

*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**

YINCHENG INTERNATIONAL HOLDING CO., LTD.

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1902)**

## **RENEWAL OF CONTINUING CONNECTED TRANSACTION**

### **RENEWAL OF CONTINUING CONNECTED TRANSACTION**

Reference is made to the Announcement in respect of the 2019 New Master Property Management Services Agreement, pursuant to which property management services were provided by Yincheng Life Service Group to the Group.

As the term of the 2019 New Master Property Management Services Agreement shall expire on 31 December 2021, the Company intends to renew such agreement on or before its expiry date.

Accordingly, on 11 November 2021 (after trading hours), the Company (for itself and on behalf of its subsidiaries) and Yincheng Life Service (for itself and on behalf of its subsidiaries) entered into the 2022 Master Property Management Services Agreement for a term of three years commencing from 1 January 2022 to 31 December 2024 (both days inclusive).

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Yincheng Life Service was indirectly owned as to approximately 38.66% by Mr. Huang, the chairman, a non-executive Director and a controlling shareholder of the Company. Accordingly, Yincheng Life Service, being an associate of Mr. Huang, is a connected person of the Company. The entering into of the 2022 Master Property Management Services Agreement constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) calculated with reference to the Proposed Annual Caps exceed 0.1% but are less than 5%, the transactions contemplated under the 2022 Master Property Management Services Agreement are subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **RENEWAL OF CONTINUING CONNECTED TRANSACTION**

Reference is made to the Announcement in respect of the 2019 New Master Property Management Services Agreement, pursuant to which property management services were provided by Yincheng Life Service Group to the Group.

As the term of the 2019 New Master Property Management Services Agreement shall expire on 31 December 2021, the Company intends to renew such agreement on or before its expiry date.

Accordingly, on 11 November 2021 (after trading hours), the Company (for itself and on behalf of its subsidiaries) and Yincheng Life Service (for itself and on behalf of its subsidiaries) entered into the 2022 Master Property Management Services Agreement for a term of three years commencing from 1 January 2022 to 31 December 2024 (both days inclusive).

## **2022 MASTER PROPERTY MANAGEMENT SERVICES AGREEMENT**

Major terms of the 2022 Master Property Management Services Agreement are set out below.

Term	:	From 1 January 2022 to 31 December 2024 (both days inclusive)
Parties	:	(i) the Company (for itself and on behalf of its subsidiaries); and (ii) Yincheng Life Service (for itself and on behalf of its subsidiaries)
Condition precedent	:	Performance of the 2022 Master Property Management Services Agreement, together with the transactions contemplated thereunder, are subject to the compliance of the relevant rules regarding continuing connected transactions as set out in the Listing Rules by the Company and Yincheng Life Service.

As advised by the board of directors of Yincheng Life Service, the transactions contemplated under the 2022 Master Property Management Services Agreement are subject to the reporting, announcement, circular, independent financial advice, independent shareholders' approval and annual review requirements for continuing connected transactions on the part of Yincheng Life Service under Chapter 14A of the Listing Rules.

Service scope: Yincheng Life Service Group shall provide the following property services to the Group:

- (i) property management services, including but not limited to cleaning, gardening, waste disposal, parking, traffic and security management services;
- (ii) professional services, including but not limited to facility installation, maintenance and renovation services; and
- (iii) value-added services, including but not limited to community value-added services, consultation services for unsold property units, and other referral and agency services.

Service target : The property services shall be provided in respect of:

- (i) both sold and unsold property units prior to the agreed delivery date set out in the property purchase contract for projects developed or owned by the Group. Such properties include residential and non-residential properties; and
- (ii) the common area and facilities of such properties, and other related sites such as sales offices, parking spaces and storage rooms.

Relevant subsidiaries of both parties will enter into separate agreements which will set out the specific terms and conditions according to the principles provided in the 2022 Master Property Management Services Agreement.

### **Pricing policy**

The service fees to be charged for the provision of property services shall be determined by the contract parties after arm's length negotiations at the time of entry into the relevant agreements with reference to:

- (i) the location of the properties; and
- (ii) the anticipated operational costs (including labour costs, material costs and administrative costs) with reference to the fees charged for similar services and similar types of projects in the market, and the expected increase in costs caused by external factors such as inflation and socio-economic development.

The service fees to be charged shall be fair and reasonable, in line with the prevailing market rate for such property services, and not higher than the standard fees as set by the relevant regulatory authorities in the PRC (if applicable).

## **Reasons for and benefits of entering into the 2022 Master Property Management Services Agreement**

Considering that Yincheng Life Service Group has over 20 years of experience serving the real estate industry, and during which period when it was engaged by the Group, has shown its vast industry knowledge and familiarity with the Group's required standards, the Directors are of the view that it would be cost-effective and beneficial to maintain a continuous cooperation with Yincheng Life Service Group and retain the existing standard of property management, professional and value-added services enjoyed by the Group therefrom.

### **Annual caps**

#### ***Historical transaction values and annual caps***

The annual caps in respect of the services provided under the 2019 New Master Property Management Services Agreement for the years ended 31 December 2019 and 2020 and the year ending 31 December 2021 are RMB45.9 million, RMB75.1 million and RMB76.8 million, respectively.

For each of the years ended 31 December 2019 and 2020 and the nine months ended 30 September 2021, the amount of service fees paid and payable by the Group to Yincheng Life Service Group under the 2019 New Master Property Management Services Agreement was approximately RMB25.1 million, RMB32.9 million and RMB51.9 million, respectively.

#### ***Proposed Annual Caps and basis of determination***

<b>For the year ending 31 December</b>		
<b>2022</b>	<b>2023</b>	<b>2024</b>
<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
126,890	151,760	148,480

In arriving at the Proposed Annual Caps, the Directors have considered the following factors:

- (i) the historical transaction amounts during the years ended 31 December 2019 and 2020 and the nine months ended 30 September 2021;
- (ii) the estimated (a) gross floor area of properties to be developed by the Group; (b) number of sales offices required for such properties; and (c) type, scale and service fees of property services that may be required by the Group for the three years ending 31 December 2024;
- (iii) the development potential of the business of Yincheng Life Service Group, and the anticipated diversified value-added services which can be provided by them to the Group; and
- (iv) the prevailing market rate for the provision of services of similar scope and quality.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Yincheng Life Service was indirectly owned as to approximately 38.66% by Mr. Huang, the chairman, a non-executive Director and a controlling shareholder of the Company. Accordingly, Yincheng Life Service, being an associate of Mr. Huang, is a connected person of the Company. The entering into of the 2022 Master Property Management Services Agreement constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) calculated with reference to the Proposed Annual Caps exceed 0.1% but are less than 5%, the transactions contemplated under the 2022 Master Property Management Services Agreement are subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Directors (other than Mr. Huang, Mr. Xie, Mr. Ma and Mr. Zhu but including the independent non-executive Directors) are of the view that the 2022 Master Property Management Services Agreement was entered into in the ordinary and usual course of business of the Group after arm's length negotiations and on normal commercial terms which, together with the Proposed Annual Caps, are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Mr. Huang is a non-executive director and controlling shareholder of Yincheng Life Service. Mr. Xie is the chairman, a non-executive director and shareholder of Yincheng Life Service. Mr. Ma is a non-executive director and shareholder of Yincheng Life Service. Mr. Zhu is a non-executive director and shareholder of Yincheng Life Service. Mr. Huang, Mr. Xie, Mr. Ma and Mr. Zhu have abstained from voting on the Board resolutions in connection with the 2022 Master Property Management Services Agreement to avoid actual or perceived conflict of interests. Save as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, none of the other Directors has material interest in the transactions contemplated under the 2022 Master Property Management Services Agreement.

## **INFORMATION ON THE PARTIES**

### **The Company**

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. It commenced property development operations in Nanjing and successfully expanded its footprint to other cities in the Yangtze River Delta Megalopolis, including Wuxi, Hefei, Suzhou, Hangzhou, Zhenjiang, Xuzhou, Taizhou, Wenzhou and Huai'an.

### **Yincheng Life Service**

Yincheng Life Service 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. Yincheng Life Service Group is an established property management service provider in the

PRC with over 20 years of industry experience in providing diversified property management services and community value-added services. Its business covers a wide spectrum of properties, including residential properties and eleven types of non-residential properties, namely government facilities, financial institutions, property sales offices, medical institutions, commercial complex, parks, transportation facilities, industrial parks, mixed-use properties, schools and office buildings.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“2019 New Master Property Management Services Agreement”	the framework agreement dated 21 October 2019 entered into between the Company (for itself and on behalf of its subsidiaries) and Yincheng Life Service (for itself and on behalf of its subsidiaries) in relation to the provision of property management services by Yincheng Life Service Group to the Group for a term commencing from 21 October 2019 to 31 December 2021 (both days inclusive)
“2022 Master Property Management Services Agreement”	the framework agreement dated 11 November 2021 entered into between the Company (for itself and on behalf of its subsidiaries) and Yincheng Life Service (for itself and on behalf of its subsidiaries) in relation to the provision of property services by Yincheng Life Service Group to the Group for a term commencing from 1 January 2022 to 31 December 2024 (both days inclusive)
“Announcement”	the announcement of the Company dated 21 October 2019
“Board”	the board of Directors
“Company”	Yincheng International Holding Co., Ltd. (銀城國際控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1902)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Huang”	Mr. Huang Qingping (黃清平), the chairman, a non-executive Director and a controlling shareholder of the Company
“Mr. Ma”	Mr. Ma Baohua (馬保華), an executive Director
“Mr. Xie”	Mr. Xie Chenguang (謝晨光), a non-executive Director
“Mr. Zhu”	Mr. Zhu Li (朱力), an executive Director
“percentage ratio(s)”	has the meaning ascribed to it in the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Annual Caps”	the maximum aggregate annual value projected for the three years ending 31 December 2024 in respect of the service fees payable by the Group to Yincheng Life Service Group pursuant to the 2022 Master Property Management Services Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yincheng Life Service”	Yincheng Life Service CO., Ltd. (銀城生活服務有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1922)
“Yincheng Life Service Group”	Yincheng Life Service and its subsidiaries
“%”	per cent.

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

Hong Kong, 11 November 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.*