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JOINT ANNOUNCEMENT

CONNECTED TRANSACTION DISPOSAL OF PROPERTIES

CONNECTED TRANSACTION ACQUISITION OF PROPERTIES

THE TRANSACTION

On 30 June 2021, the Vendor (an indirect wholly-owned subsidiary of Yincheng International) and the Purchaser (an indirect wholly-owned subsidiary of Yincheng Life Service) entered into the Agreements, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Properties.

LISTING RULE IMPLICATIONS

Yincheng International

As at the date of this joint announcement, the Purchaser is indirectly owned as to approximately 38.91% by Mr. Huang, a non-executive director and controlling shareholder of Yincheng International. As such, the Purchaser is a connected person of Yincheng International and the entering into of the Agreements constitutes a connected transaction of Yincheng International under the Listing Rules.

As one or more of the applicable percentage ratio(s) calculated with reference to the Consideration is higher than 0.1% but less than 5% of Yincheng International, the entering into of the Agreements by Yincheng International are subject to the reporting, annual review and announcement requirements, but are exempt from the circular (including independent financial advice) and shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

Yincheng Life Service

As at the date of this joint announcement, the Vendor is indirectly owned as to approximately 37.26% by Mr. Huang, a non-executive director and controlling shareholder of Yincheng Life Service. As such, the Vendor is a connected person of Yincheng Life Service and the entering into of the Agreements constitutes a connected transaction of Yincheng Life Service under the Listing Rules.

As one or more of the applicable percentage ratio(s) calculated with reference to the Consideration is higher than 0.1% but less than 5% of Yincheng Life Service, the entering into of the Agreements by Yincheng Life Service are subject to the reporting, annual review and announcement requirements, but are exempt from the circular (including independent financial advice) and shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

INTRODUCTION

The board of directors of each of Yincheng International and Yincheng Life Service hereby announce that on 30 June 2021, the Vendor (an indirect wholly-owned subsidiary of Yincheng International) and the Purchaser (an indirect wholly-owned subsidiary of Yincheng Life Service) entered into the Agreements, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Properties.

MAJOR TERMS OF THE AGREEMENTS

Major terms of the Agreements are as follows:

	Agreement A	Agreement B	Agreement C	Agreement D
Location of the Property:	Room 103, Block 3, No. 3 Shishi Road, Qixia District, Nanjing, PRC* (中國南京栖霞 區石獅路3號 3幢103室)	Room 104, Block 3, No. 3 Shishi Road, Qixia District, Nanjing, PRC* (中國南京栖霞 區石獅路3號 3幢104室)	Room 105, Block 3, No. 3 Shishi Road, Qixia District, Nanjing, PRC* (中國南京栖霞 區石獅路3號 3幢105室)	Room 106, Block 3, No. 3 Shishi Road, Qixia District, Nanjing, PRC* (中國南京栖霞 區石獅路3號 3幢106室)
Gross floor area:	44.69 sq. m.	62.27 sq. m.	72.29 sq. m.	101.73 sq. m.
Consideration:	RMB1,796,333	RMB2,532,279	RMB3,007,807	RMB4,280,615

Except for the above, the other major terms of each of the Agreements are substantially the same and are further particularised as follows:

Usage:	Commercial and office
Payment terms of the consideration:	<p>The consideration under each of the Agreements shall be settled in the following manner:</p> <p>(a) a deposit in the sum of RMB100,000 has been paid by the Purchaser to the Vendor prior to entering into the respective Agreements and shall be applied as part of the consideration; and</p>

- (b) the remaining balance shall be paid in one-go on or before 30 June 2021.

Liability for late payment:

Should the Purchaser fail to make payment of the consideration on time, the Purchaser shall be liable for penalty as follows:

- (a) if the consideration remains overdue within 60 days from the date falling on 30 June 2021, the Purchaser shall pay the Vendor an amount representing 0.02% of the outstanding payment for each day such payment remains overdue; and
- (b) if the consideration remains overdue for over 60 days from the date falling on 30 June 2021, the Vendor may:
 - (i) terminate the respective Agreement(s) by serving written notice to the Purchaser and return all the amount paid by the Purchaser. The Purchaser shall also pay the Vendor an amount representing 20% of the outstanding payment within 15 days of service of the said notice; or
 - (ii) require the Purchaser to pay the Vendor an amount representing 0.03% of the outstanding payment for each day such payment remains overdue should the Vendor chooses not to terminate the respective Agreement(s).

The liability for late payment to be borne by the Purchaser pursuant to paragraphs (a) and (b) above shall not be accumulative.

Delivery:

The Vendor shall deliver possession of the Properties to the Purchaser on or before 30 June 2021, upon the followings which are related to the Properties having been obtained:

- (a) documents certifying completion of construction for filing purpose; and
- (b) surveying and mapping report.

Liability for late delivery of the Properties:

Should the Vendor fail to deliver possession of any of the Properties on time, the Vendor shall be liable for penalty as follows:

- (a) if possession of any of the Properties remains undelivered within 60 days from the date falling on 30 June 2021, the Vendor shall pay the Purchaser an amount representing 0.02% of the total consideration for each day such property(ies) remains undelivered; and
- (b) if possession of any of the Properties remains undelivered for over 60 days from the date falling on 30 June 2021, the Purchaser may:
 - (i) terminate the respective Agreement(s) by serving written notice to the Vendor, and the Vendor shall (1) return all the amount paid by the Purchaser within 15 days of service of the said notice; and (2) pay interest at a rate of 4.35% on such amount paid by the Purchaser for so long as such amount is retained by the Vendor; or
 - (ii) require the Vendor to pay an amount representing 0.02% of the total consideration for each day such property(ies) remains undelivered should the Purchaser choose not to terminate the respective Agreement(s).

Representations and warranties:

Rights and status of the Properties

The Vendor undertakes that (i) it is legally entitled to the right, use and possession of the Properties; (ii) the Properties have not been sold to persons or entities other than the Purchaser; and (iii) the Properties are not subject to any seizure measure or restriction for transfer.

Should any of the above representations and warranties become untrue leading to failure to complete the filing of any of the Agreements or registration of the transfer of building ownership (房屋所有權), the Purchaser shall be entitled to terminate the respective Agreement(s) by serving written notice to the Vendor, and the Vendor shall (i) return all the amount paid by the Purchaser within 15 days of service of the said notice; (ii) pay interest at a rate of 4.35% on such amount paid by the Purchaser for so long as such amount is retained by the Vendor; and (iii) compensate all losses and damages suffered by the Purchaser.

Foundation and structure of the Properties

The Vendor also undertakes that the ground and foundation works of the Properties are qualified and comply with the current national and industry standards.

Should the Vendor breach such representation, the Purchaser shall have the right to terminate the respective Agreement(s) by serving written notice to the Vendor, and the Vendor shall (i) return all the amount paid by the Purchaser within 15 days of service of the said notice; (ii) pay interest at a rate of 4.35% on such amount paid by the Purchaser for so long as such amount is retained by the Vendor; and (iii) compensate all losses and damages suffered by the Purchaser.

Should the Purchaser choose not to terminate the respective Agreement(s), the Vendor shall (i) be responsible for repairing the ground and foundation works until such works comply with the required national standard; and (ii) pay 0.01% of the total consideration to the Purchaser as penalty fee.

Quality and repair and maintenance of the Properties

The Vendor further undertakes that the construction quality and design of the Properties comply with the relevant specifications, standards and requirements. Any issues relating to the quality or design of the Properties shall be remedied at the Vendor's costs, whom shall also compensate any loss sustained by the Purchaser from replacement or repair of the Properties.

Should the above issue continue to persist subsequent to any replacements or repair being conducted, the Purchaser shall be entitled to terminate the respective Agreements by serving written notice to the Vendor, and the Vendor shall (i) return all the amount paid by the Purchaser within 15 days of service of the said notice; (ii) pay interest at a rate of 4.35% on such amount paid by the Purchaser for so long as such amount is retained by the Vendor; and (iii) compensate all losses and damages suffered by the Purchaser. Should the Purchaser choose not to terminate the respective Agreement(s), it may require the Vendor to pay 0.1% of the total consideration as penalty fee.

Filing of the Agreements and registration of transfer:

The Vendor shall be responsible for online filing of the Agreements with the relevant housing authority upon provision of all required information by the Purchaser and within 10 days after the entering into of the Agreements. The Purchaser shall also use its best endeavours to assist the Vendor in performing its obligations of online filing of the Agreements.

The Vendor shall notify the Purchaser promptly after initial registration of the Agreements has been done and provide the Purchaser with the necessary information for registration of the transfer of property rights of the Properties. The Purchaser shall obtain the real estate ownership certificate* (不動產權證書) from the relevant government authority within 30 days from the date of receiving notice from the Vendor.

BASIS OF THE CONSIDERATION

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

- (a) the selling price of other commercial properties in the “Kinma Q+ Community” (i.e. the community where the Properties are located) that had been sold which ranged from approximately RMB39,000 per sq. m. to RMB52,000 per sq. m.;
- (b) the prevailing market price of comparable properties in the vicinity of the Properties;
- (c) the location and quality of the Properties; and
- (d) the current commercial property market condition in Nanjing, the PRC.

The Consideration will be funded by the internal resources of Yincheng Life Service.

INFORMATION OF THE PROPERTIES

The Properties are located within the “Kinma Q+ Community” and are adjacent to each other.

The Properties is in vacant possession as at the date of this joint announcement but had been leased out for a short period of time during the previous years. The unaudited net rental income generated from the Properties before and after taxation for the two financial years immediately preceding the Transaction are as follows:

	For the year ended	
	31 December	
	2019	2020
	<i>RMB</i>	<i>RMB</i>
Net rental income before taxation	55,719	110,832
Net rental income after taxation	38,338	76,260

It is estimated that the net rental income to be generated from the Properties for the year ending 31 December 2021 will be approximately RMB315,000.

GENERAL INFORMATION OF THE PARTIES

Yincheng International

Yincheng International 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. It 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 Yincheng International Group commenced property development operations in Nanjing and successfully expanded its footprint to other cities in the Yangtze River Delta Megalopolis, including Hangzhou, Wenzhou, Wuxi, Suzhou, Zhenjiang and Hefei.

Yincheng Life Service

Yincheng Life Service is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange. It is an established property management service provider in the PRC with over 20 years of industry experience in providing property management services and community value-added services. Yincheng Life Service's business covers a wide spectrum of properties, including residential properties and eleven types of non-residential properties, including government facilities, financial institutions, property sales offices, hospitals, commercial complex, parks, highway service area, industrial parks, mixed-use properties, schools and office buildings.

The Vendor

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

The Purchaser

The Purchaser is a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of Yincheng Life Service. The Purchaser principally engages in the provision of community value-added services and agency services in the sale and lease of commercial properties and car parks.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Properties are commercial properties located in “Kinma Q+ Community”, a community developed by Yincheng International consisting of apartments and shops for various types of businesses targeting youth in Nanjing, the PRC, where concepts such as smart homes, entertainment and integration of living and businesses are incorporated. As at the date of this joint announcement, “Kinma Q+ Community” has over 900 occupied households and approximately 30 commercial tenants.

Given that the development of “Kinma Q+ Community” has been completed, the Yincheng International Directors consider that it would be beneficial for Yincheng International to realise the profits from the development and re-invest such returns on its other property development projects.

On the other hand, Yincheng Life Service has been providing property management services to the residents and commercial tenants of “Kinma Q+ Community” since 2017. Given the experience of Yincheng Life Service in providing property management services to over 400 residential and non-residential projects and its rich profile of quality tenants, it is believed that Yincheng Life Service has the means and resources to bring in suitable business tenants to satisfy the increasing demands for daily consumer goods and services by residents in the community.

The Properties are situated in a location within “Kinma Q+ Community”, which is believed to be pivotal in attracting high quality tenants and boosting traffic of the community. Through consolidation of ownership and management of the Properties by Yincheng Life Service, the Yincheng Life Service Directors consider that the Transaction would increase the effectiveness and efficiency in the overall management, leasing, maintenance and coordination of tenants within “Kinma Q+ Community”, thereby enhance the (i) customers’ loyalty; (ii) overall value of properties within the community; and (iii) long-term rental income to be generated from the Properties.

FINANCIAL EFFECTS OF DISPOSAL OF THE PROPERTIES

As the Properties were developed by the Yincheng International Group, there was no acquisition cost of the Properties to the Yincheng International Group.

The carrying value of the Properties was approximately RMB3,911,719 in the audited consolidated accounts of Yincheng International as at 31 December 2020. Subject to audit, Yincheng International is expected to record a gain of approximately RMB7,705,315 from disposal of the Properties, which is calculated based on the Consideration received by the Yincheng International Group from the disposal of the Properties less the carrying value of the Properties as at 31 December 2020 before any related expenses.

The proceeds from the disposal of the Properties will be used as general working capital of the Yincheng International Group.

LISTING RULES IMPLICATIONS

Yincheng International

As at the date of this joint announcement, the Purchaser is indirectly owned as to approximately 38.91% by Mr. Huang, a non-executive director and controlling shareholder of Yincheng International. As such, the Purchaser is a connected person of Yincheng International and the entering into of the Agreements constitutes a connected transaction of Yincheng International under the Listing Rules.

As one or more of the applicable percentage ratio(s) calculated with reference to the Consideration is higher than 0.1% but less than 5% of Yincheng International, the entering into of the Agreements by Yincheng International are subject to the reporting, annual review and announcement requirements, but are exempt from the circular (including independent financial advice) and shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

The Yincheng International Directors (including the independent non-executive directors of Yincheng International) are of the view that the transactions contemplated under the Agreements are in the ordinary and usual course of business of the Yincheng International Group, the Agreements were entered into after arm's length negotiations on normal commercial terms, and that the terms of the Agreements are fair and reasonable so far as Yincheng International and the Yincheng International Shareholders are concerned and are in the interests of Yincheng International and the Yincheng International Shareholders as a whole.

Mr. Huang (the chairman and non-executive director of Yincheng International), Mr. Xie (a non-executive director of Yincheng International), Mr. Ma (an executive director of Yincheng International) and Mr. Zhu (an executive director of Yincheng International) are indirectly interested in approximately 38.91%, 5.44%, 5.04% and 2.52% of the equity interest in the Purchaser through holding such percentage of shares in Yincheng Life Service. Accordingly, Mr. Huang, Mr. Xie, Mr. Ma and Mr. Zhu are deemed interested in the Agreements and have abstained from voting on the relevant board resolutions of Yincheng International.

Apart from the above, none of the Yincheng International Directors has any material interest in the Agreements and is required to abstain from voting on the board resolutions of Yincheng International for approving the Agreements and the transactions contemplated thereunder.

Yincheng Life Service

As at the date of this joint announcement, the Vendor is indirectly owned as to approximately 37.26% by Mr. Huang, a non-executive director and controlling shareholder of Yincheng Life Service. As such, the Vendor is a connected person of Yincheng Life Service and the entering into of the Agreements constitutes a connected transaction of Yincheng Life Service under the Listing Rules.

As one or more of the applicable percentage ratio(s) calculated with reference to the Consideration is higher than 0.1% but less than 5% of Yincheng Life Service, the entering into of the Agreements by Yincheng Life Service are subject to the reporting, annual review and announcement requirements, but are exempt from the circular (including independent financial advice) and shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

The Yincheng Life Service Directors (including the independent non-executive directors of Yincheng Life Service) are of the view that although the transactions contemplated under the Agreements are not conducted in the ordinary and usual course of business of the Yincheng Life Service Group, the Agreements were entered into after arm's length negotiations on normal commercial terms, and that the terms of the Agreements are fair and reasonable so far as Yincheng Life Service and the Yincheng Life Service Shareholders are concerned and are in the interests of Yincheng Life Service and the Yincheng Life Service Shareholders as a whole.

Mr. Huang (a non-executive director of Yincheng Life Service), Mr. Xie (the chairman and a non-executive director of Yincheng Life Service), Mr. Ma (a non-executive director of Yincheng Life Service) and Mr. Zhu (a non-executive director of Yincheng Life Service) are indirectly interested in approximately 37.26%, 5.40%, 4.97% and 2.50% of the equity interest in the Vendor through holding such percentage of shares in Yincheng International. Accordingly, Mr. Huang, Mr. Xie, Mr. Ma and Mr. Zhu are deemed interested in the Agreements and have abstained from voting on the relevant board resolutions of Yincheng Life Service.

Apart from the above, none of the Yincheng Life Service Directors has any material interest in the Agreements and is required to abstain from voting on the board resolutions of Yincheng Life Service for approving the Agreements and the transactions contemplated thereunder.

DEFINITIONS

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

“Agreement A”	the Commercial Housing Sale and Purchase Agreement* (商品房買賣合同) entered into between the Vendor and the Purchaser dated 30 June 2021 in relation to the disposal of Property A by the Vendor and the acquisition of Property A by the Purchaser
“Agreement B”	the Commercial Housing Sale and Purchase Agreement* (商品房買賣合同) entered into between the Vendor and the Purchaser dated 30 June 2021 in relation to the disposal of Property B by the Vendor and the acquisition of Property B by the Purchaser
“Agreement C”	the Commercial Housing Sale and Purchase Agreement* (商品房買賣合同) entered into between the Vendor and the Purchaser dated 30 June 2021 in relation to the disposal of Property C by the Vendor and the acquisition of Property C by the Purchaser

“Agreement D”	the Commercial Housing Sale and Purchase Agreement* (商品房買賣合同) entered into between the Vendor and the Purchaser dated 30 June 2021 in relation to the disposal of Property D by the Vendor and the acquisition of Property D by the Purchaser
“Agreements”	Agreement A, Agreement B, Agreement C and/or Agreement D
“Consideration”	the aggregate consideration of RMB11,617,034 for the Transaction
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Huang”	Mr. Huang Qingping (黃清平), the chairman, non-executive director and controlling shareholder of Yincheng International as well as a non-executive director and controlling shareholder of Yincheng Life Service
“Mr. Ma”	Mr. Ma Baohua (馬保華), an executive director of Yincheng International as well as a non-executive director of Yincheng Life Service
“Mr. Xie”	Mr. Xie Chenguang (謝晨光), a non-executive director of Yincheng International as well as the chairman and non-executive director of Yincheng Life Service
“Mr. Zhu”	Mr. Zhu Li (朱力), an executive director of Yincheng International as well as a non-executive director of Yincheng Life Service
“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 joint announcement, shall exclude the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Property A”	the premises located at Room 103, Block 3, No. 3 Shishi Road, Qixia District, Nanjing, PRC* (中國南京栖霞區石獅路3號3幢103室), with gross floor area of 44.69 sq. m.
“Property B”	the premises located at Room 104, Block 3, No. 3 Shishi Road, Qixia District, Nanjing, PRC* (中國南京栖霞區石獅路3號3幢104室), with gross floor area of 62.27 sq. m.

“Property C”	the premises located at Room 105, Block 3, No. 3 Shishi Road, Qixia District, Nanjing, PRC* (中國南京栖霞區石獅路3號3幢105室), with gross floor area of 72.29 sq. m.
“Property D”	the premises located at Room 106, Block 3, No. 3 Shishi Road, Qixia District, Nanjing, PRC* (中國南京栖霞區石獅路3號3幢106室), with gross floor area of 101.73 sq. m.
“Property(ies)”	Property A, Property B, Property C and/or Property D
“Purchaser”	Nanjing Zhihui Meijia Technology Service Co., Ltd.* (南京智慧美佳科技服務有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Yincheng Life Service
“RMB”	Renminbi, the lawful currency of the PRC
“sq. m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the acquisition of the Properties by the Purchaser and the disposal of the Properties by the Vendor pursuant to the Agreements
“Vendor”	Nanjing Mahui Real Estate Co., Ltd.* (南京馬會置業有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Yincheng International
“Yincheng International”	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)
“Yincheng International Director(s)”	the director(s) of Yincheng International
“Yincheng International Group”	Yincheng International and its subsidiaries
“Yincheng International Shareholder(s)”	the shareholder(s) of Yincheng International
“Yincheng Life Service”	Yincheng Life Service CO., Ltd. (銀城生活服務有限公司), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange

“Yincheng Life Service Director(s)”	the director(s) of Yincheng Life Service
“Yincheng Life Service Group”	Yincheng Life Service and its subsidiaries
“Yincheng Life Service Shareholder(s)”	the shareholder(s) of Yincheng Life Service
“%”	per cent

By order of the Board of
Yincheng International Holding Co., Ltd.
HUANG Qingping
Chairman

By order of the Board
Yincheng Life Service CO., Ltd.
XIE Chenguang
Chairman

Hong Kong, 30 June 2021

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

As at the date of this joint announcement, the board of Yincheng Life Service comprises Mr. Li Chunling and Ms. Huang Xuemei as executive directors; Mr. Huang Qingping, Mr. Xie Chenguang, Mr. Ma Baohua and Mr. Zhu Li as non-executive directors; and Mr. Chow Siu Hang, Mr. Li Yougen and Mr. Mao Ning as independent non-executive directors.

* For identification purposes only