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萬城控股有限公司

MILLION CITIES HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2892)

**DISCLOSEABLE TRANSACTION —
PROVISION OF FINANCIAL ASSISTANCE**

THE COUNTER-GUARANTEE AGREEMENT

On 17 March 2021, the JV Company (as the borrower) and the Lender entered into the Loan Agreement pursuant to which the Lender has agreed, subject to the terms and conditions contained therein, to grant to the JV Company, the Loan in a principal amount of RMB420 million (equivalent to approximately HK\$504 million) for the development of a property development project in Huizhou.

The JV Company is owned as to 70% by a wholly-owned subsidiary of Logan, an Independent Third Party, and 30% by the Group. In relation to the Loan Agreement, Logan is required to provide 100% guarantee in respect of the JV Company's obligation therein. On 10 May 2021 (after trading hours), the Company (being the counter-guarantor), and Logan (being the guarantor of the JV Company), an Independent Third Party, entered into the Counter-guarantee Agreement pursuant to which the Company has agreed, subject to the terms and conditions contained therein, to (i) provide the Counter-guarantee to Logan in proportion to the Group's respective equity interest in the JV Company; and (ii) pay the Excess Guarantee Fee to Logan.

LISTING RULES IMPLICATIONS

The transactions contemplated under the Counter-guarantee Agreement constitute transactions within the meaning of Chapter 14 of the Listing Rules. As one or more of the applicable percentage ratios (as calculated under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Counter-guarantee Agreement is more than 5% but less than 25%, the transactions contemplated under the Counter-guarantee Agreement constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements under the Listing Rules.

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The principal terms of the Counter-guarantee Agreement are as follows:

Date: 10 May 2021

Parties: (1) the Company (as counter-guarantor); and
(2) Logan (as guarantor of the JV Company).

Service term of the Counter-guarantee: From the date of the Counter-guarantee Agreement to the expiry of the performance period of all the guarantee liabilities to be borne by Logan under the Loan Agreement

Scope of the Counter-guarantee: During the service term of the Counter-guarantee, the Group shall provide Counter-guarantee to Logan in proportion to the Group's respective equity interest in the JV Company (i.e. 30%).

When Logan's joint and several liability as a guarantor of the JV Company is triggered pursuant to the guarantee in relation to the Loan Agreement, the Company shall reimburse Logan in the abovementioned proportion, including but not limited to:

- (i) the entire amount of the JV Company's outstanding loan amount;
- (ii) the amount paid by Logan for satisfying its guarantee liabilities as the guarantor of the JV Company;
- (iii) the interest and damages payable by the JV Company to the Lender; and
- (iv) all expenses advanced and incurred by the Lender to exercise their lender's right pursuant to the Loan Agreement (including but not limited to insurance premiums, attorney's fees, litigation fees, auction fees, execution fees, appraisal fees and other debt recovery expenses).

Conditions precedent: (1) all necessary approvals or consents from, including but not limited to, the Stock Exchange and any government and/or regulatory authorities (if required) having been obtained;

(2) issuance by the Company of the announcement and/or circular (if required) in connection with the Counter-guarantee Agreement; and

(3) the required resolutions to approve the Counter-guarantee Agreement and the transactions contemplated therein having been passed (including but not limited to Shareholders' resolution).

None of the abovementioned conditions precedent can be waived by either party to the Counter-guarantee Agreement. If any conditions precedent has not been fulfilled by 31 May 2021, the parties agreed to extend in writing such period for the fulfillment of the conditions precedent and the expiry of the Counter-guarantee Agreement to a later date. If any conditions precedent has not been fulfilled by 31 May 2021 and the parties failed to agree on the abovementioned extensions, the Counter-guarantee Agreement shall cease to be in effect.

Excess Guarantee Fee: In relation to the Loan Agreement, Logan is required to provide 100% guarantee in respect of the JV Company's obligation therein. The Company shall pay Logan an excess guarantee fee (the "Excess Guarantee Fee") for the guarantee provided by Logan to the JV Company in excess of Logan's equity holding in the JV Company (i.e. 70%). The Excess Guarantee Fee shall be calculated as follows:

Actual draw down amount of the Loan*30%*1.5%* actual number of days the drawn down amount was used/365 days

Pursuant to the Loan Agreement, the term of the Loan would be three years. The Excess Guarantee Fee shall be payable every half year. The Company designated MC Enterprise to pay Logan the Excess Guarantee Fee.

The Counter-guarantee (if payable) and the Excess Guarantee Fee will be funded by internal resources of the Group.

INFORMATION OF LOGAN

Logan is a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange (stock code: 3380). Logan and its subsidiaries are principally engaged in property development, property investment, construction and decoration and primary land development. Since February 2017, an indirect wholly-owned subsidiary of Logan has been holding 50% shares in Well Kong Investments Limited, which is a joint venture of the Company. Save the above and Logan's indirect shareholding in the JV Company, neither Logan nor the controlling shareholders thereof have any past or present relationships with the Company or its connected persons. To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, Logan and its connected persons and the controlling shareholders thereof are Independent Third Parties of the Company and its connected persons.

INFORMATION OF THE GROUP

The Company is an investment holding company and the Group is principally engaged in development, sale, lease and investment of properties in the PRC.

INFORMATION OF THE JV COMPANY

The JV Company is a limited liability company established in the PRC principally engaged in property development. It is owned as to 70% by a wholly-owned subsidiary of Logan, an Independent Third Party, and 30% by the Group as at the date of this announcement.

REASONS FOR AND BENEFITS OF THE COUNTER-GUARANTEE AGREEMENT

It is a common practice for banks or any third-party financial institutions requiring guarantee or security to be provided by the borrower before provision of loans or financing. The Loan is a crucial means for the JV Company to obtain financial resources for a property development project located in Huizhou. The provision of 100% guarantee by Logan to the JV Company is a condition precedent to obtain the Loan. Since the JV Company is owned as to 70% by a wholly-owned subsidiary of Logan and 30% by the Group, Logan and the Company are of the view that the entering into of the Counter-guarantee Agreement can fairly reflect the respective equity interest in the JV Company of Logan and the Company.

Although the entering into of the Counter-guarantee Agreement was not an ordinary and usual course of business of the Group, the Directors consider the terms of the Counter-guarantee Agreement have been determined after arm's length negotiations between the parties, and are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The transactions contemplated under the Counter-guarantee Agreement constitute transactions within the meaning of Chapter 14 of the Listing Rules. As one or more of the applicable percentage ratios (as calculated under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Counter-guarantee Agreement is more than 5% but less than 25%, the transactions contemplated under the Counter-guarantee Agreement constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

“Board”	the board of Directors
“Company”	Million Cities Holdings Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2892)
“Counter-guarantee”	the counter-guarantee to be provided by the Group pursuant to the Counter-guarantee Agreement
“Counter-guarantee Agreement”	the counter-guarantee agreement dated 10 May 2021 and entered into between the Company and Logan in relation to the provision of the Counter-guarantee
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong Dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of, and not connected with, the Company and its connected persons within the meaning ascribed to such term in the Listing Rules
“JV Company”	Huizhou Longguang Junhong Real Estate Company Limited* (惠州市龍光駿宏房地產有限公司), a limited liability company established in the PRC owned as to (i) 70% by Shenzhen Longguang Real Estate Company Limited* (深圳市龍光房地產有限公司), an indirect wholly-owned subsidiary of Logan; and (ii) 30% by Huizhou Million Cities Enterprise Management Co., Ltd.* (惠州萬城企業管理策劃有限公司), an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Loan”	the loan in a principal amount of RMB420 million (equivalent to approximately HK\$504 million) granted by the Lender to the JV Company pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated 17 March 2021 and entered into between the JV Company and the Lender
“Lender”	the Shenzhen Branch of The Bank of East Asia (China) Limited
“Logan”	Logan Group Company Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange (stock code: 3380), an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MC Enterprise”	Huizhou Million Cities Enterprise Management Co., Ltd.* (惠州萬城企業管理策劃有限公司), a limited company established in the PRC and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“%” per cent.

By Order of the Board
Million Cities Holdings Limited
Wong Ting Chung
Chairman and executive Director

Hong Kong, 10 May 2021

As at the date of this announcement, the chairman and executive Director is Mr. Wong Ting Chung; the other executive Directors are Mr. Lau Ka Keung and Mr. Cheng Kwan Kuen; and the independent non-executive Directors are Mr. Ip Shu Kwan, Stephen, Mr. Li Yinquan and Dr. Wu Wing Kuen.

For the purpose of this announcement, the exchange rate of RMB1.00 = HK\$1.2 have been used for currency translation, where applicable. Such an exchange rate is for illustrative purposes and does not constitute representations that any amount in HK\$ or RMB has been, could have been or may be converted at such a rate.

* *For identification purposes only*