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銀城生活服務有限公司

YINCHENG LIFE SERVICE CO., LTD.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1922)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the section headed “Continuing Connected Transactions” in the Prospectus.

As the term of each of the Existing Framework Agreements shall expire on 31 December 2021, the Company intends to renew such agreements on or before their respective expiry dates.

2022 MASTER COMMUNITY REPAIR AND MAINTENANCE SERVICES AGREEMENT

On 11 November 2021 (after trading hours), the Company (for itself and on behalf of its subsidiaries) and Yincheng Real Estate (for itself and on behalf of its subsidiaries) entered into the 2022 Master Community Repair and Maintenance Services Agreement for a term of three years commencing from 1 January 2022 to 31 December 2024 (both days inclusive).

As at the date of this announcement, Yincheng Real Estate is beneficially owned as to approximately 53.11% by Mr. Huang, a non-executive Director and a controlling shareholder of the Company. Yincheng Real Estate is thus an associate of Mr. Huang and therefore a connected person of the Company. The entering into of the 2022 Master Community Repair and Maintenance Services Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) calculated with reference to the Proposed Repair & Maintenance Annual Cap exceed 0.1% but are all less than 5%, the transactions contemplated under the 2022 Master Community Repair and Maintenance Services Agreement is subject to the reporting, announcement and annual review requirements but exempt from the circular (including independent financial advice) and Independent Shareholders’ approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

2022 FIRST MASTER PROPERTY MANAGEMENT AGREEMENT

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

As at the date of this announcement, Yincheng Real Estate is beneficially owned as to approximately 53.11% by Mr. Huang, a non-executive Director and a controlling shareholder of the Company. Yincheng Real Estate is thus an associate of Mr. Huang and therefore a connected person of the Company. The entering into of the 2022 First Master Property Management Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) calculated with reference to the Proposed Property Management Annual Cap I exceed 0.1% but are all less than 5%, the transactions contemplated under the 2022 First Master Property Management Agreement is subject to the reporting, announcement and annual review requirements but exempt from the circular (including independent financial advice) and Independent Shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

2022 SECOND MASTER PROPERTY MANAGEMENT AGREEMENT

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

As at the date of this announcement, Yincheng International is indirectly owned as to approximately 37.26% by Mr. Huang, a non-executive Director and a controlling shareholder of the Company. Yincheng International is thus an associate of Mr. Huang and therefore a connected person of the Company. The entering into of the 2022 Second Master Property Management Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) calculated with reference to the Proposed Property Management Annual Cap II exceed 5%, the transactions contemplated under the 2022 Second Master Property Management Agreement is subject to the reporting, announcement, circular, independent financial advice, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders on the terms of the 2022 Second Master Property Management Agreement and the transactions contemplated thereunder. Red Sun Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the 2022 Second Master Property Management Agreement and the transactions contemplated thereunder. As Mr. Huang, Mr. Xie, Mr. Ma, Mr. Zhu and Mr. Dai Chengshu, all being Shareholders and also shareholders of Yincheng International, and their associates are considered to have material interests in the transactions contemplated under the 2022 Second Master Property Management Agreement, each of them is required to abstain from voting at the EGM on the resolutions approving the same. Save for the aforementioned and to the best knowledge, information and belief of the Directors, no other Shareholder has a material interest in the transactions contemplated under the 2022 Second Master Property Management Agreement and is required to abstain from voting on the resolutions approving the same at the EGM.

A circular containing, among others, (a) details of the 2022 Second Master Property Management Agreement and the transactions contemplated thereunder; (b) the recommendation from the Independent Board Committee to the Independent Shareholders; (c) the letter of advice to the Independent Board Committee and the Independent Shareholders; and (d) a notice convening the EGM, together with the proxy form is expected to be despatched to the Shareholders on or before 2 December 2021.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to section headed “Continuing Connected Transactions” in the Prospectus.

As the terms of each of the Existing Framework Agreements shall expire on 31 December 2021, the Company intends to renew such agreements on or before their respective expiry dates.

(I) 2022 MASTER COMMUNITY REPAIR AND MAINTENANCE SERVICES AGREEMENT

On 11 November 2021 (after trading hours), the Company (for itself and on behalf of its subsidiaries) and Yincheng Real Estate (for itself and on behalf of its subsidiaries) entered into the 2022 Master Community Repair and Maintenance Services Agreement, major terms of which are set out below.

- Term : From 1 January 2022 to 31 December 2024 (both days inclusive)
- Parties : (i) the Company (for itself and on behalf of its subsidiaries); and
(ii) Yincheng Real Estate (for itself and on behalf of its subsidiaries)
- Condition precedent : Performance of the 2022 Master Community Repair and Maintenance Services Agreement, together with the transactions contemplated thereunder, are subject to the compliance of the relevant rules regarding continuing connected transactions as set out in the Listing Rules by the Company.
- Services : The Group agreed to provide repair and maintenance services to properties previously developed by the Yincheng Real Estate Group which have been subject to wear and tear throughout the years.

Relevant subsidiaries of the Group and the Yincheng Real Estate Group will enter into separate agreements in relation to the services required, in which the specific scope of repair and maintenance services shall be determined by the parties in accordance with the actual condition of the property and the terms of which shall be in accordance with the 2022 Master Community Repair and Maintenance Services Agreement.

Pricing policy

The service fees to be charged for the provision of repair and maintenance services shall be determined by the contract parties at the time of entry into the relevant agreements with reference to:

- (i) the budget determined by the Yincheng Real Estate Group;
- (ii) the gross floor area of the relevant community requiring repair and maintenance services; and

- (iii) the anticipated costs (including operating and time costs) and resources required for the provision of repair and maintenance services.

The service fees charged shall be fair and reasonable and in line with the prevailing market rate for such property services.

Reasons for and benefits of the 2022 Master Community Repair and Maintenance Services Agreement

The Yincheng Real Estate Group is primarily engaged in a wide variety of business operations, such as the provision of elderly care services, long-term apartments rental services and hotel operations etc. From time to time, Yincheng Real Estate would select properties of over 5 years and refurbish such properties so as to provide owners with a modern and refurbished appearance, enhance comfort associated with the properties' environment and maintain the reputation of the "Yincheng" brand.

The Group currently manages all of the properties previously developed by Yincheng Real Estate. In view of the historical transaction amount under the 2019 Master Community Repair and Maintenance Services Agreement and the repair and maintenance services required by the Yincheng Real Estate Group, the Group considers that the services provided under the 2022 Master Community Repair and Maintenance Services Agreement will contribute to a stable revenue stream for the Group.

As such, the Company considers that the provision of repair and maintenance services under the 2022 Master Community Repair and Maintenance Services Agreement are mutually beneficial to the Group and the Yincheng Real Estate Group based on their commercial needs.

Annual caps

Historical transaction values and annual caps

The annual caps in respect of the services provided under the 2019 Master Community Repair and Maintenance Services Agreement for the years ended 31 December 2019 and 2020 and the year ending 31 December 2021 are RMB5.6 million, RMB8.1 million and RMB10.0 million, respectively.

For each of the years ended 31 December 2019 and 2020 and the nine months ended 30 September 2021, the total revenue generated by the Group for providing repair and maintenance services to the Yincheng Real Estate Group was approximately RMB5.4 million, RMB7.9 million and RMB6.7 million, respectively.

Proposed Repair & Maintenance Annual Cap and basis of determination

For the year ending 31 December		
2022 <i>(RMB'000)</i>	2023 <i>(RMB'000)</i>	2024 <i>(RMB'000)</i>
11,300	12,200	11,500

In arriving at the Proposed Repair & Maintenance Annual Cap, the Directors have considered the following factors:

- (i) the historical transaction amounts during the years ended 31 December 2019 and 2020 and the nine months ended 30 September 2021;
- (ii) the estimated number and gross floor area of properties that may require services under the 2022 Master Community Repair and Maintenance Services Agreement; and
- (iii) the prevailing market rate for the provision of services of similar scope and quality.

Listing Rules Implications

As at the date of this announcement, Yincheng Real Estate is beneficially owned as to approximately 53.11% by Mr. Huang, a non-executive Director and a controlling shareholder of the Company. Yincheng Real Estate is thus an associate of Mr. Huang and therefore a connected person of the Company. The entering into of the 2022 Master Community Repair and Maintenance Services Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

As one or more of the applicable percentage ratio(s) calculated with reference to the Proposed Repair & Maintenance Annual Cap exceed 0.1% but are less than 5%, the transactions contemplated under the 2022 Master Community Repair and Maintenance Services Agreement is subject to the reporting, announcement and annual review requirements but exempt from circular (including independent financial advice) and Independent Shareholders' approval requirements pursuant to Rules 14A.76(2) of the Listing Rules.

(II) 2022 FIRST MASTER PROPERTY MANAGEMENT AGREEMENT

On 11 November 2021 (after trading hours), the Company (for itself and on behalf of its subsidiaries) and Yincheng Real Estate (for itself and on behalf of its subsidiaries) entered into the 2022 First Master Property Management Agreement, major terms of which are set out below.

- Term : From 1 January 2022 to 31 December 2024 (both days inclusive)
- Parties : (i) the Company (for itself and on behalf of its subsidiaries); and
(ii) Yincheng Real Estate (for itself and on behalf of its subsidiaries)
- Condition precedent : Performance of the 2022 First Master Property Management Agreement, together with the transactions contemplated thereunder, are subject to the compliance of the relevant rules regarding continuing connected transactions as set out in the Listing Rules by the Company.
- Service scope : The Group shall provide the following property services to the Yincheng Real Estate Group:
(i) property management services, including but not limited to cleaning, gardening, waste disposal, parking, traffic and security management services;
(ii) professional services, including but not limited to facility installation, maintenance and renovation services; and
(iii) value-added services, including but not limited to community value-added services, consultation services for unsold property units, and other referral and agency services.

- Service target : The property services shall be provided in respect of:
- (i) the remaining unsold property units and sold property units prior to the agreed delivery date set out in the property purchase contract for projects developed or owned by the Yincheng Real Estate Group. Such properties include residential and non-residential properties;
 - (ii) the common area and facilities of such properties, and other related sites such as sales offices, parking spaces and storage rooms; and
 - (iii) other non-real estate companies operated by the Yincheng Real Estate Group, including hospitals, senior care service companies, marketing companies, business management companies, agricultural and livestock companies etc.

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

Pricing policy

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

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

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

Reasons for and benefits of the 2022 First Master Property Management Agreement

With the continuous increase in the property management services required by the Yincheng Real Estate Group as it continues to expand its business scope and the Group's endeavours in diversifying its service scope, the transaction amount between the Group and the Yincheng Real Estate Group is expected to continue to increase. Based on the historical transaction amount under the 2019 First Master Property Management Agreement and the estimated increase in the demand for the Group's more diversified property-related services by the Yincheng Real Estate Group under the 2022 First Master Property Management Agreement, it is expected that the 2022 First Master Property Management Agreement will contribute to a stable revenue stream to the Group.

In addition, the Group has been providing property management services to the Yincheng Real Estate Group for over 20 years since its establishment, through which the Group is familiar with the requirements and standards as expected from the Yincheng Real Estate Group. It is therefore believed that the continuous cooperation between the Group and the Yincheng Real Estate Group can foster growth of the Group in a cost-effective manner as the Group will be able to respond to the various requests of the Yincheng Real Estate Group responsively.

Annual caps

Historical transaction values and annual caps

The annual caps in respect of the services provided under the 2019 First Master Property Management Agreement for the years ended 31 December 2019 and 2020 and the year ending 31 December 2021 are RMB5.8 million, RMB13.4 million and RMB20.5 million, respectively.

For each of the years ended 31 December 2019 and 2020 and the nine months ended 30 September 2021, the total revenue generated by the Group for providing property management services to the Yincheng Real Estate Group was approximately RMB5.7 million, RMB13.3 million and RMB11.6 million, respectively.

Proposed Property Management Annual Cap I and basis of determination

For the year ending 31 December		
2022	2023	2024
<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
24,768	26,832	26,832

In arriving at the Proposed Property Management Annual Cap I, the Directors have considered the following factors:

- (i) the historical transaction amounts during the years ended 31 December 2019 and 2020 and the nine months ended 30 September 2021;
- (ii) the number of properties previously developed and owned by the Yincheng Real Estate Group and the estimated type and scale of services that may be required by the Yincheng Real Estate Group for the three years ending 31 December 2024;
- (iii) the development potential of the business of the Group, and the anticipated diversified value-added services which can be provided by the Group; and
- (iv) the prevailing market rate for the provision of services of similar scope and quality.

Listing Rules Implications

As at the date of this announcement, Yincheng Real Estate is beneficially owned as to approximately 53.11% by Mr. Huang, a non-executive Director and a controlling shareholder of the Company. Yincheng Real Estate is thus an associate of Mr. Huang and therefore a connected person of the Company. The entering into of the 2022 First Master Property Management Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) calculated with reference to the Proposed Property Management Annual Cap I exceed 0.1% but are all less than 5%, the transactions contemplated under the 2022 First Master Property Management Agreement is subject to the reporting, announcement and annual review requirements but exempt from the circular (including independent financial advice) and Independent Shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

(III) 2022 SECOND MASTER PROPERTY MANAGEMENT AGREEMENT

On 11 November 2021 (after trading hours), the Company (for itself and on behalf of its subsidiaries) and Yincheng International (for itself and on behalf of its subsidiaries) entered into the 2022 Second Master Property Management Agreement, major terms of which are set out below.

- Term : From 1 January 2022 to 31 December 2024 (both days inclusive)
- Parties : (i) the Company (for itself and on behalf of its subsidiaries); and
(ii) Yincheng International (for itself and on behalf of its subsidiaries)
- Condition precedent : Performance of the 2022 Second Master Property Management Agreement, together with the transactions contemplated thereunder, are subject to the compliance of the relevant rules regarding continuing connected transactions as set out in the Listing Rules by the Company and Yincheng International.
- Service scope : The Group shall provide the following property services to the Yincheng International Group:
(i) property management services, including but not limited to cleaning, gardening, waste disposal, parking, traffic and security management services;
(ii) professional services, including but not limited to facility installation, maintenance and renovation services; and
(iii) value-added services, including but not limited to community value-added services, consultation services for unsold property units, and other referral and agency services.

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

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

Pricing policy

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

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

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

Reasons for and benefits of the 2022 Second Master Property Management Agreement

With the continuous increase in properties developed by the Yincheng International Group, the transaction amount between the Group and the Yincheng International Group is expected to continue to increase. Based on the historical transaction amount under the 2019 Second Master Property Management Agreement and the estimation of the number of properties which will require the Group's property management services under the 2022 Second Master Property Management Agreement, it is expected that the 2022 Second Master Property Management Agreement will contribute to a stable revenue stream to the Group.

In addition, the Group has been providing property management services to the Yincheng International Group for over 20 years since its establishment, through which the Group is familiar with the requirements and standards as expected from the Yincheng International Group. It is therefore believed that the continuous cooperation between the Group and the Yincheng International Group can foster growth of the Group in a cost-effective manner as the Group will be able to respond to the various requests of the Yincheng International Group responsively.

Annual caps

Historical transaction values and annual caps

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

For each of the years ended 31 December 2019 and 2020 and the nine months ended 30 September 2021, the total revenue generated by the Group for providing the property management services to the Yincheng International Group was approximately RMB25.1 million, RMB32.9 million and RMB51.9 million, respectively.

Proposed Property Management Annual Cap II and basis of determination

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

In arriving at the Proposed Property Management Annual Cap II, the Directors have considered the following factors:

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

- (iv) the prevailing market rate for the provision of services of similar scope and quality.

Listing Rules Implications

As at the date of this announcement, Yincheng International is indirectly owned as to approximately 37.26% by Mr. Huang, a non-executive Director and a controlling shareholder of the Company. Yincheng International is thus an associate of Mr. Huang and therefore a connected person of the Company. The entering into of the 2022 Second Master Property Management Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

As one or more of the applicable percentage ratio(s) calculated with reference to the Proposed Property Management Annual Cap II exceed 5%, the transactions contemplated under the 2022 Second Master Property Management Agreement is subject to the reporting, announcement, circular, independent financial advice, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

INTERNAL CONTROL MEASURES

To ensure that the fees to be charged are on normal commercial terms that are no less favourable to the Group, the Group has adopted the following measures to review and assess whether the individual transactions will be conducted in accordance with the respective pricing policy of each of the 2022 Framework Agreements:

- (i) the relevant personnel from the financial department will closely monitor the transactions to ensure that the transaction amounts do not exceed the Proposed New Annual Caps and will report his/her findings on a monthly basis;
- (ii) the entering into and implementation of individual contracts shall be subject to appropriate approval of the management;
- (iii) the management will conduct regular reviews of prices charged towards Independent Third Parties and to keep abreast with the prevailing fee level in the market and the market conditions in assessing whether the fees charged for a specific transaction is fair and reasonable;
- (iv) the auditors of the Company shall conduct annual reviews on the pricing to ensure that the transaction amount is within the Proposed New Annual Caps and the transactions are conducted on the principal terms of the respective 2022 Framework Agreements; and
- (v) the independent non-executive Directors shall review the management's reports on the transactions under the respective 2022 Framework Agreements.

THE DIRECTORS' VIEWS

Mr. Huang is the chairman, a non-executive director and controlling shareholder of Yincheng International, and a chairman, director and controlling shareholder of Yincheng Real Estate. Mr. Xie is a non-executive director and shareholder of Yincheng International and a director and shareholder of Yincheng Real Estate. Mr. Ma and Mr. Zhu are both executive directors of Yincheng International and shareholders of Yincheng Real Estate. Accordingly, Mr. Huang, Mr. Xie, Mr. Ma and Mr. Zhu have abstained from voting on the Board resolutions in connection with the 2022 Framework Agreements to avoid actual or perceived conflict of interests. Save as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, none of the other Directors have material interest in the transactions contemplated under the 2022 Framework Agreements.

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

The Directors (other than Mr. Huang, Mr. Xie, Mr. Ma and Mr. Zhu, and the independent non-executive Directors whose views and opinions will be given after considering the advice from the Independent Financial Adviser) believe that the 2022 Second Master Property Management Agreement was entered into in the ordinary and usual course of business of the Group after arm's length negotiations and on normal commercial terms and, together with the Proposed Property Management Annual Cap II, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Having considered that the Company has (i) reporting and approval procedures in place to ensure that the fees charged and the terms of continuing connected transactions are in compliance with the pricing policy and no less favourable to the relevant member(s) of the Group than those available to Independent Third Parties; and (ii) procedures and policies for identifying connected persons and monitoring the annual caps of the continuing connected transactions, the Directors are of the view that appropriate internal control measures are in place to ensure the continuing connected transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders.

INFORMATION ON THE PARTIES

The Company

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

Yincheng International

Yincheng International is a company incorporated in the Cayman Islands with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange. Yincheng International 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 Yincheng International Group commenced property development operations in Nanjing and successfully expanded its footprint to other cities in the Yangtze River Delta Megalopolis, including Wuxi, Hefei, Suzhou, Hangzhou, Zhenjiang, Xuzhou, Taizhou, Wenzhou and Huai'an.

Yincheng Real Estate

Yincheng Real Estate is a joint stock company established under the laws of the PRC with limited liability. Yincheng Real Estate Group primarily engages in management and operations of long-term rental apartments, commercial properties, elderly care homes and hotels. It is ultimately held as to approximately 53.11%, 19.26%, 8.01%, 5.32%, 5.11%, 4.11%, 3.71% and 1.37% by Mr. Huang, Mr. Dai Chengshu, Mr. Xie, Mr. Zhu Linnan, Mr. Zhu Linbin, Mr. Ma, Mr. Zhu and Ms. Cao Lian, respectively.

GENERAL

The Independent Board Committee has been established to advise the Independent Shareholders on the terms of the 2022 Second Master Property Management Agreement and the transactions contemplated thereunder. Red Sun Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the 2022 Second Master Property Management Agreement and the transactions contemplated thereunder. As Mr. Huang, Mr. Xie, Mr. Ma, Mr. Zhu and Mr. Dai Chengshu, all being Shareholders and also shareholders of Yincheng International, and their associates are considered to have material interests in the transactions contemplated under the 2022 Second Master Property Management Agreement, each of them is required to abstain from voting at the EGM on the resolutions approving the same. Save for the aforementioned and to the best knowledge, information and belief of the Directors, no other Shareholder has a material interest in the transactions contemplated under the 2022 Second Master Property Management Agreement and is required to abstain from voting on the resolutions approving the same at the EGM.

A circular containing, among others, (a) details of the 2022 Second Master Property Management Agreement and the transactions contemplated thereunder; (b) the recommendation from the Independent Board Committee to the Independent Shareholders; (c) the letter of advice to the Independent Board Committee and the Independent Shareholders; and (d) a notice convening the EGM, together with the proxy form is expected to be despatched to the Shareholders on or before 2 December 2021.

DEFINITIONS

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

“2019 Master Community Repair and Maintenance Services Agreement”	the framework agreement dated 21 October 2019 entered into between the Company (for itself and on behalf of its subsidiaries) and Yincheng Real Estate (for itself and on behalf of its subsidiaries) in relation to the provision of repair and maintenance services by the Group to properties developed by the Yincheng Real Estate Group for a term commencing from the Listing Date until 31 December 2021 (both days inclusive)
“2019 First Master Property Management Agreement”	the framework agreement dated 21 October 2019 entered into between the Company (for itself and on behalf of its subsidiaries) and Yincheng Real Estate (for itself and on behalf of its subsidiaries) in relation to the provision of property management services by the Group to the Yincheng Real Estate Group for a term commencing from the Listing Date until 31 December 2021 (both days inclusive)

“2019 Second Master Property Management Agreement”	the framework agreement dated 21 October 2019 entered into between the Company (for itself and on behalf of its subsidiaries) and Yincheng International (for itself and on behalf of its subsidiaries) in relation to the provision of property management services by the Group to the Yincheng International Group for a term commencing from the Listing Date until 31 December 2021 (both days inclusive)
“2022 Framework Agreements”	the 2022 Master Community Repair and Maintenance Services Agreement, 2022 First Master Property Management Agreement and 2022 Second Master Property Management Agreement
“2022 Master Community Repair and Maintenance Services Agreement”	the framework agreement dated 11 November 2021 entered into between the Company (for itself and on behalf of its subsidiaries) and Yincheng Real Estate (for itself and on behalf of its subsidiaries) in relation to the provision of repair and maintenance services by the Group to properties developed by the Yincheng Real Estate Group for a term of three years from 1 January 2022 to 31 December 2024 (both days inclusive)
“2022 First Master Property Management Agreement”	the framework agreement dated 11 November 2021 entered into between the Company (for itself and on behalf of its subsidiaries) and Yincheng Real Estate (for itself and on behalf of its subsidiaries) in relation to the provision of property services by the Group to the Yincheng Real Estate Group for a term of three years from 1 January 2022 to 31 December 2024 (both days inclusive)
“2022 Second Master Property Management Agreement”	the framework agreement dated 11 November 2021 entered into between the Company (for itself and on behalf of its subsidiaries) and Yincheng International (for itself and on behalf of its subsidiaries) in relation to the provision of property services by the Group to the Yincheng International Group for a term of three years from 1 January 2022 to 31 December 2024 (both days inclusive)
“Board”	the board of Directors
“Company” or “Yincheng Life Service”	Yincheng Life Service CO., Ltd. (銀城生活服務有限公司), an exempted company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange

“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be held by the Company for the purpose of considering to, and if thought fit, approving the 2022 Second Master Property Management Agreement and the transactions contemplated thereunder
“Existing Framework Agreements”	the 2019 First Master Property Management Agreement, 2019 Master Community Repair and Maintenance Services Agreement and 2019 Second Master Property Management Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Chow Siu Hang, Mr. Li Yougen and Mr. Mao Ning
“Independent Financial Adviser”	Red Sun Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the 2022 Second Master Property Management Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholder(s) other than Mr. Huang, Mr. Xie, Mr. Ma, Mr. Zhu and Mr. Dai Chengshu and their associates
“Independent Third Party(ies)”	a third party(ies) independent of the Company and its connected persons
“Listing Date”	6 November 2019
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Huang”	Mr. Huang Qingping (黃清平), a non-executive Director and a controlling shareholder of the Company
“Mr. Ma”	Mr. Ma Baohua (馬保華), a non-executive Director
“Mr. Xie”	Mr. Xie Chenguang (謝晨光), the chairman and a non-executive Director
“Mr. Zhu”	Mr. Zhu Li (朱力), a non-executive Director
“percentage ratios”	has the meaning ascribed to it in under Listing Rules
“Proposed New Annual Caps”	the Proposed Repair & Maintenance Annual Cap, Proposed Property Management Annual Cap I and Proposed Property Management Annual Cap II
“Proposed Property Management Annual Cap I”	the maximum aggregate annual value projected for the three years ending 31 December 2024 in respect of the service fees payable by the Yincheng Real Estate Group to the Group pursuant to the 2022 First Master Property Management Agreement
“Proposed Property Management Annual Cap II”	the maximum aggregate annual value projected for the three years ending 31 December 2024 in respect of the service fees payable by the Yincheng International Group to the Group pursuant to the 2022 Second Master Property Management Agreement
“Proposed Repair & Maintenance Annual Cap”	the maximum aggregate annual value projected for the three years ending 31 December 2024 in respect of the service fees payable by the Yincheng Real Estate Group to the Group pursuant to the 2022 Master Community Repair and Maintenance Services Agreement
“Prospectus”	the prospectus of the Company dated 25 October 2019
“PRC”	the People’s Republic of China, which for the sole purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yincheng International”	Yincheng International Holding Co., Ltd. (銀城國際控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1902)
“Yincheng International Group”	Yincheng International and its subsidiaries
“Yincheng Real Estate”	Yincheng Real Estate Group Co., Ltd.* (銀城地產集團股份有限公司), a joint stock company established under the laws of the PRC with limited liability
“Yincheng Real Estate Group”	Yincheng Real Estate and its subsidiaries
“%”	per cent.

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

Hong Kong, 11 November 2021

As at the date of this announcement, the executive Directors are Mr. Li Chunling and Ms. Huang Xuemei; the non-executive Directors are Mr. Huang Qingping, Mr. Xie Chenguang, Mr. Ma Baohua and Mr. Zhu Li; and the independent non-executive Directors are Mr. Chow Siu Hang, Mr. Li Yougen and Mr. Mao Ning.

* *For identification purposes only*