

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.



銀城國際控股有限公司

YINCENG INTERNATIONAL HOLDING CO., LTD.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1902)

**DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF 25% EQUITY INTEREST IN THE TARGET COMPANY**

On 4 February 2021 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendor entered into the Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire, the Target Equity Interest (representing 25% equity interest in the Target Company) at the Consideration of RMB335,347,000.

As at the date of this announcement, the Target Company is owned as to 75% and 25% by the Purchaser and the Vendor, respectively, and is an indirect non wholly-owned subsidiary of the Company. Upon completion of registration of transfer of the Target Equity Interest under the name of the Purchaser, the Target Company will become an indirect wholly-owned subsidiary of the Company.

LISTING RULE 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 and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As the Vendor is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of the Target Company, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Board has approved the Acquisition and the independent non-executive Directors have confirmed that the terms of the Acquisition are fair and reasonable, the Acquisition is on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole. Therefore, by virtue of Rule 14A.101 of the Listing Rules, the Acquisition is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and shareholders' approval requirements.

INTRODUCTION

On 4 February 2021 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendor entered into the Agreement, major terms of which are detailed below.

MAJOR TERMS OF THE AGREEMENT

Subject matter of the Acquisition:	The Purchaser has agreed to acquire, and the Vendor agreed to sell, the Target Equity Interest (representing 25% equity interest in the Target Company).
Consideration and payment terms:	The Consideration of RMB335,347,000 shall be settled in full by the Purchaser to the Vendor on the date of the Agreement.

BASIS OF THE CONSIDERATION

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the followings:

- (i) the unaudited net asset value of the Target Company of approximately RMB1,379.1 million as at 31 December 2020; and
- (ii) the business development and prospects of the Target Company.

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

GENERAL INFORMATION OF THE PARTIES TO THE ACQUISITION

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.

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

The Vendor

The Vendor is a company established under the laws of the PRC with limited liability and principally engages in securities investment and assets management. As at the date of this announcement, the Vendor is owned as to 98.8226%, 0.9822%, 0.0842%, 0.0500%, 0.0320%, 0.0245% and 0.0045% by Zhang Jianbin (張建斌), Zhang Aoxing (張奧星), Zhang Jianhua (張劍華), Yao Jianjun (姚建軍), Wu Yinwen (吳吟文), Liu Wenwei (劉文偉) and Yu Ning (于寧), respectively.

Save for being a connected person of the Company at the subsidiary level as disclosed in this announcement, each of the Vendor and its ultimate beneficial owners is not otherwise connected to the Company.

The original acquisition cost of the assets to the Vendor was RMB283,015,370.

The Target Company

The Target Company is a company established under the laws of the PRC with limited liability and principally engages in the development of properties for the elderly and investment and management of hospitals. As at the date of this announcement, the Target Company is owned as to 75% and 25% by the Purchaser and the Vendor, respectively, and is an indirect non wholly-owned subsidiary of the Company.

The major assets of the Target Company are the residential properties together with the ancillary health and wellness facilities developed by it for the elderly.

Set out below is the financial information of the Target Company for the years ended 31 December 2019 and 2020:

	For the year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Net profit/(loss) before taxation	(6,219)	98,041
Net profit/(loss) after taxation	(4,664)	77,391

The unaudited net asset value of the Target Company as at 31 December 2020 was approximately RMB1,379,084,458

REASONS FOR AND BENEFITS OF THE ACQUISITION

The residential properties developed by the Group are catered for customers of different age groups and are divided into five series. “Yi series” (頤系列) is one of the five series where the residential properties developed thereunder are catered for the elderly and are aimed to provide them with a relaxing community and comprehensive ancillary facilities for their health and wellness.

As at the date of this announcement, the Target Company is an indirect non wholly-owned subsidiary of the Company which is owned as to 75% by the Purchaser. Upon completion of registration of transfer of the Target Equity Interest under the name of the Purchaser, the Target Company will become an indirect wholly-owned subsidiary of the Company. The Board considers that the Acquisition will allow the Group to have full control of the operations of the Target Company so as to ensure the efficiency and high product quality in relation to the development of residential properties that are catered for the elderly. Besides, as the business operations of the Target Company is in line with the overall development objectives of the Group, the Board is of the view that the Acquisition could strategically strengthen the Group's presence and position in the elderly properties market in the PRC.

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 shareholders as a whole. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Directors has material interest in the transaction contemplated under the Agreement and none of them is required to be abstained from voting on the relevant board resolutions.

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 and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As the Vendor is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of the Target Company, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Board has approved the Acquisition and the independent non-executive Directors have confirmed that the terms of the Acquisition are fair and reasonable, the Acquisition is on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole. Therefore, by virtue of Rule 14A.101 of the Listing Rules, the Acquisition is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and shareholders' approval requirements.

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 Target Equity Interest by the Purchaser from the Vendor pursuant to the terms and conditions of the Agreement
“Agreement”	the equity transfer agreement (股權轉讓協議) dated 4 February 2021 entered into between the Purchaser and the Vendor in relation to the acquisition of the Target Equity Interest

“Board”	the board of Directors
“Company”	Yincheng International Holding 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 RMB335,347,000 payable by the Purchaser in relation to the Acquisition
“Director(s)”	the director(s) of the Company
“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”	Nanjing Yincheng Real Estate Development Co., Ltd. (南京銀城房地產開發有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Nanjing Eastern Senior Living Health Industry Co., Ltd.* (南京東方頤年健康產業發展有限公司), a company established under the laws of the PRC with limited liability
“Target Equity Interest”	25% equity interest in the Target Company held by the Vendor as at the date of this announcement

“Vendor”

Jiangsu Winfast Investment Holding Group Co., Ltd. (江蘇瑞華投資控股集團有限公司), a company established under the laws of the PRC with limited liability and the holder of 25% equity interest in the Target Company as at the date of this announcement

“%”

per cent

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

Hong Kong, 4 February 2021

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*