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**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**

### **COOPERATION AGREEMENT IN RELATION TO THE ACQUISITION OF 40% EQUITY INTEREST IN THE TARGET COMPANY**

#### **THE COOPERATION AGREEMENT**

On 25 February 2020 (after trading hours), Hangzhou Yinjiahong (an indirect wholly-owned subsidiary of the Company), Shanghai Juanlang, Greatmind Developments and the Target Company entered into the Cooperation Agreement, pursuant to which (i) Hangzhou Yinjiahong agreed to purchase, and Shanghai Juanlang agreed to sell, the Equity Interest (representing 40% of the entire equity interest in the Target Company) at the total Consideration of RMB549,045,600; and (ii) the rights and obligations of the Parties and the management and affairs of the Target Group are governed.

Upon completion of the Acquisition, the equity interest in Target Company will be held as to 40% and 60% by Hangzhou Yinjiahong and Greatmind Developments, respectively.

#### **LISTING RULES IMPLICATIONS**

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

## **THE COOPERATION AGREEMENT**

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The principal terms of the Cooperation Agreement are set out below:

### **Date**

25 February 2020

### **Parties**

- (i) Purchaser : Hangzhou Yinjiahong (an indirect wholly-owned subsidiary of the Company)
- (ii) Vendor : Shanghai Juanlang
- (iii) Other existing holder of equity interest in the Target Company : Greatmind Developments
- (iv) the Target Company

### **Assets to be acquired**

As at the date of this announcement, the Target Company is the holder of the entire equity interests in the Project Company, which in turn holds the Target Land.

As at the date of this announcement, the Target Company is held as to 40% and 60% by Shanghai Juanlang and Greatmind Developments, respectively.

Upon completion of the Acquisition, the Target Company will be held as to 40% and 60% by Hangzhou Yinjiahong and Greatmind Developments, respectively. It is expected that the Target Company will not be consolidated into the financial statement of the Group.

### **Consideration**

The Consideration of RMB549,045,600 shall be satisfied in the following manner:

- (i) RMB272,932,000, being the First Installment, shall be payable by Hangzhou Yinjiahong to Shanghai Juanlang before 28 February 2020; and
- (ii) RMB276,113,600, being the remaining balance of the Consideration, shall be payable by Hangzhou Yinjiahong to Shanghai Juanlang before 30 March 2020.

The Consideration was determined after arm's length negotiations between Hangzhou Yinjiahong and Shanghai Juanlang with reference to (i) the total paid-up capital of the Target Company of RMB1,372,614,000; (ii) the auctioned price of the Target Land of RMB1,364,660,000; and (iii) the percentage of equity interest in the Target Company to be acquired.

### **Management of the Target Group**

The Target Group shall be managed by its (i) equity holders; (ii) boards of directors; and (iii) supervisors in accordance with their respective functions and responsibilities.

#### **Equity holders' resolutions**

- (i) Each of Hangzhou Yinjiahong and Greatmind Developments shall have voting rights in the equity holders meetings in proportion to their respective equity interests in the Target Company.
- (ii) All matters to be approved by the equity holders of the Target Group shall be passed by a simple majority except for statutory matters which require approval from two-thirds majority.
- (iii) The Project Company shall not convene separate equity holders' meeting and its resolutions shall be passed in accordance with those of the Target Company.
- (iv) The responsibilities of equity holders of the Target Company shall include, among others, approving (a) the amendments to the articles of association and/or equity holders' agreement of the Target Group; (b) the changes in capital structure, corporate division, merger, dissolution or liquidation of the Target Group; and (c) the advancement of loan or provision of guarantee to equity holders of the Target Group or other third parties.

#### **Board composition and board management**

- (i) All personnel and their respective obligations of the board of directors of the Target Company and that of the Project Company shall be identical.
- (ii) Each board of directors shall consist of five directors, of which two shall be nominated by Hangzhou Yinjiahong and three shall be nominated by Greatmind Developments. The chairman of the board of directors shall be nominated by Greatmind Developments and shall act as the legal representative of the Target Company and the Project Company.
- (iii) All matters to be approved by the board of directors of the Target Group shall be passed by a simple majority.

- (iv) The responsibilities of the board of directors shall include, among others, (a) devising business strategies, management and internal control system of the Target Group; (b) formulating overall development and operational plan in relation to the Project; and (c) preparing annual budgeting plans of the Target Group.

## **Supervisors**

- (i) The supervisors and their obligations of the Target Company and the Project Company shall be identical.
- (ii) There shall be two supervisors, of which one shall be nominated by Hangzhou Yinjiahong and one shall be nominated by Greatmind Developments.

## **Default of the Cooperation Agreement**

In case of default of the Cooperation Agreement, the non-defaulting Party shall have the right to terminate the Cooperation Agreement and the defaulting Party shall pay a penalty of RMB50.0 million to the non-defaulting party. Should such penalty be insufficient to cover the losses sustained, the non-defaulting party shall be entitled to continue to claim the defaulting Party for the excess damages, losses, costs and expenses paid or sustained. The non-defaulting Party shall also have the right to require the defaulting Party to acquire (i) all the equity interests in the Target Company and the Project Company then held by the non-defaulting Party; and (ii) the debts then owed by the Target Group to the non-defaulting Party (including the capital contributions made by and relevant capital costs of the non-defaulting Party).

## **INFORMATION OF THE TARGET LAND**

The Target Land was successfully bid by the Target Company at the price of RMB1,364,660,000 through an auction on 29 October 2019 conducted by the Hangzhou Land Bureau and the First Land Use Rights Grant Contract was entered into between the Target Company and the Hangzhou Land Bureau on 12 November 2019 accordingly.

Subsequently, the Target Company established the Project Company in the PRC for the purpose of holding and developing the Target Land. On 26 November 2019, the Project Company and the Hangzhou Land Bureau entered into the Supplemental Land Use Rights Grant Contract, pursuant to which the land use rights of the Target Land was transferred to the Project Company.

Name and location : the land parcel of number 5, Xiangyang, Chongxian New Town, Yuhang District, Hangzhou City\* (杭州市余杭區崇賢新城向陽5號地塊) situated at Guihua Road to the east, Chonghang Street to the south, Shangxian Road to the west and Qiancun Street to the north, Hangzhou City, Zhejiang Province, the PRC\* (中國浙江省杭州市，東至規劃道路、南至崇杭街、西至尚賢路、北至前村街)

- Approximately gross floor area : 48,848 square metres
- Restriction on usage : (i) the Target Land shall be for commercial and residential use;
- (ii) the usage period shall be 70 years for residential use and 40 years for commercial use;
- (iii) the total floor area shall be no less than 97,696 square metres and no more than 107,465.6 square metres;
- (iv) the floor area ratio shall be from 2.0 to 2.2;
- (v) the commercial building area shall be no more than 10%;
- (vi) the public rental housing area shall be no less than 5%;
- (vii) the building density shall be no more than 22%;
- (viii) the green area ratio shall be no less than 35%; and
- (ix) the building height shall be no more than 54 metres.

## **INFORMATION OF THE GROUP AND THE PARTIES**

### **Information of the Group**

The Company is 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. 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.

### **Information of Hangzhou Yinjiahong**

Hangzhou Yinjiahong is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. Its principal business activity is providing corporate management consultancy services.

### **Information of Shanghai Juanlang and Greatmind Developments**

Shanghai Juanlang is a company established in the PRC with limited liability and principally engages in real estate development. Greatmind Developments is a company incorporated in Hong Kong with limited liability and principally engages in investment holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, and with reference to the 2018 annual report and 2019 interim report of Road King Infrastructure Limited (a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1098)), both Shanghai Juanlang and Greatmind Developments are indirectly wholly-owned by Road King Infrastructure Limited, which in turn is beneficially owned as to 43.02% by Wai Kee Holdings Limited (a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 610)) and 27% by 深業集團有限公司 (Shum Yip Group Limited\*) (a company incorporated in the PRC and wholly-owned by 深圳市人民政府 (the Shenzhen People's Government\*)), respectively.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Shanghai Juanlang, Greatmind Developments and its ultimate beneficial owners is independent of and not connected with the Company and its connected persons.

### **Information of the Target Company**

The Target Company is a limited liability company established in August 2019. As at the date of this announcement, the Target Company is the holder of the entire equity interests in the Project Company, which in turn holds the Target Land. Since there was no material operations after the recent establishment of the Target Company and the Project Company (save and except for the successful bidding of the Target Land), no financial data of the Target Group is available as at the date of this announcement.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE COOPERATION AGREEMENT**

Following completion of the Acquisition, the Target Company will be indirectly owned as to 40% by the Company. 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, and expand its footprint to Hangzhou City, Zhejiang Province, the PRC. It is expected that the Group would benefit from the Acquisition to exert its strength, grasp the market opportunities and enhance its investment portfolio in the property market in the PRC.

The terms of the Cooperation Agreement are arrived at after arm's length negotiations among the Parties. The Directors consider that the Acquisition, the terms of the Cooperation Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

### **LISTING RULES IMPLICATIONS**

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

## DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Acquisition”	the acquisition of the Equity Interest by Hangzhou Yinjiahong from Shanghai Juanlang pursuant to the terms of the Cooperation Agreement
“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, the shares of which are listed on the main board of the Stock Exchange (stock code: 1902)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration for the Acquisition (being RMB549,045,600)
“Cooperation Agreement”	the development cooperation agreement* (合作開發協議) dated 25 February 2020 entered into among Hangzhou Yinjiahong, Shanghai Juanlang, Greatmind Developments and the Target Company
“Director(s)”	the director(s) of the Company
“Equity Interest”	40% of the entire equity interest in the Target Company as at the date of this announcement
“First Installment”	the first installment of the Consideration of RMB272,932,000 payable by Hangzhou Yinjiahong to Shanghai Juanlang
“First Land Use Rights Grant Contract”	the land use rights grant contract* (余杭區國有建設用地使用權出讓合同) dated 12 November 2019 entered into between the Target Company and the Hangzhou Land Bureau in respect of the Target Land
“Greatmind Developments”	Greatmind Developments (HK) Limited (宏智發展(香港)有限公司), a company incorporated in Hong Kong with limited liability which owned 60% equity interest in the Target Company as at the date of the announcement
“Group”	the Company and its subsidiaries
“Hangzhou Land Bureau”	the Yuhang Division, Hangzhou Planning and Natural Resources Bureau of Zhejiang Province, the PRC* (中華人民共和國浙江省杭州市規劃和自然資源局余杭分局)

“Hangzhou Yinjiahong”	Hangzhou Yinjiahong Corporate Management Co. Ltd.* (杭州銀嘉泓企業管理有限責任公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“Party(ies)”	the party(ies) to the Cooperation Agreement
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Project”	the real estate project to be developed on the Target Land by the Project Company
“Project Company”	Hangzhou Juanjin Property Co. Ltd.* (杭州隼勁置業有限公司), a company established in the PRC with limited liability and wholly-owned by the Target Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Juanlang”	Shanghai Juanlang Real Estate Development Co. Ltd.* (上海隼朗房地產開發有限公司), a company established in the PRC with limited liability which owned 40% equity interest in the Company as date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Land Use Rights Grant Contract”	the supplemental land use rights grant contract* (余杭區國有建設用地使用權出讓合同補充協議) dated 26 November 2019 entered into between the Project Company and the Hangzhou Land Bureau in respect of the Target Land
“Target Company”	Shanghai Juanyue Property Co. Ltd.* (上海隼岳置業有限公司), a company established in the PRC with limited liability
“Target Group”	the Target Company and its subsidiary (namely the Project Company)



“Target Land”

the land parcel of number 5, Xiangyang, Chongxian New Town, Yuhang District, Hangzhou City\* (杭州市余杭區崇賢新城向陽5號地塊) situated at Guihua Road to the east, Chonghang Street to the south, Shangxian Road to the west and Qiancun Street to the north, Hangzhou City, Zhejiang Province, the PRC\* (中國浙江省杭州市，東至規劃道路、南至崇杭街、西至尚賢路、北至前村街)

“%”

per cent.

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

Hong Kong, 25 February 2020

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

\* For identification purposes only