

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Yincheng International Holding Co., Ltd.

銀城國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1902)

DISCLOSEABLE TRANSACTION

ACQUISITION OF THE ENTIRE EQUITY INTEREST IN AND DEBT OF THE TARGET COMPANY

ACQUISITION OF THE ENTIRE EQUITY INTEREST IN AND DEBT OF THE TARGET COMPANY

The Board is pleased to announce that on 15 July 2020 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendor entered into the Agreement, pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell, the Equity Interest (representing the entire equity interest in the Target Company) and Debt (which is amounted to RMB355,966,829) at the Consideration of RMB460,279,040 (comprising the equity transfer price of RMB104,312,211 and Debt of RMB355,966,829). The Target Company holds the Target Land.

Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the Group's consolidated financial statements.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 15 July 2020 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendor entered into the Agreement, pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell, the Equity Interest and Debt at the Consideration of RMB460,279,040.

MAJOR TERMS OF THE AGREEMENT

Subject assets to be acquired:	The Purchaser has agreed to acquire, and the Vendor has agreed to sell, the Equity Interest (representing the entire equity interest in the Target Company) and Debt (which is amounted to RMB355,966,829).
Consideration:	<p>The Consideration of RMB460,279,040 shall be settled in the following manner:</p> <ul style="list-style-type: none">(a) a deposit in the amount of RMB92,055,808 has been paid by the Purchaser to a bank account designated by Wuxi Equity Exchange;(b) the first payment, the amount of which, after aggregating with the deposit, shall not be less than RMB230,139,520, shall be paid within five business days upon execution of the Agreement to a bank account designated by Wuxi Equity Exchange; and(c) the remainder of the Consideration, which shall be not more than 50% of the Consideration (i.e. RMB230,139,520) shall be fully settled within one year from the date of the Agreement, provided that (i) 20% of the Consideration shall be settled within 45 days after having obtained the permit for advance sale* (預售許可證); (ii) the controlling shareholder and the beneficial owner of the Purchaser shall provide a guarantee letter, guaranteeing the payment by the Purchaser of the remainder of the Consideration, interest, penalties and other fees to be incurred by the Vendor for enforcing its rights, if any; and (iii) interest shall be accrued on any unpaid portion of the Consideration at an annual interest rate of 7% from the sixth business day upon execution of the Agreement to the date on which such unpaid portion having been fully settled. The Purchaser can opt for early settlement of the remainder of the Consideration without incurring any penalties.
Liabilities for breach of the Agreement:	<p>Any party terminating the Agreement shall pay to the other party an amount equivalent to 5% of the Consideration, plus damages, if any.</p> <p>In the event that the Purchaser fails to settle the Consideration in accordance with the agreed terms, the Purchaser shall be liable to pay to the Vendor an amount equivalent to 0.1% of the Consideration, on a daily basis. The Vendor shall have the right to terminate the Agreement if the relevant outstanding amount is overdue for 30 days and claim the Purchaser for any damages suffered.</p>

Completion: Both the Vendor and the Purchaser shall endeavour to procure (i) the transfer of owner's rights in the equity interest in the Target Company within five business days upon execution of the Agreement; and (ii) the registration of the transfer of equity interest in the Target Company upon obtaining the equity transaction confirmation* (產權交易憑證) from Wuxi Equity Exchange.

BASIS OF THE CONSIDERATION

The Consideration was determined through an auction held by Wuxi Equity Exchange in which the Target Company was offered for sale by way of tender at a base bidding price of RMB460,279,040.

After having taken into account (i) the audited financial statements of the Target Company for the year ended 31 December 2019 and the three months ended 31 March 2020; (ii) the audited financial position of the Target Company as at 31 March 2020 (including but not limited to the assets and liabilities of the Target Company as at 31 March 2020); (iii) the valuation of the net asset value of the Target Company of approximately RMB36.9 million as at 31 March 2020 by an independent valuer; (iv) the business development opportunities and prospect of the Target Land upon completion of the Acquisition; and (v) the comparison of the estimated average floor price of the properties which are to be built on the Target Land and those of the comparable lands in the vicinity of the Target Land, the Directors considered that the Consideration is fair and reasonable.

The Consideration will be funded by the internal resources of the Group.

DETAILS OF THE TARGET LAND

The Target Company holds the Target Land, details of which are as follows:

Location:	Situated at the north of Jincheng Road, west of Chuncheng Primary School, south of Lengdugang and east of Xitu Road* (金城路北側、春城小學西側、冷瀆港南側、錫土路東側地塊)
Approximate total site area:	22,125 m ²
Term of land use rights:	70 years
Usage:	Residential
Restrictions on usage:	(i) the building density shall be no more than 28%; (ii) the floor area ratio shall be no more than 2; (iii) the green space ratio shall be no less than 35%; and (iv) the building height limit shall be 100 metres.

GENERAL INFORMATION OF THE PARTIES TO THE ACQUISITION

The Vendor

The Vendor is a collectively-owned enterprise established in the PRC and principally engages in assets operation and management and property development. As at the date of the Agreement, the Vendor is wholly-owned by Wuxishi Xinwu District Jiangxi Street Assets Management Committee* (無錫市新吳區江溪街道資產管理委員會). To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner is a third party independent of the Company and its connected persons.

The Group

The Company is a company incorporated in the Cayman Islands with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange. The Group is an established property developer in the PRC focusing on developing quality residential properties in the Yangtze River Delta Megalopolis for customers of all ages. The Group commenced property development operations in Nanjing and successfully expanded its footprint to other cities in the Yangtze River Delta Megalopolis, including Wuxi, Suzhou, Zhenjiang, Hangzhou, Ma'an Shan and Hefei.

Wuxi Yincheng is a company incorporated under the laws of the PRC with limited liability and an indirect wholly owned subsidiary of the Company. Wuxi Yincheng principally engages in property development.

The Target Company

The Target Company is a company incorporated under the laws of the PRC with limited liability on 30 May 2019 for the purpose of holding and developing the Target Land.

The net loss before taxation and net loss after taxation of the Target Company for the year ended 31 December 2019 was approximately RMB5,855.8 and RMB5,855.8, respectively. The net asset value of the Target Company as per its audited financial position and the valuation report issued by an independent valuer as at 31 March 2020 were approximately RMB(5,852.67) and RMB36,867,800, respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Following the completion of the Acquisition, the Target Company shall become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the Group's consolidated financial statements. The Board is of the view that the Acquisition can enhance the Group's existing business in developing quality residential properties in the Yangtze River Delta Megalopolis, hence the Group would exert its strength, further enhance its presence and influence in the Yangtze River Delta Megalopolis and bring in more investment return for its shareholders.

The Directors (including the independent non-executive Directors) consider that the Acquisition is carried out on normal commercial terms, which are fair and reasonable and in the interests of the Company and its shareholder as a whole.

IMPLICATIONS OF THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of the Equity Interest and Debt by the Purchaser from the Vendor pursuant to the terms and conditions of the Agreement
“Agreement”	the equity transaction agreement* (產權交易合同) dated 15 July 2020 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Board”	the board of Directors
“Company”	Yincheng International Holdings Co., Ltd. (銀城國際控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1902)
“Consideration”	the consideration of RMB460,279,040 (comprising the equity transfer price of RMB104,312,211 and Debt of RMB355,966,829) payable by the Purchaser to the Vendor in relation to the Acquisition
“Debt”	a debt in the amount of RMB355,966,829 owed by the Target Company to the Vendor as at the date of the Agreement
“Directors”	the director(s) of the Company
“Equity Interest”	the entire equity interest in the Target Company as at the date of the Agreement
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio(s)”	has the meaning ascribed to it in the Listing Rules

“PRC”	the People’s Republic of China, which for the sole purpose of this announcement, shall exclude the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Purchaser” or “Wuxi Yincheng”	Wuxi Yincheng Real Estate Development Co., Ltd.* (無錫銀城房地產開發有限公司), a company incorporated under the laws of the PRC with limited liability and an indirect wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Wuxi Chengxiang Real Estate Co., Ltd.* (無錫誠祥置業有限公司), a company incorporated under the laws of the PRC with limited liability
“Target Land”	the land parcel situated at the north of Jincheng Road, west of Chuncheng Primary School, south of Lengdugang and east of Xitu Road* (金城路北側、春城小學西側、冷瀆港南側、錫土路東側地塊)
“Vendor”	Wuxishi Xinwu District Jiangxi Street Assets Operation Company* (無錫市新吳區江溪街道資產經營公司), a collectively-owned enterprise established in the PRC, which is wholly-owned by Wuxishi Xinwu District Jiangxi Street Assets Management Committee* (無錫市新吳區江溪街道資產管理委員會) as at the date of the Agreement
“Wuxi Equity Exchange”	Wuxi Equity Exchange Co., Ltd.* (無錫產權交易所有限公司)
“%”	per cent

By order of the Board of
YINCHENG INTERNATIONAL HOLDING CO., LTD.
HUANG Qingping
Chairman

Hong Kong, 15 July 2020

As at the date of this announcement, the executive Directors are Mr. Ma Baohua, Mr. Zhu Li, Mr. Wang Zheng and Ms. Shao Lei; the non-executive Directors are Mr. Huang Qingping and Mr. Xie Chenguang; and the independent non-executive Directors are Mr. Chen Shimin, Mr. Chan Peng Kuan and Mr. Lam Ming Fai.

* for identification purposes only