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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)

**MAJOR TRANSACTION
ACQUISITION OF THE REMAINING 35% EQUITY INTEREST IN
HANGZHOU XIAOYING**

* *For identification purpose only*

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DEFINITIONS

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

“35% Acquisition”	(i) the acquisition of 35% equity interests in the Target by Hangzhou Jingxiao and (ii) the assignment to Hangzhou Jingxiao of the Shareholder Loan pursuant to the Acquisition Agreement
“65% Acquisition”	among other things, the acquisition of 65% equity interests in the Target by Hangzhou Jingxiao at a total consideration of RMB725,654,171 (comprising purchase price for the 65% equity interests in the Target of RMB173,120,000 and the consideration for the assignment to Hangzhou Jingxiao of shareholder loan in an aggregate amount of RMB552,534,171) pursuant to the equity transfer agreement dated 2 June 2017 entered into between Hangzhou Jingxiao (as the purchaser) and Meihao Holdings Group Co., Ltd. (美好控股集團有限公司) (as the seller), details of which were set out in the announcement of the Company dated 2 June 2017
“Acquisitions”	collectively, the 65% Acquisition and the 35% Acquisition
“Acquisition Agreement”	the equity transfer agreement dated 17 July 2017 entered into between Hangzhou Jingxiao (as the purchaser) and Hangzhou Yuhang (as the seller) pursuant to which (i) Hangzhou Jingxiao agreed to purchase 35% equity interests in the Target from Hangzhou Yuhang and (ii) Hangzhou Yuhang agreed to assign the Yuhang Shareholder Loan to Hangzhou Jingxiao at a total consideration of RMB390,738,400
“Additional Cash Consideration”	an additional cash consideration of RMB25,000,000 payable by Hangzhou Tengshun to Hangzhou Jingxiao in the event that certain conditions are met pursuant to the Disposal Agreement
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

DEFINITIONS

“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
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of 50% equity interest in the Target by Hangzhou Jingxiao to Hangzhou Tengshun pursuant to the Disposal Agreement, details of which were set out in the announcement of the Company dated 11 September 2017
“Disposal Agreement”	the equity transfer agreement dated 11 September 2017 entered into among Hangzhou Jingxiao (as the seller), Hangzhou Tengshun (as the purchaser) and the Target
“Enlarged Group”	the Group and the Target upon completion of the 35% Acquisition
“Group”	the Company and its subsidiaries
“Hangzhou Jingxiao”	Hangzhou Jingxiao Investment Management Co., Ltd. (杭州景驍投資管理有限公司), a limited liability company established under the laws of the PRC and an indirect wholly owned subsidiary of the Company
“Hangzhou Tengshun”	Hangzhou Tengshun Real Estate Development Co., Ltd.* (杭州騰順房地產開發有限公司), a limited liability company established under the laws of the PRC and an Independent Third Party

DEFINITIONS

“Hangzhou Xiaoying” or “Target”	Hangzhou Xiaoying Real Estate Development Co., Ltd. (杭州銷穎房地產開發有限公司), a limited liability company established under the laws of the PRC and wholly owns the Land
“Hangzhou Yuhang”	Hangzhou Yuhang Supply and Marketing Holdings Group Co., Ltd. (杭州余杭供銷控股集團有限公司), a limited liability company established under the laws of the PRC, the legal and beneficial owner of 35% equity interest in the Target immediately prior to completion of the 35% Acquisition
“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 number 2010-107 in Yuhang District, Hangzhou, PRC (余政掛出[2010]107號地塊) which is wholly owned by the Target
“Latest Practicable Date”	20 September 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
“Relevant Shareholder Loan”	the shareholder loan owed by the Target to Hangzhou Jingxiao with a total outstanding principal amount of RMB891,052,571 as of 31 August 2017
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

DEFINITIONS

“Shareholder(s)”	the holder(s) of the Share(s)
“Shares”	ordinary shares in the capital of the Company with nominal value of US\$0.01 each
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers
“US\$”	United States dollar, the lawful currency of the United States
“Yango Group”	Yango Group Co., Ltd (陽光城集團股份有限公司), a company established under the laws of the PRC and an Independent Third Party
“Yuhang Shareholder Loan”	the outstanding shareholder loan owed by the Target to Hangzhou Yuhang, which aggregate outstanding amount is RMB297,518,400, comprising the outstanding principal of RMB262,518,400 and the related outstanding interests of RMB35,000,000, immediately prior to completion of the 35% Acquisition
“%”	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

China Resources Building

26 Harbour Road

Hong Kong

25 September 2017

To the Shareholders

Dear Sir/Madam,

MAJOR TRANSACTION

ACQUISITION OF THE REMAINING 35% EQUITY INTEREST IN HANGZHOU XIAOYING

I. INTRODUCTION

Reference is made to the announcement of the Company dated 17 July 2017 in relation to the Acquisition Agreement.

This circular is despatched to the Shareholders for information purposes only. No general meeting will be convened to approve the Acquisition Agreement and the transactions contemplated thereunder as the controlling shareholders of the Company, Mr. YAN Hao and Mr. CHEN Xin Ge, who, through Beyond Wisdom Limited and Decent King Limited, hold 505,917,613 Shares and 427,205,918 Shares (representing 39.18% and 33.08% of the issued capital of the Company as of the date of this circular, respectively), have approved the Acquisition 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

LETTER FROM THE BOARD

35% Acquisition, no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for approving the Acquisition Agreement and the transactions contemplated thereunder.

The purpose of this circular is to provide you with, among others, (i) further details of the Acquisition Agreement and the 35% 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. Reference is also made to the announcement of the Company dated 11 September 2017 in relation to the Disposal Agreement and the Disposal. In light of the latest development with respect to the Company's investment in the Target as a result of the Disposal, the Company also includes certain details of the Disposal Agreement and the Disposal in this circular.

II. THE 35% ACQUISITION

On 17 July 2017, following the successful bid in the public auction for the acquisition of 35% equity interest in the Target in Yuhang District, Hangzhou, PRC conducted on the same day, Hangzhou Jingxiao (as the purchaser), a wholly owned subsidiary of the Company, entered into an equity transfer agreement with Hangzhou Yuhang (as the seller), pursuant to which: (i) Hangzhou Yuhang has agreed to sell and Hangzhou Jingxiao has agreed to purchase 35% of the total equity interest in Hangzhou Xiaoying (as the Target) at the purchase price of RMB93,220,000; and (ii) the parties have agreed to the assignment to Hangzhou Jingxiao of the Yuhang Shareholder Loan owed by the Target to Hangzhou Yuhang in an aggregate amount of RMB297,518,400. Accordingly, the total consideration payable by Hangzhou Jingxiao for the purpose of the 35% Acquisition amounts to RMB390,738,400. As of the date of this circular, the Target wholly owns and develops the Land located at Yuhang District, Hangzhou, PRC.

Principal terms of the Acquisition Agreement

The principal terms of the Acquisition Agreement are summarised below.

Date

17 July 2017

Parties

- | | | |
|-----|------------|---|
| (1) | Purchaser: | Hangzhou Jingxiao, a wholly owned subsidiary of the Company |
| (2) | Seller: | Hangzhou Yuhang, a company established in the PRC which is primarily engaged in property development and property management in Hangzhou, PRC |

LETTER FROM THE BOARD

Reference is made to the announcement of the Company dated 2 June 2017 in respect of the 65% Acquisition. Given that the 35% Acquisition and the 65% Acquisition were entered into within a 12-month period, the 35% Acquisition and the 65% Acquisition shall be aggregated pursuant to Rule 14.22 of the Listing Rules.

The 65% Acquisition was completed on 7 June 2017, upon which 65% equity interest in the Target was owned by Hangzhou Jingxiao. As the Target is an insignificant subsidiary (as defined in Rule 14A.09 of the Listing Rules) of the Company, Hangzhou Yuhang (being a substantial shareholder of the Target immediately prior to the completion of the 35% Acquisition) is not a connected person of the Company under Chapter 14A of the Listing Rules. Save as being a substantial shareholder of the Target immediately prior to the completion of the 35% Acquisition, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Hangzhou Yuhang and its ultimate beneficial owners are not otherwise connected with the Company.

Subject matter

Pursuant to the Acquisition Agreement, Hangzhou Jingxiao agreed to acquire 35% equity interest in the Target from Hangzhou Yuhang free from any encumbrances (other than the permitted encumbrances provided for under the Acquisition Agreement) together with all rights and benefits therein.

The Target wholly owns and develops the Land located at Yuhang District, Hangzhou, PRC.

Consideration and basis of the consideration

The total consideration payable by Hangzhou Jingxiao for the 35% Acquisition is RMB390,738,400, comprising of: (i) the purchase price for 35% equity interest in the Target of RMB93,220,000, which represents the amount of registered capital contributed by Hangzhou Yuhang for the 35% equity interest in the Target of RMB10,500,000 and an equity premium of RMB82,720,000; and (ii) the consideration for the assignment to Hangzhou Jingxiao of the Yuhang Shareholder Loan in an aggregate amount of RMB297,518,400, which represents the outstanding principal of RMB262,518,400 and the related outstanding interests of RMB35,000,000 immediately prior to completion of the 35% Acquisition.

The consideration for the 35% Acquisition was arrived at after arm's length negotiation between the parties, and was determined by reference to the capital contribution made and financing provided by Hangzhou Yuhang to the Target, the land premium paid by the Target for the Land, the net book value of the Land, the recent market value of comparable residential development in the Yangtze River Delta region and the outstanding amount of the Yuhang Shareholder Loan and other borrowings of the Target.

LETTER FROM THE BOARD

Payment of the consideration

The consideration for the 35% Acquisition, including purchase price for the 35% equity interest in the Target and the consideration for the assignment of the Yuhang Shareholder Loan, of RMB390,738,400 has been paid by Hangzhou Jingxiao to the designated bank account of Hangzhou Yuhang in cash on 20 July 2017.

The consideration has been funded by using the Group's available internal resources.

Completion

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, 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 35% Acquisition in writing on 18 July 2017.

According to the Acquisition Agreement, completion of the 35% Acquisition shall take place on the date on which the business registration with local Administration for Industry and Commerce concerning the transfer of the 35% equity interest in the Target from Hangzhou Yuhang to Hangzhou Jingxiao is completed. The registration has taken place on 28 July 2017.

Accordingly, completion of the 35% Acquisition has taken place on 28 July 2017.

III. INFORMATION ON THE PARTIES AND THE LAND

Information on Hangzhou Yuhang, the seller under the Acquisition Agreement

Hangzhou Yuhang Supply and Marketing Holdings Group Co., Ltd. (杭州余杭供銷控股集團有限公司), a company established in the PRC which is primarily engaged in property development and property management in Hangzhou, PRC. The ultimate beneficial owner of Hangzhou Yuhang is Supply and Marketing Cooperatives of Yuhang District of Hangzhou City (杭州市余杭區供銷合作社聯合社), a collective enterprise comprises of merchants actively involved in investment of agricultural and construction products and materials as well as real estate properties in the PRC and the legal representative of which is Cao Rufa (曹如法). Immediately prior to completion of the 35% Acquisition, Hangzhou Yuhang holds 35% equity interest in the Target and is the lender of the Yuhang Shareholder Loan.

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Save as being a substantial shareholder of the Target immediately prior to the completion of the 35% Acquisition, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Hangzhou Yuhang and its ultimate beneficial owners are not otherwise connected with the Company.

Information on Hangzhou Jingxiao, the purchaser under the Acquisition Agreement

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.

Hangzhou Jingxiao 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.

Information on Hangzhou Xiaoying, the Target

Hangzhou Xiaoying is a company established in the PRC with limited liability and is engaged in the development of the Land. Immediately prior to the Acquisitions, the Target was owned as to 65% by Meihao Holdings Group Co., Ltd. (美好控股集團有限公司) and as to 35% by Hangzhou Yuhang. The 65% Acquisition was completed on 7 June 2017. Immediately upon completion of the 65% Acquisition and as of 30 June 2017, the Target is owned as to 65% by Hangzhou Jingxiao and as to 35% by Hangzhou Yuhang.

On 17 July 2017, Hangzhou Jingxiao entered into the Acquisition Agreement with Hangzhou Yuhang to acquire the remaining 35% equity interests in the Target. The 35% Acquisition was completed on 28 July 2017. Immediately upon completion of the 35% Acquisition, the Target has become an indirect wholly owned subsidiary of the Company and the financial results of the Target will continue to be consolidated with those of the Group up to the completion of the Disposal.

Subsequently, on 11 September 2017, Hangzhou Jingxiao entered into the Disposal Agreement with Hangzhou Tengshun to dispose of 50% equity interests in the Target. As at the Latest Practicable Date, completion of the Disposal has not taken place and it is currently expected that completion of the Disposal shall take place on or before 30 September 2017. Upon completion of the Disposal, the Target will cease to be a subsidiary of the Company. The Group will hold 50% of the equity interest in the Target, which will be accounted for as a joint venture of the Company and the accounts of the Target will not be consolidated in the financial statements of the Group.

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As of 30 June 2017, the audited net asset value of the Target was approximately RMB38,619,426, and its audited financial results for the three years ended 31 December 2014, 2015 and 2016 and for the six months ended 30 June 2017 were as follows:

	For the years ended 31 December			For the Six months ended 30 June
	2014	2015	2016	2017
	RMB	RMB	RMB	RMB
Revenue	—	—	—	—
Loss before income tax	16,435,647	2,373,547	1,963,916	2,541,054
Loss after tax	15,519,917	1,797,192	1,574,227	1,959,769

Information on the Land

The land number 2010-107 in Yuhang District, Hangzhou, PRC (余政掛出[2010]107號地塊) is located at east of Hefeng Community, south of the planned Tianhe Road, west of the planned Hehua Road and Hangzhou Laojiu Silk Co., Ltd. and north of Hefeng Community (東至禾豐社區土地；南至規劃中天荷路；西至規劃中荷花路、杭州老九絲綢有限公司；北至禾豐社區土地), with a total site area of 84,856 square meters and a plot ratio of not more than 2.2 and an aboveground gross floor area of not more than 186,683.2 square meters. The Land shall be used for the development of residential properties of a total planned gross floor area of 183,851.41 square meters, and shall include a kindergarten within the residential complex of a total gross floor area of 4,864.31 square meters. The Target obtained the land use rights of the Land on 14 January 2011 pursuant to the Grant Contract of State-owned Land Use Rights and the land use rights of the Land has been granted to the Target for a term of 70 years and which shall due to expire on 10 May 2082. As of the date of this circular, the Target has obtained all relevant approvals and certificates, including the Certificate for the Use of State-Owned Construction Land dated 24 April 2014, the Planning Permit for Construction Use of Land dated 5 March 2013, the Planning Permit for Construction Works for the kindergarten dated 29 April 2014 and for the residential complex dated 25 November 2015 and the Permit for Commencement of Construction Works for the kindergarten dated 9 May 2014 and for the residential complex dated 11 October 2016 with respect to the Land. The Target has commenced the development and construction works on the Land in May 2014. As at the Latest Practicable Date, a total gross floor area of 183,851 sq.m. of the Land is under construction. The project developed on the Land is expected to be named Hangzhou Jingrui Spring Flowers (杭州景瑞 春暖花都), which shall consist of two phases involving 33 residential buildings and 1,621 units. As of the Latest Practicable Date, the Target has completed foundation laying for the construction of the residential buildings. The slow construction progress was mainly due to the fact that additional time was required for removal of properties and structures and high-voltage overhead lines that were pre-existing on the Land at the time the Target acquired the land use rights of the Land, and which removal work for pre-existing properties and structures were mainly conducted by the Target in 2014 and 2015 and the high-voltage overhead lines are still subject to removal as at the Latest Practicable Date. Such delayed

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progress in construction was not caused by any dispute over the ownership or construction of the Land. The Target confirms that there is no environmental issues and litigation dispute over the Land. The construction of the kindergarten within the residential complex has been completed in December 2016. However, the kindergarten has remain vacant and it is currently anticipated that the kindergarten will be put into use upon completion of the construction of the entire development project and after obtaining the relevant completion and examination registration form from relevant land administration authority. The Target has also commenced the construction of one of the residential buildings within the development since 2016. As of the Latest Practicable Date, the construction work of the residential buildings is still on-going. The construction of the residential buildings is scheduled to complete in the first half of 2019 and will be fully furnished by the end of 2020. It is currently expected that presale of the residential units shall commence in October 2017, whereby the Target may consider using the completed premise for the kindergarten as temporary presales office. The land premium for the Land of RMB732,000,000 had been fully paid by the Target.

Pursuant to the Grant Contract of State-owned Land Use Rights of the Land, the Target shall complete the construction of the Land on 11 May 2017 and such building covenant has lapsed. The lapse of the building covenant was mainly due to high-voltage overhead lines within the Land have not yet been removed. Accordingly, the Target is currently discussing with Hangzhou Land Resources Bureau in respect of the adjustment of the completion time. The Target will continuously liaise and discuss with the relevant land administration authority during course of the development of the Land to come up with a mutually acceptable extended completion date, which is expected to take place by the end of 2020. Pursuant to the Grant Contract of State-owned Land Use Rights, if the relevant building covenant fails to be complied with due to negligence or fault solely on the part of the Target and in the event that the Target fails to ratify the non-compliance in a manner satisfactory to the relevant land administration authority, the land administration authority may request the Target to pay a default amount of 0.05% of the land premium. However, based on current liaison with the relevant land administration authority, the Directors do not foresee any material obstacle in deferring the completion time for the development and construction of the Land and consider that the risk of being punished or request for the payment of any penalty or default amount due to deferred completion by the relevant land administration authority is relatively low. The audited net book value of the Land as of 30 June 2017 is approximately RMB972.8 million. As of the date of this circular, the Target has not commenced the presales of any residential units on the development.

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 RMB1,200,000,000 as of 30 June 2017. Please refer to the property valuation report in Appendix IV of this circular for further details.

LETTER FROM THE BOARD

IV. THE DISPOSAL

Subsequently, in late August 2017, the Group was approached by Yango Group, a well-known property developer, which showed its interest in co-investing in the Target after the publication of the announcement by the Company on 17 July 2017 in respect of the 35% Acquisition, upon which the Target became an indirect wholly owned subsidiary of the Company and is fully controlled by the Company. After arm's length negotiations between the Group and Yango Group, on 11 September 2017, Hangzhou Jingxiao (as the seller), Hangzhou Tengshun (as the purchaser), and Hangzhou Xiaoying (the Target) entered into the Disposal Agreement. Pursuant to the Disposal Agreement, (i) Hangzhou Jingxiao has agreed to sell, and Hangzhou Tengshun has agreed to purchase, 50% of the equity interest in the Target and (ii) the parties have agreed to the assignment to Hangzhou Tengshun of 50% of the Relevant Shareholder Loan owed by the Target to Hangzhou Jingxiao, at the total consideration of RMB578,696,286 in cash (subject to the payment of the Additional Cash Consideration of RMB25,000,000 by Hangzhou Tengshun to Hangzhou Jingxiao), in order to jointly develop the Land located at Yuhang District, Hangzhou, PRC.

For further details on the principal terms of the Disposal Agreement, including, among others, the consideration and basis of the consideration, the payment terms, veto rights and board nomination rights of the parties in the Target, please refer to the announcement of the Company dated 11 September 2017.

Completion of the Disposal shall take place on the date on which the business registration with the local Administration for Industry and Commerce concerning the transfer of the 50% equity interest in the Target from the Hangzhou Jingxiao to Hangzhou Tengshun is completed. It is currently expected that completion of the Disposal shall take place on or before 30 September 2017.

Management of the Target and the development of the Land

Upon completion of the 35% Acquisition and as of the Latest Practicable Date, the board of directors of the Target comprised of one director nominated and appointed by the Group, namely Geng Junfeng (耿俊峰), who is an employee of the Group. Pursuant to the Disposal Agreement, the board of directors of the Target upon completion of the Disposal shall comprise five (5) directors, two (2) of whom shall be nominated by Hangzhou Jingxiao and three (3) of whom shall be nominated by Hangzhou Tengshun. It is currently expected that Mr. Geng shall continue to serve as Hangzhou Jingxiao's nominated director in the Target and Hangzhou Jingxiao shall appoint another employee of the Group to serve as the Target's director upon completion of the Disposal. A director nominated by Hangzhou Tengshun shall act as the chairman of the board of directors of the Target. Although Hangzhou Tengshun controls majority of the board of directors of the Target, upon completion of the Disposal, Hangzhou Jingxiao shall be mainly responsible for the overall administration, operational development and daily management of the Land (including but not limited to the design, construction, costs, financial matters and sales), while Hangzhou Tengshun may nominate management personnel and participate in the operational development of the Land in accordance with the Disposal

LETTER FROM THE BOARD

Agreement. The general manager of the Target shall be nominated by Hangzhou Jingxiao and in turn Hangzhou Jingxiao shall have the sole and final discretion to select and appoint all members of the project team responsible for the operational development of the Land.

In addition, pursuant to the Disposal Agreement, Hangzhou Jingxiao shall be entitled to a management fee in future periods equivalent to 4.5% of the total contracted sales from the presale and sale of the saleable properties developed on the Land, as compensation for managing the project team as well as the development of the Land and which fee shall be borne by the Target.

V. FINANCIAL EFFECTS OF THE 35% ACQUISITION

Upon completion of the 35% Acquisition, the Target has become an indirect wholly owned subsidiary of the Company and the assets, liabilities and financial results of the Target will continue to be consolidated with those of the Group. 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 35% Acquisition had been completed on 30 June 2017), the total assets of the Group would have decreased from approximately RMB39,360.6 million to approximately RMB38,968.7 million on a pro forma basis, the total liabilities of the Group would have decreased from approximately RMB35,682.3 million to approximately RMB35,384.8 million on a pro forma basis, and the net assets of the Group would have decreased from approximately RMB3,678.2 million to RMB3,583.8 million on a pro forma basis. Such decrease was mainly attributable to the decrease in cash and cash equivalents as a result of the payment of the consideration for the 35% Acquisition to Hangzhou Yuhang by the Group.

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 completed 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 recorded no revenue and had recorded a net loss of RMB1,574,227 for the year ended 31 December 2016 and RMB1,959,769 for the six months ended 30 June 2017. While there will not be any immediate material impact on earnings of the Group, the Directors believe that the 35% Acquisition would enhance the Group's business development by obtaining full control over the management of the development of the Land.

LETTER FROM THE BOARD

Subsequent financial effects from the Disposal

Upon completion of the Disposal, the Target will cease to be a subsidiary of the Company. The Group will hold 50% of the equity interest in the Target, which will be accounted for as a joint venture of the Company and the financial results of the Target will not be consolidated in the financial statements of the Group.

The Group anticipates that it will realize a gain of approximately RMB488,000 upon completion of the Disposal. The gain from the Disposal is mainly the difference between (i) the cash consideration for the disposal of the 50% equity interest in the Target of RMB133,170,000 and (ii) 50% of the total carrying amount of the net assets of the Target as at 31 August 2017 plus the relevant premium paid by the Group for the Acquisitions. For the part of the total consideration for the Disposal which shall be settled by way of the assignment of 50% of the Relevant Shareholder Loan in an amount of RMB445,526,286, no gain or loss would be realized as the Relevant Shareholder Loan was being assigned at par. In addition, the Group anticipates that it will realize an additional premium of RMB25 million from the Disposal should the Additional Cash Consideration become payable by Hangzhou Tengshun to Hangzhou Jingxiao pursuant to the terms of the Disposal Agreement.

In addition, upon completion of the Disposal, Hangzhou Jingxiao shall be entitled to a management fee equivalent to 4.5% of the total contracted sales from the presale and sale of the saleable properties developed on the Land, thereby reinforcing the realization of operation results.

Accordingly, the Directors believe that the Disposal would enhance the Group's earnings. In addition, the Directors believe that the Disposal would enhance the Group's financial position and liquidity through the proceeds from the Disposal as well as the implementation of the asset light operation strategy as a result of the Disposal.

VI. REASONS AND BENEFITS FOR THE 35% ACQUISITION AND THE DISPOSAL

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

Having regard to recent market activities in the property market within the Yangtze River Delta region and the market value of comparable residential development in the Yangtze River Delta region, the Group anticipates that the value of the properties within the region will continue to rise in the future. Based on the foregoing, the Group believes that the 35% Acquisition will benefit the Group by providing a good opportunity for the Group to further strengthen its income stream through the potential appreciation in value of the Land as well as further strengthening its presence in Hangzhou, PRC. Accordingly, in July 2017, the Group decided to enter into the Acquisition Agreement with Hangzhou Yuhang to acquire the remaining 35% equity interest in the Target. Upon completion of the 35% Acquisition, the Group owns the entire equity interest of the Target, thereby consolidating its control over the development of the Land. The 35% Acquisition is also in-line with the Group's development strategy of intensively penetrating into the Yangtze River Delta region, with special focus on first-tier and second-tier core cities in this region.

LETTER FROM THE BOARD

With the convening of the G20 summit, the rising new economy led by the Alibaba group, and the anticipation leading up to the 2022 Asian Games, Hangzhou has been regarded by major property developers as a key city for devotion of resources. A significant majority of top property developers in the PRC have already established a presence in Hangzhou. The land market in Hangzhou has been prosperous due to the attention received by major property developers and joint development has accordingly become the mainstream mode for major developers.

Based on the principles of growing its business and strengthening its presence in Hangzhou, devoting efforts in Hangzhou and creating greater value for Shareholders, the Group plans to actively cooperate with various major leading property developers in terms of business development. As one of the strategic key focus cities of the Group, Hangzhou has always been an important market for the Group to effect sustainable development and an expanding scale of development.

Subsequently, in late August 2017, the Group was approached by Yango Group, a well-known property developer, which showed its interest in co-investing in the Target after the publication of the announcement by the Company on 17 July 2017 in respect of the 35% Acquisition, upon which the Target became an indirect wholly owned subsidiary of the Company and is fully controlled by the Company. In light of Yango Group's reputable brand, established presence in the PRC, resources and diverse business operations, the Board believes that the collaboration with Yango Group will enable the Group to leverage on the management, experience, resources and network of Yango Group and enhance the Group's long-term growth potential in the real estate sector of the PRC. Accordingly, the Group has decided to collaborate with Yango Group in developing the Land. The sale of the 50% equity interest in the Target will draw in Yango Group as an investor, draw in additional funding and enable the joining of brands and equity interests. The Group shall be responsible for the overall management of the development of the Land.

The cooperation between the Group and Yango Group was expressly upon the condition that the Group will be mainly responsible for the overall administration, operational development and daily management of the Land and retain the sole and final discretion to select and appoint all members of the project team responsible for the operational development of the Land. Apart from the Group's shareholder interest in the future income to be realized from the development of the Land, the Group will also obtain a premium of RMB25 million from the Disposal and be awarded management fees of 4.5% from its own development capabilities, which will reinforce the realization of operation results. This is consistent with the Group's plan to diversify into obtaining extra profit from its development and management capabilities. The introduction of Yango Group allows the Group to practically reduce the forthcoming market risks it may face in relation to the management of the development of the Land, and enables the Group to continue to devote resources and attention to Hangzhou using the proceeds obtained from the strategic cooperation with Yango Group.

Moreover, the Disposal is also consistent with the Group's strategy in further strengthening and enhancing its asset-light operation and to further capitalize on the huge growth potential and opportunities of the asset-light operation market.

LETTER FROM THE BOARD

Accordingly, the Directors are of the view that the Disposal is fair and reasonable and in the interest of the Company and its shareholders in light of:

- (i) the good opportunity made available to the Group to collaborate with the reputable Yango Group thereby indirectly benefitting from its brand interests, and which opportunity has only arisen as a result of Yango Group being interested to invest in the Target and collaborate with the Group as the only joint venture partner upon the Target becoming wholly owned by the Group upon completion of the 35% Acquisition;
- (ii) the synergies created as a result of the collaboration with Yango Group by leveraging on its management, experience, resources and network in the real estate and property development market;
- (iii) the additional funding to be received by the Group from Yango Group through the proceeds from the Disposal which can be further invested on the development of the Land and other properties and developments of high appreciation and income potential;
- (iv) notwithstanding that the Target would only be accounted for as a joint venture of the Company and thereby de-consolidated from the Group upon completion of the Disposal, the Group will be mainly responsible for the overall administration, operational development and daily management of the Land and retain the sole and final discretion to select and appoint all members of the project team responsible for the operational development of the Land. In return for the management of the development of the Land, the Group will be awarded management fees of 4.5% of the total contracted sales from the presale and sale of the saleable properties developed on the Land, and therefore reinforcing and diversifying the realization of operation results.

Based on the foregoing, although the Group would lose its control over the management of the Target, the Directors are of the view that the collaboration with Yango Group and the discretion that the Group will maintain over project management is still in-line with the initial intention of the Group to consolidate and maintain its control over the development of the Land upon entering into of the 35% Acquisition. The Directors believe that the development of the Land upon completion of the Disposal will still bring upon sustainable income stream to the Group both through its share of profit of the Target as a joint venture as well as the management fee to be received by the Group for the management of the development of the Land.

The Directors consider that each of the 35% Acquisition and the Disposal to be within the ordinary and usual course of business of the Group, and that each of the 35% Acquisition and the Disposal and the transactions contemplated under each of the Acquisition Agreement and the Disposal Agreement have been made on normal commercial terms and were arrived at after arm's length negotiation. The Directors believe that the terms of each of the Acquisition Agreement and the Disposal Agreement, including the consideration for each of the 35% Acquisition and the Disposal, are fair and reasonable and that each of the 35% Acquisition and the Disposal is in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

VII. LISTING RULES IMPLICATIONS

Reference is made to the announcement of the Company dated 2 June 2017 in respect of the 65% Acquisition. Given that the 35% Acquisition and the 65% Acquisition were entered into within a 12-month period, the 35% Acquisition and the 65% Acquisition shall be aggregated pursuant to Rule 14.22 of the Listing Rules. As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the 35% Acquisition and the 65% Acquisition, on an aggregate basis, is more than 25% but less than 100%, the 35% Acquisition, on an aggregate basis with the 65% Acquisition, 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 35% Acquisition, no Shareholder would be required to abstain from voting if the Company was to convene a general meeting for approving the 35% Acquisition. 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 the auditor in respect of the accountant's report of the Target to be included in this circular. No qualified opinion was issued by the auditor in respect of the accountant's 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. YAN Hao and Mr. CHEN Xin Ge, who, through Beyond Wisdom Limited and Decent King Limited, hold 505,917,613 Shares and 427,205,918 Shares, representing 39.18% and 33.08% of the issued capital of the Company as of the date of this circular, respectively. Mr. YAN Hao and Mr. CHEN Xin Ge are co-founders of the Group and have been controlling shareholders of the Company and its predecessor since November 2002. Both of them are co-chairmen of the Company and Mr. YAN Hao is also the chief executive officer of the Company. 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, Beyond Wisdom Limited and Decent King Limited, are considered as a closely allied group of shareholders under Rule 14.44 of the Listing Rules. Mr. YAN Hao and Mr. CHEN Xin Ge, through their respective wholly owned holding companies, Beyond Wisdom Limited and Decent King Limited, have approved the Acquisition Agreement and the transactions contemplated thereunder in writing and thereby completion of the 35% Acquisition has taken place on 28 July 2017.

* *For identification purpose only*

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

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for each of the three years ended 31 December 2014, 2015 and 2016 and the unaudited condensed consolidated 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); and

<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).

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

2. STATEMENT OF INDEBTEDNESS

As of 31 July 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 RMB15,150 million (including the non-current bank borrowings of the Target owing to Shanghai Pudong Development Bank of RMB70 million), consisting of current borrowings of approximately RMB4,314 million and non-current borrowings of approximately RMB10,836 million.

As of 31 July 2017, the Enlarged Group had un-utilized banking facilities of approximately RMB2,470 million.

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

- (i) an aggregate US\$93.7 million principal amount of 13.625% guaranteed senior notes due 2019, jointly and severally guaranteed by certain subsidiaries of the Company organized outside the PRC;
- (ii) an aggregate US\$64.8 million principal amount of 13.250% guaranteed senior notes due 2018, jointly and severally guaranteed by certain subsidiaries of the Company organized outside the PRC;

- (iii) an aggregate 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;
- (iv) an aggregate of RMB1.5 billion principal amount of 5.88% unsecured domestic corporate bonds; and
- (v) an aggregate of RMB1.0 billion principal amount of 6.75% unsecured domestic corporate bond.

As of 31 July 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 RMB6,900 million. In addition, the Enlarged Group provided guarantee for certain bank loans amounting to RMB1,120 million for joint venture companies of the Enlarged Group as of 31 July 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 July 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 Group (including the Group's internally generated funds, the existing borrowings, the available banking facilities and the proceeds from the Disposal), in the absence of unforeseeable circumstances, the Group will have sufficient working capital for at least 12 months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECT OF THE GROUP

In the coming financial year, the Group will continue to be engaged in property development and property investment in the Yangtze River Delta region in the PRC, as well as in 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 and collaboration opportunities to diversify its existing business portfolio and to broaden its source of income.

APPENDIX I

FINANCIAL INFORMATION OF THE GROUP

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
Tianjin/Tianjin Yuefu (天津•悅府項目)	Residential/Under construction	November 2017	112,366	–
Chongqing/Chongqing Jingrui Xilianshe (重慶景瑞•西聯社項目)	Residential/Under construction	November 2017	32,916	–
Hangzhou/Hangzhou Jingrui Tianfu (杭州景瑞•天賦)	Residential/Under construction	September 2018	114,038	–
Hangzhou/Hangzhou Jingrui Shenhua Yihaoyuan PHASE II (杭州景瑞•申花壹號院二期)	Residential/Under construction	August 2017	102,251	–
Hangzhou/Hangzhou Jingrui Spring Flowers (杭州景瑞•春暖花都)	Residential/Under construction	–	183,851	–
Ningbo/Ningbo Jingrui Ti Xiangjun (寧波景瑞•緹香郡)	Residential/Under construction	August 2018	121,628	–
Ningbo/Ningbo Majestic Mansion (寧波紅翎臺項目)	Residential/Under construction	October 2017	120,594	–
Ningbo/Ningbo Jingrui Haizhifu (寧波景瑞•海志府)	Residential/Under construction	October 2018	123,047	–

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 Jiangshan No. 3 (寧波景瑞•姜山3號項目)	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
Ningbo/Ningbo Jingrui Chunxiao 160# (寧波景瑞•春曉160#)	Residential/Pending construction	–	–	299,240
Ningbo/Ningbo Jingrui Jiangshan No. 8 (寧波景瑞•姜山8號地塊)	Residential/Pending construction	–	–	86,712
Zhoushan/Zhoushan Jingrui Haobusika PHASE III (舟山景瑞•豪布斯卡三期)	Residential/Under construction	December 2017	63,659	–
Shaoxing/Shaoxing Jingrui Dignity Mansion PHASE V (紹興景瑞•望府五期)	Residential/Under construction	November 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	–
Shaoxing/Shaoxing Jingrui Lake of Dawn (紹興景瑞•曦之湖)	Residential/Under construction	August 2017	274,120	–
Suzhou/Suzhou Jingrui Jade Bay PHASE IV (蘇州景瑞•翡翠灣四期)	Residential/Under construction	May 2018	87,967	–

APPENDIX I
FINANCIAL INFORMATION OF THE GROUP

Location/Project name	Development status	Expected date of completion	Gross floor area (sq.m.) – under construction	Gross floor area (sq.m.) – pending construction
Suzhou/Suzhou Jingrui Dignity Mansion PHASE V (蘇州景瑞•望府五期)	Residential/Under construction	December 2017	70,578	–
Suzhou/Suzhou Jingrui Nobility Mansion PHASE III (蘇州景瑞•御江山三期)	Residential/Under construction	August 2017	53,747	–
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	–
Wuxi/Wuxi Jingrui Dignity Mansion PHASE III (無錫景瑞•望府三期)	Residential/Under construction	August 2017	88,958	–
Changzhou/Changzhou Jingrui Dignity Mansion PHASE III (常州景瑞•望府三期)	Residential/Under construction	December 2018	114,233	–
Changshu/Changshu Meilizhen Lot 2017B-001 (常熟梅李鎮2017B-001地塊)	Residential/Pending construction	–	–	85,615
Suzhou/Suzhou Qidou Lot WJ-J-2017-016 (蘇州七都WJ-J-2017-016地塊)	Residential/Pending construction	–	–	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	–	–	20,928
Nanjing/Nanjing Jingrui Chunfeng Shili (南京景瑞•春風十里)	Residential/Under construction	October 2017	37,291	–

Location/Project name	Development status	Expected date of completion	Gross floor area (sq.m.) – under construction	Gross floor area (sq.m.) – pending construction
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 Chunhua Project (南京淳化項目)	Mixed used development/Pending construction	–	–	176,379
Total			2,678,617	961,583

5. MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 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 Hangzhou Xiaoying Real Estate Development Co., Ltd. ("Hangzhou Xiaoying" or "the Target") set out on pages II-4 to II-24, which comprises the statements of financial position as at 31 December 2014, 2015 and 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 three years ended 31 December 2016 and 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-4 to II-24 forms an integral part of this report, which has been prepared for inclusion in the circular of Jingrui Holdings Limited (the "Company") dated 25 September 2017 (the "Circular") in connection with the acquisition of the remaining 35% 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 give 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 Target'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 2014, 2015, 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.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target which comprises the statements of comprehensive income, changes in equity and cash flows for the six months ended 30 June 2016 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2(a) to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information*

Performed by the Independent Auditor of the Entity issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, 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

25 September 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>	Year ended 31 December			Six months ended 30 June	
		2014 RMB	2015 RMB	2016 RMB	2016 RMB (unaudited)	2017 RMB
Revenue		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Gross profit or loss		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Selling and marketing costs	5	(120,477)	(713,683)	(363,391)	(188,947)	(693,745)
Administrative expenses	5	(2,058,858)	(1,460,836)	(1,601,306)	(615,080)	(1,884,502)
Other losses, net	6	<u>(200,000)</u>	<u>(200,000)</u>	<u>–</u>	<u>–</u>	<u>–</u>
Operating loss		<u>(2,379,335)</u>	<u>(2,374,519)</u>	<u>(1,964,697)</u>	<u>(804,027)</u>	<u>(2,578,247)</u>
Finance income	8	39,097	972	781	–	37,193
Finance costs	8	<u>(14,095,409)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Loss before income tax		<u>(16,435,647)</u>	<u>(2,373,547)</u>	<u>(1,963,916)</u>	<u>(804,027)</u>	<u>(2,541,054)</u>
Income tax credit	9	<u>915,730</u>	<u>576,355</u>	<u>389,689</u>	<u>201,007</u>	<u>581,285</u>
Loss for the year/period, all attributable to equity holders of Hangzhou Xiaoying		<u>(15,519,917)</u>	<u>(1,797,192)</u>	<u>(1,574,227)</u>	<u>(603,020)</u>	<u>(1,959,769)</u>
Other comprehensive income or loss		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total comprehensive loss for the year/period, all attributable to equity holders of Hangzhou Xiaoying		<u>(15,519,917)</u>	<u>(1,797,192)</u>	<u>(1,574,227)</u>	<u>(603,020)</u>	<u>(1,959,769)</u>

2. *Statements of financial position*

	<i>Note</i>	As of 31 December		2016	As of
		2014	2015	RMB	30 June
		<i>RMB</i>	<i>RMB</i>		<i>RMB</i>
ASSETS					
Non-current assets					
Furniture, fixtures and equipment	10	–	–	–	21,125
Deferred income tax assets	18	915,730	1,492,085	1,881,774	2,463,059
		915,730	1,492,085	1,881,774	2,484,184
Current assets					
Other receivables	11	1,033,174	1,181,951	1,417,716	5,235,218
Cash and cash equivalents	12	117,518	173,494	1,334,684	791,854
Properties under development for sale	13	805,528,375	852,842,298	899,887,344	972,840,631
		806,679,067	854,197,743	902,639,744	978,867,703
Total assets		807,594,797	855,689,828	904,521,518	981,351,887
EQUITY					
Share capital	14	30,000,000	30,000,000	30,000,000	30,000,000
Reserves	15	13,282,597	12,396,647	11,260,642	9,300,873
Total equity		43,282,597	42,396,647	41,260,642	39,300,873
LIABILITIES					
Non-current liabilities					
Borrowings	16	–	–	–	70,000,000
Loans from shareholders	17, 24(c)	703,271,389	737,309,945	–	–
Interest payable on loans from shareholders	17, 24(c)	57,420,590	74,041,768	–	–
		760,691,979	811,351,713	–	70,000,000
Current liabilities					
Trade and other payables	19	3,489,621	1,748,068	994,224	21,906,195
Interest payable on loans from shareholders	17, 24(c)	–	–	91,842,037	100,000,000
Loans from shareholders	17, 24(c)	–	–	770,372,645	750,052,571
Amount due to a shareholder	20	130,600	193,400	51,970	92,248
		3,620,221	1,941,468	863,260,876	872,051,014
Total liabilities		764,312,200	813,293,181	863,260,876	942,051,014
Total equity and liabilities		807,594,797	855,689,828	904,521,518	981,351,887
Net current assets		803,058,846	852,256,275	39,378,868	106,816,689

3. *Statements of changes in equity*

	Share capital RMB	Capital contribution reserve RMB	Accumulated losses RMB	Total RMB
At 1 January 2014	30,000,000	121,846,217	(96,633,226)	55,212,991
Comprehensive income				
Loss for the year	–	–	(15,519,917)	(15,519,917)
Transactions with owners				
Notional interest on discounted loans from shareholders (<i>Note 17</i>)	–	3,589,523	–	3,589,523
At 31 December 2014	<u>30,000,000</u>	<u>125,435,740</u>	<u>(112,153,143)</u>	<u>43,282,597</u>
At 1 January 2015	30,000,000	125,435,740	(112,153,143)	43,282,597
Comprehensive income				
Loss for the year	–	–	(1,797,192)	(1,797,192)
Transactions with owners				
Notional interest on discounted loans from shareholders (<i>Note 17</i>)	–	911,242	–	911,242
At 31 December 2015	<u>30,000,000</u>	<u>126,346,982</u>	<u>(113,950,335)</u>	<u>42,396,647</u>
At 1 January 2016	30,000,000	126,346,982	(113,950,335)	42,396,647
Comprehensive income				
Loss for the year	–	–	(1,574,227)	(1,574,227)
Transactions with owners				
Notional interest on discounted loans from shareholders (<i>Note 17</i>)	–	438,222	–	438,222
At 31 December 2016	<u>30,000,000</u>	<u>126,785,204</u>	<u>(115,524,562)</u>	<u>41,260,642</u>
At 1 January 2016	30,000,000	126,346,982	(113,950,335)	42,396,647
Comprehensive income				
Loss for the period	–	–	(603,020)	(603,020)
Transactions with owners				
Notional interest on discounted loans from shareholders (<i>Note 17</i>)	–	219,111	–	219,111
At 30 June 2016 (Unaudited)	<u>30,000,000</u>	<u>126,566,093</u>	<u>(114,553,355)</u>	<u>42,012,738</u>
At 1 January 2017	30,000,000	126,785,204	(115,524,562)	41,260,642
Comprehensive income				
Loss for the period	–	–	(1,959,769)	(1,959,769)
At 30 June 2017	<u>30,000,000</u>	<u>126,785,204</u>	<u>(117,484,331)</u>	<u>39,300,873</u>

4. *Statements of cash flows*

		Year ended 31 December			Six months ended 30 June	
	Note	2014	2015	2016	2016	2017
		RMB	RMB	RMB	RMB	RMB
					(unaudited)	
Operating activities						
Net cash used in operating activities	21	(39,121,665)	(12,744,996)	(9,197,991)	(3,883,871)	(39,530,011)
Interest income received		39,097	972	781	–	37,193
Interest paid on bank borrowings		–	–	–	–	(1,021,250)
Net cash used in operating activities		(39,082,568)	(12,744,024)	(9,197,210)	(3,883,871)	(40,514,068)
Investing activities						
Additions to furniture, fixtures and equipment		–	–	–	–	(22,933)
Net cash used in investing activities		–	–	–	–	(22,933)
Financing activities						
Proceeds from borrowings		–	–	–	–	70,000,000
Loans from shareholders		38,800,000	169,357,500	10,358,400	3,908,400	–
Repayments of loans from shareholders		–	(156,557,500)	–	–	(30,005,829)
Net cash generated from financing activities		38,800,000	12,800,000	10,358,400	3,908,400	39,994,171
(Decrease)/increase in cash and cash equivalents		(282,568)	55,976	1,161,190	24,529	(542,830)
Cash and cash equivalents at the beginning of the year/period (Note 12)		400,086	117,518	173,494	173,494	1,334,684
Cash and cash equivalents at the end of the year/period (Note 12)		117,518	173,494	1,334,684	198,023	791,854

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF HANGZHOU XIAOYING**1 GENERAL INFORMATION**

The Target is a limited liability company incorporated in Hangzhou, Zhejiang Province, the People's Republic of China (the "PRC"). The address of its registered office is Room 501, No. 1 Yixian Road, Nanyuan Street, Yuhang District, Hangzhou.

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

The Target was established by Meihao Holdings Group Co., Ltd. ("Meihao"), Yuhang Supply and Marketing Holding Group Co., Ltd. ("Hangzhou Yuhang") and Hangzhou Dongying Investment and Consulting Company Ltd. ("Dongying") in 2011. On 14 December 2014, Dongying transferred all its equity interests of Hangzhou Xiaoying to Meihao with a consideration of RMB21,450,000. After the transaction, Meihao and Hangzhou Yuhang owned equity interests of Hangzhou Xiaoying of 65% and 35%, respectively. On 2 June 2017, Meihao entered into an agreement with Hangzhou Jingxiao Investment Co., Ltd. ("Hangzhou Jingxiao"), which is a wholly owned subsidiary of the Company, to transfer all its equity interests to Hangzhou Jingxiao with a total consideration of RMB725,654,171. The transaction was completed on 7 June 2017. After the transaction, the Target became a non-wholly owned subsidiary of the Group.

On 17 July 2017, Hangzhou Jingxiao entered into an equity interests transfer agreement with Hangzhou Yuhang to acquire the remaining 35% equity interest in Hangzhou Xiaoying. The transaction was completed on 28 July 2017, and a total consideration of RMB390,738,400 was paid by Hangzhou Jingxiao to Hangzhou Yuhang. After the completion of the transaction, Hangzhou Xiaoying became an indirect wholly owned subsidiary of the Company.

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

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 Hangzhou Xiaoying. 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 4 to the Historical Financial Information.

New/revised standards, amendments and interpretations

The following new standards relevant to the operations of Hangzhou Xiaoying have been issued and are not yet effective for its financial year beginning 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 and is in the process of making assessments on the impacts of the above three new standards and has not yet in a position to conclude the assessments.

(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 costs". All other foreign exchange gains and losses are presented in profit or loss within "Other gains/(losses) – net".

(c) Furniture, fixtures and equipment

Furniture, fixtures and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to profit or loss during the year or period in which they are incurred.

Depreciation of furniture, fixtures and equipment is calculated using the straight-line method to allocate their costs less their residual values over their estimated useful lives of 5 years.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains or losses arising on disposals are determined by comparing the proceeds with the carrying amount and are recognised as "Other gains/(losses) – net" in profit or loss in the statements of comprehensive income.

(d) 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.

(e) Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and 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.

Trade and 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 and deposits held at call with banks.

(g) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(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 interest method.

(i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

The fair value of borrowing from shareholders is determined based on market discounted rate and the difference between the redemption value and the fair value is recognised in the statements of changes in equity in capital contribution reserve at the initial recognition and amortised using the effective interest method over the period of the borrowing.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fees are deferred until the drawn-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fees are capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless Hangzhou Xiaoying has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and are limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings. Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

(j) Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or 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 Hangzhou Xiaoying 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.

Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(k) Provisions

Provisions are recognised when Hangzhou Xiaoying 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 Hangzhou Xiaoying. 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.

(l) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, Hangzhou Xiaoying 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.

(m) Employee benefits

In accordance with the rules and regulations in the PRC, the PRC based employees of Hangzhou Xiaoying participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which Hangzhou Xiaoying 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, Hangzhou Xiaoying 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 Hangzhou Xiaoying in independently administrated funds managed by the PRC government.

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

(n) 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 profit or loss on a straight-line basis over the period of the lease.

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

Hangzhou Xiaoying is exposed to a variety of financial risks: credit risk, liquidity risk and interest rate risk. Hangzhou Xiaoying'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 Hangzhou Xiaoying mainly arises from bank balances and other receivables.

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

Other receivables mainly comprise deposits made in the ordinary course of business. Hangzhou Xiaoying closely monitors these other receivables to ensure actions are taken to recover these balances in the case of any risk of default.

(ii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash balances. Hangzhou Xiaoying manages liquidity risk by maintaining sufficient cash and obtaining funding from its shareholders and short-term and long-term borrowings for its operation.

The table below analyses Hangzhou Xiaoying'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 2014					
Trade and other payables	2,810,773	–	–	–	2,810,773
Amount due to a shareholder	130,600	–	–	–	130,600
Loans from shareholders	–	–	756,900,000	–	756,900,000
Interest payable on loans from shareholders	–	–	57,420,590	–	57,420,590
	<u>2,941,373</u>	<u>–</u>	<u>814,320,590</u>	<u>–</u>	<u>817,261,963</u>
As at 31 December 2015					
Trade and other payables	1,063,733	–	–	–	1,063,733
Amount due to a shareholder	193,400	–	–	–	193,400
Loans from shareholders	–	769,700,000	–	–	769,700,000
Interest payable on loans from shareholders	–	74,041,768	–	–	74,041,768
	<u>1,257,133</u>	<u>843,741,768</u>	<u>–</u>	<u>–</u>	<u>844,998,901</u>

	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					
Trade and other payables	315,376	–	–	–	315,376
Amount due to a shareholder	51,970	–	–	–	51,970
Loans from shareholders	780,058,400	–	–	–	780,058,400
Interest payable on loans from shareholders	91,842,037	–	–	–	91,842,037
	<u>872,267,783</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>872,267,783</u>
As at 30 June 2017					
Trade and other payables	21,883,217	–	–	–	21,883,217
Amount due to a shareholder	92,248	–	–	–	92,248
Borrowings	–	40,000,000	30,000,000	–	70,000,000
Loans from shareholders	750,052,571	–	–	–	750,052,571
Interest payable on loans from shareholders	100,000,000	–	–	–	100,000,000
	<u>872,028,036</u>	<u>40,000,000</u>	<u>30,000,000</u>	<u>–</u>	<u>942,028,036</u>

(iii) Interest rate risk

Hangzhou Xiaoying is exposed to cash flow interest rate risk for the borrowings with floating rate for its bank loan and fair value interest rate risk for loans from shareholders which are discounted at market rates under effective interest method for the years ended 31 December 2014, 2015 and 2016 and for the six months ended 30 June 2017.

Management monitors its interest rate exposure periodically and will consider different sources of funding should the need arises.

As at 31 December 2014, if interest rate on loans from shareholders had been 50 basis points higher/lower with all other variables held constant, the capitalised interest in “Properties under development for sale” would have been RMB2,233,000 higher/lower, and the post-tax loss for the year/period would have been RMB1,595,000 higher/lower mainly as a result of higher/lower interest expenses on floating rate borrowings.

In addition, as at 31 December 2015, 2016 and 30 June 2016 and 2017, if interest rate on bank borrowings and loans from shareholders had been 50 basis points higher/lower with all other variables held constant, the capitalised interest in “Properties under development for sale” would have been RMB3,849,000 higher/lower, RMB3,900,000 higher/lower, RMB1,934,000 higher/lower and RMB2,050,000 higher/lower respectively as a result of higher/lower interest expenses on floating rate borrowings.

(b) Capital risk management

Hangzhou Xiaoying's objectives when managing capital are to safeguard Hangzhou Xiaoying'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, Hangzhou Xiaoying may adjust the amount of bank loan and the funding from shareholders. Hangzhou Xiaoying uses bank borrowings and funding from its shareholders to finance its operations.

4 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.

Hangzhou Xiaoying 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

Hangzhou Xiaoying is subject to income taxes in Hangzhou, 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. Hangzhou Xiaoying 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.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

5 EXPENSES BY NATURE

	Year ended 31 December			Six months ended 30 June	
	2014 RMB	2015 RMB	2016 RMB	2016 RMB (unaudited)	2017 RMB
Salaries and other allowances	1,329,433	1,402,357	1,585,890	759,141	2,675,537
Less: Amount capitalised in property under development for sale	(173,248)	(588,759)	(762,388)	(381,194)	(1,171,262)
Total staff costs	1,156,185	813,598	823,502	377,947	1,504,275
Land use fees	678,848	678,848	848,560	424,280	424,280
Advertising	–	501,461	–	–	101,965
Entertainment expenses	107,614	–	273,292	–	215,914
Others	236,688	180,612	19,343	1,800	331,813
	<u>2,179,335</u>	<u>2,174,519</u>	<u>1,964,697</u>	<u>804,027</u>	<u>2,578,247</u>

6 OTHER LOSSES, NET

	Year ended 31 December			Six months ended 30 June	
	2014 RMB	2015 RMB	2016 RMB	2016 RMB (unaudited)	2017 RMB
Donation	<u>200,000</u>	<u>200,000</u>	<u>–</u>	<u>–</u>	<u>–</u>

7 BENEFITS AND INTERESTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

During the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, the aggregated remuneration of directors is set out below:

	Fees RMB	Salaries and other allowances RMB	Discretionary bonus RMB	Employer's contribution to a retirement benefit scheme RMB	Total RMB
Six months ended 30 June 2017:	–	223,559	–	–	223,559
Six months ended 30 June 2016 (unaudited)	–	61,431	–	–	61,431
Year ended 31 December 2016:	–	122,862	–	–	122,862
Year ended 31 December 2015	–	–	–	–	–
Year ended 31 December 2014:	–	58,967	–	–	58,967

(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 Hangzhou Xiaoying during the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017.

(ii) Directors' termination benefits

No termination benefits payment was made to directors during the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 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 years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017.

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

There are no loans or other dealings in favour of directors of Hangzhou Xiaoying, or bodies corporate controlled by and entities connected with directors during the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017.

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

No significant transactions, arrangements and contracts in relation to Hangzhou Xiaoying's business to which Hangzhou Xiaoying was a party and in which a director of Hangzhou Xiaoying had a material interest, whether directly or indirectly, subsisted at the end of the years/periods or at any time during the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017.

(b) Five highest paid individuals

Emoluments paid to the five highest paid individuals who are not directors of Hangzhou Xiaoying are as follows:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB	RMB	RMB	RMB	RMB
				(unaudited)	
Basic salaries, allowance and benefits in kind	652,842	755,265	701,073	355,512	438,400

The emoluments fell within the following band:

	Number of individual			Six months ended 30 June	
	Year ended 31 December	2015	2016	2016	2017
	2014			(unaudited)	
Emoluments band (in Hong Kong dollars)					
0~1,000,000	5	5	5	5	5

8 FINANCE (COSTS)/INCOME, NET

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB	RMB	RMB	RMB	RMB
				(unaudited)	
Finance income					
– bank interest income	39,097	972	781	–	37,193
Finance costs					
Interest on bank loans	–	–	–	–	(1,021,250)
Interest on loans from shareholders	(12,702,025)	(16,621,178)	(17,800,279)	(7,872,440)	(8,157,963)
Notional interest on discounted loans from shareholders	(21,126,957)	(22,149,798)	(23,142,522)	(12,598,954)	(9,685,755)
Less: Amount capitalised	19,733,573	38,770,976	40,942,801	20,471,394	18,864,968
	(14,095,409)	–	–	–	–
Net finance (costs)/income	(14,056,312)	972	781	–	37,193

For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, borrowing costs were capitalised at the weighted average rate of 5.78%, 5.78%, 5.78%, 5.78% (unaudited) and 5.69% respectively.

9 INCOME TAX EXPENSE

The amount of tax credited to the statements of comprehensive income represents:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB	RMB	RMB	RMB	RMB
				(unaudited)	
Deferred income tax					
– Recognition of recoverable tax losses	796,980	418,022	389,689	201,007	555,794
Recognition of recoverable temporary differences	118,750	158,333	–	–	25,491
Income tax for the year/period	<u>915,730</u>	<u>576,355</u>	<u>389,689</u>	<u>201,007</u>	<u>581,285</u>

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

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB	RMB	RMB	RMB	RMB
				(unaudited)	
Loss before income tax	16,435,647	2,373,547	1,963,916	804,027	2,541,054
Calculated at corporate income tax rate of 25%	4,108,912	593,387	490,979	201,007	635,264
Expenses not deductible for tax purpose	(3,193,182)	(50,000)	(68,322)	–	(53,979)
Temporary differences not recognised as deferred tax assets	–	32,968	(32,968)	–	–
Income tax for the year/period	<u>915,730</u>	<u>576,355</u>	<u>389,689</u>	<u>201,007</u>	<u>581,285</u>

10 FURNITURE, FIXTURES AND EQUIPMENT

	Year ended 31 December			Six months ended 30 June
	2014	2015	2016	2017
	RMB	RMB	RMB	RMB
Cost				
At 1 January	–	–	–	–
Additions	–	–	–	22,933
At year/period end	–	–	–	22,933
Accumulated depreciation				
At 1 January	–	–	–	–
Charge for the year/period	–	–	–	(1,808)
At year/period end	–	–	–	(1,808)
Net book value				
At year/period end	<u>–</u>	<u>–</u>	<u>–</u>	<u>21,125</u>

11 OTHER RECEIVABLES

	As of 31 December			As of
	2014	2015	2016	30 June
	RMB	RMB	RMB	2017
				RMB
Prepaid value added tax and surcharges	–	–	288,209	4,225,506
Deposits paid for construction work	907,659	1,085,839	927,659	927,659
Others	125,515	96,112	201,848	82,053
Less: Provision for impairment of other receivables	–	–	–	–
	<u>1,033,174</u>	<u>1,181,951</u>	<u>1,417,716</u>	<u>5,235,218</u>

The maximum exposure to credit risk at the balance sheet dates is the carrying value of each class of receivables mentioned above. Hangzhou Xiaoying does not hold any collateral security.

For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, the carrying amounts of other receivables are all denominated in RMB.

For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, the fair value of other receivables approximate their carrying amounts.

12 CASH AND CASH EQUIVALENTS

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

	As of 31 December			As of
	2014	2015	2016	30 June
	RMB	RMB	RMB	2017
				RMB
Bank balances	<u>117,518</u>	<u>173,494</u>	<u>1,334,684</u>	<u>791,854</u>

The weighted average interest rate on Hangzhou Xiaoying's bank deposits as at 31 December 2014, 2015 and 2016 and 30 June 2017 were 0.35%.

As at 31 December 2014, 2015 and 2016 and 30 June 2017, cash and cash equivalents are all denominated in RMB.

13 PROPERTIES UNDER DEVELOPMENT FOR SALE

	As of 31 December			As of
	2014	2015	2016	30 June
	RMB	RMB	RMB	2017
				RMB
Properties under development for sale	<u>805,528,375</u>	<u>852,842,298</u>	<u>899,887,344</u>	<u>972,840,631</u>

The properties under development for sale are located in Hangzhou, the PRC, which are held on leases with original term of 70 years.

Borrowing costs capitalised in properties under development for sale for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 were RMB19,733,573, RMB38,770,976, RMB40,942,801 and RMB18,864,968 respectively.

The capitalisation rate of borrowings was 5.78%, 5.78%, 5.78% and 5.69% for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 respectively.

According to the supplementary agreement dated on 11 April 2013 signed between Land and Resources Bureau of Yuhang Bureau and Hangzhou Xiaoying, the building covenant to complete the construction on 11 May 2017 was overdue. Hangzhou Xiaoying is applying to Land and Resources Bureau of Yuhang Bureau for the extension of the completion date of construction. Management have orally communicated with Land and Resources Bureau of Yuhang Bureau and are of the opinion that the possibility of failure to obtain extension and payment of penalty is remote.

14 SHARE CAPITAL

	As of 31 December			As of
	2014	2015	2016	30 June
	RMB	RMB	RMB	2017
				RMB
Paid-in capital	30,000,000	30,000,000	30,000,000	30,000,000

15 RESERVES

Movements in the reserves of Hangzhou Xiaoying are disclosed in the statements of changes in equity on page II-6 of this report.

16 BORROWINGS

On 19 January 2017, bank loans of RMB70,000,000 were provided to Hangzhou Xiaoying by Shanghai Pudong Development Bank, which were guaranteed by Meihao. Meanwhile, according to the share purchase agreement between Hangzhou Jingxiao and Meihao, since 7 June 2017, Jingrui Properties (Group) Co., Ltd., a subsidiary of the Company provided counter guarantee to Meihao.

The bank borrowings were also secured by the land use rights of Hangzhou Xiaoying.

The bank borrowings are denominated in RMB and carried at market rate. The carrying amounts approximate their fair values. The maturity of the bank borrowings is as follows:

	As of 31 December			As of
	2014	2015	2016	30 June
	RMB	RMB	RMB	2017
				RMB
Within one year	—	—	—	—
Between one to two years	—	—	—	40,000,000
Between two to five years	—	—	—	30,000,000
	—	—	—	70,000,000

The bank loans of RMB20,000,000, RMB20,000,000 and RMB30,000,000 are due for repayments on 18 November 2018, 18 December 2018 and 18 November 2019 respectively.

As at 30 June 2017, the effective interest rate of each of the bank loans was approximately 4.75% per annum.

17 LOANS FROM SHAREHOLDERS AND INTEREST PAYABLE ON LOANS FROM SHAREHOLDERS

The balance as at 31 December 2014, 2015, 2016 represents the loans from the shareholders to Hangzhou Xiaoying which matured on 30 June 2017 with annual weighted average interest rate of 2.03%. The loans are measured at fair value based on cash flow discounted at an annual rate of 5.78% and are within level 3 of the fair value hierarchy. The differences between the borrowed amount and the fair values representing the notional interests on discounted loans from the then or current shareholders are credited to the capital contribution reserve at initial recognition. Such notional interests are debited to property under development for sale or directly charged to profit or loss as appropriate and loan balances are gradually unwind back to the borrowed amount upon the maturity date on 30 June 2017. The discounted rate was calculated based on the benchmark interest rate of People's Bank of China. As of 30 June 2017, the shareholders' loans are repayable on demand. The carrying amounts of the balances approximate their fair values.

The balances of interest payable on loans from shareholders as at 31 December 2014, 2015 and 2016 and 30 June 2017 represent the outstanding actual amount of interests on the loans from shareholders with a weighted average interest rate of 2.03%.

18 DEFERRED INCOME TAX ASSETS

	As at 31 December			As of
	2014	2015	2016	30 June
	RMB	RMB	RMB	RMB
Deferred tax assets to be recovered				
– within 12 months	–	–	–	–
– after 12 months	915,730	1,492,085	1,881,774	2,463,059
	<u>915,730</u>	<u>1,492,085</u>	<u>1,881,774</u>	<u>2,463,059</u>

The gross movements of the deferred tax assets recognised are as follows:

	Recoverable tax loss RMB	Recoverable temporary differences RMB	Total RMB
At 1 January 2014	–	–	–
Credited to profit or loss	796,980	118,750	915,730
At 31 December 2014	<u>796,980</u>	<u>118,750</u>	<u>915,730</u>
At 1 January 2015	796,980	118,750	915,730
Credited to profit or loss	418,021	158,334	576,355
At 31 December 2015	<u>1,215,001</u>	<u>277,084</u>	<u>1,492,085</u>
At 1 January 2016	1,215,001	277,084	1,492,085
Credited to profit or loss	389,689	–	389,689
At 31 December 2016	<u>1,604,690</u>	<u>277,084</u>	<u>1,881,774</u>
At 1 January 2016	1,215,001	277,084	1,492,085
Credited to profit or loss	201,007	–	201,007
At 30 June 2016 (unaudited)	<u>1,416,008</u>	<u>277,084</u>	<u>1,693,092</u>
At 1 January 2017	1,604,690	277,084	1,881,774
Credited to profit or loss	555,794	25,491	581,285
At 30 June 2017	<u>2,160,484</u>	<u>302,575</u>	<u>2,463,059</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%.

19 TRADE AND OTHER PAYABLES

	As of 31 December			As of 30 June
	2014	2015	2016	2017
	RMB	RMB	RMB	RMB
Trade payables	2,706,865	857,725	38,419	21,682,005
Other taxes payable	678,848	684,335	678,848	22,978
Others	103,908	206,008	276,957	201,212
	<u>3,489,621</u>	<u>1,748,068</u>	<u>994,224</u>	<u>21,906,195</u>

As at 31 December 2014, 2015 and 2016 and 30 June 2017, the aging of trade payables, based on the invoice date or service rendered date are as follows:

	As of 31 December			As of 30 June
	2014	2015	2016	2017
	RMB	RMB	RMB	RMB
Within 30 days	2,636,865	857,725	38,419	21,682,005
Over 30 days	70,000	—	—	—
	<u>2,706,865</u>	<u>857,725</u>	<u>38,419</u>	<u>21,682,005</u>

20 AMOUNT DUE TO A SHAREHOLDER

The amount due to Hangzhou Yuhang is unsecured, interest-free and repayable on demand.

The carrying amount of the balance approximates its fair value.

21 NOTES TO THE CASH FLOW STATEMENTS

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

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB	RMB	RMB	RMB	RMB
				(unaudited)	
Loss before income tax	(16,435,647)	(2,373,547)	(1,963,916)	(804,027)	(2,541,054)
Adjustments for:					
Interest income	(39,097)	(972)	(781)	—	(37,193)
Depreciation	—	—	—	—	1,808
Interest expense	14,095,409	—	—	—	—
Operating cash flows before movements in working capital	(2,379,335)	(2,374,519)	(1,964,697)	(804,027)	(2,576,439)
(Increase)/decrease in other receivables	(543,024)	(148,778)	(235,764)	115,037	(3,817,504)
Increase/(decrease) in amount due to a shareholder	130,600	62,800	141,430	(211,068)	40,278
Increase/(decrease) in trade and other payables	3,224,270	(1,741,553)	(753,845)	443,002	20,911,973
Increase in properties under development for sale	(39,554,176)	(8,542,946)	(6,385,115)	(3,426,815)	(54,088,319)
Net cash used in operations	<u>(39,121,665)</u>	<u>(12,744,996)</u>	<u>(9,197,991)</u>	<u>(3,883,871)</u>	<u>(39,530,011)</u>

22 OPERATING LEASE COMMITMENTS

Under an office lease entered into by Hangzhou Xiaoying, the lease payments are fixed and predetermined. At 31 December 2014, 2015 and 2016 and 30 June 2017, the future minimum lease payments under the non-cancellable operating lease are payable by Hangzhou Xiaoying as follows:

	As of 31 December			As of 30 June
	2014	2015	2016	2017
	RMB	RMB	RMB	RMB
Office lease				
– Within one year	18,080	12,053	12,053	3,013
– After one year and not later than five years	12,053	–	–	–
	<u>30,133</u>	<u>12,053</u>	<u>12,053</u>	<u>3,013</u>

23 PROPERTY DEVELOPMENT COMMITMENTS

	As of 31 December			As of 30 June
	2014	2015	2016	2017
	RMB	RMB	RMB	RMB
Expenditure in respect of construction of properties under development for sale				
– Contracted but not provided for	<u>308,279,228</u>	<u>298,635,152</u>	<u>293,053,856</u>	<u>258,574,876</u>

24 RELATED PARTY TRANSACTIONS**(a) Name and relationship with related parties**

Name	Relationship with Hangzhou Xiaoying
Meihao	Then shareholder of Hangzhou Xiaoying up to 7 June 2017
Dongying	Then shareholder of Hangzhou Xiaoying up to 14 December 2014
Hangzhou Yuhang	Then shareholder of Hangzhou Xiaoying up to 28 July 2017
Hangzhou Jingxiao	Shareholder of Hangzhou Xiaoying since 7 June 2017

(b) Transactions with related parties

Apart from the loans from shareholders as disclosed in Note 17 to the Historical Financial Information, other transactions carried out with related parties during the years/periods are as follows:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB	RMB	RMB	RMB	RMB
				(unaudited)	
Staff costs paid by Hangzhou Yuhang on behalf of Hangzhou Xiaoying	<u>130,600</u>	<u>62,800</u>	<u>66,970</u>	<u>32,668</u>	<u>92,248</u>

The transactions were carried out on terms mutually agreed among Hangzhou Xiaoying and the related party.

(c) Related party balances

	As of 31 December			As of
	2014	2015	2016	30 June
	RMB	RMB	RMB	2017
				RMB
Loans from shareholders (Note 17)				
– Meihao	305,559,373	480,290,806	500,744,233	–
– Dongying	156,557,500	–	–	–
– Hangzhou Jingxiao	–	–	–	487,534,171
– Hangzhou Yuhang	241,154,516	257,019,139	269,628,412	262,518,400
	<u>703,271,389</u>	<u>737,309,945</u>	<u>770,372,645</u>	<u>750,052,571</u>
Interest payable on loans from shareholders (Note 17)				
– Meihao	32,092,471	48,231,522	59,697,564	–
– Hangzhou Jingxiao	–	–	–	65,000,000
– Hangzhou Yuhang	25,328,119	25,810,246	32,144,473	35,000,000
	<u>57,420,590</u>	<u>74,041,768</u>	<u>91,842,037</u>	<u>100,000,000</u>
Amount due to a shareholder				
– Hangzhou Yuhang	<u>130,600</u>	<u>193,400</u>	<u>51,970</u>	<u>92,248</u>

(d) Key management compensation

The compensation paid or payable to the key management of Hangzhou Xiaoying for their services rendered to Hangzhou Xiaoying during the years ended 31 December 2014, 2015 and 2016, and the six months ended 30 June 2016 and 2017 comprised the amounts paid to the directors as stated in Note 7(a) and the amounts paid to the five highest individuals as stated in Note 7(b).

25 EVENTS AFTER THE BALANCE SHEET DATE

- (a) On 17 July 2017, Hangzhou Jingxiao entered into an equity interests transfer agreement with Hangzhou Yuhang to acquire the remaining 35% equity interests in Hangzhou Xiaoying. The transaction was completed on 28 July 2017, and a total consideration of RMB390,738,400 was paid by Hangzhou Jingxiao to Hangzhou Yuhang. After the completion of the transaction, Hangzhou Xiaoying became an indirect wholly owned subsidiary of the Company.
- (b) On 11 September 2017, Hangzhou Jingxiao entered into an equity interest transfer agreement with a third party, Hangzhou Tengshun Real Estate Development Co., Ltd., pursuant to which Hangzhou Jingxiao disposed 50% equity interests in Hangzhou Xiaoying at a consideration of RMB133,170,000. Hangzhou Tengshun Real Estate Development Co., Ltd. also assumed 50% Group's shareholder's loan to Hangzhou Xiaoying of RMB445,526,286. After the completion of the disposal, Hangzhou Xiaoying will cease to be an indirect wholly owned subsidiary of the Company, and become a joint venture of the Company.

III SUBSEQUENT FINANCIAL STATEMENTS

No dividend or distribution has been declared or made by Hangzhou Xiaoying in respect of any period subsequent to 30 June 2017. No audited financial statements have been prepared for Hangzhou Xiaoying 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 each of the three years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017.

1. BUSINESS REVIEW

The Target is a company established 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. The Target obtained the land use rights of the Land on 14 January 2011 and construction works on the Land has commenced in May 2014. As at 31 December 2014, 31 December 2015, 31 December 2016, 30 June 2017 and the Latest Practicable Date, a total gross floor area of 4,864 sq.m., 4,864 sq.m., 183,851 sq.m., 183,851 sq.m. and 183,851 sq.m. of the Land is under construction, respectively. As the development and construction works on the Land have not been completed, the Target has not commenced the presales of any residential units on the development and has no revenue.

Prior to the 65% Acquisition, the Target was owned as to 65% and 35% by Meihao Holdings Group Co., Ltd. and Hangzhou Yuhang, respectively. The 65% Acquisition was completed on 7 June 2017, upon which 65% equity interest in the Target was owned by Hangzhou Jingxiao.

Upon completion of the 35% Acquisition and as of the date of this circular, the Target has become a wholly-owned subsidiary of the Company.

Upon completion of the Disposal, the Target will cease to be a subsidiary of the Company. The Group will hold 50% of the equity interest in the Target, which will be accounted for as a joint venture of the Company and the accounts of the Target will not be consolidated in the financial statements of the Group.

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 completed and therefore the Target has not commenced nor conducted any presale of any residential units on the Land development since the Target obtained the land use rights of the Land. As such, the Target recorded no revenue, cost of sales or gross profit for the three years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017.

Other losses

The Target recorded a net other losses of RMB200,000 for each of the year ended 31 December 2014 and 2015 arising from donation made for charity purpose.

Selling and marketing costs

The Target incurred selling and marketing costs of RMB713,683 for the year ended 31 December 2015, compared to RMB120,477 for the year ended 31 December 2014, representing an increase of 492.4%, mainly because of an one-off advertising campaign for the property project of the Land in 2015. The selling and marketing costs decreased to RMB363,391 for the year ended 31 December 2016, a decrease of 49.1% compared to 2015, as no advertising campaign was conducted in 2016. In view of the delay in construction of the Land due to the high-voltage overhead lines within the Land have not yet been removed, the Target considered that advertising efforts then in 2016 would have been premature.

For the six months ended 30 June 2017, the selling and marketing costs incurred by the Target increased to RMB693,745, representing an increase of 267.2% compared to RMB188,947 in the corresponding period in 2016 mainly due to increased presale advertising and increased number of sales and marketing staff.

Administrative expenses

The Target incurred administrative expenses of RMB1,460,836 for the year ended 31 December 2015, compared to RMB2,058,858 for the year ended 31 December 2014, representing a decrease of 29.0%, mainly because of a decrease in number of management staff. The administrative expenses increased to RMB1,601,306 for the year ended 31 December 2016, an increase of 9.6% compared to 2015, mainly due to increased land use fees and additional entertainment expenses incurred in 2016.

For the six months ended 30 June 2017, the administrative expenses incurred by the Target increased to RMB1,884,502, representing an increase by 206.4% compared to RMB615,080 in the corresponding period in 2015 mainly due to increased number of management staff due to acceleration of the development of the Land.

Operating loss

For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, the Target Group recorded operating loss of RMB2,379,335, RMB2,374,519, RMB1,964,697 and RMB2,578,247, respectively.

Finance income/costs

The finance income of the Target comprises bank interest income. The finance costs of the Target mainly comprise interests on bank loans and loans from shareholders, offset by the capitalization of finance costs.

The Target incurred net finance costs of RMB14,095,409 for the year ended 31 December 2014 mainly due to interests on loans from shareholders. The Target recorded net finance income of RMB972 and RMB781 for the years ended 31 December 2015 and 2016 mainly due to increase in the capitalization of interests on loans from shareholders.

For the six months ended 30 June 2017, the Target recorded net finance income of RMB37,193 as compared to nil finance income/costs in the corresponding period in 2016 mainly due to a greater amount of interests on loans from shareholders was being capitalized during the six months ended 30 June 2017 as compared to the amount of loan interests incurred in the same period.

Income tax credit

As at 31 December 2014, 2015 and 2016 and 30 June 2017, the Target had income tax credit of RMB915,730, RMB576,355, RMB389,689 and RMB581,285 available for offsetting against future profits.

Loss for the year/period

For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, the Target recorded a net loss attributable to equity holders of the Company of RMB15,519,917, RMB1,797,192, RMB1,574,227 and RMB1,959,769, respectively.

3. LIQUIDITY AND FINANCIAL RESOURCES

Cash and cash equivalents

The Target financed working capital requirements primarily with bank borrowings and loans from and amounts due to shareholders.

As at 31 December 2014, 2015 and 2016 and 30 June 2017, the total cash and cash equivalents of the Target were RMB117,518, RMB173,494, RMB1,334,684 and RMB791,854 respectively. The cash and cash equivalents were all denominated in RMB.

Borrowings

The total amount of bank loans and other loans (including loans from or amounts due to shareholders) of the Target as at 31 December 2014, 2015 and 2016 and 30 June 2017, was RMB703,401,989, RMB737,503,345, RMB770,424,615 and RMB820,144,819, respectively. The breakdown of the borrowings of the Target is as follows:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	RMB	RMB	RMB	RMB
Current Borrowings				
Amount due to a shareholder	130,600	193,400	51,970	92,248
Loans from shareholders	—	—	770,372,645	750,052,571
Sub-total	130,600	193,400	770,424,615	750,144,819
Non-current Borrowings				
Bank borrowings	—	—	—	70,000,000
Repayable in 1 year to				
2 years	—	—	—	40,000,000
Repayable in 2 years to				
5 years	—	—	—	30,000,000
Loans from shareholders	703,271,389	737,309,945	—	—
Sub-total	703,271,389	737,309,945	—	70,000,000
Total Borrowings	703,401,989	737,503,345	770,424,615	820,144,819

The amount due to a shareholder represents the amount due to Hangzhou Yuhang and which was unsecured, interest-free, repayable on demand and denominated in RMB. As of the Latest Practicable Date, the amount due to a shareholder have been fully settled and there was no outstanding amount due to Hangzhou Yuhang.

The bank borrowings were denominated in RMB and carry interest at market rates. The bank borrowings have been secured by the land use rights of the Land and is guaranteed by Hangzhou Jingxiao. As at 30 June 2017, the effective interest rate of the bank borrowings was approximately 4.75%.

The loans from shareholders were unsecured with an weighted average interest rate of 2.03%. As at completion of the 35% Acquisition, the loans from shareholders have been assigned to Hangzhou Jingxiao. The total outstanding principal amount of the loan from shareholder from Hangzhou Jingxiao to the Target as at 31 August 2017 amounted to RMB891,052,571. Pursuant to the Disposal Agreement, Hangzhou Jingxiao had agreed to assign 50% of the Relevant Shareholder Loan owed by the Target to Hangzhou Jingxiao in the amount of RMB445,526,286 to Hangzhou Tengshun.

Details of bank borrowings and loans from or amounts due to shareholders are set out in Notes 16, 17 and 20 to the accountants' report on the Target in Appendix II to this circular.

Gearing Ratio

The total equity of the Target as of 31 December 2014, 2015 and 2016 and 30 June 2017 was RMB43,282,597, RMB42,396,647, RMB41,260,642 and RMB39,300,873.

Gearing ratio of the Target, which was calculated as total borrowings divided by total equity, was 16.25x, 17.39x, 18.67x and 20.86x as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively.

4. CHARGE ON ASSETS

As at 31 December 2014, 2015 and 2016, the Target did not have any charge over its assets. As at 30 June 2017, the Target had pledged the Land in the carrying amount of RMB972,840,631 as security for bank borrowings made available to the Target.

5. CONTINGENT LIABILITIES

As at 31 December 2014, 2015 and 2016 and 30 June 2017, the Target had no contingent liability.

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 three years ended 31 December 2014, 2015 and 2016 and 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 in the three years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017.

8. EMPLOYEES AND REMUNERATION POLICY

The Target remunerated their employees by reference to their qualification, experience, responsibilities and current market conditions. Employees of the Target are members of a state-managed retirement benefit scheme operated by the government in the PRC. The Target is required to contribute certain percentage of applicable payroll costs to the retirement benefit scheme to fund the benefits including endowment and medical insurance, housing provident fund and other social protection systems.

As of 31 December 2014, 2015 and 2016 and 30 June 2017, the Target had 9, 10, 12 and 39 employees, respectively. Staff costs for the three years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 were RMB1,156,185, RMB813,598, RMB823,502 and RMB1,504,275, respectively, which mainly included salaries, bonus and contributions to various retirement benefits.

9. FOREIGN EXCHANGE RISK

The Target mainly operates in the PRC and all of its expenses are also denominated in RMB. As a result, the Target is not exposed to material foreign exchange risk. The Target did not do any hedging to mitigate any currency risk.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this Circular received from DTZ Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of market value of the Land held by Hangzhou Xiaoying Real Estate Development Co., Ltd. (杭州銷穎房地產開發有限公司) (the “Target”) as at 30 June 2017.



16/F Jardine House
1 Connaught Place
Central
Hong Kong

25 September 2017

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

Dear Sirs,

Re: The land number 2010-107 (余政掛出[2010]107號地塊), with a total site area of 84,856 square meters, located at east of Hefeng Community, south of the planned Tianhe Road, west of the planned Hehua Road and Hangzhou Laojiu Silk Co., Ltd. and north of Hefeng Community in Yuhang District, Hangzhou, Zhejiang 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 Hangzhou Xiaoying Real Estate Development Co., Ltd. (杭州銷穎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 30 June 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 19 September 2017, regarding the titles to the Land and the interests in the Land. In valuing the Land, we have prepared our valuation on the basis that the owners have 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 under 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 and where appropriate, we have also taken into account the estimated total and expended construction costs.

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 Company.

SITE INSPECTION

Our Hangzhou Office valuer, Leo Li (a China Real Estate Appraiser and China Real Estate Valuer with 9 years' valuation experience), has inspected the exterior and, wherever possible, the interior of the Land in August 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
DTZ Cushman & Wakefield Limited
Philip C Y Tsang
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc, MHKIS
Director

Note: Mr. Philip C Y Tsang is Registered Professional Surveyor who has over 24 years' experience in the valuation of properties in the PRC.

VALUATION CERTIFICATE

Property held by the Target under development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2017
The land number 2010-107 (余政掛出[2010]107號地塊), with a total site area of 84,856 square meters, located at east of Hefeng Community, south of the planned Tianhe Road, west of the planned Hehua Road and Hangzhou Laojiu Silk Co., Ltd. and north of Hefeng Community in Yuhang District, Hangzhou, Zhejiang Province, the PRC (the “Land”)	The Land comprised a parcel of residential land with a total site area of 84,856 square meters.	As at the valuation date, the Land was under construction and is scheduled for completion in 2019.	RMB1,200,000,000
	As advised by the Target, the Land shall be used for the development of residential properties with a total planned gross floor area of 183,851.41 square meters with details as follows:		

According to the Target, a kindergarten of 4,864.31 square meters within the residential complex will be provided to the government as ancillary facility at nil consideration after it is completed.

The Land is located in Yuhang economic and technological development zone, Hangzhou. 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 has been granted for a term due to expire on 10 May 2082 for residential use.

Notes:—

- (1) According to Certificate for the Use of State-owned Construction Land No. (2014) 101-283 issued by Hangzhou Municipal People's Government (杭州市人民政府), the land use rights of the Land comprising a site area of 84,856 square meters, has been granted to the Target with a term due to expire on 10 May 2082 for residential use.
- (2) According to Grant Contract of State-owned Land Use Rights No. 3301102011A21051 dated 6 January 2011 and the Supplementary Contracts dated 14 January 2011 and 11 April 2013, the land use rights of the Land is granted as below:

Grantee:	the Target
Land Number:	2010-107 (余政掛出[2010]107號地塊)
Site Area:	84,856 square meters
Land Premium:	RMB732,000,000
Land Use Term:	70 years for residential
Aboveground Gross Floor Area:	Not more than 186,683.2 square meters
Building Covenant:	Complete the construction before 11 May 2017*.

* Please refer to Note 8 (vi) on page IV-7. Accordingly, we are of the view that the market value of the Land of RMB1,200,000,000 in its existing state as at 30 June 2017 will not be affected by the lapse of the building covenant or subject to any onerous payment.

- (3) According to Planning Permit for Construction Use of Land DZD No. 201301537002 dated 5 March 2013, the construction site of the Land with a total site area of 84,856 square meters is in compliance with the requirements of urban planning requirement.
- (4) According to Planning Permit for Construction Works JZD No. 20141537017 issued by Planning Bureau of Hangzhou Municipal (杭州市規劃局) dated 29 April 2014, the construction works of a kindergarten with a total planned gross floor area of 4,864.31 square meters are in compliance with the urban planning requirements and have been approved.

According to Planning Permit for Construction Works JZD No. 201501537040 issued by Planning Bureau of Hangzhou Municipal (杭州市規劃局) dated 25 November 2015, the construction works with a total planned gross floor area of 183,851.41 square meters are in compliance with the urban planning requirements and have been approved.

- (5) According to Permit for Commencement of Construction Works No. 330125201405090101 issued by Housing and Urban-Rural Construction Bureau of Yuhang District (杭州市余杭區住房和城鄉建設局) dated 9 May 2014, the commencement of the construction works of a kindergarten with a total planned gross floor area of 4,864.31 square meters was permitted.

According to Permit for Commencement of Construction Works No. 33011020160110401 issued by Housing and Urban-Rural Construction Bureau of Yuhang District (杭州市余杭區住房和城鄉建設局) dated 11 October 2016, the commencement of the construction works with a total planned gross floor area of 183,851.41 square meters was permitted.

- (6) According to the information provided by the Target, a construction cost of approximately RMB79,000,000 has been expended for the development of the Land as at valuation date. In the course of our valuation, we have taken into account the above expended construction cost.
- (7) According to Business Licence No. 91330110566092258G dated 7 June 2017, the Target was established on 13 January 2011 as a limited liability company with a registered capital of RMB30,000,000.

(8) According to the PRC legal opinion:–

- (i) The Target has fully settled the land premium and obtained Certificate for the Use of State-owned Construction Land;
- (ii) The Target is legally entitled to occupy, use and develop the Land, and to transfer, mortgage or handle the Land in other legal way;
- (iii) The Target has obtained the relevant approval to carry out construction and development;
- (iv) After the Commodity Housing Permit is obtained, the Target will be legally entitled to pre-sale the development according to the prescribed scope of Permits for pre-sale;
- (v) The Land is subject to a mortgage in favor to Shanghai Pudong Development Bank Yuhang Branch for a loan period from 26 October 2016 to 25 October 2018; and
- (vi) The building covenant to complete the construction of the Land on 11 May 2017 has lapsed; the lapse of the building covenant was mainly due to high-voltage overhead lines within the Land have not yet been removed. Accordingly, the Target is currently discussing with Hangzhou Land Resources Bureau in respect of the adjustment of the completion time. Pursuant to the Grant Contract of State-owned Land Use Rights, if the Target fails to comply with the relevant building covenant due to negligence or fault solely on the part of the Target and in the event that the Target fails to ratify the non-compliance in a manner satisfactory to the relevant land administration authority, the land administration authority may request the Target to pay a default amount of 0.05% of the land premium. However, based on current liaison with the relevant land administration authority, the legal adviser is of the view that the risk of being punished due to deferred completion by the relevant land administration authority is relatively low.

(9) 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:–

Certificate for the Use of State-owned Construction Land	Yes
Grant Contract of State-owned Land Use Rights and the Supplementary Contracts	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Business Licence	Yes

The following is an illustrative and unaudited pro forma statement of assets and liabilities of the Group after acquiring the remaining 35% equity interests in Hangzhou Xiaoying Real Estate 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 the remaining 35% equity interests in Hangzhou Xiaoying Real Estate Development Co., Ltd. (the “35% Acquisition”) as if it had taken place on 30 June 2017.

This unaudited pro forma statement of assets and liabilities has been prepared based on the unaudited consolidated balance sheet of the Group as at 30 June 2017. Since the Company already indirectly owned 65% equity interests in Hangzhou Xiaoying before the 35% Acquisition, the Company will indirectly own 100% equity interests in Hangzhou Xiaoying upon the completion of the 35% Acquisition. The difference between the consideration for 35% equity interests amounting to RMB93,220,000 and the carrying amount of the 35% equity interests will be debited to other reserve within equity.

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 35% Acquisition 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 RMB'000 Note 1	Pro forma adjustments RMB'000 Note 2 RMB'000 Note 3		Unaudited pro forma statement of assets and liabilities of the Enlarged Group as at 30 June 2017 RMB'000
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
	<u>6,695,550</u>	–	–	<u>6,695,550</u>

APPENDIX V
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP**

	Unaudited consolidated statement of assets and liabilities of the Group as at 30 June 2017 RMB'000 Note 1	Pro forma adjustments RMB'000 Note 2 RMB'000 Note 3		Unaudited pro forma statement of assets and liabilities of the Enlarged Group as at 30 June 2017 RMB'000
Current assets				
Prepayments for leasehold land	978,256	–	–	978,256
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	(390,738)	(1,175)	5,350,510
Derivative financial instrument	32,382	–	–	32,382
Available-for-sale financial assets	251,813	–	–	251,813
	<u>32,665,018</u>	–	–	<u>32,273,105</u>
Total assets	<u><u>39,360,568</u></u>	–	–	<u><u>38,968,655</u></u>
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>12,128,136</u>
Current liabilities				
Trade and other payables	4,000,811	–	–	4,000,811
Amounts due to non-controlling interests of subsidiaries	360,616	(297,518)	–	63,098
Finance lease liabilities	4,251	–	–	4,251
Advanced proceeds received from customers	14,012,734	–	–	14,012,734
Current income tax liabilities	448,363	–	–	448,363
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>23,256,681</u>
Total liabilities	<u>35,682,335</u>	–	–	<u>35,384,817</u>
Net assets	<u><u>3,678,233</u></u>	–	–	<u><u>3,583,838</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. The Group already indirectly owned 65% equity interests in Hangzhou Xiaoying as at 30 June 2017.
- (2) Before the 35% Acquisition, the Group indirectly owned 65% equity interests in Hangzhou Xiaoying. Thus, the accounts of Hangzhou Xiaoying were consolidated by the Group and the remaining 35% equity interests held by Yuhang Supply and Marketing Holding Group Co., Ltd. were recorded as non-controlling interests.

The total consideration for the 35% Acquisition was RMB390,738,400 comprising consideration of RMB93,220,000 for 35% equity interests of Hangzhou Xiaoying and consideration of RMB297,518,400 for purchase of the loan from shareholder with the accrued interest at book value.

Upon completion of the 35% Acquisition, the difference between the carrying amount of the non-controlling interests of 35% equity interests and the consideration of RMB93,220,000 to be paid for the equity interests will be recognised in equity attributable to equity holders of the Company. Hangzhou Xiaoying will become a wholly owned subsidiary of the Group.

For the purpose of preparing the Unaudited Pro Forma Financial Information, it is assumed that the consideration will be paid by cash and a deduction of RMB390,738,400 in cash and cash equivalents will be recognised to reflect the payment of the consideration.

- (3) The pro forma adjustment represents the estimated amounts for professional fees and other expenses payable by the Enlarged Group for the 35% Acquisition.
- (4) Save as aforesaid, no other adjustments have been made to reflect any trading results or other transactions, including the Disposal, of the Group or Hangzhou Xiaoying 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 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-3 of the Company's circular dated 25 September 2017, in connection with the acquisition of the remaining 35% equity interests in Hangzhou Xiaoying Real Estate Development Co., Ltd. (the "Target") by the Group (the "35% Acquisition"). 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-3.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the 35% Acquisition on the Group's financial position as at 30 June 2017 as if the 35% Acquisition 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 35% Acquisition 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, 25 September 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 of the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules, were as follows:

Name of Director	Capacity/ Nature of Interest	Number of Underlying Shares/ Debentures ⁽³⁾	Approximate % shareholding interest ⁽⁴⁾
Beyond Wisdom Limited	Direct interest	505,917,613	39.18
Yan Hao ⁽¹⁾	Interest in a controlled corporation	505,917,613 (L)	39.18
Decent King Limited	Direct interest	427,205,918	33.08
Chen Xin Ge ⁽²⁾	Interest of a controlled corporation	427,205,918 (L)	33.08
Xu Chao Hui	Beneficial owner	748,605	0.06
Yang Tie Jun	Beneficial owner	311,858	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.
- (4) There were 1,291,302,213 shares in issue as of the Latest Practicable Date.

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%

APPENDIX VI**GENERAL INFORMATION**

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%

Name of Subsidiary	Name of Shareholder	Registered Capital	Approximate % of Interest
Shanghai Jizhai Industrial Co., Ltd.	Xiang Chong	RMB1.2 million	33%
	Ma Hongjun		27%
Shanghai Xiaopin Investment Co., Ltd.	Nangjing Loude Dening	RMB500 million	30%
	Real Estate Investment Limited Partnership		
Nanjing Jingrui Enterprise Management Co., Ltd.	Ningbo Haihuitong	RMB1 million	45%
	Property Marketing Planning Co., Ltd.		

(d) Directors' Service Contracts

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

(e) Directors' Competing Interests

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

(f) Disclaimers

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

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

As of the Latest Practicable Date, none of the Directors or experts had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 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 Group taken as a whole.

3. MATERIAL CONTRACTS

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

- (a) 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, BOSC 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 (as the purchaser) and Meihao Holdings Group Co., Ltd. in relation to the Previous Acquisition, details of which are set out in this circular;
- (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 Acquisition Agreement, details of which are set out in this circular;

- (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.; and
- (s) the Disposal Agreement, details of which are set out in this circular.

4. LITIGATION AND CLAIMS

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

5. EXPERTS AND CONSENT

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

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

6. GENERAL

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

The joint company secretaries of the Company are 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 8 October 2017:

- (a) the memorandum and articles of association of the Company;
- (b) the accountant's 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 DTZ Cushman & Wakefield Limited as set out in Appendix IV 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.; and
- (i) this circular.