau
“Wuhan Ruixiao” or “Investor”	Wuhan Ruixiao Property Investment Co., Ltd. (武漢瑞驍房地產投資有限公司), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of the Company
“Wuhan Tongbang”	Wuhan Tongbang Mechanical and Electrical Equipment Co., Ltd. (武漢同邦機電設備有限公司), a limited liability company established under the laws of the PRC, the legal and beneficial owner of 20% equity interest of the Target immediately prior to completion of the Acquisition

DEFINITIONS

“Wuhan Xinfeilun”	Wuhan Xinfeilun Property Development Co., Ltd. (武漢新飛輪房地產開發有限公司), a limited liability company established under the laws of the PRC, the legal and beneficial owner of 80% equity interest of the Target immediately prior to completion of the Acquisition and the legal and beneficial owner of 60% equity interest of the Target immediately upon completion of the Acquisition and as of the date of this circular
“Wuhan Yingjin” or “Target”	Wuhan Yingjin Jiayuan Property Development Co., Ltd. (武漢盈錦嘉園房地產開發有限公司), a limited liability company established under the laws of the PRC and (i) is held as to 80% by Wuhan Xinfeilun and 20% by Wuhan Tongbang immediately prior to completion of the Acquisition and (ii) is held as to 60% by Wuhan Xinfeilun and 40% by Wuhan Ruixiao immediately upon completion of the Acquisition and as of the date of this circular
“%”	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.

LETTER FROM THE BOARD



JINGRUI HOLDINGS LIMITED

景瑞控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01862)

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
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26 Harbour Road
Hong Kong

15 December 2017

To the Shareholders

Dear Sir/Madam,

**MAJOR TRANSACTION
COOPERATION AGREEMENT AND
ACQUISITION OF 40% EQUITY INTEREST IN WUHAN YINGJIN**

I. INTRODUCTION

Reference is made to the announcement of the Company dated 27 September 2017 in relation to the Cooperation Agreement.

This circular is despatched to the Shareholders for information purposes only. No general meeting will be convened to approve the Cooperation Agreement and the transactions contemplated thereunder as the controlling shareholders of the Company, Mr. YAN Hao and Mr. CHEN Xin Ge, who, directly or indirectly through Beyond Wisdom Limited and Decent King Limited, hold 505,917,613 Shares and 427,987,918 Shares (representing 39.18% and 33.14% of the issued capital of the Company as at the date of this circular, respectively), have approved the Cooperation Agreement and the transactions contemplated thereunder in writing, pursuant to Rule 14.44 of the Listing Rules. Furthermore, as no Shareholder has a material interest in the Cooperation, no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for approving the Cooperation Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among others, (i) further details of the Cooperation Agreement and the Acquisition; (ii) the audited financial information of the Target; (iii) the valuation report of the Land and (iv) other information required to be disclosed under the Listing Rules.

II. ACQUISITION

On 27 September 2017, Wuhan Ruixiao (as the Investor), a wholly owned subsidiary of the Company, entered into the Cooperation Agreement with Wuhan Xinfeilun and Wuhan Tongbang (as the Vendors), pursuant to which: (i) Wuhan Ruixiao shall make a capital injection of an aggregate amount of RMB762,000,000 to Wuhan Yingjin (as the Target) by way of capital contribution in cash and in the form of shareholder's loan; and (ii) Wuhan Ruixiao shall make an Advance of RMB574,000,000 to Wuhan Xinfeilun. Accordingly, the total commitment and consideration to be made by Wuhan Ruixiao pursuant to the Cooperation Agreement shall be RMB1,336,000,000. Upon completion of the Acquisition, Wuhan Yingjin has been interested in as to 40% by Wuhan Ruixiao and 60% by Wuhan Xinfeilun. As at the date of this circular, Wuhan Yingjin wholly owns and develops the Land located at Hongshan District, Wuhan, PRC.

III. PRINCIPAL TERMS OF THE COOPERATION AGREEMENT

The principal terms of the Cooperation Agreement are summarised below.

Date

27 September 2017

Parties

- (1) Investor: Wuhan Ruixiao, a wholly owned subsidiary of the Company
- (2) Vendors: Wuhan Xinfeilun
Wuhan Tongbang
- (3) Target: Wuhan Yingjin

Immediately prior to the completion of the Acquisition, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of Wuhan Xinfeilun and Wuhan Tongbang and their respective ultimate beneficial owners were Independent Third Parties.

LETTER FROM THE BOARD

Subject matter

Immediately prior to the completion of the Acquisition, Wuhan Yingjin was interested in as to 80% by Wuhan Xinfeilun and 20% by Wuhan Tongbang. In accordance with the Cooperation Agreement, Wuhan Ruixiao and Wuhan Xinfeilun shall jointly invest in Wuhan Yingjin, and in turn jointly develop the Land. Wuhan Ruixiao shall acquire 20% equity interest in Wuhan Yingjin from Wuhan Xinfeilun and 20% equity interest in Wuhan Yingjin from Wuhan Tongbang.

The Acquisition was completion on 27 October 2017, upon which Wuhan Yingjin has been interested in as to 60% by Wuhan Xinfeilun and 40% by Wuhan Ruixiao. Upon completion of the Acquisition, Wuhan Yingjin is accounted for as a non-wholly owned subsidiary of the Company given that Wuhan Ruixiao has control of the majority of the board of Wuhan Yingjin according to the Cooperation Agreement.

Wuhan Yingjin wholly owns and develops the Land located at Hongshan District, Wuhan, PRC.

Total commitment and consideration payable by Wuhan Ruixiao

The total commitment and consideration payable by Wuhan Ruixiao pursuant to the Cooperation Agreement shall be RMB1,336,000,000, comprising of (i) a capital injection of an aggregate amount of RMB762,000,000 to Wuhan Yingjin by way of capital contribution of RMB24,000,000 and in the form of shareholder's loan of RMB738,000,000; and (ii) Wuhan Ruixiao shall make an Advance of RMB574,000,000 to Wuhan Xinfeilun.

(i) Capital contribution

The current registered capital of Wuhan Yingjin is RMB60,000,000, none of which had been paid up. Pursuant to the Cooperation Agreement, Wuhan Ruixiao and Wuhan Xinfeilun shall contribute RMB24,000,000 and RMB36,000,000 to Wuhan Yingjin as its registered capital, respectively, representing 40% and 60% shareholding in Wuhan Yingjin.

(ii) Shareholder's loan

Pursuant to the Cooperation Agreement, Wuhan Ruixiao shall provide RMB738,000,000 to Wuhan Yingjin in the form of a shareholder's loan in consideration of the expected demolition and development costs of the Land of approximately RMB1,435,000,000 (inclusive of the total consideration for the public auction of the Land of approximately RMB882,800,000 payable to the Wuhan Land Bureau). The remaining sum of RMB697,000,000 for demolition and development costs of the Land shall be financed by Wuhan Xinfeilun to Wuhan Yingjin in the form of, among other things, shareholder's loans.

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(iii) Interest-free Advance

Pursuant to the Cooperation Agreement, Wuhan Ruixiao shall pay part of the consideration in the form of an Advance of RMB574,000,000 to Wuhan Xinfeilun mainly in consideration of the prepayments previously made by Wuhan Xinfeilun for acquisition of the Land and the land appreciation cost. The amount of the Advance was determined with reference to RMB1,312,800,000, being 40% interest attributable to Wuhan Ruixiao on the market value of the Land of approximately RMB3,282,000,000, less the total amount of shareholders' loan to be provided by Wuhan Ruixiao to Wuhan Yingjin of RMB738,000,000. It was agreed between the parties to the Cooperation Agreement that the total amount of the premium payable to the Vendors shall be shared equally between the Vendors, namely Wuhan Xinfeilun and Wuhan Tongbang, whereby each of the Vendors shall be entitled to RMB287,000,000 as consideration for the acquisition of 20% equity interest in Wuhan Yingjin by Wuhan Ruixiao from each of the Wuhan Xinfeilun and Wuhan Tongbang, respectively. Please refer to the paragraph headed "Payment of the Consideration" below for the payment terms of the Advance. Such amount is being treated as an Advance to Wuhan Xinfeilun as the amount shall be repaid to Wuhan Ruixiao in the form of profit distribution upon Wuhan Yingjin generating sufficient profit from the sales of the developed properties on the Land in the future. Please refer to the paragraph headed "Profit sharing and distributions" below for the repayment terms of such Advance.

The total commitment and consideration for the Cooperation was arrived at after arm's length negotiation between the parties, and was determined by reference to the value of the Land of approximately RMB3,282,000,000, comprising the total expected demolition and development costs of the Land of approximately RMB1,435,000,000 (inclusive of the cost of the Land (being the total consideration for the public auction of the Land) of approximately RMB882,800,000), the payment borne by Wuhan Xinfeilun for demolition and development of the Land of RMB410,000,000, the land premium, representing the appreciation in land value, of approximately RMB1,435,000,000, based on the property valuation conducted by the independent professional property valuer as set out in Appendix IV to this circular and which market value was arrived at by adopting the direct comparison approach by making reference to comparable sales evidence as available in the relevant market (which include recent market value of comparable residential development in the Wuhan region).

Payment of the consideration

The total commitment and consideration of RMB1,336,000,000 shall be payable by Wuhan Ruixiao in cash as follows:

- (i) a sum of RMB574,000,000 being the Advance to Wuhan Xinfeilun was paid into an account jointly managed by Wuhan Ruixiao and the Vendors, to be released to the bank account designated by Wuhan Xinfeilun on fulfillment of all of the conditions precedent of the Cooperation Agreement. As agreed between the parties to the Cooperation Agreement, the full amount of the Advance shall be released to Wuhan

LETTER FROM THE BOARD

Xinfeilun, and which shall have the obligation to transfer 50% of such amount to Wuhan Tongbang as consideration from Wuhan Ruixiao. Wuhan Tongbang agreed that Wuhan Ruixiao will be fully discharged from its obligations or liabilities to pay Wuhan Tongbang for the acquisition of its 20% equity interest upon payment of the sum of RMB574,000,000 into the account jointly managed by Wuhan Ruixiao and the Vendors (including both Wuhan Xinfeilun and Wuhan Tongbang) by Wuhan Ruixiao. As of the date of this circular, Wuhan Tongbang has confirmed that it has received its relevant share of the consideration of RMB287,000,000 for the acquisition of the 20% equity interest by Wuhan Ruixiao;

- (ii) within three days of the Cooperation Agreement, a sum of RMB738,000,000 being the shareholder's loan to Wuhan Yingjin shall be paid into an account jointly managed by Wuhan Ruixiao and the Vendors, to be released to the bank account of Wuhan Yingjin on fulfillment of all of the conditions precedent of the Cooperation Agreement; and
- (iii) by 30 November 2017, the capital contribution of RMB24,000,000, representing the amount of registered capital for the 40% equity interest in Wuhan Yingjin, shall be paid up.

As of the date of this circular, Wuhan Ruixiao has made full payment of RMB1,336,000,000 in accordance with the above provisions. The consideration was funded by using the Group's available internal resources.

Completion

Completion of the Cooperation Agreement shall take place on the date on which all of the conditions precedents are satisfied:

- (i) all necessary approvals or grants required under the constitutional documents of the parties and applicable laws being obtained and Wuhan Yingjin remains to be validly existing;
- (ii) confirmation from the relevant third party confirming that the Vendors (or their related parties) shall be solely responsible for the demolition of the existing properties of the Land being obtained pursuant to the Cooperation Agreement;
- (iii) Wuhan Yingjin having entered into the auction confirmation notice (國有建設用地使用權成交確認書) and the Urban Village Reconstruction Project Land Development Compensation Contract (城中村改造項目土地開發補償合同) with the relevant land bureaus as of the date of the Cooperation Agreement, and the terms and conditions of such agreements shall not conflict with the Cooperation Agreement;
- (iv) Wuhan Ruixiao having completed its due diligence of the Vendors and Wuhan Yingjin to its satisfaction, and the Vendors having adopted the relevant rectification measures as requested by Wuhan Ruixiao;

LETTER FROM THE BOARD

- (v) Wuhan Yingjin having obtained the shareholders and board approvals approving the Cooperation Agreement and its execution, the amendment of the articles of association and the appointment of the new directors, general manager, supervisor, financial controller and legal representative pursuant to the Cooperation Agreement;
- (vi) business registration with local Administration for Industry and Commerce concerning the acquisition of the 40% equity interest in Wuhan Yingjin from the Vendors to the Investor and the change of directors, general manager, supervisor, financial controller and legal representative pursuant to the Cooperation Agreement being completed;
- (vii) the parties having delivered the respective deliverables pursuant to the Cooperation Agreement including the company seal, certificates, account books and other relevant information of Wuhan Yingjin; and
- (viii) there having been no breach of the provisions of the Cooperation Agreement.

As of the date of this circular, all of the conditions precedents have been fulfilled and the respective payments have been released to the designated bank accounts of Wuhan Xinfeilun and Wuhan Yingjin accordingly as set out under the paragraph “Payment of the Consideration” above. In particular, in respect of condition precedent (iii), Wuhan Yingjin had entered into the Urban Village Reconstruction Project Land Development Compensation Contract (城中村改造項目土地開發補償合同) with the Wuhan Land Bureau on 28 November 2017, pursuant to which the parties acknowledged that the total expected costs of the demolition and development works of the Land shall equal to approximately RMB1,435,000,000, which exceeded the total consideration of approximately RMB882,800,000 payable by Wuhan Yingjin under the auction confirmation notice (國有建設用地使用權成交確認書) issued by the Wuhan Land Bureau on 24 January 2017. Pursuant to the Urban Village Reconstruction Project Land Development Compensation Contract, Wuhan Yingjin shall be responsible for all demolition and development costs of the Land and hence the total amount to be borne by Wuhan Yingjin shall be RMB1,435,000,000.

The business registration with local Administration for Industry and Commerce concerning the acquisition of the 40% equity interest in Wuhan Yingjin from the Vendors to the Investor was completed on 27 October 2017, thereby completing the Acquisition.

Written shareholders’ approval

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. Given that Mr. YAN Hao and Mr. CHEN Xin Ge have together managed, and continue to manage, the Group in a highly consensual manner and exercise their voting rights jointly, they 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,

LETTER FROM THE BOARD

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, Mr. CHEN Xin Ge, Beyond Wisdom Limited and Decent King Limited have approved the Cooperation Agreement in writing on 30 September 2017.

Board of directors and management

Pursuant to the terms of the Cooperation Agreement, the board of directors of Wuhan Yingjin shall comprise of three directors, two of whom shall be nominated by Wuhan Ruixiao and one by Wuhan Xinfeilun. The chairman of the board of directors of Wuhan Yingjin shall be appointed by Wuhan Ruixiao.

As set out in the Cooperation Agreement, the daily management of Wuhan Yingjin shall be delegated to the general manager, whom shall be appointed by Wuhan Ruixiao.

Veto or protective rights

Pursuant to the Cooperation Agreement, certain matters would require the approval of the shareholders of Wuhan Yingjin representing at least two-thirds of the total equity interest of Wuhan Yingjin. Such matters include, among others, amendments to the constitutional documents, changes of the registered capital, the making of external investments, transfer of equity interests in Wuhan Yingjin, fund-raising, asset disposal, providing guarantees or loans, change of the principal business activity and investment strategies. Pursuant to the Cooperation Agreement, Wuhan Xinfeilun undertakes to exercise its voting rights in Wuhan Yingjin in concert with Wuhan Ruixiao.

Profit sharing and distributions

Pursuant to the terms of the Cooperation Agreement, the funds of Wuhan Yingjin available for distribution from the net profit generated from the residential project of the Land shall be divided among Wuhan Ruixiao and Wuhan Xinfeilun in the following order:

- (a) an initial sum of RMB410,000,000 shall be distributed to Wuhan Xinfeilun, which is equivalent to the total amount borne by Wuhan Xinfeilun for demolition and development of the Land for and on behalf of Wuhan Yingjin;
- (b) the sum of RMB1,435,000,000 of the balance after distribution under (a) above (if any) shall be distributed to Wuhan Xinfeilun, RMB574,000,000 of which shall be repaid to Wuhan Ruixiao to directly set-off the Advance. Such amount is equivalent to the land appreciation cost. Pursuant to the Cooperation Agreement, such amount shall be borne by each of Wuhan Ruixiao and Wuhan Xinfeilun in proportion to their respective equity interests in Wuhan Yingjin;

LETTER FROM THE BOARD

- (c) the balance after distribution under (a) and (b) above (if any) shall be distributed to Wuhan Ruixiao, until Wuhan Ruixiao obtained a return under this item (c) equalling total revenue of Wuhan Yingjin x 40% x 8%;
- (d) the balance after distribution under (a) to (c) above (if any) shall be distributed to Wuhan Xinfeilun, until Wuhan Xinfeilun obtained a return under this item (d) equalling total revenue of Wuhan Yingjin x 60% x 8%. Wuhan Xinfeilun shall give up 10% of such return obtained under this item (d) for redistribution at the sole discretion of the board of directors of Wuhan Yingjin; and
- (e) any remaining balance after distribution under (a) to (d) above shall be distributed between Wuhan Ruixiao and Wuhan Xinfeilun in proportion of their respective interests in Wuhan Yingjin.

For the avoidance of doubt, any amounts owing to Wuhan Ruixiao and Wuhan Xinfeilun by Wuhan Yingjin in the form of shareholder's loans or other payables (including but not limited to, the shareholder's loan of RMB738,000,000 provided by Wuhan Ruixiao to Wuhan Yingjin) shall first be repaid by Wuhan Yingjin before its funds being available as net profit for distribution in accordance to paragraphs (a) to (e) above.

Based on the foregoing, Wuhan Ruixiao shall have the priority over Wuhan Xinfeilun to receive profit distribution after Wuhan Yingjin having duly settled (i) all outstanding shareholder's loan owing to each of Wuhan Ruixiao and Wuhan Xinfeilun, (ii) all additional outstanding payments made by Wuhan Xinfeilun on behalf of Wuhan Yingjin with respect to the Land and (iii) the appreciated land value which shall be attributable to each of Wuhan Ruixiao and Wuhan Xinfeilun in proportion to their respective equity interests in Wuhan Yingjin, in which, the 60% of the total land premium shall be attributable to Wuhan Xinfeilun and 40% of such distribution shall be used to offset the initial consideration paid in the form of the Advance by Wuhan Ruixiao. In other words, after settling all relevant outstanding payments or financing made by the shareholders of Wuhan Yingjin, the net profit generated from the Land will be distributed to Wuhan Ruixiao with first priority. Accordingly, the Board considers that the above profit sharing and distributions are fair and reasonable, and in the interest of the Company and its shareholders as a whole.

INFORMATION ON THE PARTIES TO THE COOPERATION AGREEMENT

The Vendors

Wuhan Xinfeilun Property Development Co., Ltd. (武漢新飛輪房地產開發有限公司), a company established in the PRC which is primarily engaged in property development and property management in Wuhan, PRC. Wuhan Tongbang Mechanical and Electrical Equipment Co., Ltd. (武漢同邦機電設備有限公司), a company established in the PRC which is primarily engaged in production, sales, manufacturing, maintenance and technical support of mechanical and electrical equipment. Both Wuhan Xinfeilun and Wuhan Tongbang are ultimately owned by the same beneficial owners, namely, Mr. FENG Jun (馮軍) and Ms. FENG Ping (馮萍).

LETTER FROM THE BOARD

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of Wuhan Xinfeilun and Wuhan Tongbang and their respective ultimate beneficial owners are Independent Third Parties immediately prior to the Completion of the Acquisition.

The Target

Wuhan Yingjin is a company established in the PRC with limited liability and is engaged in the development of the Land. Immediately prior to the completion of the Acquisition, Wuhan Yingjin was owned as to 80% by Wuhan Xinfeilun and as to 20% by Wuhan Tongbang.

Immediately upon completion of the Acquisition, Wuhan Yingjin is interested in as to 40% by Wuhan Ruixiao and 60% by Wuhan Xinfeilun. Wuhan Yingjin becomes an indirect non-wholly owned subsidiary of the Company and the financial results of Wuhan Yingjin will be consolidated with those of the Group.

As of 30 June 2017, the audited net asset value of the Target was approximately RMB573,497, and its audited financial results for the period from 23 November 2016 to 31 December 2016 and for the six months ended 30 June 2017 were as follows:

	For the period from 23 November 2016 (Date of incorporation) to 31 December 2016 RMB	For the Six months ended 30 June 2017 RMB
Revenue	–	–
Profit before tax	8,424	756,239
Profit after tax	6,318	567,179

INFORMATION ON THE LAND

The land lot number K4 of P(2016)162 (P(2016)162號地塊K4地塊) is located at Changjiang Village, Hongshan District (洪山區長江村) of Wuhan City, the PRC, with a total site area of 106,556.58 square meters and a total construction area of not more than 410,000 square meters. The Land shall be used for the development of residential properties. The Land was acquired by Wuhan Yingjin from Wuhan Land Bureau through public auction at a total consideration of approximately RMB882.8 million. The auction confirmation notice (國有建設用地使用權成交確認書) was issued by the Wuhan Land Bureau on 24 January 2017. The Land Use Rights Grant Contract is to be entered into in July 2018 upon completion of all the demolition work of the Land undertaken by Wuhan Yingjin. The term of the land use right of the Land shall be 70 years with respect to its residential units. For and during the process of

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the public auction of the Land, approximately RMB529.0 million has been paid to the Wuhan Land Bureau as deposits. According to the discussion between Wuhan Yingjin and Wuhan Land Bureau with reference to the progress of the demolition and development work of the Land, a total of RMB414,929,800 of the total consideration for the acquisition of the Land of RMB882,800,000 shall be paid on or before 20 December 2017, RMB190,000,000 shall be paid on or before 10 January 2018 and the remaining balance of RMB277,870,200 shall be paid upon completion of the demolition work of the Land, which is currently expected to take place in July 2018. Accordingly, the payment obligations of Wuhan Yingjin in respect of the total consideration of the Land as of the Latest Practicable Date is approximately RMB415.0 million. As such, the balance of approximately RMB114.0 million has been refunded to Wuhan Yingjin.

The Land is intended to be developed as a residential project which will be sold. The Company plans to develop the residential project in three phases comprising approximately 3,850 saleable units. The total estimated construction costs to complete the residential project RMB2,500 million and it is currently expected to be financed by bank borrowings of approximately RMB2,000 million to be obtained by Wuhan Yingjin and with the remaining balance being funded by the proceeds from the presale of the saleable residential units of the project. The demolition work of the Land is expected to be completed in July 2018. The total cost to be incurred for the demolition work of the Land shall be RMB1,435 million. It is expected that construction to be commenced in late October 2018 and construction to be completed in late September 2020. Pre-sales of units in the residential project is expected to commence in November 2018.

According to the property valuation report in Appendix IV, the Land amounts to an aggregate market value in existing state attributable to the Target of approximately RMB3,282,000,000 as at 31 October 2017. Please refer to the property valuation report in Appendix IV to this circular for further details.

RECONCILIATION OF THE VALUATION OF THE LAND

Pursuant to the property valuation report in Appendix IV to this circular, the Land is revalued at RMB3,282,000,000 as at 31 October 2017 by Cushman & Wakefield Limited. In accordance with the Target's accounting policy, the Land is stated at lower of cost and net realizable value. As such, there is an appreciation of land cost, representing the excess market value of the Land over its carrying amount of prepayment for leasehold land, RMB1,435,000,000, of which will not be included in the Target's statement of financial position as of 30 June 2017 as set out in the section headed "Accountants' Report of the Target" in Appendix II to this circular.

LETTER FROM THE BOARD

Disclosure of the reconciliation of the valuation of the Land as required under Rule 5.07 of Listing Rules is set out below.

	<i>RMB</i>
Valuation of the Land as at 31 October 2017 as set out in the Valuation Report included in Appendix IV	3,282,000,000
Carrying amount of prepayment for leasehold land as at 30 June 2017 as set out in Accountants' Report of the Target included in Appendix II	232,290,366
Add: Addition of demolition and development costs occurred during the period from 30 June 2017 to 31 October 2017 (unaudited)	–
Carrying amount of prepayment for leasehold land as at 31 October 2017 subject to valuation as set out in the Valuation Report included in Appendix IV	<u>232,290,366</u>
Remaining expected demolition and development costs of the Land	<u>1,612,709,634</u>
Appreciation of land cost	<u><u>1,437,000,000</u></u>

INFORMATION ON THE INVESTOR

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 Yantze River Delta region, the PRC.

Wuhan Ruixiao is a company established in the PRC with limited liability and a wholly owned subsidiary of the Company. Its principal business activity is property development. As of the Latest Practicable Date, save for the investment in Wuhan Yingjin and the residential project proposed to be developed on the Land, Wuhan Ruixiao does not have any other property development projects.

REASONS AND BENEFITS FOR THE ACQUISITION

The Group is principally engaged in the property development business in the Yangtze River Delta region.

The Directors consider that the Cooperation represents a good opportunity and an important first step to expand the Group's business into Wuhan and thereby further diversifying and broadening the business, income source and geographical presence of the Group. In

LETTER FROM THE BOARD

addition, having regard to recent market activities in the property market in Wuhan and the market value of comparable residential development in Wuhan, especially those in close proximity to the Land, the Group considers that the value of the Land within the region will continue to appreciate in the future. Based on available market information, the consideration for acquisition of nearby land parcels in Wuhan have risen from approximately RMB5,600 per sq.m. in the beginning of 2017 to approximately RMB9,000 per sq.m. by the end of September 2017. Accordingly, with reference to an average land cost of approximately RMB8,284 per sq.m. for the Land and comparing with available market data, the Group believes that the Land will have a great potential to continue to appreciate. In addition, following the PRC's macro-control requirements on the real estate market, the relevant Wuhan authorities roll out restrictions on certain central residential areas in Wuhan. The Land is located adjacent to the originally central residential areas, which is not the target of the real estate macro-control of the Wuhan authorities. Accordingly, the Group believes the project developed by Wuhan Yingjin could ease the demand of property buyers in Wuhan who would divert their interests to new residential areas where the Land is located. Moreover, the sales price of newly constructed first hand residential properties in the area which the Land grew from an average of approximately RMB7,000 per sq.m. in 2015, to approximately RMB8,500 per sq.m. in 2016 and further to approximately RMB10,000 per sq.m. for the first ten months of 2017. Furthermore, the sales price of residential units sold in adjacent or nearby residential areas have already reached approximately RMB22,000 sq.m. to as high as RMB40,000 sq.m.. Based on the foregoing, the Group also anticipates a favorable sale trend in Wuhan in the near future. Accordingly, the Company believes that the Cooperation will be beneficial to the general growth and expansion of the Group by the strengthening of its income stream through potential appreciation of the Land and potential sale income to be generated from the residential development. The Board also believes that the collaboration with Wuhan Xinfeilun will enable the Group to leverage on the management, experience, resources and network of Wuhan Xinfeilun for the residential development of the Land in light of Wuhan Xinfeilun's reputable brand and established presence in Wuhan.

The Directors consider the Cooperation to be within the ordinary and usual course of business of the Group, and that the Cooperation and the transactions contemplated under the Cooperation Agreement have been made on normal commercial terms and were arrived at after arm's length negotiation. The Directors believe that the terms of the Cooperation Agreement, including the total capital commitment for the Cooperation, are fair and reasonable and that the Cooperation is in the interests of the Company and its Shareholders as a whole.

FINANCIAL EFFECTS OF THE COOPERATION

Pursuant to the Cooperation Agreement, the Target has become an indirect non-wholly owned subsidiary of the Company and the assets, liabilities and financial results of the Target has been consolidated with those of the Group upon completion of the Acquisition. For details of the unaudited pro forma financial information of the Enlarged Group, please refer to Appendix V to this circular.

Assets and liabilities

Based on the unaudited pro forma consolidated statement of financial position as set out in Appendix V to this circular (assuming the Acquisition had been completed on 30 June 2017),

LETTER FROM THE BOARD

the total assets of the Group would have increased from approximately RMB39,360.6 million to approximately RMB40,587.8 million on a pro forma basis, the total liabilities of the Group would have increased from approximately RMB35,682.3 million to approximately RMB36,012.5 million on a pro forma basis, and the net assets of the Group would have increased from approximately RMB3,678.2 million to RMB4,575.2 million on a pro forma basis.

Earnings

As set out in the accountant's report of the Target in Appendix II to this circular and the management discussion and analysis of the Target in Appendix III to this circular, the development and construction works on the Land have not been commenced as of the date of this circular and therefore the Target has not commenced the presales of any residential units on the development. As such, the Target did not generate any revenue and recorded net profits of RMB6,318 and RMB567,179 for period from 23 November 2016 to 31 December 2016 and the six months period ended 30 June 2017, respectively, mainly due to dividend income from purchase of financing products. While there will not be any immediate material impact on earnings of the Group, the Directors believe that the Acquisition would enhance the Group's business development.

LISTING RULES IMPLICATIONS

Since the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Cooperation is more than 25% but less than 100%, the Cooperation constitutes a major transaction of the Company under Chapter 14 of the Listing Rules subject to the notification, announcement and Shareholders' approval requirements under the Listing Rules.

As no Shareholder has a material interest in the Cooperation, no Shareholder would be required to abstain from voting if the Company was to convene a general meeting for approving the Cooperation Agreement. Pursuant to Rule 14.44 of the Listing Rules, written shareholders' approval can be accepted in lieu of holding a general meeting provided that no qualified opinion is issued by auditors in respect of the accountants' report of the Target to be included in this circular. No qualified opinion was issued by the auditors in respect of the accountants' report of the Target for the three financial years ended 31 December 2014, 2015 and 2016 and for the six months ended 30 June 2017, as set out in Appendix II to this circular. The Company's controlling shareholders, namely, Mr. Mr. YAN Hao and Mr. CHEN Xin Ge, who, directly or indirectly through Beyond Wisdom Limited and Decent King Limited, hold 480,220,613 Shares and 427,987,918 Shares (representing 39.18% and 33.14% of the issued capital of the Company as at the date of this circular, respectively), have approved the Cooperation Agreement and the transactions contemplated thereunder in writing. The Acquisition was completed on 27 October 2017.

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

* *For identification purpose only*

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for each of the three years ended 31 December 2014, 2015 and 2016 and the unaudited financial information of the Group for the six months ended 30 June 2017, together with the relevant notes thereto are disclosed in the following documents:

- interim report of the Company for the six months ended 30 June 2017 published on 19 September 2017 (pages 45 to 128);

<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0919/LTN20170919217.pdf>

- annual report of the Company for the year ended 31 December 2016 published on 5 April 2017 (pages 75 to 203);

<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0405/LTN20170405007.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>

2. STATEMENT OF INDEBTEDNESS

As of 31 October 2017, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Enlarged Group had borrowings of approximately RMB15,860 million (including the current shareholder's loan of the Target of RMB232 million), consisting of current borrowings of approximately RMB4,205 million and non-current borrowings of approximately RMB11,655 million.

As of 31 October 2017, the Enlarged Group had un-utilized banking facilities of approximately RMB696 million.

As of 31 October 2017, the Enlarged Group had the following debt instruments:

- (i) 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;
- (ii) an aggregate US\$400 million principal amount of 7.75% guaranteed senior notes due 2020, 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 which are due for repayment on 17 March 2021; and
- (iv) an aggregate of RMB0.95 billion principal amount of 6.75% unsecured domestic corporate bonds which are due for repayment on 13 September 2019.

As of 31 October 2017, the contingent liabilities incurred by the Enlarged 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 Enlarged Group were approximately RMB6,249 million. In addition, the Enlarged Group provided guarantee for certain bank loans amounting to RMB1,070 million for joint venture companies and RMB113 million for associate companies of the Enlarged Group as of 31 October 2017.

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 31 October 2017, the Enlarged 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 Enlarged Group (including the Group's internally generated funds), the effect of the Acquisition and available banking facilities, in the absence of unforeseeable circumstances, the Enlarged 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 Hangzhou, 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 the Latest Practicable Date:

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 Jingrui City Park (上海景瑞•城中公園項目)	Mixed used development/Under construction	–	151,175	39,628
PHASE II (二期)		April 2018	151,175	–
PHASE III (三期)		December 2018	–	39,628
Hangzhou/Hangzhou Jingrui Tianfu (杭州景瑞•天賦)	Residential/Under construction	September 2018	114,038	–
Hangzhou/Hangzhou Flange Park (杭州景瑞•法蘭公園)	Residential/Under construction	December 2019	183,851	–
Ningbo/Ningbo Jingrui Ti Xiangjun (寧波景瑞•緹香郡)	Residential/Under construction	August 2018	121,628	–
Ningbo/Ningbo Jingrui Haizhifu (寧波景瑞•海志府)	Residential/Under construction	October 2018	123,047	–
Ningbo/Ningbo Jingrui Tixiang Licheng (寧波景瑞•緹香麗城)	Residential/Under construction	September 2019	111,188	–
Ningbo/Ningbo Jingrui Hongtang Plot (寧波景瑞•洪塘地塊)	Residential/Pending construction	April 2019	–	78,712
Ningbo/Ningbo Jingrui Huaguang City (寧波景瑞•華光城)	Commercial residential/Pending construction	January 2020	–	53,486

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
Ningbo/Ningbo Jingrui Chunxiao 160# (寧波景瑞•春曉160#)	Residential/Pending construction	October 2019	–	299,240
Ningbo/Ningbo Jingrui Jiangshan No. 8 (寧波景瑞•姜山8號地塊)	Residential/Pending construction	October 2019	–	86,712
Zhoushan/Zhoushan Jingrui Haobusika PHASE III (舟山景瑞•豪布斯卡三期)	Residential/Under construction	–	–	63,659
Shaoxing/Shaoxing Jingrui Dignity Mansion PHASE V (紹興景瑞•望府五期)	Residential/Under construction	December 2017	54,003	–
Shaoxing/Shaoxing Jingrui Nobility Mansion PHASE II (紹興景瑞•御江山二期)	Residential/Under construction	December 2017	71,850	–
Suzhou/Suzhou Jingrui Jade Bay PHASE IV (蘇州景瑞•翡翠灣四期)	Residential/Under construction	May 2018	87,967	–
Suzhou/Suzhou Jingrui Dignity Mansion PHASE V (蘇州景瑞•望府五期)	Residential/Under construction	December 2017	70,578	–
Suzhou/Suzhou Jingrui Song of East (蘇州景瑞•東環之歌)	Residential/Under construction	December 2017	137,362	–
Suzhou/Suzhou Jingrui Wushuang (蘇州景瑞•無雙)	Residential/Under construction	December 2018	141,761	–
Changzhou/Changzhou Jingrui Dignity Mansion PHASE III (常州景瑞•望府三期)	Residential/Under construction	December 2018	114,233	–

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
Changshu/Changshu Meilizhen Lot 2017B-001 (常熟梅李鎮2017B-001地塊)	Residential/Pending construction	November 2018	85,615	–
Suzhou/Suzhou Qidou Lot WJ-J-2017-016 (蘇州七都WJ-J-2017-016地塊)	Residential/Pending construction	June 2018	14,550	–
Suzhou/Suzhou Qidou Lot WJ-J-2017-017 (蘇州七都WJ-J-2017-017地塊)	Mixed used development/Pending construction	October 2018	20,928	–
Nanjing/Nanjing Jingrui Chunfeng Shili (南京景瑞•春風十里)	Residential/Under construction	December 2017	37,291	–
Nanjing/Nanjing Jingrui Liuhe G18 (南京景瑞•六合G18)	Mixed used development/Pending construction	September 2019	–	106,333
Nantong/Nantong Jingrui Royal Mansion (南通景瑞•御府)	Residential/Under construction	–	310,034	–
PHASE I (一期)		December 2017	123,115	–
PHASE II (二期)		December 2017	186,919	–
Nanjing/Nanjing Jingrui Golden East (南京景瑞•金域東方)	Mixed used development/Pending construction	June 2019	176,379	–
Tianjin/Tianjin Jingrui Maritime International (天津景瑞•海上國際)	Mixed used development	January 2020	427,294	–
Ningbo/Ningbo Jingrui Fanshi Project (寧波景瑞•寧波樊石項目)	Residential/Pending construction	March 2020	–	31,370

Location/Project name	Development status	Expected date of completion	Gross floor area (sq.m.) – under construction	Gross floor area (sq.m.) – pending construction
Ningbo/Ningbo Jingrui Panhuo Project (寧波景瑞•寧波潘火項目)	Residential/Under construction	September 2019	24,201	–
Wuhan/Wuhan Jingrui Baishazhou Project (武漢景瑞•武漢白沙洲項目)	Residential/Pending construction	September 2020	–	409,992
Hangzhou/Hangzhou Jingrui Liuxia Project (杭州景瑞•杭州留下項目)	Residential/Pending construction	December 2019	–	46,593
Hangzhou/Hangzhou Jingrui North Linpingshan Project (杭州景瑞•杭州臨平山北項目)	Residential/Pending construction	December 2019	–	155,262
Total			2,578,973	1,370,987

5. MATERIAL ADVERSE CHANGE

As at 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 2016, being the date to which the latest published audited financial statements of the Group were made up.

The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.



羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF JINGRUI HOLDINGS LIMITED

Introduction

We report on the historical financial information of Wuhan Yingjin Jiayuan Property Development Co., Ltd. ("Wuhan Yingjin" or "the Target") set out on pages II-3 to II-18, which comprises the statements of financial position as at 31 December 2016 and 30 June 2017 and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the period from 23 November 2016 (date of incorporation) to 31 December 2016 and the six months ended 30 June 2017 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). This Historical Financial Information set out on pages II-3 to II-18 forms an integral part of this report, which has been prepared for inclusion in the circular of Jingrui Holdings Limited (the "Company") dated 15 December 2017 (the "Circular") in connection with the acquisition of the 40% equity interests in the Target by the Company.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2(a) to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The financial statements of the Target for the Track Record Period (the "Underlying Financial Statements"), on which the Historical Financial Information is based, were prepared by the directors of the Company based on the management accounts of the Target for the Track Record Period. The directors of the Company are responsible for the preparation of the financial statements that gives a true and fair view in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the directors' preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2(a) to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Target as at 31 December 2016 and 30 June 2017 and of its financial performance and its cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2(a) to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements have been made.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
15 December 2017

I HISTORICAL FINANCIAL INFORMATION OF THE TARGET

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The Underlying Financial Statements, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers, Hong Kong, in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in RMB.

1. *Statements of comprehensive income*

	<i>Note</i>	For the period from 23 November 2016 (Date of incorporation) to 31 December 2016 <i>RMB</i>	Six months ended 30 June 2017 <i>RMB</i>
Revenue		—	—
Gross profit or loss		—	—
Selling and marketing costs	6	—	(566)
Administrative expenses	6	(870)	(1,783)
Other income, net	8	—	499,726
Operating (loss)/profit		(870)	497,377
Finance income, net	9	9,294	258,862
Profit before income tax		8,424	756,239
Income tax expense	10	(2,106)	(189,060)
Profit for the period, all attributable to equity holders of the then shareholders of the Target		6,318	567,179
Other comprehensive income or loss		—	—
Total comprehensive profit for the period, all attributable to equity holders of the then shareholders of the Target		6,318	567,179

2. *Statements of financial position*

	<i>Note</i>	As of 31 December 2016 RMB	As of 30 June 2017 RMB
ASSETS			
Non-current assets			
Other non-current assets – deductible input value added tax		–	312,383
		-----	-----
Current assets			
Cash and cash equivalents	<i>11</i>	9,294	98,161,914
Prepayment for leasehold land	<i>13</i>	–	232,290,366
Available-for-sale financial assets	<i>12</i>	240,000,000	–
		-----	-----
		240,009,294	330,452,280
		-----	-----
Total assets		240,009,294	330,764,663
		=====	=====
EQUITY			
Share capital	<i>14</i>	–	–
Reserves	<i>15</i>	6,318	573,497
		-----	-----
Total equity		6,318	573,497
		-----	-----
LIABILITIES			
Non-current liabilities			
		–	–
		-----	-----
Current liabilities			
Other payables	<i>17</i>	870	–
Loans from shareholders	<i>16, 20(c)</i>	240,000,000	330,000,000
Current income tax liabilities		2,106	191,166
		-----	-----
		240,002,976	330,191,166
		-----	-----
Total liabilities		240,002,976	330,191,166
		-----	-----
Total equity and liabilities		240,009,294	330,764,663
		=====	=====
Net current assets		6,318	261,114
		=====	=====

3. *Statements of changes in equity*

	Share capital <i>RMB</i>	Retained earnings <i>RMB</i>	Total <i>RMB</i>
At 23 November 2016 (Date of incorporation)	–	–	–
Comprehensive income			
Profit for the period	–	6,318	6,318
At 31 December 2016	–	6,318	6,318
At 1 January 2017	–	6,318	6,318
Comprehensive income			
Profit for the period	–	567,179	567,179
At 30 June 2017	–	573,497	573,497

4. *Statements of cash flows*

	<i>Note</i>	For the period from 23 November 2016 (Date of incorporation) to 31 December 2016 RMB	Six months ended 30 June 2017 RMB
Operating activities			
Net cash used in operating activities	18	9,294	(232,347,106)
Net cash generated from/(used in) operating activities		9,294	(232,347,106)
Investing activities			
Investment in available-for-sale financial assets		(240,000,000)	–
Disposal of available-for-sale financial assets		–	240,000,000
Investment income received		–	499,726
Net cash (used in)/generated from investing activities		(240,000,000)	240,499,726
Financing activities			
Loans from shareholders		240,000,000	290,000,000
Repayments of loans from shareholders		–	(200,000,000)
Net cash generated from financing activities		240,000,000	90,000,000
Increase in cash and cash equivalents		9,294	98,152,620
Cash and cash equivalents at the beginning of the period (<i>Note 11</i>)		–	9,294
Cash and cash equivalents at the end of the period (<i>Note 11</i>)		9,294	98,161,914

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF THE TARGET

1 GENERAL INFORMATION

The Target is a limited liability company incorporated in Wuhan, Hubei Province, the People's Republic of China (the "PRC"). The address of its registered office is Room B5, Floor 1-2, Unit 1, No. S2, Qingcheng Huafu, Heping Street, Hongshan District, Wuhan.

The Target is principally engaged in property development business in Wuhan.

The Target was established by Wuhan Xinfeilun Property Development Co., Ltd. ("Wuhan Xinfeilun") and Wuhan Tongbang Mechanical and Electrical Equipment Co., Ltd. ("Wuhan Tongbang") on 23 November 2016 which owned equity interests of the Target of 80% and 20% respectively. On 27 September 2017, Wuhan Xinfeilun and Wuhan Tongbang entered into an agreement with Wuhan Ruixiao Investment Co., Ltd. ("Wuhan Ruixiao") which is a wholly owned subsidiary of Jingrui Holdings Limited to transfer their respective 20% equity interests in the Target to Wuhan Ruixiao. After the transaction, Wuhan Xinfeilun and Wuhan Ruixiao owned equity interests of the Target of 60% and 40% respectively. The business registration with local Administration for Industry and Commerce concerning the acquisition of 40% equity interest in Wuhan Yingjin was completed on 27 October 2017.

The Historical Financial Information is presented in Renminbi ("RMB") which is also the functional currency of the Target.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the periods presented. The Historical Financial Information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"). The Historical Financial Information have been prepared under the historical cost convention.

The preparation of Historical Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Target. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 5 to the Historical Financial Information.

New/revised standards, amendments and interpretations

The following new standards relevant to the operations of the Target have been issued and are not yet effective for its financial year beginning on 1 January 2017 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019

Management has not early adopted any new accounting and financial reporting standards, amendments or interpretations to existing standards which have been issued but are not yet effective. The adoption of the above when they become effective is currently not expected to have a material impact on the Historical Financial Information of the Target.

(b) Foreign currency translation*(i) Functional and presentation currency*

Items included in the Historical Financial Information are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss in the statements of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within "Finance income or expenses". All other foreign exchange gains and losses are presented in profit or loss within "Other gains/(losses) – net".

(c) Properties under development for sale

Properties under development for sale are included in current assets at the lower of cost and net realisable value. The costs of properties under development consist of costs of leasehold land, resettlement costs (if any), construction expenditure, capitalised borrowing costs and other direct costs incurred during the development period. Net realisable value is based on estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

(d) Financial assets*(i) Classification*

The Target classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of reporting period, which are classified as non-current assets. The Target's loans and receivables comprise bank deposits included in "Cash and cash equivalents".

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment or the underlying assets will be matured within 12 months of the end of the reporting period.

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Target commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss in the statements of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Target has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in profit or loss within ‘Other gains/(losses) – net’ in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of other income when the Target’s right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss as “Gains and losses from investment securities”.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in profit or loss in the statements of comprehensive income as part of other income when the Target’s right to receive payments is established.

(e) Other receivables

If collection of other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are presented as non-current assets.

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(f) Cash and cash equivalents

Cash and cash equivalents include cash in hand and at banks, deposits held at call with banks and short-term highly liquid investments with original maturities of three months or less.

(g) Registered capital

Registered capital is classified as equity.

(h) Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within twelve months after the reporting period (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using effective trade and interest method.

(i) Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit of loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Target operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax*Inside basis differences*

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, and the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(j) Provisions

Provisions are recognised when the Target has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Target. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

(k) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Target reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

(l) Employee benefits

In accordance with the rules and regulations in the PRC, the PRC based employees of the Target participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Target and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to a certain ceiling.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Target has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Target in independently administrated funds managed by the PRC government.

The contributions are recognised as employee benefit expense when they are due.

(m) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

3 FINANCIAL RISK MANAGEMENT**(a) Financial risk factors**

The Target is exposed to a variety of financial risks: credit risk and liquidity risk. The target's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

(i) Credit risk

Credit risk of the Target mainly arises from bank balances.

There is no significant credit risk in relation to the Target's bank balance as the bank deposits are placed with bank with high credit rating.

(ii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash balances. The Target manages liquidity risk by maintaining sufficient cash and obtaining funding from its shareholders for its operation.

The table below analyses the Target's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows and approximate their fair values.

	Within 1 year RMB	Between 1 and 2 years RMB	Between 2 and 5 years RMB	Over 5 years RMB	Total RMB
As at 31 December 2016					
Other payables	870	–	–	–	870
Loans from shareholders	240,000,000	–	–	–	240,000,000
	<u>240,000,870</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>240,000,870</u>
As at 30 June 2017					
Loans from shareholders	330,000,000	–	–	–	330,000,000
	<u>330,000,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>330,000,000</u>

(b) Capital risk management

The Target's objectives when managing capital are to safeguard the Target's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Target may adjust the amount of the funding from its shareholders to finance its operations.

4 FAIR VALUE ESTIMATION

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Target's financial assets that is measured at fair value at 31 December 2016 and 30 June 2017.

	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
Available-for-sale financial assets				
30 June 2017	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
31 December 2016	<u>–</u>	<u>–</u>	<u>240,000,000</u>	<u>240,000,000</u>

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Target makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Taxation

The Target is subject to income taxes in Wuhan, the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Target recognised liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

6 EXPENSES BY NATURE

	For the period from 23 November 2016 (Date of incorporation) to 31 December 2016 RMB	Six months ended 30 June 2017 RMB
Advertising costs	–	566
Office expenses	800	1,579
Bank charges	70	204
	<u>870</u>	<u>2,349</u>

7 BENEFITS AND INTERESTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS**(a) Directors' remuneration**

The directors of the Target did not receive any fees and other emoluments in respect of their services rendered to the Target for the period from 23 November 2016 (Date of incorporation) to 31 December 2016 and the six months ended 30 June 2017.

(i) Directors' retirement benefits

No retirement benefits were paid to or receivable by any directors in respect of their services in connection with the management of the affairs of the Target for the period from 23 November 2016 (Date of incorporation) to 31 December 2016 and the six months ended 30 June 2017.

(ii) Directors' termination benefits

No termination benefits payment was made to directors during the period from 23 November 2016 (Date of incorporation) to 31 December 2016 and the six months ended 30 June 2017.

(iii) Consideration provided to third parties for making available directors' services

No payment was made to third parties for making available services of directors during the period from 23 November 2016 (Date of incorporation) to 31 December 2016 and the six months ended 30 June 2017.

(iv) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by and entities connected with such the directors

There are no loans or other dealings in favour of directors of the Target, or bodies corporate controlled by and entities connected with such directors during the period from 23 November 2016 (Date of incorporation) to 31 December 2016 and the six months ended 30 June 2017.

(v) *Directors' material interests in transactions, arrangements or contracts*

During the period from 23 November 2016 (Date of incorporation) to 31 December 2016, directors of the Target are also shareholders of Wuhan Xinfeilun which provided an interest-free shareholder's loan of RMB180,000,000 to the Target. Another RMB290,000,000 of interest-free shareholder's loan was provided to and RMB200,000,000 was repaid by the Target to Wuhan Xinfeilun during the six months ended 30 June 2017. The outstanding balance of shareholder's loan from Wuhan Xinfeilun as at 30 June 2017 and 31 December 2016 was RMB270,000,000 and RMB180,000,000 respectively (Note 16).

During the period from 23 November 2016 (Date of incorporation) to 31 December 2016, directors of the Target are also shareholders of Wuhan Tongbang which provided an interest-free shareholder's loan of RMB60,000,000 to the Target. The outstanding balance of shareholder's loan from Wuhan Tongbang as at 30 June 2017 and 31 December 2016 were RMB60,000,000 (Note 16).

Except as disclosed above, no significant transactions, arrangements and contracts in relation to the Target's business to which the Target was a party and in which a director of the Target had a material interest, whether directly or indirectly, subsisted at the end of the periods or at any time during the period from 23 November 2016 (Date of incorporation) to 31 December 2016 and the six months ended 30 June 2017.

(b) **Five highest paid individuals**

Emoluments paid to the five highest paid individuals of the Target are as follows:

	For the period from 23 November 2016 (Date of incorporation) to 31 December 2016 RMB	Six months ended 30 June 2017 RMB
Basic salaries, allowance and benefits in kind	—	—
8 OTHER INCOME, NET		
	For the period from 23 November 2016 (Date of incorporation) to 31 December 2016 RMB	Six months ended 30 June 2017 RMB
Investment income	—	499,726

The investment income represents the dividend income from the financial product purchased by the Target during the period from 23 November 2016 (date of incorporation) to 31 December 2016 which was disposed during the six months ended 30 June 2017 (Note 12).

9 FINANCE INCOME, NET

	For the period from 23 November 2016 (Date of incorporation) to 31 December 2016 RMB	Six months ended 30 June 2017 RMB
Finance income		
– bank interest income	9,294	258,862
	<u>9,294</u>	<u>258,862</u>
Finance cost	–	–
	<u>–</u>	<u>–</u>
Net finance income	9,294	258,862
	<u>9,294</u>	<u>258,862</u>

10 INCOME TAX EXPENSE

The amount of tax in the statements of comprehensive income represents:

	For the period from 23 November 2016 (Date of incorporation) to 31 December 2016 RMB	Six months ended 30 June 2017 RMB
Current income tax		
– PRC corporate income tax	2,106	189,060
	<u>2,106</u>	<u>189,060</u>
Income tax for the period	2,106	189,060
	<u>2,106</u>	<u>189,060</u>

The income tax on the Target's profit before income tax differs from the theoretical amount that would arise using the profits tax rate in the PRC as follows:

	For the period from 23 November 2016 (Date of incorporation) to 31 December 2016 RMB	Six months ended 30 June 2017 RMB
Profit before income tax	8,424	756,239
	<u>8,424</u>	<u>756,239</u>
Calculated at corporate income tax rate of 25%	2,106	189,060
	<u>2,106</u>	<u>189,060</u>
Income tax for the period	2,106	189,060
	<u>2,106</u>	<u>189,060</u>

PRC corporate income tax

Under the Corporate Income Tax Law of the PRC (the "CIT Law"), the CIT rate applicable to the Target located in the PRC is 25%.

11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purpose of the cash flow statements include the following:

	As of 31 December 2016 RMB	As of 30 June 2017 RMB
Bank balances	9,294	98,161,914

The weighted average interest rate on the Target's bank deposits as at 31 December 2016 and 30 June 2017 were 0.35%.

As at 31 December 2016 and 30 June 2017, cash and cash equivalents are all denominated in RMB.

12 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As of 31 December 2016 RMB	As of 30 June 2017 RMB
Financing product	240,000,000	–

The available-for-sale financial asset represents the financial product of RMB240,000,000 issued by Wuhan Rural Commercial Bank with an annual rate of return of 4% subscribed by the Target on 21 December 2016 and which matured on 10 January 2017.

The fair value of the balance is within level 3 of the fair value hierarchy.

13 PREPAYMENT FOR LEASEHOLD LAND

	As of 31 December 2016 RMB	As of 30 June 2017 RMB
Prepayment for leasehold land	–	232,290,366

As at 30 June 2017, the Target made prepayments of RMB232,290,366 for the acquisition of leasehold land located in Wuhan, which will be transferred to properties under development for sale upon receipt of ownership certificates or commencement of development activities.

14 SHARE CAPITAL

	As of 31 December 2016 RMB	As of 30 June 2017 RMB
Paid-in capital	–	–

The registered capital is RMB60,000,000 which had not been paid as of 31 December 2016 and 30 June 2017.

15 RESERVES

Movements in the reserves of the Target are disclosed in the statements of changes in equity on page II-5 of this report.

16 LOANS FROM SHAREHOLDERS

	As of 31 December 2016 RMB	As of 30 June 2017 RMB
Loans from Wuhan Xinfeilun	180,000,000	270,000,000
Loans from Wuhan Tongbang	60,000,000	60,000,000
	<u>240,000,000</u>	<u>330,000,000</u>

During the period from 23 November 2016 (Date of incorporation) to 31 December 2016, Wuhan Xinfeilun provided an interest-free shareholder's loan of RMB180,000,000 to the Target. Another RMB290,000,000 of interest-free shareholder's loan was provided and RMB200,000,000 was repaid by the Target to Wuhan Xinfeilun during the six months ended 30 June 2017. The outstanding balance of shareholder's loan from Wuhan Xinfeilun as at 30 June 2017 and 31 December 2016 was RMB270,000,000 and RMB180,000,000 respectively.

During the period from 23 November 2016 (Date of incorporation) to 31 December 2016, Wuhan Tongbang provided an interest-free shareholder's loan of RMB60,000,000 to the Target. The outstanding balance of shareholder's loan from Wuhan Tongbang as at 30 June 2017 and 31 December 2016 were RMB60,000,000.

As of 30 June 2017 and 31 December 2016, the shareholders' loans are non-interests bearing. The carrying amounts of the balances approximate their fair values.

17 OTHER PAYABLES

	As of 31 December 2016 RMB	As of 30 June 2017 RMB
Amount payables for office expense and bank charge	870	-
	<u>870</u>	<u>-</u>

18 NOTES TO THE CASH FLOW STATEMENTS

Reconciliation from profit before income tax to net cash used in operations:

	Year ended 31 December 2016 RMB	Six months ended 30 June 2017 RMB
Profit before operations	6,318	567,179
Adjustments for:		
Income tax expenses	2,106	189,060
	<u>8,424</u>	<u>756,239</u>
Investment income	-	(499,726)
Increase in prepayment for leasehold land	-	(232,290,366)
Increase in other non-current assets	-	(312,383)
Increase/(decrease) in other payables	870	(870)
	<u>9,294</u>	<u>(232,347,106)</u>
Net cash generated/(used in) operations	<u>9,294</u>	<u>(232,347,106)</u>

19 COMMITMENTS

	As of 31 December 2016 RMB	As of 30 June 2017 RMB
Contracted but not provided for		
– Expenditure in respect of prepayment for leasehold land and demolition work	–	1,612,709,634
	<u> </u>	<u> </u>

20 RELATED PARTY TRANSACTIONS

(a) Name and relationship with parties

Name	Relationship with the Target
Wuhan Xinfeilun	Shareholder of the Target
Wuhan Tongbang	Former shareholder of the Target up to 27 October 2017

(b) Transactions with related parties

Apart from the loans from shareholders as disclosed in Note 16 to the Historical Financial Information, no transactions were carried out with related parties during the periods.

(c) Related party balances

	As of 31 December 2016 RMB	As of 30 June 2017 RMB
Loans from shareholders (<i>Note 16</i>)		
– Wuhan Xinfeilun	180,000,000	270,000,000
– Wuhan Tongbang	60,000,000	60,000,000
	<u> </u>	<u> </u>
	<u>240,000,000</u>	<u>330,000,000</u>

III SUBSEQUENT FINANCIAL STATEMENTS

No dividend or distribution has been declared or made by the Target in respect of any period subsequent to 30 June 2017. No audited financial statements have been prepared for the Target in respect of any period subsequent to 30 June 2017 and up to the date of this report.

The following management discussion and analysis should be read in conjunction with the accountants' report of the Target for the period from 23 November 2016 (being its date of incorporation) to 31 December 2016 and the six months ended 30 June 2017.

1. BUSINESS REVIEW

The Target is a company established on 23 November 2016 in the PRC with limited liability and is engaged in the development of the Land. Apart from the operations associated with the Land, the Target has no other business operations. As at the date of this circular, the development and construction works on the Land have not been commenced and therefore the Target has not commenced the presales of any residential units on the development and has no revenue.

Upon completion of the Acquisition and as of the date of this circular, the Target has become a non-wholly owned subsidiary of the Company.

2. FINANCIAL REVIEW

Set out below is certain financial information of the Target for the periods under review:

Revenue, cost of sales and gross profit

As at the date of this circular, the development and construction works on the Land have not been commenced and therefore the Target has not commenced the presales of any residential units on the development. As such, the Target recorded no revenue, cost of sales or gross profit for the period from 23 November 2016 to 31 December 2016 and the six months ended 30 June 2017.

Selling and marketing costs

The Target incurred selling and marketing costs of RMB566 for the six months ended 30 June 2017 as advertising expenses.

Administrative expenses

The Target incurred administrative expenses of RMB870 for the period from 23 November 2016 to 31 December 2016 and RMB1,783 for the six months ended 30 June 2017 as miscellaneous office expenses and bank charges.

Other income

The Target recorded an investment income of RMB499,726 for the six months ended 30 June 2017 arising from dividend income from the financial product of a principal amount of RMB240,000,000 bearing an annual rate of return of 4% issued by Wuhan Rural Commercial Bank subscribed by the Target on 21 December 2016 and which matured on 10 January 2017.

Profit/loss from operations

For the period from 23 November 2016 to 31 December 2016 and the six months ended 30 June 2017, the Target recorded a loss from operation of RMB870 and a gain from operation of RMB497,377, respectively.

Finance income

The Target recorded a net income of RMB9,294 for the period from 23 November 2016 to 31 December 2016 and RMB258,862 for the six months ended 30 June 2017, respectively.

The finance income of the Target comprises of bank interest income.

Income tax expense

The Target recorded income tax expenses of RMB2,106 and RMB189,060 for the period from 23 November 2016 to 31 December 2016 and for the six months ended 30 June 2017, respectively.

The effective tax rate of the respective periods is 25%, equivalent to the rate imposed to PRC corporate income tax rate under the Corporate Income Tax Law of the PRC.

Profit for the period, all attributable to equity holders of Wuhan Yingjin

For the period from 23 November 2016 to 31 December 2016 and the six months ended 30 June 2017, the Target recorded a net profit for the period of RMB6,318 and RMB567,179, respectively.

3. LIQUIDITY AND FINANCIAL RESOURCES**Cash and cash equivalents**

The Target financed working capital requirements primarily with loans from shareholders.

As at 31 December 2016 and 30 June 2017, the total cash and cash equivalents of the Target were RMB9,294 and RMB98,161,914 respectively. The cash and cash equivalents were all denominated in RMB.

Loans from Shareholders

The total amount of loans from shareholders of the Target as at 31 December 2016 and 30 June 2017 was RMB240,000,000 and RMB330,000,000, respectively. The breakdown of the loans from shareholders of the Target is as follows:

	As at 31 December 2016 RMB	As at 30 June 2017 RMB
Loans from shareholders		
Loans from Wuhan Xinfeilun	180,000,000	270,000,000
Loans from Wuhan Tongbang	60,000,000	60,000,000
Total	240,000,000	330,000,000

The loans from shareholders were unsecured and interest-free.

Details of the loans from shareholders are set out in Note 16 to the accountants' report on the Target in Appendix II to this circular.

Except for the loans from shareholders, the Target did not have any other borrowings as at 31 December 2016 and 30 June 2017.

Gearing Ratios

The total equity of the Target as at 31 December 2016 and 30 June 2017 was RMB6,318 and RMB573,497.

Gearing ratio of the Target, which was calculated as total debt divided by total equity, was 37986.7 and 575.4 as at 31 December 2016 and 30 June 2017, respectively.

4. CHARGE ON ASSETS

As at 31 December 2016 and 30 June 2017, the Target had no charges or pledges on its assets.

5. CONTINGENT LIABILITIES

Except for the commitment in respect of prepayment for leasehold land and demolition work of an aggregate of RMB1,612,709,634 as at 30 June 2017, the Target had no other contingent liabilities as at 31 December 2016 and 30 June 2017.

6. SIGNIFICANT INVESTMENTS

Except for the investment in the Land owned by the Target, there was no other material investments made or held by the Target for the period from 23 November 2016 to 31 December 2016 and for the six months ended 30 June 2017. There are no future plans for material investments or capital assets.

7. MATERIAL ACQUISITIONS AND DISPOSALS

The Target did not have any material acquisitions or disposals of subsidiaries and associated companies for the period from 23 November 2016 to 31 December 2016 and for the six months ended 30 June 2017.

8. EMPLOYEES AND REMUNERATION POLICY

As the development and construction works on the Land have not been commenced, the Target did not have any employees as of 31 December 2016 and 30 June 2017.

As a general remuneration policy, the Target shall remunerate their employees by reference to their qualification, experience, responsibilities and current market conditions.

9. FOREIGN EXCHANGE RISK

The Target mainly operates in the PRC and is, therefore, exposed to the foreign exchange risk arising from Renminbi which can negatively impact business conditions and financial performance of the Target. The Target did not do any hedging to mitigate such currency risk.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this Circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of market value of the Land held by Wuhan Yingjin Jiayuan Property Development Co., Ltd. (武漢盈錦嘉園房地產開發有限公司) (the “Target”) as at 31 October 2017.



16/F Jardine House
1 Connaught Place
Central
Hong Kong

15 December 2017

The Directors
Jingrui Holdings Limited
Room 09, 43/F
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

Dear Sirs,

Re: The land lot number K4 of P(2016)162 (P(2016)162號地塊K4地塊), with a total site area of 106,556.58 square meters, located at Changjiang Village, Hongshan District of Wuhan City, Hubei Province, the People’s Republic of China (the “Land”)

INSTRUCTIONS, PURPOSE & VALUATION DATE

In accordance with the instructions from Jingrui Holdings Limited (the “Company”) for us to prepare a market valuation of the Land, held by Wuhan Yingjin Jiayuan Property Development Co., Ltd. (武漢盈錦嘉園房地產開發有限公司) (the “Target”) in the People’s Republic of China (the “PRC”); we confirm that we have carried out inspection, 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 of the Land in existing state as at 31 October 2017 (the “valuation date”).

DEFINITION OF MARKET VALUE

Our valuation of the 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 and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION BASIS AND ASSUMPTIONS

Our valuation of the Land excludes an 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 Land held in the PRC, with reference to the PRC legal opinion of the legal adviser, 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 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 2017, regarding the title to the Land and the interest in the Land. In valuing the Land, we have prepared our valuation on the basis that the owner has enforceable title to the Land and has free and uninterrupted rights to use, occupy or assign the Land for the whole of the unexpired terms as granted.

In respect of the Land situated in the PRC, the status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Target, are set out in the notes in the valuation certificate.

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

METHOD OF VALUATION

In valuing the Land, which is held by the Target for development in the PRC, we have valued it on the basis that it will be developed and completed in accordance with the Target's latest development proposal provided to us. In arriving at our opinion of market value of the Land, we have adopted the Direct Comparison Approach by making reference to comparable sales evidence as available in the relevant market.

According to Auction Confirmation Notice (國有建設用地使用權成交確認書), the Land is planned for residential use. The Land has a development potential with a total construction area of not more than 410,000 square meters to be used for the development of residential properties.

The Land is held for future development in the PRC. Permits for Commencement of Construction Works or such equivalent permits have not been obtained yet because the development have not yet commenced and such permit is not necessary at vacant land stage. As the Land is still vacant land, without such said permits will not affect our valuation and is in line with the market practice. The Land was acquired by the Target through public auction.

Time to complete demolition procedures will be in July 2018. The Grant Contract of State-owned Land Use Rights is to be entered, after the said demolition procedures, which would state building covenants and time limits for completion of the development. After fulfilling all the procedures, the Certificate for the use of State-owned Land will be obtained in 2019.

In valuing the 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.

SOURCES OF INFORMATION

We have been provided by the Target with extracts of documents in relation to the title to the 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 Target in respect of the Land in the PRC and have accepted advice on such matters as planning approvals or statutory notices, easements, tenure, identification of the 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 Target which is material to the valuation. We were also advised by the Target 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 Land. However, we have not been able to conduct searches to verify the ownership of the 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 Land in the PRC and we have therefore relied on the advice given by the PRC legal adviser and the Target.

SITE INSPECTION

Our Wuhan Office valuer, Candy Nie (a China Real Estate Appraiser with 8 years of experience), has inspected the exterior and, wherever possible, the interior of the Land in November 2017. 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 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
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 24 years' experience in the valuation of properties in the PRC.

VALUATION CERTIFICATE

The Land held by the Target for development in the PRC

The Land	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2017
The Lot number K4 of P(2016)162 (P(2016)162號地塊 K4地塊), located at Changjiang Village, Hongshan District of Wuhan City, Hubei Province, the PRC (the "Land")	The Land comprised a parcel of residential land with a total site area of 106,556.58 square meters. As advised by the Target, the Land shall be used for the development of residential properties with a total planned gross floor area of 574,991.75 square meters with details as follows:	As at the valuation date, the Land was vacant pending for demolition. The demolition work of the Land is expected to be completed in July 2018.	RMB3,282,000,000 (40% interest attributable to the Target: RMB1,312,800,000)
	<p style="text-align: center;">Approximate Gross Floor Area (square meters)</p> <p>Uses</p>	The Land is intended to be developed as a residential project in three phases. The estimated construction cost is RMB2500 million.	
	High-rise residential	387,831.10	
	Retail	13,900.00	
	Aboveground ancillary	8,260.68	
	Above ground sub-total:	409,991.78	
	Underground ancillary and Car Parking	165,000.00	
	Total:	574,991.75	

According to the Target, a separate kindergarten of 4,670.00 square meters will be provided to the government as ancillary facility at nil consideration after it is completed.

The Land is located in Hongshan District, Wuhan. Developments in the vicinity are dominated by low-rise storage and village type residential properties. According to the Target, the Land is planned for residential uses; there is no environmental issues and litigation dispute; there is no plan to change the use of the Land.

The land use rights of the Land will be granted for a term of 70 Years for residential use.

Notes:—

- (1) We noted that no Certificate for the Use of State-owned Land of the Land has been obtained, we are on the assumption that all relevant Certificate for the Use of State-owned Land will be issued in due course and the land premium has been fully settled.
- (2) According to Auction Confirmation Notice (國有建設用地使用權成交確認書) issued by Wuhan Land Resources and Planning Bureau (武漢市國土資源和規劃局) on 24 January 2017, The Land, with a site area of 106,536.99 square meters, was acquired by the Target through public auction at a total consideration of approximately RMB882.8 million. The Land Use Rights Grant Contract is to be entered into in July 2018. The term of the land use rights of the Land is 70 years with respect to its residential units. RMB430 million of the total consideration has been paid.
- (3) As advised by the Target, the Target is also responsible to the demolition and development works of the Land; the expected demolition and development costs of the Land (inclusive of the total consideration for the public auction of the Land payable to the Wuhan Land Resources and Planning Bureau (武漢市國土資源和規劃局)) is approximately RMB1,435,000,000.
- (4) According to Business Licence No. 91420111MA4KPNYAX6 dated 18 July 2017, the Target was established on 23 November 2016 as a limited liability company with a registered capital of RMB60,000,000.
- (5) According to the PRC legal opinion:—
- (i) The Target has signed Auction Confirmation Notice according to the relevant law;
- (ii) According to the confirmation of the Target and Company, after the Construction Land Permit, Grant Contract of State-owned Land Use Rights and Certificate for the use of State-owned Land are obtained; Construction Project Planning Permit and Construction Permit will be obtained to carry out the development according to the building covenants of Grant Contract of State-owned Land Use Rights. Initially expected to be obtained in 2019 the aforementioned permits and certificate according to the relevant law. Based on the advice from the PRC legal adviser, the Company currently does not expect any legal impediment for obtaining the relevant permits and certificates;
- (iii) After fulfilling the obligations related to the assignment contract according to law, the Target has the rights to enjoy the land use rights of the Land.
- (6) The status of the title and grant of major approvals and licence in accordance with the information provided by the Target and the opinion of the PRC legal adviser:—

Auction Confirmation Notice	Yes
Business Licence	Yes
Certificate for the Use of State-owned Land	No
Grant Contract of State-owned Land Use Rights	No

The following is an illustrative and unaudited pro forma statement of assets and liabilities of the Group and Wuhan Yingjin Jiayuan Property Development Co., Ltd. (collectively referred to as the “Enlarged Group”) which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the acquisition of 40% equity interests in Wuhan Yingjin Jiayuan Property Development Co., Ltd. by the Group (the “Transaction”) as if it had taken place on 30 June 2017.

This unaudited pro forma statement of assets and liabilities has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Transaction been completed as at 30 June 2017 or at any future date.

UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP AS AT 30 JUNE 2017

	Unaudited consolidated statement of assets and liabilities of the Group as at 30 June 2017	Pro forma adjustments					Unaudited pro forma statement of assets and liabilities of the Enlarged Group as at 30 June 2017
		Audited statement of assets and liabilities of Wuhan Yingjin Jiayuan Property Development Co., Ltd. as at 30 June 2017	Other pro forma adjustments				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	Note 1	Note 2	Note 3	Note 4	Note 5		
ASSETS							
Non-current assets							
Property, plant and equipment	36,219	–	–	–	–	36,219	
Investment properties	4,617,454	–	–	–	–	4,617,454	
Intangible assets	21,728	–	–	–	–	21,728	
Investments in joint ventures	30,646	–	–	–	–	30,646	
Investments in associates	66,215	–	–	–	–	66,215	
Deferred income tax assets	419,096	–	–	–	–	419,096	
Available-for-sale financial assets	764,609	–	–	–	–	764,609	
Trade and other receivables and prepayments	739,583	–	–	–	–	739,583	
Other non-current assets	–	312	–	–	–	312	
	<u>6,695,550</u>	<u>312</u>				<u>6,695,862</u>	

	Pro forma adjustments					Unaudited pro forma statement of assets and liabilities of the Enlarged Group as at 30 June 2017 RMB'000
	Unaudited consolidated statement of assets and liabilities of the Group as at 30 June 2017 RMB'000 Note 1	Audited statement of assets and liabilities of Wuhan Yingjin Jiayuan Property Development Co., Ltd. as at 30 June 2017 RMB'000 Note 2	Other pro forma adjustments			
			RMB'000 Note 3	RMB'000 Note 4	RMB'000 Note 5	
Current assets						
Right to acquire the land use rights	–	–	–	1,434,427	–	1,434,427
Prepayments for leasehold land	978,256	232,290			1,110	1,211,656
Properties held or under development for sale	20,446,239	–				20,446,239
Trade and other receivables and prepayments	3,156,198	–				3,156,198
Prepaid income taxes	419,475	–				419,475
Restricted cash	1,638,232	–				1,638,232
Cash and cash equivalents	5,742,423	98,162	36,000	(574,000)	(1,110)	5,301,475
Derivative financial instrument	32,382	–				32,382
Available-for-sale financial assets	251,813	–				251,813
	<u>32,665,018</u>	<u>330,452</u>				<u>33,891,897</u>
Total assets	<u><u>39,360,568</u></u>	<u><u>330,764</u></u>				<u><u>40,587,759</u></u>

	Pro forma adjustments					Unaudited pro forma statement of assets and liabilities of the Enlarged Group as at 30 June 2017 RMB'000 Note 1
	Audited statement of assets and liabilities of Wuhan Yingjin Jiayuan Property Development Co., Ltd. as at 30 June 2017 RMB'000 Note 2		Other pro forma adjustments			
			RMB'000 Note 3	RMB'000 Note 4	RMB'000 Note 5	
LIABILITIES						
Non-current liabilities						
Borrowings	10,879,488	–				10,879,488
Deferred income tax liabilities	1,248,648	–				1,248,648
	<u>12,128,136</u>	<u>–</u>				<u>12,128,136</u>
Current liabilities						
Trade and other payables	4,000,811	–		60,000		4,060,811
Amounts due to non-controlling interests of subsidiaries	360,616	330,000		(60,000)		630,616
Finance lease liabilities	4,251	–				4,251
Advanced proceeds received from customers	14,012,734	–				14,012,734
Current income tax liabilities	448,363	191				448,554
Financial liabilities for put option written on non-controlling interests	222,534	–				222,534
Borrowings	4,504,890	–				4,504,890
	<u>23,554,199</u>	<u>330,191</u>				<u>23,884,390</u>
Total liabilities	<u><u>35,682,335</u></u>	<u><u>330,191</u></u>				<u><u>36,012,526</u></u>
Net assets	<u><u>3,678,233</u></u>	<u><u>573</u></u>				<u><u>4,575,233</u></u>

Notes to the unaudited pro forma statement of assets and liabilities of the Enlarged Group:

- (1) The amounts are extracted from the unaudited consolidated balance sheet of the Group as at 30 June 2017 set out in the Company's published condensed consolidated interim financial statements for the six months ended 30 June 2017.
- (2) The amounts are extracted from the audited balance sheet of Wuhan Yingjin Jiayuan Property Development Co., Ltd. ("Wuhan Yingjin") as at 30 June 2017 set out in Appendix II to this circular.
- (3) The pro forma adjustment represents the capital contribution of RMB36,000,000 from Wuhan Xinfeilun Property Development Co., Ltd. to Wuhan Yingjin pursuant to the Cooperation Agreement.
- (4) According to the Cooperation Agreement, Wuhan Xinfeilun Property Development Co., Ltd. delegated its voting rights in Wuhan Yingjin to the Company in the shareholders' meeting of Wuhan Yingjin. Relevant activities of Wuhan Yingjin require consent with more than half of the directors in the board. The Group has the power to appoint more than half of the directors in the board and thus the directors of the Company considered that Wuhan Yingjin will be accounted for as a non-wholly owned subsidiary of the Group upon completion of the Transaction.

Pursuant to the terms and conditions of the cooperation agreement, the directors of the Company considered that the substance of the Transaction is the purchase of a group of assets of Wuhan Yingjin. The acquisition of a group of assets that is not a business is accounted for by allocating the cost of the Transaction to the assets and liabilities acquired based on their relative fair values. As the fair value of assets and liabilities acquired except the prepayments of leasehold land approximate their carrying amount, the excess of the cost over the net assets of Wuhan Yingjin was the appreciation of the land cost which was allocated to the right to acquire the land use rights. The cost of net assets of Wuhan Yingjin was RMB1,435,000,000 which was measured in proportion to the 40% equity interests of Wuhan Yingjin at a consideration of RMB574,000,000. The amount of the cost exceeding the carrying amount of net assets of Wuhan Yingjin was RMB1,434,427,000 which was allocated to the right to acquire the land use rights. The Group also recognised an increase in non-controlling interests of RMB860,656,000.

- (5) The pro forma adjustment represents the estimated amounts for professional fees and other expenses payable by the Enlarge Group for the Transaction. The directors of the Company assessed that the acquisition was not business combination because Wuhan Yingjin did not meet the definition of a business and the substance of the Transaction is the purchase of a group of assets of Wuhan Yingjin. The transaction costs relate directly to the acquisition of the group of assets and are capitalised as part of the cost of the assets acquired.
- (6) Save as aforesaid, no other adjustments have been made to reflect any trading results or other transactions of the Group or Wuhan Yingjin entered into subsequent to 30 June 2017.

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the directors of Jingrui Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Jingrui Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma financial statement of assets and liabilities as at 30 June 2017 and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages V-1 to V-4 of the Company's circular dated 15 December 2017, in connection with the acquisition of 40% equity interests in Wuhan Yingjin Jiayuan Property Development Co., Ltd. (the "Target") by the Group (the "Transaction"). The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages V-1 to V-4.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Transaction on the Group's financial position as at 30 June 2017 as if the Transaction had taken place at 30 June 2017. As part of this process, information about the Group's financial position has been extracted by the directors from the Company's published condensed consolidated interim financial statements for the six months ended 30 June 2017, on which no audit or review report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 30 June 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers*Certified Public Accountants*

Hong Kong

15 December 2017

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 at 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 ⁽³⁾	Approximate % shareholding interest
Beyond Wisdom Limited	Direct interest	505,917,613 (L)	39.18
Yan Hao ⁽¹⁾	Interest in a controlled corporation	505,917,613 (L)	39.18
Decent King Limited	Direct interest	427,205,918 (L)	33.08
Chen Xin Ge ⁽²⁾	Beneficial owner	782,000 (L)	0.06
	Interest in a controlled corporation	427,205,918 (L)	33.08
	Total	427,987,918 (L)	33.14
Xu Chao Hui	Beneficial owner	748,605 (L)	0.06
Yang Tie Jun	Beneficial owner	311,858 (L)	0.02

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.

None of the Directors or chief executive of the Company has any interests or short positions in the shares, underlying shares or debentures of any of the associated corporations of the Company.

(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

Name of Subsidiary	Name of Shareholder	Registered Capital	Approximate % of Interest
Chongqing Jingteng Property Development Co., Ltd.	Asia Green Property SARL	RMB150 million	49%
Hangzhou Jinghang Property Co., Ltd.	Shanghai Jiacan Investment Co., Ltd.	RMB100 million	49%
Ningbo Xiangjun Investment Co., Ltd.	Ningbo Yinzhou Jinbing Enterprise Management Consulting Co., Ltd.	RMB400 million	49%
Ningbo Xiaoyong Investment Co., Ltd.	Ningbo Veken Real Estate Co., Ltd.	RMB200 million	24%
	Ningbo Kaicheng Investment Co., Ltd.		24%
	Ningbo Hongdingyuan Investment Co., Ltd.		24%

Name of Subsidiary	Name of Shareholder	Registered Capital	Approximate % of Interest
Shanghai Huajiang Construction and Development Co., Ltd.	Shanghai Liheng Investment Management Co., Ltd.	RMB10 million	15%
	Shanghai House Industry Co., Ltd.		15%
	Shanghai Zongquan Property Co., Ltd.		2.5%
Shanghai Weishu Information Technology Co., Ltd.	Cai Tiansi	RMB1 million	30%
Shanghai Xiaoyi Investment Co., Ltd.	Shanghai Jiayu Property Co., Ltd.	RMB0.1 million	35%
	Shenzhen Pingjia Investment and Management Co., Ltd.		15%
Shanghai Xiaoze Investment Co., Ltd.	Tianjin Shengdeli Science and Technology Co., Ltd.	RMB100 million	30%
Shaoxing Jingming Property Co., Ltd.	Riyuecheng Property Co., Ltd.	RMB300 million	49%
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%
Shanghai Jizhai Industrial Co., Ltd.	Xiang Chong	RMB1.2 million	33%
	Ma Hongjun		27%

Name of Subsidiary	Name of Shareholder	Registered Capital	Approximate % of Interest
Shanghai Xiaopin Investment Co., Ltd.	Nangjing Loude Dening Real Estate Investment Limited Partnership	RMB500 million	30%
Nanjing Jingrui Enterprise Management Co., Ltd.	Ningbo Haihuitong Property Marketing Planning Co., Ltd.	RMB1 million	45%
Wuhan Yingjin Jiayuan Property Development Co., Ltd. (the Target)	Wuhan Xinfeilun Property Development Co., Ltd.	RMB60 million	60%

(c) 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)).

(d) Directors' Competing Interests

As at 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.

(e) 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 at 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 Enlarged Group or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 December 2016, 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 Enlarged 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 Enlarged Group which is or may be material within the two years immediately preceding the date of this circular:

- (a) 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;
- (b) 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;
- (c) 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;

- (d) the equity transfer agreement dated 1 December 2016 entered into between Shanghai Jingrui Investment Co., Ltd. (as the transferor) and Hengda (Shanghai) Real Estate Group Company Limited (as the transferee) in respect of the (i) the disposal of the entire equity interest in Shanghai Jiajing Investment Co., Ltd. by Shanghai Jingrui Investment Co., Ltd. (as the transferor) to Hengda (Shanghai) Real Estate Group Company Limited (as the transferee); and (ii) the transfer of the remaining 51% equity interest in Shanghai Jingqi Property Development Co., Ltd. by Shanghai Jingrui Investment Co., Ltd. to Shanghai Jiajing Investment Co., Ltd. for a total consideration of RMB1,157,410,000;
- (e) 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;
- (f) 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;
- (g) 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);
- (h) the share purchase agreement dated 13 February 2017 entered into between Natural Apex Limited (as the buyer) and Kyu Sei Hin (丘世賓) pursuant to which Natural Apex Limited agreed to purchase the entire issued shares in the capital of each of 58 special purpose vehicles at a total consideration of RMB642.5 million;
- (i) the purchase agreement dated April 5, 2017 entered into among the Company, certain subsidiaries of the Company, BOSCO International Company Limited, Guotai Junan International, Haitong International and Huarong Financial in relation to the issue of the 7.75% guaranteed senior notes due 2020 in the principal amount of US\$400 million issued by the Company;

- (j) the equity transfer agreement dated 8 May 2017 entered into between Shanghai Jiaguan Investment Co., Ltd. (as the purchaser) and Mr. Gu and Ms. Zhang (as the sellers) pursuant to which Shanghai Jiaguan Investment Co., Ltd. agreed to purchase 20% equity interest in Shanghai Fengxiang Property Development Co., Ltd. from the sellers at a total consideration of RMB319,080,366.63;
- (k) the sale and purchase agreement dated 31 May 2017 between Natural Apex Limited and HL Global Enterprises Limited in respect of the acquisition of all the issued shares in the capital of LKN Investment International Pte Ltd, which in turns holds (i) the entire equity interests in Shanghai Hutai Real Estate Development Co., Ltd. and (ii) 60% equity interest in Copthorne Hotel Qingdao Co., Ltd. at an initial purchase price of RMB550,000,000;
- (l) the equity transfer agreement dated 2 June 2017 entered into between Hangzhou Jingxiao Investment Management Co., Ltd. (as the purchaser) and Meihao Holdings Group Co., Ltd. in relation to the the acquisition of 65% equity interests in Hangzhou Xiaoying Real Estate Development Co., Ltd. by Hangzhou Jingxiao Investment Management Co., Ltd. at a total consideration of RMB725,654,171 (comprising purchase price for the 65% equity interests in Hangzhou Xiaoying Real Estate Development Co., Ltd. of RMB173,120,000 and the consideration for the assignment to Hangzhou Jingxiao Investment Management Co., Ltd. of shareholder loan in an aggregate amount of RMB552,534,171);
- (m) the equity purchase agreement dated 9 June 2017 entered into between Suzhou Youxing Investment Center LLP (as the purchaser) and Zhang Changhui (張昌輝) and Zheng Chengyong (鄭成勇) (as the sellers) in respect of (i) the acquisition of the entire equity interest in Shanghai Zhaoliang Advertising Co. Ltd. by Suzhou Youxing Investment Center LLP from the sellers; (ii) the extension of a shareholder's loan by Suzhou Youxing Investment Center LLP to Shanghai Zhaoliang Advertising Co. Ltd. for the purpose of paying off certain outstanding liabilities; and (iii) the provision of relevant funding by Suzhou Youxing Investment Center LLP to Shanghai Zhaoliang Advertising Co. Ltd. for the purpose of repaying certain outstanding bank loan at a total initial consideration of RMB300,000,000;
- (n) the cooperation agreement dated 23 June 2017 entered into between Zhoushan Jingshang Property Co., Ltd. and Ningbo Longjia Real Estate Development Co., Ltd. in connection with, among other things, the total capital commitment of RMB872.6 million to be made by Zhoushan Jingshang Property Co., Ltd. and Ningbo Longjia Real Estate Development Co., Ltd. in a project company, following which the project company will be owned as to 50% by Zhoushan Jingshang Property Co., Ltd. and 50% by Ningbo Longjia Real Estate Development Co., Ltd.;

- (o) the cooperation agreement dated 26 June 2017 entered into between (i) Ningbo Ruice Investment Co., Ltd. and (ii) Ningbo Veken Real Estate Co., Ltd., Ningbo Kaicheng Investment Co., Ltd. and Ningbo Hongdingyuan Investment Co., Ltd. (as the investors) in respect of the deemed disposal of 72% equity interests in Ningbo Xiaoyong Investment Co., Ltd. by Ningbo Ruice Investment Co., Ltd. resulting from the capital injection of an aggregate amount of RMB144,000,000 by the investors in equal share to Ningbo Xiaoyong Investment Co., Ltd.;
- (p) the equity repurchase agreement dated 29 June 2017 entered into between Hainan Jingshen Investment Management Co., Ltd. (as the buyer) and Huangshan Anye Investment Advisory Co., Ltd. (as the seller) pursuant to which Hainan Jingshen Investment Management Co., Ltd. agreed to purchase 35% equity interests in Ningbo Jingrui Property Co., Ltd. from Huangshan Anye Investment Advisory Co., Ltd. at a consideration of RMB208,170,076;
- (q) the equity transfer agreement dated 17 July 2017 entered into between Hangzhou Jingxiao Investment Management Co., Ltd. (as the purchaser) and Hangzhou Yuhang Supply and Marketing Holdings Group Co., Ltd. (as the seller) pursuant to which (i) Hangzhou Jingxiao Investment Management Co., Ltd. agreed to purchase 35% equity interests in Hangzhou Xiaoying Real Estate Development Co., Ltd. from Hangzhou Yuhang Supply and Marketing Holdings Group Co., Ltd. and (ii) Hangzhou Yuhang Supply and Marketing Holdings Group Co., Ltd. agreed to assign a outstanding shareholder loan to Hangzhou Jingxiao Investment Management Co., Ltd. at a total consideration of RMB390,738,400;
- (r) the cooperation agreement dated 1 August 2017 entered into between, among others, Ningbo Ruice Investment Co., Ltd. and Ningbo Yinzhou Jinbing Enterprise Management Consulting Co., Ltd. in respect of the deemed disposal of 49% equity interests in Ningbo Xiangjun Investment Co., Ltd. by Ningbo Ruice Investment Co., Ltd. resulting from the capital injection of an aggregate amount of RMB708,604,560, 51% of which (being RMB361,388,325.6) to be borne by Ningbo Ruice Investment Co., Ltd. and 49% of which (being RMB347,216,234.4) to be borne by Ningbo Yinzhou Jinbing Enterprise Management Consulting Co., Ltd.;
- (s) the equity transfer agreement dated 11 September 2017 entered into among Hangzhou Jingxiao Investment Management Co., Ltd. (as the seller), Hangzhou Tengshun Real Estate Development Co., Ltd. (as the purchaser) and Hangzhou Xiaoying Real Estate Development Co., Ltd. pursuant to which (i) Hangzhou Jingxiao Investment Management Co., Ltd. has agreed to sell, and Hangzhou Tengshun Real Estate Development Co., Ltd. has agreed to purchase, 50% of the equity interest in Hangzhou Xiaoying Real Estate Development Co., Ltd. and (ii) the parties have agreed to the assignment to Hangzhou Tengshun Real Estate Development Co., Ltd. of 50% of the relevant shareholder loan, at the total consideration of RMB578,696,286;
- (t) the Cooperation Agreement as detailed in this circular;

- (u) the equity transfer agreement dated 29 September 2017 entered into between Nantong Jingrui Property Co., Ltd. (as transferor) and Shanghai Xuchang Enterprise Management Center (Limited Partnership) (as transferee) in relation to a deemed disposal of 70% equity interest in Nanjing Caicheng Property Co., Ltd by Nantong Jingrui Property Co., Ltd. to Shanghai Xuchang Enterprise Management Center (Limited Partnership) by way of capital contribution at the consideration of RMB70 million in cash and in the form of the shareholder loan of RMB490 million by Shanghai Xuchang Enterprise Management Center (Limited Partnership);
- (v) the cooperation agreement dated 17 October 2017 entered into among Brisian Limited, Natural Apex Limited, Hangzhou Jiayin Property Development Co., Ltd., China Merchants Group Property (Hangzhou) Co., Ltd., Ningbo Haishu Kangxin Enterprise Management Consulting Co., Ltd., Zhejiang Jinyan Investment Management Co., Ltd., Hangzhou Shangkun Property Co., Ltd., Guangzhou Zhengjia Economic Information Consulting Co., Ltd., Tropica Development Limited and Guangzhou Yunjia Property Development Co., Ltd. pursuant to which (i) Natural Apex Limited shall subscribe for 25% equity interest in Tropica Development Limited; (ii) Natural Apex Limited shall pay for the prepayment made by Brisian Limited; (iii) Natural Apex Limited shall make proportional contribution to Hangzhou YueRong Real Estate Development Co., Ltd. for the remaining consideration of the land and as its registered capital at a total capital commitment and consideration of approximately RMB172,125,023; and
- (w) the partnership subscription agreement dated 1 December 2017 entered into among Shanghai Jingyu Equity Investment Fund Management Co., Ltd. (as the general partner), Shanghai Jingrun Equity Investment Fund Management Co., Ltd. (as the initial limited partner) and Ningbo Meishan Baoshui Gangqu Jingxiao Investment Co., Ltd. (“**Jingxiao Investment**”) in relation to the subscription of interest by Jingxiao Investment in Shanghai Jingyu Yazan Investment Center (Limited Partnership) (the “**Limited Partnership**”), pursuant to which Jingxiao Investment agreed to make a capital contribution of RMB207 million in cash to the Limited Partnership as a limited partner, representing approximately 33.39% of the total capital contribution of the Limited Partnership.

4. LITIGATION AND CLAIMS

As of the Latest Practicable Date, no member of the Enlarged 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 Enlarged 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:

Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants
Cushman & Wakefield Limited	Independent property valuer
Grandall Law Firm (Shanghai)	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 at 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 Ms. Jiang Bingxian 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 28 December 2017:

- (a) the memorandum and articles of association of the Company;
- (b) the accountants' report of the Target from PricewaterhouseCoopers as set out in Appendix II to this circular;
- (c) the report on the unaudited pro forma financial information of the Enlarged Group from PricewaterhouseCoopers as set out in Appendix V to this circular;

- (d) the property valuation report from Cushman & Wakefield Limited as set out in Appendix V to this circular;
- (e) the annual reports of the Company for the three financial years ended 31 December 2014, 2015 and 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 24 January 2017 in relation to the disposal of 100% equity interests in Shanghai Jiajing Investment Co., Ltd. and Shanghai Jingqi Property Development Co., Ltd.;
- (i) the circular of the Company dated and 25 September 2017 in relation to the acquisition of 35% equity interests in Hangzhou Xiaoying Real Estate Development Co., Ltd. by Hangzhou Jingxiao Investment Management Co., Ltd.; and
- (j) this circular.