

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.



萬城

MILLION CITIES

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 LOAN**

PROVISION OF LOAN

The Board is pleased to announce that on 5 May 2022 (after trading hours), the Lender, an indirect wholly-owned subsidiary of the Company, the Borrower and Mr. Wong as guarantor entered into the Loan Agreement. Pursuant to the Loan Agreement, the Lender has agreed to grant the Loan to the Borrower for a term of 3 years.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transaction contemplated under the Loan Agreement is more than 5% but is less than 25%, the transaction contemplated under the Loan Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of the Loan Agreement, Mr. Wong is the chairman of the Board and an executive Director, and hence he is a connected person of the Company under the Listing Rules. As such, the personal guarantee provided by Mr. Wong to the Borrower in favour of the Lender pursuant to the Loan Agreement constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. However, since the personal guarantee provided by Mr. Wong is conducted on normal commercial terms or better and is not secured by the assets of the Group, in accordance with Rule 14A.90 of the Listing Rules, such guarantee shall be fully exempted from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Since Mr. Wong, who has provided personal guarantee to the Loan Agreement, is considered to have material interest in the Loan Agreement and the transaction contemplated thereunder, Mr. Wong has abstained from voting on the relevant Board resolution to approve the Loan Agreement and the transaction contemplated thereunder.

PROVISION OF LOAN

The Board is pleased to announce that on 5 May 2022 (after trading hours), the Lender, an indirect wholly-owned subsidiary of the Company, the Borrower and Mr. Wong as guarantor entered into the Loan Agreement. Pursuant to the Loan Agreement, the Lender has agreed to grant the Loan to the Borrower for a term of 3 years.

Summarised below are the principal terms of the Loan Agreement:

THE LOAN AGREEMENT

Lender:	Huizhou China Field, a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company. The Group, including Huizhou China Field, is primarily engaged in property development in the PRC
Borrower:	Huizhou Zhongyi
Guarantor:	Mr. Wong, who agreed to provide personal guarantee to the Borrower in favour of the Lender
Loan amount:	RMB96,500,000 (equivalent to approximately HK\$115,800,000)

Interest rate: 4% per annum

Repayment: The Borrower shall repay the whole principal amount together with all accrued interest due and payable to the Lender on the third anniversary of the date of the Loan Agreement (i.e. 4 May 2025), or repay part of the principal amount together with all accrued interest due throughout the term of the Loan by installments, or on demand by the Lender

Purpose: Business operation of the Borrower

FUNDING OF THE LOAN

The Group will finance the Loan with its internal resources.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT

Reference is made to the (i) announcements of the Company dated 9 September 2021 and 2 March 2022; and (ii) circular of the Company dated 28 October 2021 in relation to, among others, the proposed issue of the Non-Convertible Preference Shares. As disclosed in the aforementioned announcements of the Company, it is agreed, on 28 February 2022, between the Company as issuer and Fortune Speed Investments Limited as subscriber that completion of the subscription of the Non-Convertible Preference Shares will be deferred to on or before 30 June 2022 (or any other date as may be agreed by the Company and Fortune Speed Investments Limited in writing). As at the date of the Loan Agreement, completion of the subscription of the Non-Convertible Preference Shares has not taken place and the Directors believe that there is no imminent need for the Company to raise funds through the issuance of the Non-Convertible Preference Shares and to use proceeds raised through the issuance of the Non-Convertible Preference Shares, along with its internal resources, on matters set out in the paragraph headed “IX. Use of proceeds” in the section headed “Letter from the Board” in the circular of the Company dated 28 October 2021.

By entering into the Loan Agreement, the Group intends to increase the rate of return of its cash and cash equivalents which can improve the investment income and the profits of the Group. Further, the terms of the Loan Agreement, including the applicable interest, were negotiated on an arm’s length basis between the Lender and the Borrower, with reference to the prevailing market interest rates and commercial practices, the financing needs of the Borrower and the Group’s assessment on the business conditions of the Borrower and creditworthiness of each of the Borrower and the Guarantor.

Based on the above reasons and having considered all relevant factors, the Directors (including the independent non-executive Directors) are of the view that although the entering into of the Loan Agreement is not in the ordinary and usual course of business of the Group, the terms of the Loan Agreement are entered into on normal commercial

terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole. Except Mr. Wong, none of the Directors has material interest in the Loan Agreement and/or the transaction contemplated thereunder and no Directors, other than Mr. Wong, has abstained from voting on the relevant Board resolution to approve the Loan Agreement and the transaction contemplated thereunder.

INFORMATION ABOUT THE GROUP AND THE LENDER

The Company is incorporated in the Cayman Islands and is an investment holding company. Its subsidiaries are principally engaged in property development in the PRC. The Lender is an indirect wholly-owned subsidiary of the Company.

The Borrower is a company established in the PRC with limited liability which is primarily engaged in property investment in the PRC. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, the Borrower is wholly-owned by East China (H.K.) Limited, and is in turn wholly-owned by West Capital International Limited. West Capital International Limited is ultimately wholly-owned by Mr. Chan Sun Wah (陳新華), a Hong Kong resident.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Borrower and its ultimate beneficial owner is an Independent Third Party as at the date of this announcement.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transaction contemplated under the Loan Agreement is more than 5% but is less than 25%, the transaction contemplated under the Loan Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of the Loan Agreement, Mr. Wong is the chairman of the Board and an executive Director, and hence he is a connected person of the Company under the Listing Rules. As such, the personal guarantee provided by Mr. Wong to the Borrower in favour of the Lender pursuant to the Loan Agreement constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. However, since the personal guarantee provided by Mr. Wong is conducted on normal commercial terms or better and is not secured by the assets of the Group, in accordance with Rule 14A.90 of the Listing Rules, such guarantee shall be fully exempted from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Since Mr. Wong, who has provided personal guarantee to the Loan Agreement, is considered to have material interest in the Loan Agreement and the transaction contemplated thereunder, Mr. Wong has abstained from voting on the relevant Board resolution to approve the Loan Agreement and the transaction contemplated thereunder.

DEFINITIONS

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

“Board”	the board of Directors
“Borrower” or “Huizhou Zhongyi”	Huizhou Zhongyi Real Estate Co., Ltd.* (惠州中益置業有限公司), a company established in the PRC with limited liability and is ultimately wholly-owned by Mr. Chan Sun Wah (陳新華), a Hong Kong resident and an Independent Third Party
“BVI”	the British Virgin Islands
“Company”	Million Cities Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Ordinary Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2892)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$” or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who or company(ies) which is/are third party(ies) independent of the Company and its connected person
“Lender” or “Huizhou China Field”	Huizhou China Field Real Estate Development Company Limited* (惠州漢基房地產開發有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a loan in the principal amount of RMB96,500,000 (equivalent to approximately HK\$115,800,000) granted by the Lender to the Borrower pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated 5 May 2022 and entered into among the Lender, the Borrower and Mr. Wong in respect of the grant of the Loan from the Lender to the Borrower

“Mr. Wong”	Mr. Wong Ting Chung, the chairman of the Board and an executive Director
“Non-Convertible Preference Share(s)”	the new non-voting and non-convertible preference share(s) of HK\$0.01 each in the share capital of the Company to be subscribed by Fortune Speed Investments Limited pursuant to the conditional subscription agreement dated 9 September 2021 and entered into between the Company and Fortune Speed Investments Limited
“Ordinary Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital 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.

For the purpose of this announcement, conversion of RMB into HK Dollars is based on the approximate exchange rate of RMB1.0 to HK\$1.2. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK Dollars or RMB have been, could have been or may be converted at such or any other rate or at all.

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

Hong Kong, 5 May 2022

As at the date of this announcement, the chairman and executive Director is Mr. Wong Ting Chung; the executive Directors are Mr. Lau Ka Keung and Mr. Li Wa Tat, Benedict; and the independent non-executive Directors are Mr. Ip Shu Kwan, Stephen, Mr. Li Yinquan and Mr. Chan Hiu Fung Nicholas.

* *For identification purposes only*