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銀城國際控股有限公司

YINCHENG INTERNATIONAL HOLDING CO., LTD.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1902)

MAJOR TRANSACTION

COOPERATION AGREEMENT IN RELATION TO DEVELOPMENT OF LAND

THE COOPERATION AGREEMENT

On 20 October 2020, Wuxi Huayu won the tender for acquiring (i) the entire equity interest in the Project Company from Wuxi Shanshui; and (ii) the debt in the amount of RMB700,000,000 owed by the Project Company to Wuxi Shanshui, at the Consideration of RMB752,087,000. The principal asset of the Project Company is the Land. On 10 November 2020, the Equity Transaction Agreement was entered into between Wuxi Huayu and Wuxi Shanshui for the Acquisition. Both Wuxi Huayu and Wuxi Shanshui are independent third parties.

On 23 December 2020 (after trading hours), Wuxi Huayu, Wuxi Yinzetao (a wholly-owned subsidiary of the Company) and Wuxi Yinzexuan (a wholly-owned subsidiary of the Company) entered into the Cooperation Agreement, pursuant to which:

- (i) after Wuxi Huayu pays 30% of the Consideration to Wuxi Shanshui and Wuxi Shanshui completes the transfer of the entire equity interest in the Project Company to Wuxi Huayu pursuant to the Equity Transaction Agreement, Wuxi Huayu shall transfer the entire equity interest in the Project Company to Wuxi Yinzexuan;
- (ii) in consideration of Wuxi Huayu transferring the entire equity interest in the Project Company to Wuxi Yinzexuan, Wuxi Yinzexuan shall:
 - (a) allot its 50% equity interest to Wuxi Huayu; and
 - (b) together with Wuxi Yinzetao, pay RMB526,460,900 to Wuxi Huayu to facilitate Wuxi Huayu to settle the remainder of the Consideration and RMB89,797,000 to the Project Company for settlement of the Supplemental Land Fee; and
- (iii) Wuxi Huayu and Wuxi Yinzetao shall jointly develop the Land through Wuxi Yinzexuan and the Project Company.

Upon completion of the transactions contemplated under the Cooperation Agreement, both Wuxi Yinzexuan and the Project Company will become non wholly-owned subsidiaries of the Company and the financial results of which shall consolidate to the Company's consolidated financial statements.

LISTING RULES IMPLICATIONS

As the transactions contemplated under the Cooperation Agreement involve both the Deemed Disposal and the Transfer, it will be classified by reference to the larger of the two and subject to the reporting, disclosure and/or Shareholders' approval requirements applicable to that classification. As the applicable percentage ratio(s) in relation to the Transfer is more than 25% but less than 100% and the Deemed Disposal is more than 5% but less than 25%, the transactions contemplated under the Cooperation Agreement constitute a major transaction of the Company and are subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Since no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Transactions, the Company has obtained a written approval from a closely allied group of Shareholders who together held 746,542,411 Shares (representing approximately 51.59% of the entire issued share capital of the Company as at the date of this announcement) carrying rights to vote at a general meeting. Accordingly, such written shareholders' approval has been accepted in lieu of holding a general meeting for the approval of the Transactions pursuant to Rule 14.44 of the Listing Rules. As such, no general meeting of the Company will be convened to approve the Transactions.

GENERAL

A circular containing, among others, further details of the Transactions is expected to be despatched to the Shareholders in accordance with the Listing Rules for information purpose only. It is expected that the circular will be despatched to the Shareholders on or before 15 January 2021 in order to allow sufficient time for the Company to prepare the relevant information for inclusion in the circular.

BACKGROUND

On 20 October 2020, Wuxi Huayu won the tender for acquiring (i) the entire equity interest in the Project Company from Wuxi Shanshui; and (ii) the debt in the amount of RMB700,000,000 owed by the Project Company to Wuxi Shanshui, at the Consideration of RMB752,087,000. The principal asset of the Project Company is the Land. On 10 November 2020, the Equity Transaction Agreement was entered into between Wuxi Huayu and Wuxi Shanshui for the Acquisition.

On 23 December 2020 (after trading hours), Wuxi Huayu, Wuxi Yinzetao (a wholly-owned subsidiary of the Company) and Wuxi Yinzexuan (a wholly-owned subsidiary of the Company) entered into the Cooperation Agreement, pursuant to which:

- (i) after Wuxi Huayu pays 30% of the Consideration to Wuxi Shanshui and Wuxi Shanshui completes the transfer of the entire equity interest in the Project Company to Wuxi Huayu pursuant to the Equity Transaction Agreement, Wuxi Huayu shall transfer the entire equity interest in the Project Company to Wuxi Yinzexuan;
- (ii) in consideration of Wuxi Huayu transferring the entire equity interest in the Project Company to Wuxi Yinzexuan, Wuxi Yinzexuan shall:
 - (a) allot its 50% equity interest to Wuxi Huayu; and
 - (b) together with Wuxi Yinzetao, pay RMB526,460,900 to Wuxi Huayu to facilitate Wuxi Huayu to settle the remainder of the Consideration and RMB89,797,000 to the Project Company for settlement of the Supplemental Land Fee; and
- (iii) Wuxi Huayu and Wuxi Yinzetao shall jointly develop the Land through Wuxi Yinzexuan and the Project Company.

PRINCIPAL TERMS OF THE COOPERATION AGREEMENT

Basic information of the Land

Location:	Situated at the east to Wuhu Avenue, south to Gaoyuan Road, west to Planning Road and north to Hefeng Road* (東至五湖大道、南至高遠路、西至規劃道路、北至和風路)
Total site area:	28,845.3 m ²
Term of land use rights:	70 years for residential use and 40 years for commercial use
Restrictions on development and constructions:	(i) the floor area ratio shall be no less than 2.5 and no more than 2.7; (ii) the building density shall be no more than 40%; (iii) the building height limit shall be 80 metres; and (iv) the green space ratio shall be no less than 30%.

Capital contribution to Wuxi Yinzexuan

As at the date of this announcement, Wuxi Yinzexuan has an unpaid registered capital of RMB1,000,000.

The registered capital of Wuxi Yinzexuan shall be increased to RMB300,000,000 immediately upon execution of the Cooperation Agreement, pursuant to which RMB150,000,000 and RMB150,000,000 shall be contributed by Wuxi Yinzetao and Wuxi Huayu, respectively.

Upon completion of the increase in registered capital of Wuxi Yinzexuan, the equity interest in Wuxi Yinzexuan shall be held as to 50% and 50% by Wuxi Yinzetao and Wuxi Huayu, respectively.

Transfer of the entire equity interest in the Project Company to Wuxi Yinzexuan

Wuxi Huayu agrees that after the payment of 30% of the Consideration by Wuxi Huayu to Wuxi Shanshui, Wuxi Huayu shall procure the transfer of the entire equity interest in the Project Company from Wuxi Shanshui to Wuxi Huayu as soon as possible pursuant to the terms of the Equity Transaction Agreement.

As at the date of this announcement, such 30% of the Consideration has already been settled by Wuxi Huayu and the registration of the transfer of the entire equity interest in the Project Company to Wuxi Huayu has been completed. Upon completion of the registration of the increment of registered capital of Wuxi Yinzexuan, Wuxi Huayu shall, within five (5) business days, transfer the entire equity interest in the Project Company to Wuxi Yinzexuan and complete the relevant registration procedures.

Payment of the Consideration and the Supplemental Land Fee

Having regard to the terms and conditions of the Equity Transaction Agreement, the Consideration of RMB752,087,000 and the Supplemental Land Fee of RMB89,797,000 shall be borne by Wuxi Yinzetao and Wuxi Huayu in the following manners specifically:

- (i) RMB72,208,700 (being the earnest money paid by Wuxi Huayu) shall be applied as part of the Consideration;
- (ii) RMB158,126,000 (being 30% of the Consideration minus the earnest money of RMB72,208,700 plus the Transaction Service Fee of RMB4,708,600) has been paid by Wuxi Huayu to Wuxi Shanshui on 16 November 2020;
- (iii) RMB150,417,400 (being 20% of the Consideration) shall be provided by Wuxi Yinzetao, directly or indirectly through Wuxi Yinzexuan, to the bank account of Wuxi Huayu upon signing of the Cooperation Agreement;
- (iv) RMB89,797,000 (being the Supplemental Land Fee) shall be provided by Wuxi Yinzetao in the form of a shareholder's loan, directly or indirectly through Wuxi Yinzexuan, to the Project Company upon relevant government authority issuing the notice of payment; and
- (v) RMB376,043,500 (being 50% of the Consideration) shall be paid with the funds of the Project Company and provided to Wuxi Yinzexuan in the form of a loan; and in the event that the funds of the Project Company is insufficient to cover the said payment, the remaining balance shall be provided by Wuxi Yinzetao, and payable by Wuxi Yinzexuan through the bank account of Wuxi Huayu to Wuxi Shanshui, by 31 May 2021.

Given that Wuxi Yinzetao shall hold majority of the voting rights in Wuxi Yinzexuan pursuant to the Cooperation Agreement, Wuxi Yinzetao shall use its best endeavours to procure the Project Company to obtain sufficient project and land financings from third parties in order to ensure that the Project Company shall settle 50% of the Consideration (i.e. RMB376,043,500) by 31 May 2021. In the event that the funds made available by the Project Company is insufficient to settle such 50% of the Consideration, the Group expects that such shortfall payable by Wuxi Yinzexuan will be insignificant and will not lead to any material adverse impact to the financial exposure of the Group.

Upon completion of the Transfer and the payment of RMB150,417,400 by Wuxi Yinzetao, both Wuxi Huayu and Wuxi Yinzetao shall be deemed to have contributed their respective committed registered capital in the amount of RMB150,000,000. Any exceeded portion paid by Wuxi Huayu and Wuxi Yinzetao shall be considered as the provision of shareholder's loan to Wuxi Yinzexuan.

Wuxi Yinzetao and Wuxi Huayu further agreed that:

- (i) if any Party fails to provide funds for the settlement of the Consideration and/or the Supplemental Land Fee in the manner as specified above and the non-defaulting Party has settled the said payment for and on behalf of the defaulting Party, the amount paid by the non-defaulting Party shall be considered as a loan from the non-defaulting Party to the defaulting Party and the defaulting Party shall be liable to pay an interest to the non-defaulting Party at an interest rate of 8% per annum; and
- (ii) any shareholders' loans provided to the Project Company throughout the development of the Land shall bear an interest rate of 8% per annum, calculated from the date of provision of such loans.

The Total Commitment was determined after arm's length negotiations taking into account the amount and payment terms of (i) the Consideration of RMB752,087,000 which was determined based on the appraised value of the Tender Subject of approximately RMB722,087,000 as at 30 June 2020 plus the tender premium* (競價溢價) of RMB30,000,000; and (ii) the Supplemental Land Fee of RMB89,797,000 payable to the relevant government authority for adjustment of the floor area ratio of the Land from 2.5 to up to 2.7.

The Total Commitment to be borne by Wuxi Yinzetao and Wuxi Yinzexuan will be funded by the internal resources of the Group and the obtaining of project and land financing.

Management and profit distribution

- Shareholders' resolutions:
- (i) Wuxi Yinzetao and Wuxi Huayu shall have 51% and 49% of the voting rights, respectively, at the shareholders' meetings of Wuxi Yinzexuan.
 - (ii) Unless otherwise provided by the law, matters to be approved by shareholders of Wuxi Yinzexuan shall be passed by a simple majority.

- (iii) Shareholder's resolutions of the Project Company shall be passed only if such resolutions are passed by the shareholders of Wuxi Yinzexuan.
- (iv) The key responsibilities of the shareholder of the Project Company include, among others, formulating business and investment plans, taking charge of changes in the capital structure and approving profit distribution arrangement of the Project Company.

Board composition and management:

- (i) All members of the board of directors of Wuxi Yinzexuan and their respective obligations shall be identical to those of the Project Company.
- (ii) Each board of directors of Wuxi Yinzexuan and the Project Company shall consist of five (5) directors, of which three (3) shall be nominated by Wuxi Yinzetao and two (2) shall be nominated by Wuxi Huayu. The chairman of each board of directors of Wuxi Yinzexuan and the Project Company shall be nominated by Wuxi Yinzetao. Pursuant to the Equity Transaction Agreement, Wuxi Shanshui shall be entitled to nominate one (1) director to the Project Company prior to the full settlement of the Consideration. Accordingly, Wuxi Yinzetao shall nominate two (2) directors to the board of the Project Company prior to the full settlement of the Consideration.
- (iii) All matters to be approved by each board of directors of Wuxi Yinzexuan and the Project Company shall be passed by a simple majority.
- (iv) The key responsibilities of the board of directors of Wuxi Yinzexuan and the Project Company include, among others, convening shareholders' meeting, reporting to shareholders, executing decisions of the shareholders' meetings, formulating business plans, annual budget and undertaking other management tasks.

Supervisors:

- (i) All supervisors of Wuxi Yinzexuan and their respective obligations shall be identical to those of the Project Company.
- (ii) There shall be two (2) supervisors in each of Wuxi Yinzexuan and the Project Company, of which one (1) shall be nominated by Wuxi Yinzetao and one (1) shall be nominated by Wuxi Huayu.

- Senior management:
- (i) All general managers of Wuxi Yinzexuan and their respective obligations shall be identical to those of the Project Company.
 - (ii) There shall be one (1) general manager and one (1) financial director in each of Wuxi Yinzexuan and the Project Company, whom shall be nominated by Wuxi Yinzetao; and one (1) co-general manager and one (1) vice-financial director in each of Wuxi Yinzexuan and the Project Company, whom shall be nominated by Wuxi Huayu.
- Profit distribution: Wuxi Yinzetao and Wuxi Huayu shall share the profits of the Project Company in proportion to their respective equity interest in Wuxi Yinzexuan.

Breach of the Cooperation Agreement

If any Party breaches and/or fails to perform its obligations under the Cooperation Agreement, the non-defaulting Party shall have the right to issue a written notice to the defaulting Party. In the event that the defaulting Party fails to perform its obligations and/or undertake remedial measures acceptable to the non-defaulting Party within ten (10) days of the written notice, the non-defaulting Party shall have the right to terminate the Cooperation Agreement. The defaulting Party shall be liable to pay RMB30,000,000 plus any additional damages exceeding RMB30,000,000 to the non-defaulting Party. If the non-defaulting Party elects to terminate the Cooperation Agreement, the defaulting Party shall, within five (5) business days of receiving a written notice of termination from the non-defaulting Party, return all funds provided by the non-defaulting Party plus an interest at an interest rate of 8% per annum calculated from the day of provision of the funds up to the day of return of the funds. The defaulting Party shall also, at the request of the non-defaulting Party, offer to acquire all equity interests, capital and/or loans in Wuxi Yinzexuan owned by the non-defaulting Party.

If any Party fails to provide funds for the settlement of the Consideration and/or the Supplemental Land Fee in the manner as specified in the Cooperation Agreement and the non-defaulting Party has settled the said payment for and on behalf of the defaulting Party, the defaulting Party shall pay to the non-defaulting Party, on a daily basis, an amount equivalent to 0.04% of the said payment. If the relevant outstanding amount is overdue for over thirty (30) days, the defaulting party shall be seen as refusing to continue to cooperate under the Cooperation Agreement and shall pay an amount equivalent to 20% of the Consideration as penalty to the non-defaulting Party.

In the event that Wuxi Huayu and/or the Project Company fails to procure the (i) transfer of the entire equity interest in the Project Company to Wuxi Yinzexuan and/or (ii) registration of Wuxi Yinzexuan as the shareholder of the Project Company in accordance with the agreed timeframe as stipulated in the Cooperation Agreement, Wuxi Huayu shall be liable to pay to Wuxi Yinzetao, on a daily basis, an amount equivalent to 0.04% of the total funds provided by Wuxi Yinzetao at the time of the breach.

If the aforementioned failure to transfer and/or registration has lasted for thirty (30) days by reason of the breach of Wuxi Huayu, Wuxi Huayu shall be seen as refusing to continue to cooperate under the Cooperation Agreement and shall immediately return all funds provided by Wuxi Yinzetao. Wuxi Huayu shall also pay to Wuxi Yinzetao an amount equivalent to 0.04% of the total amount provided by Wuxi Yinzetao, calculated on a daily basis from the day the funds of Wuxi Yinzetao reached the accounts of Wuxi Huayu or the Project Company, or used for the development of the Land, up until the day of return of funds from Wuxi Huayu. Wuxi Huayu shall pay an additional amount equivalent to 20% of the Consideration as penalty to Wuxi Yinzetao.

FINANCIAL EFFECT OF THE TRANSACTIONS

Upon completion of the Deemed Disposal and the Transfer, both Wuxi Yinzexuan and the Project Company will become non wholly-owned subsidiaries of the Company and the financial results of which shall be consolidated to the Company's consolidated financial statements. As the Deemed Disposal will not result in the Company's loss of control over Wuxi Yinzexuan, the Deemed Disposal will not result in the recognition of any gain or loss in the Company's consolidated statement of profit or loss and other comprehensive income.

GENERAL INFORMATION OF THE GROUP, THE PARTIES AND THE PROJECT COMPANY

Information of 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'anshan and Hefei.

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

Wuxi Yinzexuan is a company established on 16 July 2020 under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement. There has been no material operation since the recent establishment of Wuxi Yinzexuan. Based on the management accounts of Wuxi Yinzexuan for the period since its establishment until 30 November 2020, Wuxi Yinzexuan recorded a net loss of RMB500 and its net asset value as at 30 November 2020 was RMB1,500.

Information of Wuxi Huayu

Wuxi Huayu is a company established under the laws of the PRC with limited liability and principally engages in property development, management and leasing. The ultimate beneficial owners of Wuxi Huayu are Mr. Zhang Linzhong and Ms. Zhang Lihua.

The Project Company

The Project Company is a company established on 17 February 2020 under the laws of the PRC with limited liability and a wholly-owned subsidiary of Wuxi Huayu as at the date of this announcement. The Project Company principally engages in property development.

There has been no material operation since the recent establishment of the Project Company. Based on the management accounts of the Project Company for the period since its establishment until 30 November 2020, the Project Company recorded a net profit of approximately RMB7,864 and its net asset value as at 30 November 2020 was approximately RMB20,007,864.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of Wuxi Huayu and its ultimate beneficial owners is a third party independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF ENTERING INTO THE COOPERATION AGREEMENT

The Board is of the view that through the arrangement under the Cooperation Agreement, the Group's existing business in developing quality residential properties in the Yangtze River Delta Megalopolis can be enhanced, 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.

In light of the above and having considered the basis of determining the Total Commitment, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Cooperation Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

THE LISTING RULES IMPLICATIONS

As the transactions contemplated under the Cooperation Agreement involve both the Deemed Disposal and the Transfer, it will be classified by reference to the larger of the two and subject to the reporting, disclosure and/or Shareholders' approval requirements applicable to that classification. As the applicable percentage ratio(s) in relation to the Transfer is more than 25% but less than 100% and the Deemed Disposal is more than 5% but less than 25%, the transactions contemplated under the Cooperation Agreement constitute a major transaction of the Company and are subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

No Shareholder has a material interest in the Transactions and is required to abstain from voting if the Company were to convene a general meeting for approving the Transactions. Pursuant to Rule 14.44 of the Listing Rules, the Company had obtained a written approval for the Transactions from the Relevant Shareholders as set out below, being a closely allied group of Shareholders which together hold 746,542,411 Shares, representing approximately 51.59% of the issued share capital of the Company as at the date of this announcement, carrying rights to vote at a general meeting of the Company:

Shareholders	Number of Shares held	Approximate percentage of shareholding (Note 7)
Silver Huang Holding Limited <i>(Note 1)</i>	517,833,810	35.79%
Silver Vally Holding Limited <i>(Note 1)</i>	21,255,724	1.47%
Silver Xie Holding Limited <i>(Note 2)</i>	78,085,490	5.40%
Silver Li Holding Limited <i>(Note 3)</i>	36,192,609	2.50%
Silver Ma Holding Limited <i>(Note 4)</i>	71,919,056	4.97%
Silver Shao Holding Limited <i>(Note 5)</i>	10,627,861	0.73%
Silver Wang Holding Limited <i>(Note 6)</i>	<u>10,627,861</u>	<u>0.73%</u>
Total:	<u><u>746,542,411</u></u>	<u><u>51.59%</u></u>

Notes:

- Each of Silver Huang Holding Limited and Silver Vally Holding Limited is directly wholly-owned by Mr. Huang Qingping, a non-executive Director, the chairman of the Board and a controlling Shareholder.
- Silver Xie Holding Limited is directly wholly-owned by Mr. Xie Chenguang, a non-executive Director.
- Silver Li Holding Limited is directly wholly-owned by Mr. Zhu Li, an executive Director.
- Silver Ma Holding Limited is directly wholly-owned by Mr. Ma Baohua, an executive Director.
- Silver Shao Holding Limited is directly wholly-owned by Ms. Shao Lei, an executive Director.
- Silver Wang Holding Limited is directly wholly-owned by Mr. Wang Zheng, an executive Director.
- The approximate shareholding percentage were calculated based on 1,446,962,138 Shares in issue as at the date of this announcement.

The relationships among the Relevant Shareholders which constitute “a closely-allied group of Shareholders” under Rule 14.45 of the Listing Rules are, among other things, briefly set out below:

- (i) the ultimate beneficial owner of each of the Relevant Shareholders as mentioned above is a Director and all of such Directors have been involved in the management roles overseeing the daily operations of the property development arm of the Yincheng Real Estate Group, which have been separated from the Yincheng Real Estate Group to form the Group for the purpose of the Listing;
- (ii) Mr. Huang Qingping, Mr. Xie Chenguang, Mr. Ma Baohua and Mr. Zhu Li have been shareholders of Yincheng Real Estate for more than 12 years with Mr. Huang Qingping first became a shareholder since 2001. Mr. Huang Qingping, Mr. Xie Chenguang, Mr. Ma Baohua and Mr. Zhu Li have continued to be shareholders of Yincheng Real Estate after the Reorganisation and the Yincheng Real Estate Group continues to carry on a variety of business operations other than property development in the PRC;
- (iii) Mr. Huang Qingping, Mr. Xie Chenguang, Mr. Ma Baohua and Mr. Zhu Li, being the ultimate beneficial shareholders of the Yincheng Real Estate Group in aggregate holding more than 50% shareholding interests of Yincheng Real Estate, have nominated Mr. Wang Zheng and Ms. Shao Lei to be appointed as Directors so that the six of them continue with their close cooperation in the Group both as Directors and Shareholders through their respective investment vehicles (namely, the respective Relevant Shareholders); and
- (iv) since the inception of the Company and as a result of the Reorganisation, Mr. Huang Qingping, Mr. Xie Chenguang, Mr. Ma Baohua and Mr. Zhu Li, by reason of their ultimate shareholding interest in Yincheng Real Estate, first became interested in the Shares through their respective investment vehicles, namely, Silver Huang Holding Limited, Silver Xie Holding Limited, Silver Ma Holding Limited and Silver Li Holding Limited. Silver Vally Holding Limited (being directly wholly-owned by Mr. Huang Qingping) also became a Shareholder as part of the Reorganisation. In recognition of the contribution of Mr. Wang Zheng and Ms. Shao Lei in the Group, they also became the Shareholders through their respective investment vehicles, namely, Silver Wang Holding Limited and Silver Shao Holding Limited.

On the basis that the Relevant Shareholders form a close-allied group of Shareholders under Rule 14.45 of the Listing Rules, pursuant to Rule 14.44 of the Listing Rules, their written approvals may be accepted in lieu of holding a general meeting for the purpose of approving the Transactions and therefore no extraordinary general meeting of the Company will be convened for such purpose.

GENERAL

A circular containing, among others, further details of the Transactions is expected to be despatched to the Shareholders in accordance with the Listing Rules for information purpose only. It is expected that the circular will be despatched to the Shareholders on or before 15 January 2021 in order to allow sufficient time for the Company to prepare the relevant information for inclusion in the circular.

DEFINITIONS

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

“Acquisition”	the acquisition by Wuxi Huayu of (i) the entire equity interest in the Project Company from Wuxi Shanshui; and (ii) the debt in the amount of RMB700,000,000 owed by the Project Company to Wuxi Shanshui pursuant to the Equity Transaction Agreement
“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 RMB752,087,000 in relation to the Acquisition
“Cooperation Agreement”	the cooperation agreement dated 23 December 2020 entered into among Wuxi Huayu, Wuxi Yinzetao and Wuxi Yinzexuan
“Deemed Disposal”	the contribution of registered capital in Wuxi Yinzexuan of RMB150,000,000 from Wuxi Huayu, subsequent to the completion of which Wuxi Yinzexuan shall be held as to 50% and 50% by Wuxi Yinzetao and Wuxi Huayu, respectively
“Director(s)”	the director(s) of the Company
“Equity Transaction Agreement”	the equity transaction agreement* (產權交易合同) dated 10 November 2020 entered into between Wuxi Huayu and Wuxi Shanshui in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Land”	the land parcel situated at the east to Wuhu Avenue, south to Gaoyuan Road, west to Planning Road and north to Hefeng Road* (東至五湖大道、南至高遠路、西至規劃道路、北至和風路)
“Listing”	the listing of the shares of the Company on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Party or Parties”	the party or parties to the Cooperation Agreement
“percentage ratio(s)”	has the meaning ascribed to it under 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
“Project Company”	Wuxi Xuelang Changguang Real Estate Co., Ltd.* (無錫雪浪長廣置業有限公司), a company established under the laws of the PRC with limited liability, and a wholly-owned subsidiary of Wuxi Huayu as at the date of this announcement
“Relevant Shareholders”	Silver Huang Holding Limited, Silver Vally Holding Limited, Silver Xie Holding Limited, Silver Ma Holding Limited, Silver Li Holding Limited, Silver Wang Holding Limited and Silver Shao Holding Limited, each being a company incorporated in the British Virgin Islands with limited liability and a Shareholder
“Reorganisation”	the reorganisation of the Group in preparation for the listing of the Shares on the Stock Exchange, details of which are set out in the section headed “History, Reorganisation and Group Structure — Corporate Development — The reorganisation” in the prospectus of the Company dated 22 February 2019
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Land Fee”	the aggregate amount of supplemental land fee* (補容土地款) and deed tax* (契稅) of RMB89,797,000 payable to the relevant government authority
“Tender Subject”	(i) the entire equity interest in the Project Company from Wuxi Shanshui; and (ii) the debt in the amount of RMB700,000,000 owed by the Project Company to Wuxi Shanshui
“Total Commitment”	the amount of RMB616,257,900 to be borne by Wuxi Yinzetao and Wuxi Yinzexuan to Wuxi Huayu and/or the Project Company to facilitate the payment of the remainings of the Consideration and the Supplemental Land Fee

“Transactions”	the transactions contemplated under the Cooperation Agreement including the Deemed Disposal and the Transfer
“Transaction Service Fee”	the transaction service fee of RMB4,708,600 paid by Wuxi Huayu to Wuxi Shanshui in relation to the Acquisition
“Transfer”	the transfer of the entire equity interest in the Project Company from Wuxi Huayu to Wuxi Yinzexuan
“Wuxi Huayu”	Wuxi Huayu Real Estate Co., Ltd.* (無錫華宇置業有限公司), a company established under the laws of the PRC with limited liability, the ultimate beneficial owners of which are Mr. Zhang Linzhong and Ms. Zhang Lihua
“Wuxi Shanshui”	Wuxi Shanshui Huigu Town Construction Development Co., Ltd.* (無錫山水慧谷城鎮建設發展有限公司), a company established under the laws of the PRC with limited liability, the ultimate beneficial owner of which is the People’s Government of Wuxi* (無錫市人民政府)
“Wuxi Yinzetao”	Wuxi Yinzetao Enterprise Management Co., Ltd.* (無錫銀澤濤企業管理有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Wuxi Yinzexuan”	Wuxi Yinzexuan Enterprise Management Co., Ltd.* (無錫銀澤渲企業管理有限公司), a company established under the laws of the PRC with limited liability, and a wholly-owned subsidiary of the Company as at the date of this announcement
“Yincheng Real Estate”	Yincheng Real Estate Group Co., Ltd.* (銀城地產集團股份有限公司), a company incorporated under the laws of the PRC with limited liability, the former holding company of the operating subsidiaries of the Group prior to completion of the Reorganisation
“Yincheng Real Estate Group”	Yincheng Real Estate and its subsidiaries from time to time
“%”	per cent.

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

Hong Kong, 23 December 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*