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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
DISPOSAL OF 25% EQUITY INTEREST IN A PROJECT COMPANY
AND
MAJOR TRANSACTION
UPDATE OF THE COOPERATION FRAMEWORK ARRANGEMENT
AND ENTERING INTO THE NEW COOPERATION AGREEMENT
RELATING TO THE PROJECT COMPANY
AND THE LAND ACQUISITION**

BACKGROUND

Reference is made to the Announcement in respect of the Land Acquisition by the Project Company (an indirect non-wholly owned subsidiary of the Company owned as to 50% by the Company and 50% by Jiangsu Aidi) as a result of winning a bid at a public auction for the land use rights of the Land situated at Nanjing City, the PRC for a consideration of RMB2,510 million which shall be paid by the Company through its subsidiary, Nanjing Yinjiashen, and Jiangsu Aidi in equal shares, that is, on a 50/50 basis.

For the purpose of enhancing the Group's capital efficiency and reducing the Group's investment risks in the development of the Land, the Group intended to introduce an additional investor, Shanghai Mingbu, which is an Independent Third Party, to co-invest in the Land Acquisition and the development of the Land, by disposing a 25% equity interest in the Project Company to Shanghai Mingbu.

The Project Company will remain as a subsidiary of the Company after completion of the Disposal.

THE DISPOSAL

On 21 August 2019, Nanjing Yinjiashen and Shanghai Mingbu entered into the Equity Transfer Agreement pursuant to which Nanjing Yinjiashen has agreed to dispose of, and Shanghai Mingbu has agreed to purchase, 25% equity interest of the Project Company held by Nanjing Yinjiashen at a consideration of RMB250 million, which was determined with reference to the face value of 25% equity interest of the initial registered capital of the Project Company.

THE COOPERATION AGREEMENT

As stated in the Announcement, the parties to the Cooperation Framework Agreement, namely Nanjing Yinjiazhen and Jiangsu Aidi, shall enter into a cooperation agreement which shall contain provisions reflecting the terms agreed in the Cooperation Framework Agreement and provide detailed cooperation arrangements between the parties after winning the bidding of the land use rights of the Land and receipt of the Confirmation Letter.

On 21 August 2019, Nanjing Yinjiazhen, Jiangsu Aidi, Shanghai Mingbu together with the Project Company entered into the Cooperation Agreement to regulate the cooperation arrangements amongst the shareholders of the Project Company.

Pursuant to the Cooperation Agreement and upon completion of the Disposal, Nanjing Yinjiazhen, Jiangsu Aidi and Shanghai Mingbu will fund the total cost of the Land Acquisition payable by the Project Company proportional to their respective shareholding interest in the Project Company in the form of contribution to the registered capital and the excess by way of shareholders' loans to be made to the Project Company. Upon completion of the Disposal, despite the respective shareholding interest of Nanjing Yinjiazhen, Jiangsu Aidi and Shanghai Mingbu will be 25%, 50% and 25%, their respective shareholders' voting rights in the Project Company shall be in the proportion of 51%, 24%, and 25%, respectively and Nanjing Yinjiazhen will continue to have 51% of voting right for decisions made by shareholders and the right to appoint a majority of the members to the board of the directors of the Project Company. Accordingly, the Project Company will remain as a subsidiary of the Company upon completion of the Disposal.

The Cooperation Agreement will supercede the Cooperation Framework Agreement.

IMPLICATIONS UNDER THE LISTING RULES

The Disposal

As one or more of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Cooperation Agreement and the Land Acquisition

The Cooperation Agreement was entered into on arm's length basis and on normal commercial terms. The Project Company is a single purpose project company for the acquisition and development of the Land which is consistent with the purpose of the auction of the Land. Based on the information available to the Company, the total estimated cost including the Land Price, the refundable performance security and related tax for acquiring the Land is approximately RMB2,856 million. As one or more of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the total estimated cost for the Land Acquisition exceed 25% but are still less than 100%, the Land Acquisition remains a major transaction of the Company under Chapter 14 of the Listing Rules.

The Board confirms that the Equity Transfer Agreement, the Land Acquisition and the joint venture arrangement contemplated under the Cooperation Agreement, including the financing and profit distribution arrangements are on normal commercial terms, fair and reasonable and in the interests of the Company and Shareholders as a whole.

GENERAL

A circular containing, among other things, further details of the Land Acquisition and the joint venture arrangement as contemplated under the Cooperation Agreement will be despatched to the Shareholders in accordance with the Listing Rules for information purposes on or before 25 September 2019 as announced in the announcement of the Company dated 24 July 2019.

BACKGROUND

Reference is made to the Announcement in respect of the Land Acquisition by the Project Company, an indirect non-wholly owned subsidiary of the Company owned as to 50% by the Company and 50% by Jiangsu Aidi, as a result of winning a bid at a public auction for the land use rights of the Land situated at Nanjing City, the PRC at a consideration of RMB2,510 million which shall be paid by the Company through its subsidiary, Nanjing Yinjiashen, and Jiangsu Aidi in equal shares, that is, on a 50/50 basis.

On 17 July 2019, the Project Company entered into the Land Use Rights Grant Contract in respect of the Land, the major terms of which were set out in the Announcement. As at the date of this announcement, an aggregate amount of RMB1,255 million, representing 50% of the total Land Price has been paid by the Project Company to the Nanjing Planning and Natural Resources Bureau in accordance with the terms of the Land Use Rights Grant Contract. In addition, an amount of RMB200 million being a refundable performance security has also been paid by the Project Company by 6 August 2019 to the Nanjing Planning and Natural Resources Bureau pursuant to the Land Investment and Development Agreement as part of the bidding process.

For the purpose of enhancing the Group's capital efficiency and effectiveness and reducing the Group's investment risks in the development of the Land, the Group intended to bring in an additional investor, Shanghai Mingbu, which is an Independent Third Party, to co-invest

in the Land Acquisition and the development of the Land, by disposing a 25% equity interest in the Project Company to Shanghai Mingbu. On 21 August 2019, Nanjing Yinjiazhen, Jiangsu Aidi, Shanghai Mingbu together with the Project Company entered into the Cooperation Agreement to regulate the cooperation arrangements amongst the three shareholders of the Project Company.

The Project Company will remain as a subsidiary of the Company after the Disposal.

The principal terms of the Land Use Rights Grant Contract remain the same as those disclosed in the Announcement.

THE EQUITY TRANSFER AGREEMENT

On 21 August 2019, Nanjing Yinjiazhen and Shanghai Mingbu entered into the Equity Transfer Agreement, the principal terms of which are set out below.

Date

21 August 2019

Parties

- (a) Nanjing Yinjiazhen, the seller, an indirect wholly-owned subsidiary of the Company and a 50% shareholder of the Project Company as at the date of this announcement prior to the completion of the Disposal; and
- (b) Shanghai Mingbu, the purchaser, and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Shanghai Mingbu and its ultimate beneficial owners is an Independent Third Party.

Nature of transaction, consideration and assets to be disposed of

Pursuant to the Equity Transfer Agreement, Shanghai Mingbu has agreed to purchase from Nanjing Yinjiazhen 25% equity interest of the Project Company at the consideration of RMB250 million, which was determined with reference to the face value of 25% of the initial registered capital of the Project Company.

According to the management accounts of the Project Company, the unaudited total asset value and total net asset value of the Project Company as at 31 July 2019 were approximately RMB759.5 million and RMB499.9 million, respectively.

Conditions Precedent

Completion shall take place upon the fulfillment of all of the following conditions precedent:

- (1) Nanjing Yinjiazhen has provided a copy of the shareholders' resolutions passed by the Project Company approving the Disposal;
- (2) the business registration of change reflecting the transfer of 25% equity interest of the Project Company from Nanjing Yinjiazhen to Shanghai Mingbu has been completed;

- (3) the Cooperation Agreement has been signed by all the parties thereto;
- (4) no encumbrance has been made to the 25% equity interest of the Project Company to be transferred from Nanjing Yinjiazhen to Shanghai Mingbu as at the time of completion of the Disposal;
- (5) Nanjing Yinjiazhen has not committed any breach of the terms of the Equity Transfer Agreement;
- (6) the Project Company has continued to duly perform its obligations under the Land Use Rights Grant Contract including but not limited to duly pay the Consideration and relevant taxes (if any); and
- (7) no force majeure event has occurred resulting in the performance under the Equity Transfer Agreement being impracticable.

Completion of the Disposal

Completion of the Disposal will take place on the business day immediately after Shanghai Mingbu's acknowledging the fulfillment of all the conditions precedent to the completion and confirming its agreement to proceed with completion. Upon completion of the Disposal, the respective shareholding interests of Nanjing Yinjiazhen, Jiangsu Aidi (together with Jiangsu Aidi's Nominee) and Shanghai Mingbu shall be in the proportion of 25%, 50% and 25%, respectively.

THE COOPERATION AGREEMENT

On 21 August 2019, Nanjing Yinjiazhen, Jiangsu Aidi, Shanghai Mingbu and the Project Company entered into the Cooperation Agreement to regulate their cooperation and management of the Project Company, the principal terms of which are set out below.

Date

21 August 2019

Parties

- (a) Nanjing Yinjiazhen (background mentioned above);
- (b) Jiangsu Aidi, a party to the Cooperation Framework Agreement. To the best of the knowledge and information of the Directors, (i) Jiangsu Aidi together with Jiangsu Aidi's Nominee which is a related party of Jiangsu Aidi holds 50% shareholding interest in the Project Company, and (ii) save for the said shareholding interest in the Project Company, each of Jiangsu Aidi and Jiangsu Aidi's Nominee and their respective ultimate beneficial owners is an Independent Third Party;

- (c) Shanghai Mingbu (background mentioned above); and
- (d) the Project Company, an indirect non-wholly owned subsidiary of the Company.

Jiangsu Aidi's legal and beneficial shareholding

Within five (5) business days after the Project Company has obtained the Immovable Property Ownership Certificate (不動產登記證) in respect of the Land, Jiangsu Aidi's Nominee holding 20% shareholding in the Project Company for and on behalf of Jiangsu Aidi, shall transfer to Jiangsu Aidi the legal ownership of such 20% shareholding interest so that Jiangsu Aidi will be the legal and registered owner of 50% shareholding in the Project Company.

Management of the Project Company

Upon completion of the Disposal, despite the respective shareholding interest of Nanjing Yinjiazhen, Jiangsu Aidi (together with Jiangsu Aidi's Nominee) and Shanghai Mingbu in the Project Company being 25%, 50% and 25%, their respective shareholders' voting rights in the Project Company shall be in the proportion of 51%, 24%, and 25%, respectively. All decisions made by the shareholders of the Project Company (except otherwise provided under the PRC laws) shall be approved by shareholders holding more than 50% of the voting rights of the Project Company.

The board of directors of the Project Company shall consist of seven (7) directors, four (4) shall be nominated by Nanjing Yinjiazhen, one (1) shall be nominated by Jiangsu Aidi, and two (2) shall be nominated by Shanghai Mingbu. The chairman of the board of directors of the Project Company shall be the director nominated by Nanjing Yinjiazhen and shall act as the legal representative of the Project Company. Except as otherwise provided under the PRC laws, all decisions made by the board of directors of the Project Company shall be approved by simple majority.

The general manager of the Project Company shall be responsible for the management of the Project Company and such person shall be nominated by Nanjing Yinjiazhen and each of the two associate general managers of the Project Company shall be nominated by Jiangsu Aidi and Shanghai Mingbu, respectively.

Jiangsu Aidi's obligation to procure the fulfillment of certain requirements in the Land Investment and Construction Agreement

Pursuant to the bidding documents, the Project Company entered into the Land Investment and Construction Agreement dated 16 July 2019 with the local government which sets out certain conditions and requirements to be met and complied with by the Project Company during the construction and development of the Land, including but not limited to the design and planning requirements of the Project and introduction of investments from various industries including but not limited to high-tech industries and foreign investments into Xuanwu District of Nanjing City where the Project is located. Pursuant to the Cooperation Agreement, Jiangsu Aidi shall be responsible for procuring and assisting the Project Company to comply with such requirements, failing which Jiangsu Aidi shall be liable to compensate in full to Nanjing Yinjiazhen and Shanghai Mingbu for their direct and indirect losses suffered as a result thereof.

Contribution to the initial registered capital of the Project Company

Each of Nanjing Yinjiazhen, Shanghai Mingbu and Jiangsu Aidi is obliged to contribute to the Project Company's initial registered capital of RMB1,000 million in proportion to their respective shareholding interest. The respective contributions by the three shareholders of the Project Company to the initial registered capital of before and immediately upon completion of the Disposal are set out below:

	Nanjing Yinjiazhen	Shanghai Mingbu	Jiangsu Aidi
<i>Before completion of the Disposal</i>			
Contribution paid to the registered capital of the Project Company	<u>RMB500 million</u>	<u>—</u>	<u>—</u>
<i>Immediately upon completion of the Disposal</i>			
Contribution paid or payable to the registered capital of the Project Company	<u>RMB250 million</u>	<u>RMB250 million</u>	<u>—</u>

As illustrated above, upon completion of the Disposal, Shanghai Mingbu shall pay a consideration of RMB250 million to Nanjing Yinjiazhen, as a result of which the initial registered capital will be regarded as contributed and held by Nanjing Yinjiazhen and Shanghai Mingbu as to RMB250 million each, in aggregate representing 50% of the initial registered capital.

Financing of the Project Company and capital commitment of the parties

Based on the information available to the Company, the total estimated cost for the Land Acquisition including the Land Price, the refundable performance security and related tax for acquiring the Land is approximately RMB2,856 million. The agreed capital commitment by shareholders shall be made in the form of contribution to the registered capital and any amount in excess of the initial registered capital of the Project Company shall be satisfied by shareholders' loans to be provided by shareholders proportional to their respective shareholding interest in the Project Company with interest at the rate of 10% per annum (based on 360 days), which shall accrue from the date when the relevant shareholders' loans were granted to the Project Company until the date on which the relevant shareholders' loans are repaid by the Project Company. Any security needed for obtaining further external financing by the Project Company shall first be secured by charging the assets of the Project Company.

As at the date of this announcement and immediately prior to the completion of the Disposal, Nanjing Yinjiazhen has already contributed an aggregate amount of RMB1,455 million to the Project Company by paying up RMB500 million, representing 50% of the initial registered capital and the remaining amount of RMB955 million by way of shareholder's loan to the Project Company, which has been fully utilised by the Project Company to settle the bidding deposit of RMB753 million, first instalment of the Land Price of RMB502 million and the performance security of RMB200 million to the local government for guaranteeing the development of the project to be in compliance with certain requirements in the Land Investment and Development Agreement. With reference to the

total estimated cost for the Land Acquisition of RMB2,856 million as stated above, pursuant to the Cooperation Agreement, the respective capital commitments of Nanjing Yinjiazhen, Jiangsu Aidi and Shanghai Mingbu in proportion to their shareholding interests shall be RMB714 million, RMB1,428 million and RMB714 million, respectively, in the form of their contribution to the initial registered capital and shareholders' loans to the Project Company.

Upon completion of the Disposal, the contribution by Nanjing Yinjiazhen to the registered capital of the Project Company will be reduced from RMB500 million to RMB250 million. As at the date of this announcement, (a) Jiangsu Aidi has not yet contributed its share of the registered capital of RMB500 million and shareholder's loan of RMB928.0 million, and (b) Shanghai Mingbu has not yet contributed its share of the registered capital of RMB250 million and its shareholder's loan of RMB464.0 million to the Project Company. It is expected that after each of Jiangsu Aidi and Shanghai Mingbu have contributed their respective share of investments, the shareholder's loan provided by the Group in excess of its capital commitment referred to above, i.e., RMB491.0 million, on which an interest at the rate of 10% per annum (based on 360 days) will continue to accrue until repayment to the Group, will be repaid to the Group so that the investments of the three shareholders will achieve the proportion of their respective total capital commitment as set out in the above table.

The Group's capital commitment

As illustrated above, the Group's capital commitment under the Cooperation Agreement is RMB714.0 million. Such capital commitment was determined after arm's length negotiation with reference to the total estimated cost for the Land Acquisition and the equity interest of the Group in the Project Company. The Group's capital commitment is expected to be funded by the Group's internal resources and bank borrowings.

Notwithstanding the capital commitment of each shareholder of the Project Company as set out in the Cooperation Agreement as stated above, both Nanjing Yinjiazhen and Shanghai Mingbu acknowledged (a) the efforts contributed by Jiangsu Aidi and Jiangsu Aidi's Nominee in assisting the Project Company during the pre-bidding and the bidding process of the Land at the public auction, and (b) the responsibility undertaken by Jiangsu Aidi to assist and procure certain requirements set out in the Land Investment and Construction Agreement to be fulfilled and complied with, failing which to be liable to compensate for any loss suffered by Nanjing Yinjiazhen and Shanghai Mingbu. In light of the above, the parties to the Cooperation Agreement agreed to further discuss the business and development plan of the Project Company including the funding requirement of the Project Company and the capital commitment to be made by each shareholder of the Project Company and, if appropriate, make further amendments to the Cooperation Agreement to better reflect the contributions made by each shareholder to the Project and the Project Company. Further announcement will be made by the Company should any material amendments being made to the terms of the Cooperation Agreement.

Penalty for late payment of contribution and adjustment of shareholding

Pursuant to the Cooperation Agreement, in the event that any shareholder fails to provide its contribution in accordance with the business plans approved or otherwise as required by the board of directors of the Project Company, such defaulting party (“**Defaulting Party**”) shall pay a late payment penalty to the non-defaulting party(ies) (“**Non-defaulting Party(ies)**”) at the rate of 18% per annum accruing from the date when such contribution is due and payable until such outstanding amount is fully paid by the Defaulting Party. In addition, under such circumstances, the Non-defaulting Party(ies) shall have the right to provide an urgent loan to the Project Company to make up the shortfall in capital requirements and charge an interest at the rate of 18% per annum accruing from the date when such loan is provided. In case the default continues for more than 30 days, the party(ies) providing the urgent loan (“**Lending Party(ies)**”) shall have the right to issue a written notice to the other parties (“**Adjustment Notice**”) requiring to adjust the shareholding interest proportion between the defaulting party and the party providing the urgent loan in accordance with the following formula:

Adjusted shareholding percentage of
the party providing the urgent loan = $[A/(A+B+C)] \times 100\%$

Adjusted shareholding percentage of the defaulting party = $1 - X$

A = up to the date of the Adjustment Notice, the aggregate amount of capital contribution (including contribution to the registered capital and shareholder’s loan to the Project Company) made by the Lending Party(ies)

B = up to the date of the Adjustment Notice, the aggregate amount of capital contribution (including contribution to the registered capital and shareholder’s loan to the Project Company) made by the Defaulting Party(ies)

C = up to the date of the Adjustment Notice, the aggregate amount of capital contribution (including contribution to the registered capital and shareholder’s loan to the Project Company) made by the other Non-defaulting Party which is not a Lending Party

X = the sum of the adjusted shareholding percentage of the Non-defaulting Parties

Within 30 days of the issuance of the Adjustment Notice, the Defaulting Party shall be obliged to cooperate with the Lending Party(ies) to complete the registration and filing procedures at the relevant authorities to record the adjustment of the shareholding interest, failing which the Defaulting Party shall be liable to pay a compensation to the Lending Party(ies) in the sum of RMB50 million as penalty.

Tag along right

In the event that any party to the Cooperation Agreement proposes to transfer or sell its interest in the Project Company, and provided no other party exercises its right of first refusal to acquire such interest, the other parties shall have the tag along right to require the selling party to allow the non-selling parties to sell simultaneously at the same price and on the same terms.

Other principal terms of the Cooperation Agreement reflecting those in the Cooperation Framework Agreement

The following principal terms of the Cooperation Agreement are largely the same as those provided in the Cooperation Framework Agreement other than the addition of Shanghai Mingbu as an additional investor and shareholder:

- (a) **Business Scope** — The Project Company shall be a single purpose project company to participate in the bidding of the Land and engage in the construction and development of the Project on the Land and the Project Company must not, (i) without the unanimous consent from all its shareholders, change the nature or scope of the Project Company's business and its scope of business shall be at all times consistent with the requirements specified in documents relating to the Land Acquisition; or (ii) enter into any transactions which are not on an arm's length basis;
- (b) **Distribution of profit and surplus funds** — Profit distribution shall be made in proportion to the amount of registered capital actually paid up by the shareholders in the Project Company and subject to approval by the board of directors of the Project Company. When the Project Company has surplus funds based on its cash and bank balances (after taking into account the Project Company's projected funding needs for the following three months and complying with the regulatory requirements on funds subject to monitoring (including performance security required by the relevant government authority, funds required to be kept in monitored bank account from sale of properties as required by lending banks, project development borrowings and mortgage security, etc.), such surplus may be used by shareholders provided that all such distributable surplus shall first be applied to repay any outstanding shareholders' loans pro rata to the respective shareholders' loans amounts among the shareholders which have provided such shareholders' loans.
- (c) **Right of First Refusal** — If any party proposes to transfer or sell its interests in the Project Company, the other parties shall have the right of first refusal to purchase such interests. If more than one party intends to exercise its right of first refusal to acquire the interest proposed to be disposed by the disposing party, in such circumstances the interest to be disposed shall be disposed to the other parties in proportion to their respective shareholding interest in the Project Company.

Effect of the Cooperation Agreement on the Cooperation Framework Agreement

It has been agreed by the parties to the Cooperation Agreement, including Nanjing Yinjiazhen, Jiangsu Aidi and the Project Company that the Cooperation Agreement shall have the effect of superseding the Cooperation Framework Agreement.

FINANCIAL IMPACT

Pursuant to the terms of the Cooperation Agreement, after completion of the Disposal, Nanjing Yinjiazhen will continue to have control over the appointment of the majority of the directors and the majority of the voting rights at shareholders' meetings of the Project Company, the Project Company will continue to be accounted for as a subsidiary of the Company and the financial results, assets and liabilities of the Project Company will continue to be consolidated into the accounts of the Group. As the Project Company will remain as a subsidiary of the Company, there is no expected gain or loss as a result of the Disposal. The exact gain or loss on the Disposal will be calculated based on the net asset value of the Project Company as at the date of the completion of the Disposal and the exact amount of gain or loss to be recorded in the consolidated financial statements of the Group for the year ending 31 December 2019 will be subject to audit. There may be further financial impact on the Group should there be any change to the financing and capital commitment of the shareholders under the Cooperation Agreement in future as mentioned above.

USE OF PROCEEDS

The net proceeds from the Disposal will be approximately RMB250 million which is intended to be used as general working capital of the Group.

INFORMATION ON THE PARTIES TO THE EQUITY TRANSFER AGREEMENT AND THE COOPERATION AGREEMENT

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.

Nanjing Yinjiazhen is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company, and its principal business activity is investment holding.

Jiangsu Aidi is a company established in the PRC and its principal business is property development. Jiangsu Aidi's Nominee is a company established in the PRC and principally engaged in the provision of business consulting services. To the best of the knowledge and information of the Directors, Jiangsu Aidi together with Jiangsu Aidi's Nominee which is a related party of Jiangsu Aidi holds 50% shareholding interest, and save for the said shareholding in the Project Company, each of Jiangsu Aidi and Jiangsu Aidi's Nominee and their respective ultimate beneficial owners is an Independent Third Party.

Shanghai Mingbu is a company established in the PRC and its principal business is provision of business management and consulting services. To the best of the knowledge and information of the Directors, Shanghai Mingbu's controlling shareholder is Keppel Corporation Limited, a company listed on the Singapore Exchange Limited and each of Shanghai Mingbu and its ultimate beneficial owners is an Independent Third Party.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE TRANSACTIONS CONTEMPLATED UNDER THE COOPERATION AGREEMENT

By entering into the Equity Transfer Agreement and the Cooperation Agreement which provides the Group with controlling power both in terms of voting rights of shareholders' and board composition and the daily operation of the Project Company for the development of the Land, it is expected that the Group would benefit from such cooperation to exert its strength, grasp the market opportunities and enhance its investment portfolio in the property market in the PRC, while at the same time improve its capital efficiency and reduce the investment risks and thus creating greater return for the Shareholders. Moreover, the sharing of capital requirements for the Land Acquisition and development of the Project by an additional investor as a result of the Disposal is expected to increase the financial flexibility of the Group, which would enhance the Group's capability in seizing future development and investment opportunities.

The terms of the Equity Transfer Agreement and the Cooperation Agreement have been arrived at after arm's length negotiations between the parties thereto. The Directors (including the independent non-executive Directors) have confirmed that the terms of the Equity Transfer Agreement and the Cooperation Agreement (including the financing of the Project Company and its profit distribution arrangements), the entering into of the same and the transactions contemplated thereunder are on normal commercial terms in the ordinary course of business of the Group, fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The Disposal

As one or more of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Disposal contemplated under the Equity Transfer exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Cooperation Agreement and the Land Acquisition

The Cooperation Agreement was entered into on arm's length basis and on normal commercial terms. The Project Company is a single purpose project company established for the acquisition and development of the Land which is consistent with the purpose of the auction of the Land. Based on the information available to the Company, the total estimated cost including the Land Price, the refundable performance security and related tax for acquiring the Land is approximately RMB2,856 million. As one or more of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the total estimated cost for the Land Acquisition exceed 25% but are still less than 100%, the Land Acquisition remains a major transaction of the Company under Chapter 14 of the Listing Rules.

The Board confirms that the Land Acquisition and the joint venture arrangement contemplated under the Cooperation Agreement (superseding the Cooperation Framework Agreement), including its financing and profit distribution arrangements, are on normal commercial terms, fair and reasonable and in the interests of the Company and Shareholders as a whole.

GENERAL

A circular containing, among other things, further details of the Land Acquisition and the joint venture arrangements as contemplated under the Cooperation Agreement will be despatched to the Shareholders in accordance with the Listing Rules for information purposes on or before 25 September 2019 as announced in the announcement of the Company dated 24 July 2019.

DEFINITIONS

In this announcement, capitalised terms shall have the following meanings, unless the context in this announcement requires otherwise.

“Announcement”	the announcement of the Company dated 4 July 2019 in respect of the Land Acquisition which constitutes a major transaction of the Company under the Listing Rules
“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)
“Confirmation Letter”	a confirmation letter dated 3 July 2019 issued to the Project Company by the Nanjing Planning and Natural Resources Bureau in respect of the winning of the bid for the land use rights of the Land by the Project Company
“Consideration” or “Land Price”	RMB2,510 million, being the aggregate consideration payable by the Project Company for the Land Acquisition
“Cooperation Agreement”	Nanjing City Central Road Project Land Parcel No. G38 Cooperation Agreement (南京市中央路G38項目地塊合作協議) dated 21 August 2019 entered between Nanjing Yinjiashen, Jiangsu Aidi, Shanghai Mingbu and the Project Company in relation to the cooperation and joint venture arrangement between the parties for their investment and joint venture arrangement in the Project Company

“Cooperation Framework Agreement”	the Xuanwu District Central Road Land Parcel Property Cooperation Framework Agreement (玄武區中央路地塊項目合作框架協議) dated 13 April 2019 as supplemented by a supplemental agreement dated 27 June 2019 entered between Jiangsu Aidi and Nanjing Yinjiazhen to agree on the cooperation and joint venture arrangements between the parties for their cooperation in the bidding of the Land through the establishment of the Project Company and their investment and joint venture arrangements in the Project Company
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of 25% of the equity interest of the Project Company by Nanjing Yinjiazhen to Shanghai Mingbu pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement (股權轉讓協議) dated 21 August 2019 entered between Nanjing Yinjiazhen and Shanghai Mingbu pursuant to which Nanjing Yinjiazhen has agreed to transfer 25% of the equity interest of the Project Company to Shanghai Mingbu
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	an individual(s) or a company(ies) who or which is/are not connected (within the meaning of the Listing Rules) with Directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates (within the meaning of the Listing Rules)
“Jiangsu Aidi”	Jiangsu Aidi Property Development Company Limited* (江蘇愛地房地產開發有限公司), a company established in the PRC with limited liability and a shareholder which beneficially owns 50% equity interest in the Project Company
“Jiangsu Aidi’s Nominee”	Tesilian (Beijing) Technology Company Limited* (特斯聯(北京)科技有限公司), a company established in the PRC with limited liability, with 20% equity interest in the Project Company registered in its name as a nominee for and on behalf of Jiangsu Aidi as at the date of this announcement

“Land”	the land parcel situated at No. 224 of Central Street, Xuanwu Road, Xuanwu District, Nanjing City, the PRC, and it reaches Shenwu Street and the No. 46 Court of Dashugen Community at Xuanwu District to the east, Dashugen Community to the south, Central Street and Houdashugen Community to the west, and the land occupied by Nanjing City Construction (Holding) Company Limited to the north. The land parcel file number is 320102005004GB00055 and land parcel number is 2019G38 (玄武區玄武門街道中央路224號地塊, 東至神武路、玄武區大樹根46號社區, 南至大樹根, 西至中央路、後大樹根, 北至南京市城市建設(控股)有限公司用地。宗地編號320102005004GB00055及土地編號2019G38) with a total site area of 57,974.79 sq.m. a ground land transfer area of 38,284.71 sq.m. and an underground land transfer area of 2,760.06 sq.m..
“Land Acquisition”	the acquisition of the Land by the Project Company
“Land Investment and Development Agreement”	the Land Investment and Development Agreement (地塊投資建設協定) dated 16 July 2019 entered into between the Project Company and the local government of Nanjing City Xuanwu District which sets out certain requirements and conditions to be met by the Project Company in developing the Land in order for the Project Company to be qualified for receiving the refund of the performance security of RMB200 million paid by it to the local government
“Land Use Rights Grant Contract”	the land use rights grant contract dated 17 July 2019 entered into between Nanjing Planning and Natural Resources Bureau as the seller and Nanjing Yinjiazhen as the purchaser
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nanjing Yinjiazhen”	Nanjing Yinjiazhen Enterprise Management Co., Ltd.* (南京銀嘉瀆企業管理有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Project”	the real estate project to be developed on the Land by the Project Company

“Project Company”	Nanjing Zhijun Property Development Company Limited* (南京至君房地產開發有限公司), a company established in the PRC with limited liability, being the project company for the development of the Project, and owned by Nanjing Yijiajing and Jiangsu Aidi beneficially as to 50% each as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Mingbu”	Shanghai Mingbu Industrial Company Limited* (上海銘布實業有限公司), a company established in the PRC with limited liability, being a party to the Cooperation Agreement and the purchaser under the Equity Transfer Agreement
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

* For identification purposes only

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

Hong Kong, 22 August 2019

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.