

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)

- (1) DISCLOSEABLE AND MAJOR TRANSACTIONS IN RELATION TO SUBSCRIPTIONS OF STRUCTURED DEPOSITS**
- (2) PROVISION OF FINANCIAL ASSISTANCE BY WAY OF DEPOSIT PLEDGES CONSTITUTING MAJOR AND CONNECTED TRANSACTIONS**
- (3) DISCLOSEABLE TRANSACTION IN RELATION TO INVESTMENT IN FUND**
- (4) DISCLOSEABLE TRANSACTION IN RELATION TO THE PARTNERSHIP AGREEMENT**

INTRODUCTION

(1) Subscriptions of Structured Deposits

During the period from 11 December 2020 to 28 December 2020, Nanjing Yinjiaan and Nanjing Yincheng (each being an indirect wholly-owned subsidiary of the Company) subscribed for three structured deposit products with an aggregate principal amount of RMB1.3 billion.

As one or more of the applicable percentage ratio(s) for the subscription of each of the Structured Deposits exceeds 5% but is less than 25%, each subscription, on a standalone basis, constituted a discloseable transaction of the Company which should have been subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As the subscriptions of the First Structured Deposit and the Second Structured Deposit totaling RMB1.0 billion were made with the same bank, such subscriptions would be aggregated for the purpose of computing the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratio(s) in respect of such subscriptions, on an aggregate basis, exceeds 25% but is less than 100%, the subscription of the First Structured Deposit and the Second Structured Deposit constituted a major transaction of the Company which should have been subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

(2) Provision of financial assistance by way of Deposit Pledges

During the period from 7 December 2020 to 28 December 2020, in order to assist in fulfilling the short-term financing needs of Nanjing Langchu, Nanjing Tepuna and Nanjing Juxin (each being a direct wholly-owned subsidiary of Yincheng Real Estate, which in turn, is a company controlled by Mr. Huang Qingping, a non-executive Director and a controlling shareholder of the Company), Nanjing Yinjiaan and Nanjing Yincheng provided financial assistance by way of making six deposit pledges totaling RMB2.93 billion to secure the grant of facilities made by several banks to Nanjing Langchu, Nanjing Tepuna and Nanjing Juxin.

Since Nanjing Langchu, Nanjing Tepuna and Nanjing Juxin are companies controlled by Mr. Huang Qingping, each of such companies is a connected person of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) for the provision of the First Pledge exceeds 25% but is less than 100%, such provision, on a standalone basis, constituted a major and connected transaction of the Company which should have been subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) for the provision of each of the Second Pledge, the Third Pledge, the Fourth Pledge, the Fifth Pledge and the Sixth Pledge, exceeds 5% but is less than 25%, each of such provisions, on a standalone basis, constituted a discloseable and connected transaction of the Company which should have been subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

As all Deposit Pledges were provided for the benefit of companies controlled by Mr. Huang Qingping, such provisions would be aggregated for the purpose of computing the relevant percentage ratios pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratio for the provision of all Deposit Pledges, on an aggregate basis, exceeds 25%, such provisions constituted a major and connected transaction of the Company which should have been subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

(3) Investment in fund

During the period from 23 June 2020 to 5 November 2020, Yinjiacheng (being an indirect wholly-owned subsidiary of the Company) entered into the Fund Subscription Agreements to subscribe for the Participating Shares in three tranches for a total amount of USD35.0 million on the terms and conditions of the Private Offering Memorandum.

As each of the applicable percentage ratios in respect of each tranche of the Fund Subscriptions is less than 5%, none of the Fund Subscriptions, on a standalone basis, constituted a notifiable transaction under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratio(s) in respect of the Fund Subscriptions, as aggregated pursuant to Rule 14.22 of the Listing Rules, exceeds 5% but is less than 25%, such subscriptions constituted a discloseable transaction of the Company which should have been subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

(4) The Partnership Agreement

On 15 June 2020, Hangzhou Yinjialuo (being an indirect non wholly-owned subsidiary of the Company) entered into the Partnership Agreement with other investment partners, pursuant to which, Hangzhou Yinjialuo shall make the capital contribution in the amount of RMB157.5 million for the establishment of Jiaxing Zhenli LP, and ultimately, for property development purposes.

As one or more of the applicable percentage ratio(s) for the investment in Jiaxing Zhenli LP exceeds 5% but is less than 25%, such investment constituted a discloseable transaction of the Company which should have been subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

During the period from 11 December 2020 to 28 December 2020, Nanjing Yinjiaan and Nanjing Yincheng (each being an indirect wholly-owned subsidiary of the Company) subscribed for three structured deposit products with an aggregate principal amount of RMB1.3 billion.

During the period from 7 December 2020 to 28 December 2020, in order to assist in fulfilling the short-term financing needs of Nanjing Langchu, Nanjing Tepuna and Nanjing Juxin (each being a direct wholly-owned subsidiary of Yincheng Real Estate, which in turn, is a company controlled by Mr. Huang Qingping, a non-executive Director and a controlling shareholder of the Company), Nanjing Yinjiaan and Nanjing Yincheng provided financial assistance by way of making six deposit pledges totaling RMB2.93 billion to secure the grant of facilities made by several banks to Nanjing Langchu, Nanjing Tepuna and Nanjing Juxin.

During the period from 23 June 2020 to 5 November 2020, Yinjiacheng (being an indirect wholly-owned subsidiary of the Company) entered into the Fund Subscription Agreements to subscribe for the Participating Shares in three tranches for a total amount of USD35.0 million on the terms and conditions of the Private Offering Memorandum.

On 15 June 2020, Hangzhou Yinjialuo (being an indirect non wholly-owned subsidiary of the Company) entered into the Partnership Agreement with other investment partners, pursuant to which, Hangzhou Yinjialuo shall make the capital contribution in the amount of RMB157.5 million for the establishment of Jiaxing Zhenli LP, and ultimately, for property development purposes.

Details of the above Transactions are set out as follows.

(1) SUBSCRIPTIONS OF STRUCTURED DEPOSITS

The principal terms of each of the Structured Deposits are as follows:

	First Structured Deposit	Second Structured Deposit	Third Structured Deposit
Date of agreement/ subscription	: 11 December 2020	18 December 2020	28 December 2020
Agreement	: Bank of Jiangsu structured deposit product brochure* (江蘇銀行結構性存款產品說明書) agreed by the parties thereto	Bank of Jiangsu structured deposit product brochure* (江蘇銀行結構性存款產品說明書) agreed by the parties thereto	Bank of Hangzhou “Tianlibao” structured deposit (linked exchange rate B) agreement* (杭州銀行“添利寶”結構性存款(掛鈎匯率B款)協議)
Parties	: Nanjing Yinjiaan and the Bank of Jiangsu	Nanjing Yinjiaan and the Bank of Jiangsu	Nanjing Yincheng and the Bank of Hangzhou
Name of product	: Corporate Structured Deposits 2020 No. 32 One Year B* (對公結構性存款2020年第32期1年期B)	Corporate Structured Deposits 2020 No. 33 Three Months C* (對公結構性存款2020年第33期3個月C)	Bank of Hangzhou “Tianlibao” Structured Deposit Product* (杭州銀行“添利寶”結構性存款產品)
Type of return and expected annual return rate	: Principal-guaranteed with an expected annual return rate ranging from 2.0% to 3.13%.	Principal-guaranteed with an expected annual return rate ranging from 2.0% to 3.13%.	Principal-guaranteed with an expected annual return rate ranging from 1.75% to 3.5%.
Principal amount	: RMB500.0 million	RMB500.0 million	RMB300.0 million
Maturity date	: 11 December 2021	18 March 2021	26 July 2021
Investment scope	: Structured product with the entire fund and return being linked to the EUR/USD spot exchange rate during the observation period.	Structured product with the entire fund and return being linked to the EUR/USD spot exchange rate during the observation period.	Structured product with the entire fund and return being linked to the EUR/USD spot exchange rate during the observation period.
Early termination	: Nanjing Yinjiaan has no right to withdraw any of the principal amount before the maturity date.	Nanjing Yinjiaan has no right to withdraw any of the principal amount before the maturity date.	Nanjing Yincheng has no right to withdraw any of the principal amount before the maturity date.

While the First Structured Deposit and the Third Structured Deposit were still maintained with the respective banks as at the date of this announcement, Nanjing Yinjiaan had redeemed the entire principal amount of the Second Structured Deposit together with a total return amounted to approximately RMB503.9 million on 18 March 2021 upon maturity. As confirmed by the Directors, the Group did not suffer from any monetary loss in connection with the subscription of the Second Structured Deposit.

Basis of determining the subscription amount of the Structured Deposits

The Directors confirmed that the subscription amount and terms of each of the Structured Deposits were determined after arm's length negotiation between Nanjing Yinjiaan and the Bank of Jiangsu, and between Nanjing Yincheng and the Bank of Hangzhou (as the case may be) having taken into account (i) the financial status of such relevant subsidiaries of the Company and their expected investment return; (ii) the established banking relationship with such banks, and accordingly, the benefits of having simplified administrative and procedural requirements for the subscription of the Structured Deposits with them; and (iii) that similar expected annual return rates were offered by other comparable structured deposit products available in the market.

Reasons for and benefits of the subscriptions of the Structured Deposits

The subscriptions of the Structured Deposits was made for treasury management purpose to maximise return on unutilised funds of the Group after taking into account, among other things, the level of risk involved, return on investment, liquidity and the term to maturity.

Taking into account (i) the upside of earning a more attractive return through the subscription of the Structured Deposits than current saving or fixed deposits; (ii) the low risk nature and relatively short term of maturity of the Structured Deposits; and (iii) that the subscriptions of the Structured Deposits were funded by internal resources, it would not affect the sufficiency of working capital of the Group nor hinder the operation of the Group's principal businesses, the Directors are of the view that the subscriptions of the Structured Deposits poses minimal risk to the Group, the terms and conditions thereof are fair and reasonable and in the interest of the Group and its Shareholders as a whole.

Listing Rules implications for the subscription of the Structured Deposits

As one or more of the applicable percentage ratio(s) for the subscription of each of the Structured Deposits exceeds 5% but is less than 25%, each subscription, on a standalone basis, constituted a discloseable transaction of the Company which should have been subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As the subscriptions of the First Structured Deposit and the Second Structured Deposit totaling RMB1.0 billion were made with the same bank, such subscriptions would be aggregated for the purpose of computing the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratio(s) in respect of such subscriptions, on an aggregate basis, exceeds 25% but is less than 100%, the subscriptions of the First Structured Deposit and the Second Structured Deposit constituted a major transaction of the Company which should have been subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

(2) PROVISION OF FINANCIAL ASSISTANCE BY WAY OF DEPOSIT PLEDGES

The principal terms of each of the Deposit Pledges are as follows:

	First Pledge	Second Pledge	Third Pledge	Fourth Pledge	Fifth Pledge	Sixth Pledge
Date of agreement/pledge	: 7 December 2020	11 December 2020	16 December 2020	21 December 2020	23 December 2020	29 December 2020
Agreement	: Pledge agreement* (質押合同)	Pledge guarantee agreement* (質押擔保合同)	Pledge agreement* (質押合同)	Pledge guarantee agreement* (質押擔保合同)	Pledge agreement* (質押合同)	Bank of Hangzhou Co., Ltd. pledge agreement* (杭州銀行股份有限公司質押合同)
Parties	: Nanjing Yincheng and the Industrial Bank	Nanjing Yinjiaan and the Bank of Jiangsu	Nanjing Yincheng and the Industrial Bank	Nanjing Yinjiaan and the Bank of Jiangsu	Nanjing Yincheng and the Industrial Bank	Nanjing Yincheng and the Bank of Hangzhou
Pledged assets	: Deposit of RMB730.0 million in the savings account of Nanjing Yincheng maintained with the Industrial Bank	First Structured Deposit of RMB500.0 million	Deposit of RMB500.0 million in the savings account of Nanjing Yincheng maintained with the Industrial Bank	Second Structured Deposit of RMB500.0 million	Deposit of RMB400.0 million in the savings account of Nanjing Yincheng maintained with the Industrial Bank	Third Structured Deposit of RMB300.0 million
Purpose for the provision of Deposit Pledges	: As security for full repayment of, among others, the facility of RMB730.0 million granted by Industrial Bank to Nanjing Langchu through the issuance of acceptance bills, and all interest accrued thereon.	As security for full repayment of, among others, the facility of RMB500.0 million granted by the Bank of Jiangsu to Nanjing Langchu through the issuance of acceptance bills, and all interest accrued thereon.	As security for full repayment of, among others, the facility of RMB500.0 million granted by Industrial Bank to Nanjing Langchu through the issuance of acceptance bills, and all interest accrued thereon.	As security for full repayment of, among others, the facility of RMB500.0 million granted by the Bank of Jiangsu to Nanjing Tepuna through the issuance of acceptance bills, and all interest accrued thereon.	As security for full repayment of, among others, the facility of RMB400.0 million granted by Industrial Bank to Nanjing Langchu through the issuance of acceptance bills, and all interest accrued thereon.	As security for full repayment of, among others, the facility of RMB300.0 million granted by the Bank of Hangzhou to Nanjing Juxin through the issuance of acceptance bills, and all interest accrued thereon.
Term of the Pledge	: From 7 December 2020 to 7 February 2021	From 11 December 2020 until full repayment of such facility granted to Nanjing Langchu	From 16 December 2020 to 16 March 2021	From 21 December 2020 until full repayment of such facility granted to Nanjing Tepuna	From 23 December 2020 to 23 March 2021	From 29 December 2020 until full repayment of such facility granted to Nanjing Juxin

All of the Deposit Pledges had been fully released by 26 March 2021.

Reasons for and benefits of the provision of Deposit Pledges

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, such facilities in the form of acceptance bills as issued by the Bank of Jiangsu, the Bank of Hangzhou and the Industrial Bank were intended to be applied to fund the short-term procurement needs of Nanjing Langchu, Nanjing Tepuna and Nanjing Juxin.

While the Directors (including the independent non-executive Directors) recognise that the Deposit Pledges were not provided by the Group in the ordinary and usual course of business, taking into account that all of Nanjing Langchu, Nanjing Tepuna and Nanjing Juxin are members of the Yincheng Real Estate Group, which constantly provides substantial financial support to the Group throughout the years, they were of the view that the terms and conditions for the provision of short-term financial assistance in return by way of Deposit Pledges were fair and reasonable. Further, given that all of such Deposit Pledges had been fully released by 26 March 2021, the Directors (including the independent non-executive Directors) are of the view that such provision of Deposit Pledges was not detrimental to the interests of the Company and its Shareholders as a whole.

Listing Rules implications for the provision of Deposit Pledges

Since Nanjing Langchu, Nanjing Tepuna and Nanjing Juxin are companies controlled by Mr. Huang Qingping, a non-executive Director and a controlling shareholder of the Company, each of such companies is a connected person of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) for the provision of the First Pledge exceeds 25% but is less than 100%, such provision, on a standalone basis, constituted a major and connected transaction of the Company which should have been subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) for the provision of each of the Second Pledge, the Third Pledge, the Fourth Pledge, the Fifth Pledge and the Sixth Pledge, exceeds 5% but is less than 25%, each of such provisions, on a standalone basis, constituted a discloseable and connected transaction of the Company which should have been subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

As all Deposit Pledges were provided for the benefit of companies controlled by Mr. Huang Qingping, such provisions would be aggregated for the purpose of computing the relevant percentage ratios pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratio for the provision of all Deposit Pledges, on an aggregate basis, exceeds 25%, such provisions constituted a major and connected transaction of the Company which should have been subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

(3) INVESTMENT IN THE FUND

The principal terms of the Fund Subscription Agreements and the Private Offering Memorandum in relation to the Fund Subscriptions are as follows:

- Name of the Fund** : Yonxi Great China Fund SPC
- Name of the Sub-Fund** : Yonxi Prosperity Fund SP
- Subscription date** : (i) 23 June 2020 for the First Fund Subscription
(ii) 28 October 2020 for the Second Fund Subscription
(iii) 5 November 2020 for the Third Fund Subscription
- Subscription amount** : (i) USD10.0 million for the First Fund Subscription
(ii) USD15.0 million for the Second Fund Subscription
(iii) USD10.0 million for the Third Fund Subscription
- Participating Shares** : Class A non-voting, participating and redeemable shares of the Fund attributable to the Sub-Fund.
- Distribution** : The Fund Directors may declare and distribute dividend at any time as they consider appropriate. Yinjiacheng has the right to receive such dividends declared in respect of the Participating Shares, and elect for such dividends to be distributed in the form of cash or additional Class A shares based on the net asset value of such shares upon the declaration of dividends.
- Investment objective and strategy** : To provide the subscribers with maximum short to medium term risk-adjusted total returns through a combination of debt and equity investments in private placement bonds, gold, listed and unlisted equities, pre-IPO investments, preferred stocks, convertible securities, equity-related instruments, debt securities and obligations (which may be below investment grade), currencies, commodities, futures, options, warrants, swaps, other derivative instruments, and a portfolio of funds.

Redemption : Subject to a lock-up period of 12 months commencing on the issue of the Participating Shares. Following such period, Yinjiacheng may redeem its investment in the Sub-Fund at a redemption price equals to the net asset value of the Participating Shares less payment of any charges, fees, expenses or reserves as applicable on a day falling on the first business day of each calendar quarter, or such other day or days as the Fund Directors may determine from time to time. No redemption fee will be charged on the redemption of the Participating Shares.

Payment of the Fund Subscriptions of USD35.0 million for the subscription of the Participation Shares was funded by the Group through its internal resources.

Basis of determining the amount of Fund Subscriptions

The Directors confirmed that the amount of Fund Subscriptions was determined after taking into account (i) the terms of the Private Offering Memorandum as compared to that offered by other comparable investment funds available in the market; (ii) the financial status of Yinjiacheng; and (iii) the potential investment return as assessed by the Group.

Reasons for and benefits of the Fund Subscriptions

The Group has endeavoured in exploring opportunities for potential investments with a view to achieving better returns for its Shareholders. The Directors consider that the Fund Subscriptions represent good opportunities for the Company to enjoy potential capital appreciation of the Sub-Fund. It also enables the Group to participate in the securities market while reducing the direct investment risks leveraging on the professional management of the Sub-Fund led by Yonxi International as its investment manager.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) Yonxi International is licensed by the Securities and Futures Commission to offer asset management services, and as of 31 December 2020, it had over USD500.0 million assets under management and was engaged in the management of four funds with fund size varied from USD100.0 million to UDS500.0 million; and (ii) the core investment team of Yonxi International has over 15 years of experience in securities investment and fund management. The Directors believe that the experience and capabilities of Yonxi International will enable it to provide quality investment management service and bring favourable return to the Group.

Having considered the terms of the Fund Subscription Agreements and the Private Offering Memorandum and the potential benefits as set out above, the Directors are of the view that the terms and conditions of the Fund Subscriptions are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Listing Rules implications for the Fund Subscriptions

As each of the applicable percentage ratios in respect of each tranche of the Fund Subscriptions is less than 5%, none of the Fund Subscriptions, on a standalone basis, constituted a notifiable transaction under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratio(s) in respect of the Fund Subscriptions, as aggregated pursuant to Rule 14.22 of the Listing Rules, exceeds 5% but is less than 25%, such subscriptions constituted a discloseable transaction of the Company which should have been subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

(4) THE PARTNERSHIP AGREEMENT

Prior to the entering into of the Partnership Agreement, Hangzhou Kaiyan (being a joint venture company of the Group at the material time) had won the tender for the acquisition of the Land. With a view of introducing other investment partners to jointly participate in the development project of the Land, the Partnership Agreement was entered into for the establishment of Jiaxing Zhenli LP which shall, in turn, invest in Hangzhou Kaiyan.

The principal terms of the Partnership Agreement are as follows:

- Date** : 15 June 2020
- Parties** : (i) Jiaxing Zhenguang, as first-tier limited partner
(ii) Hangzhou Qianjiang Fushan, as first-tier limited partner
(iii) Hangzhou Kailu, as second-tier limited partner
(iv) Hangzhou Yinjialuo, as second-tier limited partner
(v) Hangzhou Real Estate, as first-tier limited partner
(vi) Hangzhou Zhencheng Chengfa, as first-tier general partner
- Purpose of establishing Jiaxing Zhenli LP** : To engage in investment business and obtain investment return mainly through direct or indirect acquisition, holding or disposal of interest in the development project of the Land.
- Term** : Five years from the date of the establishment of Jiaxing Zhenli LP, which could be further extended upon expiry at the discretion of the executive partner.

Capital contribution : Hangzhou Yinjialuo shall make an initial capital contribution of RMB157.5 million, which represents approximately 11.25% of the equity interest in Jiaxing Zhenli LP. The remaining initial capital of Jiaxing Zhenli LP shall be contributed by other partners as follows:

Partner	Capital contribution (RMB)	Percentage (%) (Approximate)
Jiaxing Zhenguang	760,000,000	54.29
Hangzhou Qianjiang Fushan	200,000,000	14.29
Hangzhou Kailu	192,500,000	13.75
Hangzhou Real Estate	90,000,000	6.43
Hangzhou Zhencheng Chengfa	10,000	0.001

Management of Jiaxing Zhenli LP : The general partner of Jiaxing Zhenli LP shall act as executive partner to manage and control the operation, investment affairs and other matters of Jiaxing Zhenli LP.

Income distribution and loss sharing : Distributable income of Jiaxing Zhenli LP derived from all or part of the interest in the development project of the Land, any dividend income generated from investments, the principal and interest of borrowings as well as income generated from other distributions (after deduction of all relevant taxes and all other partnership fees, debts and expenses paid, payable or reasonably expected to be paid in the future) shall be distributed within five business days from the date of receipt in the following priority and manner:

- (i) first, to such first-tier partners until the cumulated amount distributed to each of them equals to their respective capital contribution made;
- (ii) secondly, to such first-tier partners until the cumulated amount distributed to each of them equals to an amount calculated as “the respective capital contribution made x 8% x number of days of investment/365 – expected income actually received from Jiaxing Zhenli LP”;

(iii) thirdly, to:

Jiaxing Zhenguang and Hangzhou Real Estate until the cumulative amount distributed to each of them equals to an amount calculated as “(RMB850.0 million x 5.2% x number of days of investment/365 – relevant taxes and other partnership expenses) x 90%”;

Hangzhou Qianjiang Fushan until the cumulative amount distributed to it equals to an amount calculated as “(RMB200.0 million x 5.2% x number of days of investment/365 – relevant taxes and other partnership expenses) x 95%”; and

Hangzhou Zhencheng Chengfa until the cumulative amount distributed to it equals to an amount calculated as “(RMB200.0 million x 5.2% x number of days of investment/365 – relevant taxes and other partnership expenses) x 5% + (RMB850.0 million x 5.2% x number of days of investment/365 – relevant taxes and other partnership expenses) x 10%”;

(iv) fourthly, to such second-tier partners until the cumulated amount distributed to each of them equals to their respective capital contributions made; and

(v) lastly, any remaining balance of such income shall be distributed to such first-tier partners in proportion to their respective capital contribution in Jiaxing Zhenli LP.

Losses of Jiaxing Zhenli LP shall also be borne by all partners in such priority and manner as set out above.

The capital contribution of Hangzhu Yinjialuo in the amount of RMB157.5 million was made to Jiaxing Zhenli LP on 22 June 2020, which was funded by the Group through its internal resources.

Basis of determining the capital contribution

The amount of capital contribution as set out under the Partnership Agreement was determined after arm’s length negotiation among the respective parties to the Partnership Agreement with reference to (i) the working capital needs of Jiaxing Zhenli LP to engage in the development project of the Land; and (ii) the parties’ respective responsibilities and contributions to Jiaxing Zhenli LP.

Reasons for and benefits of entering into the Partnership Agreement

By entering into the Partnership Agreement and thereby establishing Jiaxing Zhenli LP, the Group could bring in experienced investment partners which could provide additional financial resources to fund the development project of the Land, and effectively reduce its capital commitment in and investment risks associated with such development project.

The Directors are of the view that the terms and conditions of the Partnership Agreement are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Through a subsequent acquisition of equity interest in Hangzhou Kaiyan by Jiaxin Zhenli LP from the existing shareholders of Hangzhou Kaiyan, including Hangzhou Yinjiayu (being an indirect wholly-owned subsidiary of the Company), as at the date of this announcement, Hangzhou Kaiyan was owned as to 36.3% by Hangzhou Kaiqian, 34% by Jiaxing Zhenli LP and 29.7% by Hangzhou Yinjiayu. Leveraging on certain additional financial resources made available to Hangzhou Kaiyan by Jiaxing Zhenli LP, certain properties have been developed on the Land and listed for pre-sale.

Listing Rules implications for the entering into of the Partnership Agreement

As one or more of the applicable percentage ratio(s) for the investment in Jiaxing Zhenli LP exceeds 5% but is less than 25%, such investment constituted a discloseable transaction of the Company at the relevant material time which should have been subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

NON-COMPLIANCE OF THE LISTING RULES AND REMEDIAL MEASURES

Due to the misunderstanding and misinterpretation of the Listing Rules that the above Transactions would not have fallen within the ambit of Chapter 14 and Chapter 14A of the Listing Rules, the Company failed to comply with the requirements under Chapter 14 and Chapter 14A of the Listing Rules in a timely manner. The Company deeply regrets such failure and would like to stress that it has no intention to withhold any information relating to any of the above transactions from disclosure to the public.

Considering that (i) the subscription of the Structured Deposits has been made with no early termination right on the part of Nanjing Yinjiaan and Nanjing Yincheng before maturity; (ii) the Second Structured Deposit together with the relevant return were redeemed on 18 March 2021; and (iii) all of the Deposit Pledges had been fully released on 26 March 2021, even though such transactions were subject to the Shareholders' or independent Shareholders' approval requirement as set out above, the Company considers that it might not be meaningful and therefore does not intend to despatch any circular or convene any general meeting of the Company for the purpose of approving or ratifying the subscription of the Structured Deposits and the provision of the Deposit Pledges.

In order to ensure timely disclosure of future subscriptions of financial products, financial assistance and other cooperation arrangements, and compliance with the requirements under the Listing Rules, the Company plans to adopt the following measures:

- (i) the Company will review its internal control system, financial reporting system and existing policies and procedures in monitoring notifiable and connected transactions of the Group under the Listing Rules and report results of the same to the Board periodically;
- (ii) the Company will improve such internal control system, financial reporting system and existing policies and procedures in accordance with the recommendations as provided by the Board and its other professional advisers from time to time;
- (iii) the Company will circulate a detailed guideline relating to notifiable and connected transactions under the Listing Rules and offer more regular trainings to the responsible staff, senior management and Directors in order to strengthen and reinforce their existing knowledge relating to notifiable and connected transactions, as well as their ability to identify potential issues at an early stage;
- (iv) the Company will strengthen the coordination and reporting arrangements for notifiable and connected transactions among its subsidiaries and emphasize the importance of compliance with the Listing Rules; and
- (v) the Company will work more closely with its legal adviser and compliance adviser on compliance issues and shall, as and when appropriate, consult other professional advisers before entering into any potential notifiable and connected transaction. If necessary, the Company might also consult the Stock Exchange on the proper treatment of the proposed transactions.

INFORMATION ON 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. The Group commenced property development operations in Nanjing and successfully expanded its footprint to other cities in the Yangtze River Delta Megalopolis, including but not limited to Wuxi, Suzhou, Zhenjiang, Hangzhou, Ma'anshan and Hefei.

INFORMATION ON THE PARTIES INVOLVED IN THE SUBSCRIPTION OF STRUCTURED DEPOSITS AND THE PROVISION OF FINANCIAL ASSISTANCE BY WAY OF DEPOSIT PLEDGES

Nanjing Yinjiaan

Nanjing Yinjiaan is a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. Nanjing Yinjiaan principally engages in the sales of building materials, household appliances and furniture, leasing of machinery and equipment, and the wholesale of hardware products and daily necessities.

Nanjing Yincheng

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

Nanjing Langchu

Nanjing Langchu is a company established under the laws of the PRC with limited liability. Nanjing Langchu principally engages in the sales of building and decorative materials, household appliances and mechanical equipment.

Nanjing Tepuna

Nanjing Tepuna is a company established under the laws of the PRC with limited liability. Nanjing Tepuna principally engages in the sales of building and decorative materials, household appliances and mechanical equipment.

Nanjing Juxin

Nanjing Juxin is a company established under the laws of the PRC with limited liability. Nanjing Juxin principally engages in the sales of building and decorative materials, electronic appliances and furniture.

Each of Nanjing Langchu, Nanjing Tepuna and Nanjing Juxin is a direct wholly-owned subsidiary of Yincheng Real Estate, which in turn is held as to approximately 53.11% by Mr. Huang Qingping, approximately 19.26% by Mr. Dai Chengshu, approximately 8.01% by Mr. Xie Chengguang, approximately 5.32% by Mr. Zhu Linnan, approximately 5.11% by Mr. Zhu Linbin, approximately 4.11% by Mr. Ma Baohua, approximately 3.71% by Mr. Zhu Li and approximately 1.37% by Ms. Cao Lian.

Bank of Jiangsu

Bank of Jiangsu is a joint stock company established in the PRC which is principally engaged in the commercial bank business in the PRC, and the shares of which are listed on the Shanghai Stock Exchange (stock code: 600919).

Bank of Hangzhou

Bank of Hangzhou is a joint stock company established in the PRC which is principally engaged in the commercial bank business in the PRC, and the shares of which are listed on the Shanghai Stock Exchange (stock code: 600926).

Industrial Bank

Industrial Bank is a joint stock company established in the PRC which is principally engaged in the commercial bank business in the PRC, and the shares of which are listed on the Shanghai Stock Exchange (stock code: 601166).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Bank of Jiangsu, Bank of Hangzhou, Industrial Bank and their respective ultimate beneficial owners are independent of the Company and its connected persons.

INFORMATION ON THE PARTIES INVOLVED IN THE INVESTMENT IN FUND

Yinjiacheng

Yinjiacheng is a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. Yinjiacheng principally engages in investment holding.

The Fund and the Sub-Fund

The Fund is an exempted company incorporated with limited liability and registered as a segregated portfolio company under the laws of the Cayman Islands. As a segregated portfolio company, the Fund is permitted to create one or more segregated portfolios in order to segregate the assets and liabilities of the Fund held in respect of one segregated portfolio from the assets and liabilities of the Fund held in respect of any other segregated portfolio and/or the general assets and liabilities of the Fund. The Sub-Fund is an open-ended segregated portfolio of the Fund.

The Fund has two classes of shares in issue, namely, (i) management shares, which have the entire voting power of the Fund but do not entitle the holder to participate in the profits and losses of the Fund and are not redeemable; and (ii) participating shares, which are non-voting, entitled to receive any dividend that may be declared by the Fund and redeemable. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, all the management shares of the Fund are held by Yan Binbin, yet no information related to other holders of the participating shares was made available by the Fund.

Yonxi International

Yonxi International is a company incorporated under the laws of Hong Kong with limited liability and is held by Yan Binbin, Huang Binbin and Zhuang Leiming. Yonxi International is licensed to conduct Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong), and is the investment manager of the Sub-Fund. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Yonxi International and its ultimate beneficial owners are independent of the Company and its connected persons.

INFORMATION ON THE PARTIES INVOLVED IN THE PARTNERSHIP AGREEMENT

Hangzhou Yinjialuo

Hangzhou Yinjialuo is a company established under the laws of the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company. Hangzhou Yinjialuo principally engages in corporate management.

Jiaxing Zhenguang

Jiaxing Zhenguang is a limited partnership established under the laws of the PRC and is ultimately held as to approximately 56.85% by the Hangzhou Municipal People's Government* (杭州市人民政府) and approximately 43.15% by nine other institutional and individual partners. Jiaxing Zhenguang principally engages in property and equity investments.

Hangzhou Qianjiang Fushan

Hangzhou Qianjiang Fushan is a company established under the laws of the PRC with limited liability and is ultimately held as to approximately 43.62% by the Hangzhou Municipal People's Government* (杭州市人民政府) and approximately 56.38% by nine other institutional and individual shareholders. Hangzhou Qianjiang Fushan principally engages in property development.

Hangzhou Kailu

Hangzhou Kailu is a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of Dexin China Holdings Company Limited, which shares are listed on the Main Board of the Stock Exchange (stock code: 2019). Hangzhou Kailu principally engages in corporate management.

Hangzhou Real Estate

Hangzhou Real Estate is a company established under the laws of the PRC with limited liability and is ultimately held as to approximately 62.31% by the Hangzhou Municipal People's Government* (杭州市人民政府) and approximately 37.69% by nine other institutional and individual shareholders. Hangzhou Real Estate principally engages in property development.

Hangzhou Zhencheng Chengfa

Hangzhou Zhencheng Chengfa is a company established under the laws of the PRC with limited liability and is ultimately held as to approximately 40.92% by the Hangzhou Municipal People's Government* (杭州市人民政府) and approximately 59.08% by nine other institutional and individual shareholders. Hangzhou Zhencheng Chengfa principally engages in asset and investment management, investment consulting, and property and equity investment.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Jiaxing Zhenguang, Hangzhou Qianjiang Fushan, Hangzhou Kailu, Hangzhou Real Estate and Hangzhou Zhencheng Chengfa and their respective ultimate beneficial owners are independent of the Company and its connected persons.

DEFINITIONS

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

“Bank of Hangzhou”	means Bank of Hangzhou Co., Ltd., Nanjing branch* (杭州銀行股份有限公司南京分行) or its headquarters when the context so requires
“Bank of Jiangsu”	means Bank of Jiangsu Co., Ltd.* (江蘇銀行股份有限公司)
“Board”	means the board of Directors
“Company”	means 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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Deposit Pledges”	means the First Pledge, the Second Pledge, the Third Pledge, the Fourth Pledge, the Fifth Pledge and the Sixth Pledge
“Directors”	means the directors of the Company
“EUR”	means European dollars, the lawful currency in the European Union
“Fifth Pledge”	means the pledge of deposit by Nanjing Yincheng to the Industrial Bank on 23 December 2020
“First Fund Subscription”	means the subscription of the Participating Shares by Yinjiacheng on 23 June 2020
“First Pledge”	means the pledge of deposit by Nanjing Yincheng to the Industrial Bank on 7 December 2020
“First Structured Deposit”	means the subscription of structured deposit product by Nanjing Yinjiaan with the Bank of Jiangsu on 11 December 2020
“Fourth Pledge”	means the pledge of the Second Structured Deposit by Nanjing Yinjiaan to the Bank of Jiangsu on 21 December 2020
“Fund”	means Yonxi Great China Fund SPC
“Fund Directors”	means the directors of the Fund

“Fund Subscription Agreement”	means the subscription agreement for Non-U.S. Persons dated 23 June 2020, and the additional fund subscription forms dated 28 October 2020 and 5 November 2020, respectively, in respect of the subscription of the Participating Shares and executed by Yinjiacheng
“Fund Subscriptions”	means the First Fund Subscription, the Second Fund Subscription and the Third Fund Subscription
“Group”	means the Company and its subsidiaries
“Hangzhou Kaiqian”	Hangzhou Kaiqian Enterprise Management Co., Ltd.* (杭州凱乾企業管理有限公司), a company established under the laws of the PRC with limited liability
“Hangzhou Kailu”	means Hangzhou Kailu Enterprise Management Co., Ltd.* (杭州凱祿企業管理有限公司), a company established under the laws of the PRC with limited liability
“Hangzhou Kaiyan”	means Hangzhou Kaiyan Enterprise Management Co., Ltd.* (杭州凱琰企業管理有限公司), a company established under the laws of the PRC with limited liability and an associate of the Company as at the date of this announcement
“Hangzhou Qianjiang Fushan”	means Hangzhou Qianjiang Fushan Real Estate Development Co., Ltd.* (杭州錢江浮山房地產開發有限公司), a company established under the laws of the PRC with limited liability
“Hangzhou Real Estate”	means Hangzhou Real Estate Development Industry Co., Ltd.* (杭州市房地產開發實業有限公司), a company established under the laws of the PRC with limited liability
“Hangzhou Yinjialuo”	means Hangzhou Yinjialuo Enterprise Management Co., Ltd.* (杭州銀嘉洛企業管理有限責任公司), a company established under the laws of the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company
“Hangzhou Yinjiayu”	means Hangzhou Yinjiayu Enterprise Management Co., Ltd.* (杭州銀嘉渝企業管理有限責任公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Hangzhou Zhencheng Chengfa”	means Hangzhou Zhencheng Chengfa Investment Management Co., Ltd.* (杭州楨誠城發投資管理有限公司), a company established under the laws of the PRC with limited liability

“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Industrial Bank”	means Industrial Bank Co., Ltd., Nanjing West Beijing Road branch* (興業銀行股份有限公司南京北京西路支行) or its headquarters when the context so requires
“Jiaxing Zhenguang”	means Jiaxing Zhenguang Investment Partnership (Limited Partnership)* (嘉興楨廣投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
“Jiaxing Zhenli LP”	means Jiaxing Zhenli Investment Partnership (Limited Partnership)* (嘉興楨里投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
“Land”	means the land parcel no. JG1807-04 of the Hangzhou Digital Commerce City* (杭州市數字商貿城單元JG1807-04地塊) situated at the east of Jiuhua Road, south of Fengjin Street, west of Jiubao River No. 2 and north of Nongken Road* (東至九華路、南至馮金街、西至九堡二號河、北至農壟路) with a total site area of 43,112 m ² which is planned for residential purpose
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Nanjing Juxin”	means Nanjing Juxin Material Trading Co., Ltd.* (南京聚心物資貿易有限公司), a company established under the laws of the PRC with limited liability
“Nanjing Langchu”	means Nanjing Langchu Material Trading Co., Ltd.* (南京朗初物資貿易有限公司), a company established under the laws of the PRC with limited liability
“Nanjing Tepuna”	means Nanjing Tepuna Trading Co., Ltd.* (南京特埔納貿易有限公司), a company established under the laws of the PRC with limited liability
“Nanjing Yincheng”	means Nanjing Yincheng Real Estate Development Co., Ltd.* (南京銀城房地產開發有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Nanjing Yinjiaan”	means Nanjing Yinjiaan Trading Co., Ltd.* (南京銀嘉安貿易有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“Participating Shares”	means the Class A non-voting, participating and redeemable shares of the Fund with a par value of USD0.01 each in the capital of the Fund attributable to the Sub-Fund
“Partnership Agreement”	means the Jiaxing Zhenli Investment Partnership (Limited Partnership) Partnership Agreement* (嘉興楨裏投資合夥企業(有限合夥)合夥協議) dated 15 June 2020
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC”	means the People’s Republic of China, which for the sole purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Private Offering Memorandum”	means the private offering memorandum issued by the Fund in September 2019 in relation to the private placing of shares in its segregated portfolios and the private supplemental offering memorandum dated 17 September 2019 containing specific information in respect of the Sub-Fund
“RMB”	means Renminbi, the lawful currency of the PRC
“Second Fund Subscription”	means the subscription of the Participating Shares by Yinjiacheng on 28 October 2020
“Second Pledge”	means the pledge of the First Structured Deposit by Nanjing Yinjiaan to the Bank of Jiangsu on 11 December 2020
“Second Structured Deposit”	means the subscription of structured deposit product by Nanjing Yinjiaan with the Bank of Jiangsu on 18 December 2020
“Shareholder(s)”	means the holder(s) of the share(s) of the Company
“Sixth Pledge”	means the pledge of the Third Structured Deposit by Nanjing Yincheng to the Bank of Hangzhou on 29 December 2020
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Structured Deposits”	means the First Structured Deposit, the Second Structured Deposit and the Third Structured Deposit
“Sub-Fund”	means Yonxi Prosperity Fund SP of the Fund
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Third Fund Subscription”	means the subscription of the Participating Shares by Yinjiacheng on 5 November 2020

“Third Pledge”	means the pledge of deposit by Nanjing Yincheng to the Industrial Bank on 16 December 2020
“Third Structured Deposit”	means the subscription of structured deposit product by Nanjing Yincheng with the Bank of Hangzhou on 28 December 2020
“Transactions”	means the subscription of the Structured Deposits, the provision of the Deposit Pledges, the Fund Subscriptions and the entering into of the Partnership Agreement
“USD”	means United States dollars, the lawful currency of the United States
“Yincheng Real Estate”	means Yincheng Real Estate Group Co., Ltd.* (銀城地產集團股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability
“Yincheng Real Estate Group”	means Yincheng Real Estate and its subsidiaries
“Yinjiacheng”	means Yinjiacheng Holding Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Yonxi International”	means YONXI International Finance Holdings Limited, a company incorporated under the laws of Hong Kong with limited liability, and the investment manager of the Sub-Fund
“%”	per cent

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

Hong Kong, 6 May 2021

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

* *For identification purposes only*