
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Million Cities Holdings Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.



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)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO DEEMED DISPOSAL

Financial adviser to the Company



Diligent Capital Limited

Independent Financial Adviser

to the Independent Board Committee and the Independent Shareholders



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A notice convening the EGM to be held at Unit D, 21/F, Block 1, Tai Ping Industrial Centre, 57 Ting Kok Road, Tai Po, New Territories, Hong Kong on Monday, 19 August 2024 at 10:30 a.m. is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy for the EGM is also enclosed with this circular. Such form of proxy is also published on the website of the Stock Exchange (www.hkexnews.hk). Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting (no later than 10:30 a.m. on Thursday, 15 August 2024 (Hong Kong time, excluding Hong Kong Public holidays)), or adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish. In such event, the form of proxy shall be deemed to be revoked.

30 July 2024

CONTENT

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	20
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	22
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II — PROPERTY VALUATION REPORT	II-1
APPENDIX III— GENERAL INFORMATION	III-1
NOTICE OF EGM	EGM-1

DEFINITIONS

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

“2023 Annual Report”	the annual report of the Company for the year ended 31 December 2023 published by the Company on 26 April 2024
“Asia Image”	Asia Image (H.K.) Limited, a company incorporated in Hong Kong with limited liability and a member of the Fortunato Group
“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“China Lands”	China Lands Investments Limited, a company incorporated in Hong Kong with limited liability and a member of the Ricca Group
“Company”	Million Cities Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2892)
“Completion”	completion of the Subscription pursuant to the terms of the Subscription Agreement
“connected person”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened by the Company for the purpose and, if thought fit, approve, among others, the Subscription Agreement and the transactions contemplated thereunder
“Fortunato Group”	collectively, (a) Fortunato Investment; (b) Gold Concept; (c) Asia Image; (d) Henan Julongju Real Estate; and (e) Henan Julongwan Property Management
“Fortunato Investment”	Fortunato Investment Company Limited, a company incorporated in the BVI with limited liability and a member of the Fortunato Group

DEFINITIONS

“Fortune Speed”	Fortune Speed Investments Limited, a company incorporated in the BVI, which held approximately 75.0% of the total issued share capital of the Company as at the Latest Practicable Date
“Gold Concept”	Gold Concept Development Limited, a company incorporated in the BVI with limited liability and a member of the Fortunato Group
“Group”	the Company and its subsidiaries
“Happy Family Trust”	a trust established on 1 June 2015 by Mr. TC Wong (as the settlor, the protector and one of the beneficiaries of the Happy Family Trust) and East Asia International Trustees Limited, an independent trustee incorporated in the BVI (as the trustee) for the benefit of certain family members of Mr. TC Wong
“Henan Julongju Real Estate”	河南聚龍居置業有限公司 (Henan Julongju Real Estate Company Limited*), a company established in the PRC with limited liability and a member of the Fortunato Group
“Henan Julongwan Property Management”	河南聚龍灣物業管理有限公司 (Henan Julongwan Property Management Company Limited*), a company established in the PRC with limited liability and a member of the Fortunato Group
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee, comprising all independent non-executive Directors, formed to advise the independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Silverbricks Securities Co. Limited, a licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 6 (advising on corporate finance) regulated under the SFO, which has been appointed as the independent financial adviser to the Independent Board Committee and the independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM on the resolution in respect of the Subscription Agreement and the transactions contemplated thereunder
“Join Kong”	Join Kong (H.K.) Limited, a company incorporate in Hong Kong with limited liability and a member of Ricca Group

DEFINITIONS

“Latest Practicable Date”	26 July 2024, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the last day of the six-month period after the date of the Subscription Agreement (or such later date as the parties to the Subscription Agreement may agree in writing)
“Mr. TC Wong”	Mr. Wong Ting Chung, the chairman of the Board, an executive Director and one of the controlling shareholders of the Company, who is the settlor, the protector and one of the beneficiaries of the Happy Family Trust
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Ricca Group”	collectively, (a) Ricca Investment; (b) Winnermax; (c) China Lands; (d) Join Kong, and (e) Tianjin Jianji
“Ricca Investment”	Ricca Investment Company Limited, a company incorporated in the BVI with limited liability and a member of the Ricca Group
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the allotment and issuance of the Subscription Shares by the Target Company to Fortune Speed under the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 28 June 2024 and entered into between the Company (as warrantor), Fortune Speed (as subscriber) and the Target Company in relation to the Subscription

DEFINITIONS

“Subscription Shares”	99 new shares of the Target Company to be allotted and issued to Fortune Speed pursuant to the terms and conditions of the Subscription Agreement
“Target Company”	Brillant Avenir Investment Company Limited, a company incorporated in the BVI with limited liability, a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“Target Group”	collectively, the Target Company and the companies comprising each of the Fortunato Group, the Well Kong Group and the Ricca Group
“Tianjin Jianji”	萬城建基置業(天津)有限公司 (Million Cities Jianji Real Estate (Tianjin) Company Limited), a company established in the PRC with limited liability and a member of the Ricca Group
“US\$”	the United States dollars, the lawful currency of the United States of America
“Well Kong BVI”	Well Kong Investments Limited, a company incorporated in the BVI with limited liability and a member of the Well Kong Group
“Well Kong Group”	collectively, (a) Well Kong BVI; (b) Well Kong HK; and (c) Well Kong PRC
“Well Kong HK”	Well Kong (H.K.) Limited, a company incorporated in Hong Kong with limited liability and a member of the Well Kong Group
“Well Kong PRC”	惠州惠港置業有限公司 (Huizhou Well Kong Real Estate Company Limited*), a company established in the PRC with limited liability and a member of the Well Kong Group
“Winnermax”	Winnermax Holdings Limited, a company incorporated in the BVI with limited liability and a member of the Ricca Group
“%”	per cent.

* For identification purpose only

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Wong Ting Chung
Mr. Lau Ka Keung
Mr. Li Wa Tat Benedict

Registered office:

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Independent non-executive Directors:

Mr. Ip Shu Kwan, Stephen
Mr. Li Yinquan
Mr. Chan Hiu Fung, Nicholas

Principal place of business in Hong Kong:

Unit D, 21/F., Block 1
Tai Ping Industrial Centre
57 Ting Kok Road
Tai Po, New Territories, Hong Kong

30 July 2024

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO DEEMED DISPOSAL

I. INTRODUCTION

References are made to the announcement of the Company dated 28 June 2024.

On 28 June 2024 (after trading hours), the Company (as warrantor), Fortune Speed (as subscriber) and the Target Company entered into the Subscription Agreement, pursuant to which the Target Company has conditionally agreed to allot and issue to Fortune Speed, and Fortune Speed has conditionally agreed to subscribe for, the Subscription Shares.

The purpose of this circular is to provide you with, among other things, (i) further information on the details of the Subscription Agreement and the transactions contemplated thereunder; (ii) the recommendation from the Independent Board Committee; (iii) the advice of the Independent Financial Adviser; and (iv) other information as required to be contained in this circular under the Listing Rules.

LETTER FROM THE BOARD

II. SUBSCRIPTION

The principal terms of the Subscription Agreement are set out below:

Date: 28 June 2024

Parties: (1) the Company;
(2) Fortune Speed; and
(3) Target Company.

Subject matter: Subject to and upon the terms and conditions of the Subscription Agreement, the Target Company has conditionally agreed to allot and issue to Fortune Speed, and Fortune Speed has conditionally agreed to subscribe for, the Subscription Shares.

Consideration: The subscription price for the Subscription Shares payable by the Subscriber shall be US\$99 (equivalent to approximately RMB716.8), which shall be payable in cash at the date of Completion.

The subscription price for the Subscription Shares was determined after arm's length negotiations between the parties to the Subscription Agreement with reference to, among others, (i) the total consolidated net liabilities of the Target Company of approximately RMB223.6 million as at 31 May 2024; (ii) nominal value of US\$1.00 each of the share of the Target Company; and (iii) the valuation of the Property-related Assets as defined below.

Based on the management accounts of the Target Group as of 31 May 2024, the consolidated net liabilities were calculated by subtracting the total liabilities of approximately RMB706.7 million from the total assets of approximately RMB483.1 million. Within the consolidated total assets, the carrying amounts of the properties held for sale and the investment properties (collectively the "**Property-related Assets**") (net of depreciation and excluding value-added tax) were approximately RMB406.7 million and approximately RMB26.9 million, respectively, representing approximately 84.2% and 5.6% of the Target Group's consolidated total assets.

LETTER FROM THE BOARD

To determine the fair value of the Property-related Assets, the Company engaged an independent valuer to conduct a valuation of these properties (the “Valuation”), with resulting fair values of approximately RMB511.6 million and RMB29.0 million for properties held for sale and the investment properties, respectively (excluding value-added tax, approximately RMB472.3 million and RMB26.7 million, respectively).

With respect to investment properties, since fair value thereof (i.e. approximately RMB26.7 million) as per the Valuation was below their carrying amount of approximately RMB26.9 million per the management accounts of the Target Group as of 31 May 2024, no adjustments have been made to the Target Group’s net asset value about the investment properties. On the other hand, as the fair value of properties held for sale per the Valuation was above the carrying amount of the same per management accounts of the Target Group as of 31 May 2024, the value of properties held of sale was revised as follows based on the Valuation results:

		<i>RMB'million</i>
Carrying amount of the properties held for sale as at 31 May 2024 (net of depreciation and excluding value-added tax)	(A)	406.7
Fair value adjustment based on the Valuation results	(B)	65.6
		<hr/>
Fair value of the properties held for sale as per the Valuation results (excluding value-added tax)	(A) + (B) = (C)	472.3
Less:		
Provision for predictable costs of disposal of the properties held for sale	(D)	20.3
		<hr/>
Revised values of the properties held for sale	(C) – (D)	452
		<hr/> <hr/>

LETTER FROM THE BOARD

After considering the Valuation results, the consolidated net liabilities have been revised to approximately RMB178.3 million, which were calculated by subtracting the total liabilities of approximately RMB706.7 million from the revised total assets of approximately RMB528.4 million, where the value of the properties held for sale (net of depreciation and excluding value-added tax) have been revised to RMB452 million as mentioned above.

For details of the valuation report regarding the said Valuation, please refer to Appendix II.

Conditions precedent:

The Subscription Agreement and the obligations of the parties to effect Completion are conditional upon:

- (i) the passing of ordinary resolution by the Independent Shareholders to approve, among others, the transactions contemplated under the Subscription Agreement in accordance with the Listing Rules;
- (ii) all requirements imposed by the Stock Exchange under the Listing Rules or otherwise in connection with the transactions contemplated under the Subscription Agreement having been fully complied with; and
- (iii) all necessary consents, authorisations or other approvals (or, as the case may be, the relevant waiver) of any kind in connection with the entering into and performance of the terms of the Subscription Agreement and those which may be required under the Listing Rules, from the Stock Exchange or any regulatory authority having been obtained by the Target Company.

LETTER FROM THE BOARD

All of the above conditions precedent are not waivable by any parties to the Subscription Agreement.

If the conditions precedent as set out in the Subscription Agreement have not been fulfilled in full on or before 5:00 p.m. on the Long Stop Date, all rights and obligations of the parties thereunder (other than those clauses as set out in the Subscription Agreement which shall remain in full force and effect) shall cease and terminate, and no party shall have any claim against or liability to the other parties with respect to any matter referred thereto save for any antecedent breaches.

Completion:

Completion shall take place on the business day immediately following the satisfaction of the last of the outstanding conditions precedent, or any other date as agreed by the parties in writing.

Upon Completion, the Target Company will cease to be a subsidiary of the Company.

As at the Latest Practicable Date, none of the conditions precedent was fulfilled.

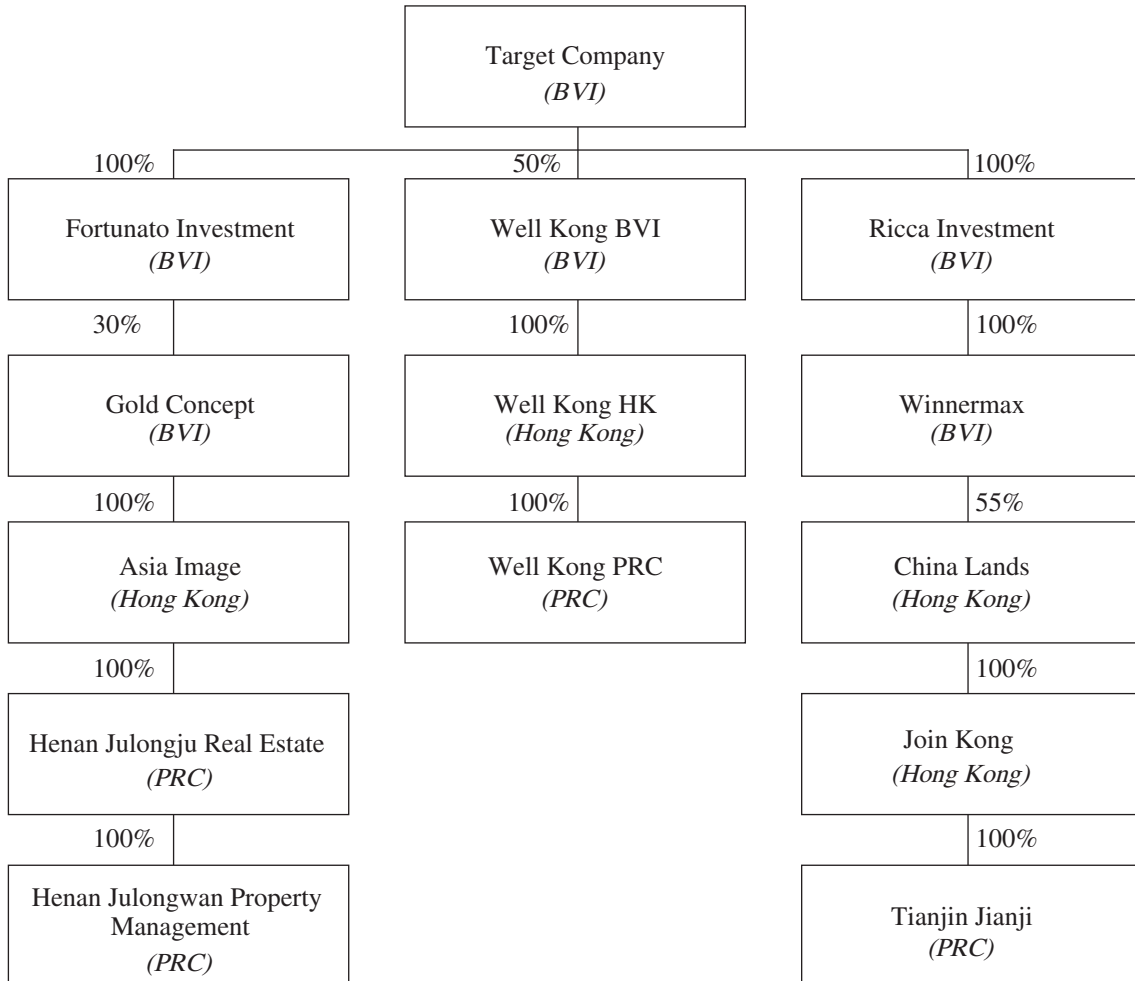
III. INFORMATION ABOUT THE TARGET GROUP

As at the Latest Practicable Date, the Target Company is a limited liability company incorporated in the BVI and a direct wholly-owned subsidiary of the Company. As at the Latest Practicable Date, the Target Company is an investment holding company and holds the Fortunato Group, the Well Kong Group, and the Ricca Group.

In accordance with the Subscription Agreement, both the Company and Fortune Speed acknowledged a possible reorganisation of the Target Company, whereby (i) Well Kong BVI may be replaced by a new investment holding company of which the Target Company shall own as to approximately 50%; and (ii) such new investment holding company directly or indirectly wholly-owning Well Kong HK (the “**Possible Reorganisation**”). Both parties have mutually agreed that the Possible Reorganisation will not impact the Subscription. As of the Latest Practicable Date, no agreement or arrangement regarding the Possible Reorganisation has been finalised.

LETTER FROM THE BOARD

Set out below is the shareholding structure of the Target Group as at the Latest Practicable Date:



(i) The Fortunato Group

The Fortunato Group consists of (a) Fortunato Investment; (b) Gold Concept; (c) Asia Image; (d) Henan Julongju Real Estate; and (e) Henan Julongwan Property Management.

Fortunato Investment

Fortunato Investment is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Fortunato Investment is wholly owned by the Target Company.

LETTER FROM THE BOARD

Gold Concept

Gold Concept is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Gold Concept is owned by Fortunato Investment, Warren Pacific Limited and Man Wah (Zhumadian) Limited (敏華(駐馬店)有限公司) as to approximately 30%, 40% and 30%, respectively.

Asia Image

Asia Image is an investment holding company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, Asia Image is wholly owned by Gold Concept.

Henan Julongju Real Estate

Henan Julongju Real Estate is a company established in the PRC with limited liability. As at the Latest Practicable Date, Henan Julongju Real Estate is wholly owned by Asia Image.

As at the Latest Practicable Date, Henan Julongju Real Estate is principally engaged in property development.

Henan Julongwan Property Management

Henan Julongwan Property Management is a company established in the PRC with limited liability. As at the Latest Practicable Date, Henan Julongwan Property Management is wholly owned by Henan Julongju Real Estate.

As at the Latest Practicable Date, Henan Julongwan Property Management is principally engaged in property management.

(ii) The Well Kong Group

The Well Kong Group consists of (a) Well Kong BVI; (b) Well Kong HK; and (c) Well Kong PRC.

Based on the Group's historical financial statements, Well Kong BVI has been classified as an associate company due to the level of control exerted by the Group. Therefore, there is no requirement to consolidate Well Kong BVI into the financial statements of both the Target Company and the Group in accordance with applicable accounting standards.

As a result, the financial results and net asset value of the Well Kong Group have been accounted for using the equity method in the consolidated financial statements of the Target Company. Given that the Target Company lacks control over the property-related assets held by the Well Kong Group and the value of these assets has been included in the amount of the investment in associate, the Valuation has not included these property-related assets held by the Well Kong Group.

LETTER FROM THE BOARD

Well Kong BVI

Well Kong BVI is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Well Kong BVI is owned by the Target Company and Spring Estate Holdings Limited as to 50% and 50%, respectively.

Well Kong HK

Well Kong HK is an investment holding company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, Well Kong HK is wholly owned by Well Kong BVI.

Well Kong PRC

Well Kong PRC is a company established in the PRC with limited liability. As at the Latest Practicable Date, Well Kong PRC is wholly owned by Well Kong HK.

As at the Latest Practicable Date, Well Kong PRC is principally engaged in property development.

(iii) The Ricca Group

The Ricca Group consists of (a) Ricca Investment; (b) Winnermax; (c) China Lands; (d) Join Kong; and (e) Tianjin Jianji.

Ricca Investment

Ricca Investment is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Ricca Investment is wholly owned by the Target Company.

Winnermax

Winnermax is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Winnermax is wholly owned by Ricca Investment.

China Lands

China Lands is an investment holding company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, China Lands is owned by Winnermax and Brightwood Management Limited as to approximately 55% and 45%, respectively.

LETTER FROM THE BOARD

Join Kong

Join Kong is an investment holding company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, Join Kong is wholly owned by China Lands.

Tianjin Jianji

Tianjin Jianji is a company established in the PRC with limited liability. As at the Latest Practicable Date, Tianjin Jianji is wholly owned by Join Kong.

As at the Latest Practicable Date, Tianjin Jianji is principally engaged in property development.

Financial information of the Target Group

Set out below is the financial information extracted from (a) the unaudited combined management accounts of the Target Group for the years ended 31 December 2022 and 2023; and (b) unaudited consolidated management accounts of the Target Group for the five months ended 31 May 2024:

	Year ended 31 December		Five months
	2022	2023	ended 31 May
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)
Revenue	61,731	47,152	10,098
Profit/(loss) before taxation	58,100	(407,205)	(1,217)
Profit/(loss) after taxation	44,082	(433,204)	(4,470)

The unaudited consolidated net liabilities of the Target Group as at 31 May 2024 amounted to approximately RMB223.6 million.

Based on the above financial information, the Target Group recorded an unaudited loss after taxation of approximately RMB433.2 million for the year ended 31 December 2023, compared to a profit of approximately RMB44.1 million for the year ended 31 December 2022. The turnaround from profit to loss was primarily due to an impairment loss of approximately RMB132.8 million on inventories being recorded and a share of loss from its associates of approximately RMB238.3 million.

LETTER FROM THE BOARD

IV. INFORMATION ON THE COMPANY AND THE GROUP

The Company is an investment holding company incorporated under the laws of the Cayman Islands with limited liability. The Group is principally engaged in property development in the PRC.

V. INFORMATION ON FORTUNE SPEED

Fortune Speed is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Fortune Speed held approximately 75.0% of the entire issued share capital of the Company, thus is the controlling shareholder of the Company.

As at the Latest Practicable Date, Fortune Speed is a company wholly owned Winnermax Management Limited, which is in turn wholly-owned by Happy Family Assets Limited, a company wholly-owned by East Asia International Trustees Limited. East Asia International Trustees Limited is the trustee of the Happy Family Trust, a trust established by Mr. TC Wong, the chairman of the Board and an executive Director, as the settlor, the protector and one of the beneficiaries of the Happy Family Trust.

VI. FINANCIAL EFFECT ARISING FROM THE SUBSCRIPTION

Upon Completion, Fortune Speed will be interested in 99% of the enlarged issued share capital of the Target Company, and the Company's interest in the Target Company will be diluted from 100% to 1%. The Target Company will cease to be a subsidiary of the Company, and its consolidated financial results, assets, and liabilities will no longer be consolidated in the Group's consolidated financial statements. The remaining share of the Target Company held by the Company is intended to be retained.

Upon reviewing the Valuation, the Company has revised its calculation of the unaudited gain from the Subscription as per the Company's announcement dated 28 June 2024. It is estimated that the Company will record an unaudited gain from the Subscription of approximately RMB20.4 million. This unaudited gain represents approximately RMB176.5 million (amounting to 99% of the revised net liabilities of the Target Group of approximately RMB178.3 million after considering the Valuation) less (a) US\$99 (equivalent to approximately RMB716.8) (being the subscription price for the Subscription); (b) a revised estimated impairment loss of RMB141.4 million on the receivables due from the Target Group; (c) the recognition of the fair value of a guarantee arrangement with an associate of the Group of approximately RMB13.4 million; and (d) the estimated cost to be incurred of approximately RMB1.3 million.

The actual gain as a result of the Subscription to be recorded by the Company is subject to a final audit to be performed by the Company's auditors.

As the Target Company would only receive a minimal subscription price with respect to the Subscription, it is expected that the Company would not receive any material sale proceeds.

LETTER FROM THE BOARD

VII. REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

As set out in the 2023 Annual Report, it was highlighted that the real estate industry has undergone profound changes but is still facing considerable challenges. After an assessment conducted by an independent professional valuer, it has been determined that the fair value of the property projects under the Target Group has significantly declined. As a result, there has been a substantial impairment of approximately RMB132.8 million and RMB238.3 million for the property projects held by the Group's subsidiaries and associates, respectively, during the year ended 31 December 2023. Given the challenging real estate market in the PRC and the types of unsold property projects within the Target Group, which mainly consist of apartments, car parks, and shops, the Directors anticipate a continued depreciation in the fair value of the property projects. As of the Latest Practicable Date, in addition to the property projects held by the Target Group, the Group has been involved in (i) five completed property development projects, and (ii) two development projects held for future development. These projects have been managed and operated through the Company's subsidiaries (excluding the Target Group) as of the Latest Practicable Date.

The management of the Group has conducted an evaluation of its existing property projects portfolio to assess the benefits of the deemed disposal of the Target Group to the Company. This evaluation takes into consideration the estimated additional investment cost and potential return of the property projects. After a comprehensive assessment, the Company has determined that carving out the property projects held by the Target Group through the deemed disposal, instead of other property projects held by the Group, would be in the best interest of the Company and the Shareholders as a whole for the following reasons:

- i. Presently, the property projects held by the Ricca Group in Tianjin have been completed. However, the Tianjin property market has undergone substantial price reductions and faces intense competition due to a significant supply in the area. Consequently, the properties are being sold below cost price and continue to encounter challenges in market uptake, indicating difficulties in monetization for the property projects.
- ii. A decision has been made to discontinue the development of the property projects held by the Target Group. This decision was made after considering factors such as slow development progress, underdeveloped supporting facilities, large land mass, and numerous restrictions on development. Projections for selling prices are not optimistic. Moreover, current intermediary channels impose prepaid commissions, resulting in increased initial costs. Intensifying competition among similar products may lead to potential future rises in commissions, escalating project marketing costs. Financial analysis indicates high initial investment, extended return periods, and low rates of return for these property projects.

LETTER FROM THE BOARD

- iii. Despite the Target Group generated revenue of approximately RMB47 million for the year ended 31 December 2023, the Target Group incurred a net loss before impairment (approximately RMB371.1 million recorded for the Target Group's subsidiaries and associates) but after taxation of approximately RMB62.1 million. Given the prevailing market conditions, the costs and timing associated with the disposal of the properties held for sale, and the estimated capital expenditures within the Target Group, it is anticipated that the loss-making condition will persist.

After reviewing the information above, the Directors have decided that the Group will not allocate additional financial resources for the development of the property projects held by the Target Group. Considering that the unfavourable real estate market is likely to persist and have a more and more negative impact on the properties held by the Group, including the Target Group, the Board is of the view that the Group should consolidate its resources by focusing on the development and sale of property projects that have better returns. Taking into account market prospects, risks, costs, and potential returns, the Board believes that the Subscription would be advantageous to the Group, as it would improve its return on assets and mitigate its exposure to risk in the Target Group, while also maintaining nominal interests in the Target Group.

Taking into account of the above factors, the Directors (including the independent non-executive Directors) believe the entering into the Subscription Agreement is not in the ordinary and usual course of business of the Group, but the terms thereof are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

VIII. LISTING RULES IMPLICATIONS

Upon Completion, the Target Company will cease to be a subsidiary of the Company. Thus, the Subscription constitutes a deemed disposal of the Target Company by the Company under Rule 14.29 of the Listing Rules.

As one of the applicable percentage ratios for the Subscription is more than 25% but less than 75%, the Subscription constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Subscription is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, Fortune Speed held approximately 75% of the entire issued share capital of the Company and is the controlling shareholder of the Company. Fortune Speed is beneficially owned by East Asia International Trustees Limited, which is the trustee of the Happy Family Trust, a trust established by Mr. TC Wong, who is the chairman of the Board and an executive Director. Mr. TC Wong is the settlor, the protector and one of the beneficiaries of the Happy Family Trust. Thus, Fortune Speed is a connected person of the Company under the Listing Rules. Accordingly, the Subscription constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Mr. Lau Ka Keung, an executive Director, is the spouse of Ms. Wong Wai Ling, who is one of the beneficiaries of the Happy Family Trust and therefore Mr. Lau Ka Keung is deemed to be interested in the Shares held by the Happy Family Trust.

As such, each of Mr. TC Wong and Mr. Lau Ka Keung has abstained from voting on the Board resolutions approving the Subscription Agreement and the transactions contemplated thereunder. Save as the above, none of the Directors has material interest in the transactions contemplated under the Subscription Agreement or is required to abstain from voting on the Board resolutions in relation to the transactions contemplated under the Subscription Agreement.

IX. EGM

The EGM will be held at Unit D, 21/F, Block 1, Tai Ping Industrial Centre, 57 Ting Kok Road, Tai Po, New Territories, Hong Kong on Monday, 19 August 2024 at 10:30 a.m. for the purpose of approving, among other matters, the Subscription Agreement and the transactions contemplated thereunder by way of poll.

At the EGM, any Shareholders with a material interest in the Subscription Agreement and the transactions contemplated thereunder are required to abstain from voting in respect of the resolution(s) approving the Subscription Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, Fortune Speed and its associates held an aggregate of 562,500,000 Shares (representing approximately 75.0% of the total issued share capital of the Company), controlled or were entitled to control over the voting right in respect of their Shares. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, except for Fortune Speed and its associates who held an aggregate of 562,500,000 Shares (representing approximately 75.0% of the total issued share capital of the Company), no other Shareholders will be required to abstain from voting on the resolution(s) in respect of the Subscription Agreement and the transactions contemplated thereunder at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not the Shareholders are able to attend the EGM, the Shareholders are requested to complete and return the accompanying form of proxy in accordance with the instructions printed on it to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 48 hours before the time fixed for holding the EGM (i.e. no later than 10:30 a.m. on Thursday, 15 August 2024 (Hong Kong time, excluding Hong Kong Public holidays)) or any adjournment thereof. Completion and delivery of the form of proxy will not preclude the Shareholders from attending, and voting at, the EGM or any adjournment thereof if the Shareholders so wish.

LETTER FROM THE BOARD

Closure of register of members for attending and voting at the EGM

In order to determine the Shareholders who are eligible to attend the EGM, the register of members of the Company will be closed from Wednesday, 14 August 2024 to Monday, 19 August 2024, both days inclusive. During such period, no transfer of Shares will be registered. In order to be entitled to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 13 August 2024.

X. TYPHOON OR BLACK RAINSTORM WARNING ARRANGEMENTS

If typhoon signal No. 8 or above, or a black rainstorm warning is in effect at 7:30 a.m. on the date of the EGM, the meeting will be postponed. The Company will post an announcement on its website (www.millioncities.com.cn) and designated website of the Stock Exchange (www.hkexnews.hk) to notify the Shareholders of the date, time and place of the rescheduled meeting.

XI. FURTHER INFORMATION

Your attention is drawn to (i) letter from the Independent Board Committee which contains the recommendation from the Independent Board Committee to the Independent Shareholders regarding the resolution to approve the Subscription Agreement and the transactions contemplated thereunder; and (ii) the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the Subscription Agreement and the transactions contemplated thereunder.

XII. RECOMMENDATION

The Directors consider that, although the entering of the Subscription Agreement is not in the ordinary and usual course of business of the Group, the terms of the Subscription Agreement and the transactions contemplated thereunder are (i) fair and reasonable; (ii) on normal commercial terms; and (iii) in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of the resolution which will be proposed at the EGM for approving the Subscription Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

XIII. WARNING NOTICE

Your attention is drawn to the information set out in the appendices to this circular and the notice of the EGM.

Completion is subject to the satisfaction of the conditions precedent. Therefore, the Subscription Agreement may or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

Yours faithfully,
By order of the Board
Million Cities Holdings Limited
Wong Ting Chung
Chairman and executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder:



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)

To the Independent Shareholders

Dear Sirs or Madams,

MAJOR AND CONNECTED TRANSACTION

We refer to the circular dated 30 July 2024 (the “**Circular**”) to the Shareholders of which this letter forms part. Unless otherwise specified, terms defined in the Circular shall have the same meanings in this letter.

We have been appointed to form the Independent Board Committee to advise the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” contained in the Circular. The Independent Financial Adviser has been appointed to advise the Independent Shareholders and us in this regard.

Details of the advice of the Independent Financial Adviser and the principal factors and reasons that the Independent Financial Adviser has taken into consideration in giving such advice are set out in the “Letter from the Independent Financial Adviser” in the Circular. Your attention is also drawn to the “Letter from the Board” in the Circular and the additional information set out in the appendices thereto.

Having taken into account the (i) terms of the Subscription Agreement and the transactions contemplated thereunder; and (ii) the factors referred to in the “Letter from the Independent Financial Adviser” in the Circular, we are of the opinion that despite the entering into of the Subscription Agreement is not in the ordinary and usual course of business of the Company, the terms of the Subscription Agreement and the transactions contemplated thereunder are (i) fair and reasonable so far as the Shareholders (including the Independent Shareholders) are concerned; (ii) on normal commercial terms; and (iii) in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions at the EGM to approve the entering into the Subscription Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
The Independent Board Committee

Mr. Ip Shu Kwan, Stephen

*Independent
non-executive Director*

Mr. Li Yinquan

*Independent
non-executive Director*

**Mr. Chan Hiu Fung,
Nicholas**

*Independent
non-executive Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from the Independent Financial Advisor, Silverbricks Securities Company Limited, to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Units 1004–1006, 10/F,
China Merchants Tower
Shun Tak Centre,
168–200 Connaught Rd Central,
Sheung Wan

30 July 2024

*To the Independent Board Committee and
the Independent Shareholders of
Million Cities Holdings Limited*

Dear Sirs and Madams,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO DEEMED DISPOSAL

INTRODUCTION

We refer to our appointment as the independent financial adviser (the “**Independent Financial Adviser**”) to make recommendations to the Independent Board Committee and the Independent Shareholders of Million Cities Holdings Limited (the “**Company**”) in relation to the Subscription Agreement (the “**Subscription**”), particulars of which are set out in the section headed “Letter from the Board” (the “**Letter**”) contained in the circular of the Company to the Shareholders dated 30 July 2024 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as ascribed to them under the section headed “Definitions” in this Circular.

Reference is made to the Letter.

On 28 June 2024 (after trading hours), the Company (as warrantor), Fortune Speed (as subscriber) and the Target Company entered into the Subscription Agreement, pursuant to which the Target Company has conditionally agreed to allot and issue to Fortune Speed, and Fortune Speed has conditionally agreed to subscribe for, the Subscription Shares.

IMPLICATIONS UNDER THE LISTING RULES

Upon Completion, the Target Company will cease to be a subsidiary of the Company. Thus, the Subscription constitutes a deemed disposal of the Company under Rule 14.29 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As one of the applicable percentage ratios for the Subscription is more than 25% but less than 75%, the Subscription constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Subscription is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, Fortune Speed held approximately 75% of the entire issued share capital of the Company and is the controlling shareholder of the Company. Fortune Speed is beneficially owned by East Asia International Trustees Limited, which is the trustee of the Happy Family Trust, a trust established by Mr. TC Wong, who is the chairman of the Board and an executive Director. Mr. TC Wong is the settlor, the protector and one of the beneficiaries of the Happy Family Trust. Thus, Fortune Speed is a connected person of the Company under the Listing Rules. Accordingly, the Subscription constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, Mr. Lau Ka Keung, an executive Director, is the spouse of Ms. Wong Wai Ling, who is one of the beneficiaries of the Happy Family Trust and therefore Mr. Lau Ka Keung is deemed to be interested in the Shares held by the Happy Family Trust.

As such, each of Mr. TC Wong and Mr. Lau Ka Keung has abstained from voting on the Board resolutions approving the Subscription Agreement and the transactions contemplated thereunder. Save as the above, none of the Directors has material interest in the transactions contemplated under the Subscription Agreement or is required to abstain from voting on the Board resolutions in relation to the transactions contemplated under the Subscription Agreement.

INDEPENDENT BOARD COMMITTEE

Pursuant to the Listing Rules, the Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Ip Shu Kwan, Stephen, Mr. Li Yinquan and Mr. Chan Hiu Fung, Nicholas, has been established to advise the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder, and as to the voting action therefor.

In our capacity as the Independent Financial Adviser, our role is to give an independent opinion to advise the Independent Board Committee, and the Independent Shareholders as to whether in respect of the Subscription Agreement is (i) fair and reasonable; (ii) on normal commercial terms or better but not in the ordinary and usual course of business of the Company; (iii) in the interests of the Company and its Shareholders as a whole; and (iv) how the Independent Shareholders should vote in favour of the Subscription.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

We, Silverbricks Securities Company Limited (“**Silverbricks**”), have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Silverbricks is a licensed corporation licensed under the Securities and Futures Ordinance (“**SFO**”) to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities.

In the last two years, we did not have any engagement with the Group as an independent financial adviser. As at the Latest Practicable Date, we confirmed that there is no relationship or interest between Silverbricks and the Company or any other parties that could be reasonably be regarded as hindrance to Silverbricks’s independence as set out under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription.

We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates, and accordingly, are eligible to give independent advice and recommendations. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. We confirmed that there is no existence of or change in any circumstances that would affect our independence.

Accordingly, we consider that we have performed all reasonable steps as required under Rule 13.80 of the Listing Rules and are eligible to give independent advice in respect of the Subscription.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Subscription, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries (the “**Management**”). We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true and that all expectations and intentions of the Directors and the Management, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors and the Management. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

statement in the Circular misleading. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. Therefore, we have no reason to believe that any material information has been omitted or withheld, or doubt the truth or accuracy of the information provided in the Circular. We have, however, not conducted any independent investigation into the business and affairs of the Group nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Circular were true at the time they were made and at the date of the release of the Circular and will continue to be true up to the Latest Practicable Date, and that the Independent Shareholders will be informed as soon as reasonable possible if we are aware of any material change to such representations and/or any change to our view/opinion. We have also assumed that the information we have relied on as set out in this letter will be valid and we are not aware any of the information we have relied on as set out in this letter will change or become invalid in the foreseeable future.

We consider that we have been provided with, and we have reviewed sufficient information to reach an informed view, to justify relying on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors and the Management. We have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Subscription, as referred to in Rule 13.80 of the Listing Rules (including the notes thereof) in formulating our opinion and recommendation.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration in respects of the Subscription, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

1. Background of the Subscription

On 28 June 2024 (after trading hours), the Company (as warrantor), Fortune Speed (as subscriber) and the Target Company entered into the Subscription Agreement, pursuant to which the Target Company has conditionally agreed to allot and issue to Fortune Speed, and Fortune Speed has conditionally agreed to subscribe for, the Subscription Shares.

2. Principal Terms of the Subscription

The principal terms of the Subscription are set out as follows:

Date: 28 June 2024

Parties: (1) the Company;
(2) Fortune Speed; and
(3) Target Company.

Subject matter: Subject to and upon the terms and conditions of the Subscription Agreement, the Target Company has conditionally agreed to allot and issue to Fortune Speed, and Fortune Speed has conditionally agreed to subscribe for, the Subscription Shares.

Consideration: The subscription price for the Subscription Shares payable by the Subscriber shall be US\$99 (equivalent to approximately RMB716.8), which shall be payable in cash at the date of Completion.

The subscription price for the Subscription Shares was determined after arm's length negotiations between the parties to the Subscription Agreement with reference to, among others, (i) the total consolidated net liabilities of the Target Company of approximately RMB223.6 million as at 31 May 2024; and (ii) nominal value of US\$1.00 each of the share of the Target Company; and (iii) the valuation of the Property-related Assets as defined below.

Based on the management accounts of the Target Group as at 31 May 2024, the consolidated net liabilities were calculated by subtracting the total liabilities of approximately RMB706.7 million from the total assets of approximately RMB483.1 million. Within the consolidated total assets, the carrying amounts of the properties held for sale and the investment properties (collectively the “**Property-related Assets**”) (net of depreciation and excluding value-added tax) were approximately RMB406.7 million and approximately RMB26.9 million, respectively, representing approximately 84.2% and 5.6% of the Target Group’s consolidated total assets.

To determine the fair value of the Property-related Assets, the Company engaged an independent valuer to conduct a valuation of these properties (the “**Valuation**”), with resulting fair values of approximately RMB511.6 million and RMB29.0 million for properties held for sale and the investment properties, respectively (excluding value-added tax, approximately RMB472.3 million and RMB26.7 million, respectively).

With respect to investment properties, since fair value thereof (i.e. approximately RMB26.7 million) as per the Valuation was below their carrying amount of approximately RMB26.9 million per the management accounts of the Target Group as of 31 May 2024, no adjustments have been made to the Target Group’s net asset value about the investment properties. On the other hand, as the fair value of properties held for sale per the Valuation was above the carrying amount of the same per management accounts of the Target Group as of 31 May 2024, the value of properties held of sale was revised as follows based on the Valuation results:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

		<i>RMB'million</i>
Carrying amount of the properties held for sale as at 31 May 2024 (net of depreciation and excluding value-added tax)	(A)	406.7
Fair value adjustment based on the Valuation results	(B)	65.6
		<hr/>
Fair value of the properties held for sale as per the Valuation results (excluding value-added tax)	(A) + (B) = (C)	472.3
Less:		
Provision for predictable costs of disposal of the properties held for sale	(D)	20.3
		<hr/>
Revised values of the properties held for sale	(C) – (D)	452
		<hr/> <hr/>

After considering the Valuation results, the consolidated net liabilities have been revised to approximately RMB178.3 million, which were calculated by subtracting the total liabilities of approximately RMB706.7 million from the revised total assets of approximately RMB528.4 million, where the value of the properties held for sale (net of depreciation and excluding value-added tax) have been revised to RMB452 million as mentioned above.

For details of the valuation report regarding the said Valuation, please refer to Appendix II.

For details on the terms of the Subscription, including the conditions precedent and the completion, please refer to the Letter.

3. Information of the Parties to the Subscription Agreement

3.1 Information of the Company and the Group

The Company is an investment holding company incorporated under the laws of the Cayman Islands with limited liability. The Group is principally engaged in property development in the PRC.

3.2 Information of the Subscriber

Fortune Speed is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Fortune Speed held approximately 75.0% of the entire issued share capital of the Company, thus is the controlling shareholder of the Company.

As at the Latest Practicable Date, Fortune Speed is a company wholly owned Winnermax Management Limited, which is in turn wholly-owned by Happy Family Assets Limited, a company wholly-owned by East Asia International Trustees Limited. East Asia International Trustees Limited is the trustee of the Happy Family Trust, a trust established by Mr. TC Wong, the chairman of the Board and an executive Director, as the settlor, the protector and one of the beneficiaries of the Happy Family Trust.

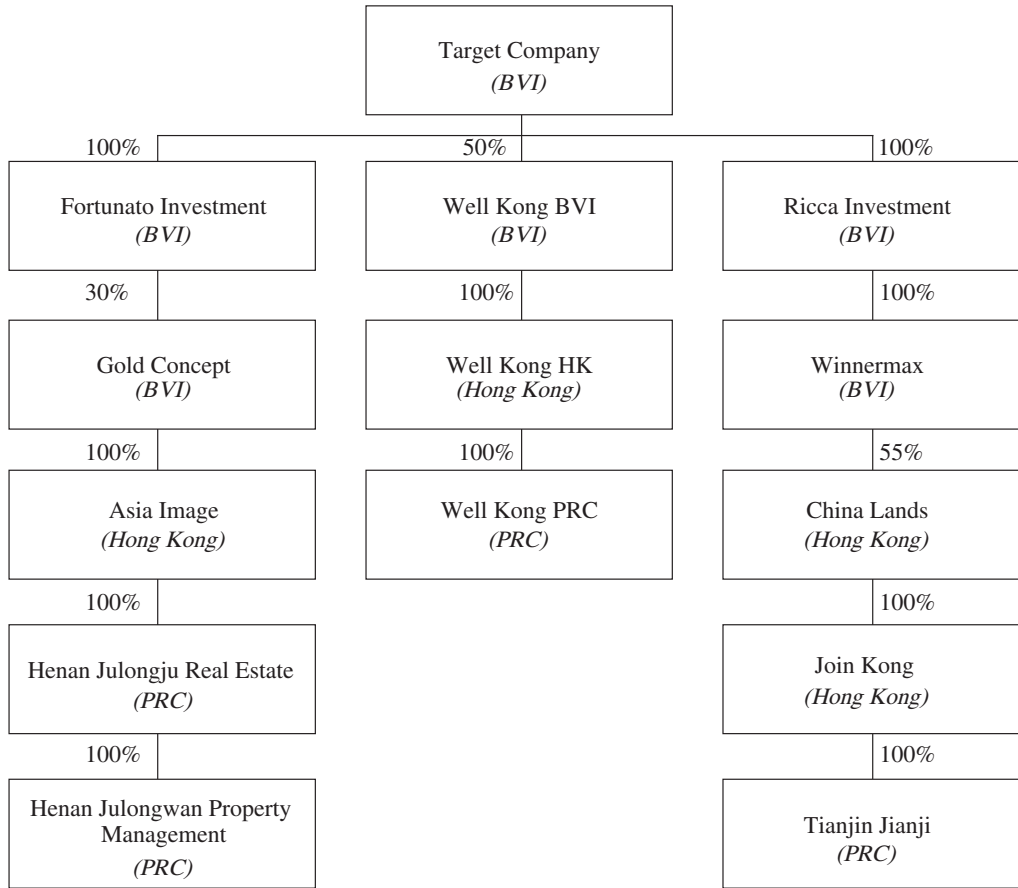
3.3 Information of Target Group

The Target Company is a limited liability company incorporated in the BVI and a direct wholly-owned subsidiary of the Company. As at the Latest Practicable Date, the Target Company is an investment holding company and holds the Fortunato Group, the Well Kong Group, and the Ricca Group.

With reference to the Letter, in accordance with the Agreement, both the Company and Fortune Speed acknowledged a possible reorganisation of the Target Company, whereby (i) Well Kong BVI may be replaced by a new investment holding company of which the Target Company shall own as to approximately 50%; and (ii) such new investment holding company directly or indirectly wholly-owning Well Kong HK (the “**Possible Reorganisation**”). Both parties have mutually agreed that the Possible Reorganisation will not impact the Subscription. As at the Latest Practicable Date, no agreement or arrangement regarding the Possible Reorganisation has been finalized.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the shareholding structure of the Target Group as at the Latest Practicable Date:



(i) The Fortunato Group

The Fortunato Group consists of (a) Fortunato Investment; (b) Gold Concept; (c) Asia Image; (d) Henan Julongju Real Estate; and (e) Henan Julongwan Property Management.

Fortunato Investment

Fortunato Investment is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Fortunato Investment is wholly owned by the Target Company.

Gold Concept

Gold Concept is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Gold Concept is owned by Fortunato Investment, Warren Pacific Limited and Man Wah (Zhumadian) Limited (敏華(駐馬店)有限公司) as to approximately 30%, 40% and 30%, respectively.

Asia Image

Asia Image is an investment holding company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, Asia Image is wholly owned by Gold Concept.

Henan Julongju Real Estate

Henan Julongju Real Estate is a company established in the PRC with limited liability. As at the Latest Practicable Date, Henan Julongju Real Estate is wholly owned by Asia Image. As at the Latest Practicable Date, Henan Julongju Real Estate is principally engaged in property development.

Henan Julongwan Property Management

Henan Julongwan Property Management is a company established in the PRC with limited liability. As at the Latest Practicable Date, Henan Julongwan Property Management is wholly owned by Henan Julongju Real Estate. As at the Latest Practicable Date, Henan Julongwan Property Management is principally engaged in property development.

(ii) The Well Kong Group

The Well Kong Group consists of (a) Well Kong BVI; (b) Well Kong HK; and (c) Well Kong PRC.

Based on the Group's historical financial statements, Well Kong BVI has been classified as an associate company due to the level of control exerted by the Group. Therefore, there is no requirement to consolidate Well Kong BVI into the financial statements of both the Target Company and the Group in accordance with applicable accounting standards.

As a result, the financial results and net asset value of the Well Kong Group have been accounted for using the equity method in the consolidated financial statements of the Target Company. Given that the Target Company lacks control over the property-related assets held by the Well Kong Group and the value of these assets has been included in the amount of the investment in associate, the Valuation has not included these property-related assets held by the Well Kong Group.

Well Kong BVI

Well Kong BVI is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Well Kong BVI is owned by the Target Company and Spring Estate Holdings Limited as to 50% and 50%, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Well Kong HK

Well Kong HK is an investment holding company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, Well Kong HK is wholly owned by Well Kong BVI.

Well Kong PRC

Well Kong PRC is a company established in the PRC with limited liability. As at the Latest Practicable Date, Well Kong PRC is wholly owned by Well Kong HK.

As at the Latest Practicable Date, Well Kong PRC is principally engaged in property development.

(iii) The Ricca Group

The Ricca Group consists of (a) Ricca Investment; (b) Winnermax; (c) China Lands; (d) Join Kong; and (e) Tianjin Jianji.

Ricca Investment

Ricca Investment is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Ricca Investment is wholly owned by the Target Company.

Winnermax

Winnermax is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Winnermax is wholly owned by Ricca Investment.

China Lands

China Lands is an investment holding company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, China Lands is owned by Winnermax and Brightwood Management Limited as to approximately 55% and 45%, respectively.

Join Kong

Join Kong is an investment holding company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, Join Kong is wholly owned by China Lands.

Tianjin Jianji

Tianjin Jianji is a company established in the PRC with limited liability. As at the Latest Practicable Date, Tianjin Jianji is wholly owned by Join Kong. As at the Latest Practicable Date, Tianjin Jianji is principally engaged in property development.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Financial Performance of the Group

Set out below is a summary of the Group's audited consolidated financial performance for the years ended 31 December 2022 and 2023 ("FY2022" and "FY2023", respectively) as extracted from the annual report of the Company for the year ended 31 December 2023 ("2023 Annual Report").

Table 1: Summary of the consolidated financial performance of the Group

	For the years ended 31 December	
	2023	2022
	RMB'000	RMB'000
	(audited)	(audited)
Revenue	641,634	571,183
Cost of Sales	<u>(806,135)</u>	<u>(296,093)</u>
Gross (loss)/profit	(164,501)	275,090
(Loss)/profit before taxation	(526,246)	237,055
(Loss)/profit for the year	(607,233)	114,440
(Loss)/profit for the year attributable to equity shareholders of the Company	(482,278)	69,178

For FY2023, the audited consolidated total revenue of the Group mainly derived from sale of properties and gross rentals from properties.

As set out in the above, the revenue of the Group for FY2023 was approximately RMB641.6 million, representing an increase of approximately 12.3% when compared to that of FY2022 (i.e. RMB571.2 million). The increase in revenue was contributed mainly by Million Cities Legend Phase 3 in Huizhou and the adoption of precise marketing strategies and reasonable pricing, which achieve satisfactory sales and collection of payment for the Group.

The cost of sales for FY2023 was approximately RMB806.1 million, as compared with approximately RMB296.1 million reported last year, representing an increase by approximately 172.3%. The increase in cost of sales was mainly due to (i) the increase in revenue from sale of properties; and (ii) certain inventories were written down for FY2023, amounted to approximately RMB475.1 million as compared with approximately RMB41.0 million for FY2022.

However, the Group recorded a significant loss attributable to equity shareholders of the Company amounted to approximately RMB482.3 million for FY2023, as compared with the profit of approximately RMB69.2 million for FY2022 after taking into account the impairment provisions for the properties at the subsidiaries and the associates companies. The impairment provision for valuation of (i) properties held for development, properties under development and completed properties of the Group; (ii) investment properties of the Group; and (iii) properties of the Group's associates is mainly affected by macroeconomic environment of PRC, in particular the real estate industry. Such impairment was made since there was a significant drop in the fair value of all the above mentioned properties that are located in PRC.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Table 2: Summary of the consolidated financial position of the Group

	As at 31 December	
	2023	2022
	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)
Total assets	1,672,400	2,754,418
Current Assets	1,202,282	1,989,471
Non-current Assets	470,118	764,947
Total liabilities	822,505	1,294,379
Current Liabilities	819,323	1,282,878
Non-current Liabilities	3,182	11,501
Net assets	849,895	1,460,039

In FY2023, the Group recorded total assets, total liabilities and net assets of approximately RMB1.67 billion, RMB822.5 million and RMB849.9 million as at 31 December 2023, respectively.

5. Financial Performance of the Target Group

Set out below is the financial information extracted from (a) the unaudited combined management accounts of the Target Group for the two years ended 31 December 2022 and 2023; and (b) unaudited consolidated management accounts of the Target Group for the five months ended 31 May 2024:

Summary of the consolidated financial position of the Target Group

	Year ended 31 December		Five months
	2022	2023	ended 31 May
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
Revenue	61,731	47,152	10,098
Profit/(loss) before taxation	58,100	(407,205)	(1,217)
Profit/(loss) after taxation	44,082	(433,204)	(4,470)

The unaudited consolidated net liabilities of the Target Group as at 31 May 2024 amounted to approximately RMB223.6 million.

Based on the above financial information, the Target Group recorded an unaudited loss after taxation of approximately RMB433.2 million for the year ended 31 December 2023, compared to a profit of approximately RMB44.1 million for the year ended 31 December 2022. The turnaround from profit to loss was primarily due to an impairment loss of approximately RMB132.8 million on inventories being recorded and a share of loss from its associates of approximately RMB238.3 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

6. Financial Effects of the Disposal

With reference to the Letter, upon Completion, Fortune Speed will be interested in 99% of the enlarged issued share capital of the Target Company, and the Company's interest in the Target Company will be diluted from 100% to 1%. The Target Company will cease to be a subsidiary of the Company, and its consolidated financial results, assets, and liabilities will no longer be consolidated in the Group's consolidated financial statements. The remaining share of the Target Company held by the Company is intended to be retained.

With reference to the Letter and as advised by the Directors,

- (i) it is expected that the Company would not receive any material sale proceeds as the Target Company would only receive a minimal subscription price of US\$99 with respect to the Subscription; and
- (ii) it is expected that the Company will record an unaudited gain from the Subscription of approximately RMB20.4 million, with the calculation of the unaudited gain for the Subscription set forth below:

	<i>RMB'000</i>
99% of the revised net liabilities of the Target Group after considering the Valuation (RMB178.3 million*99% = RMB176.5 million)	<u>176,500</u>
<i>Less</i>	
(a) The subscription price of US\$99 for the Subscription (equivalent to approximately RMB716.8)	(1)
(b) The estimated impairment loss on the receivables due from the Target Group of approximately RMB141.4 million	(141,400)
(c) The recognition of the fair value of a guarantee arrangement with an associate of the Group of approximately RMB13.4 million	(13,400)
(d) the estimated cost to be incurred of approximately RMB1.3 million	<u>(1,300)</u>
Subtotal:	<u><u>20,399</u></u>

It should be noted that the aforementioned analyses are for illustrative purposes only and the actual gain/loss as a result of the Subscription to be recorded by the Company is subject to a final audit to be performed by the Company's auditors.

7. Reasons for the Subscription

7.1 *The Board's view*

Reference is made to the section headed “Reasons For And Benefits Of The Subscription” in the Letter.

As highlighted in the 2023 Annual Report, the real estate industry has undergone significant changes and continues to face considerable challenges. After an assessment conducted by an independent professional valuer, it has been determined that the fair value of the property projects under the Target Group has significantly declined. Affected by the macroeconomic environment of the PRC, particularly in the real estate sector, the Company has recorded a substantial impairment of approximately RMB132.8 million and RMB238.3 million for the property projects held by the Group's subsidiaries and associates, respectively, during the year ended 31 December 2023. Given the challenging real estate market in the PRC and the types of unsold property projects within the Target Group, which mainly consist of apartments, car parks, and shops, the Board anticipate a continued depreciation in the fair value of the property projects. As of the Latest Practicable Date, in addition to the property projects held by the Target Group, the Group has been involved in (i) five completed property development projects, and (ii) two development projects held for future development. These projects have been managed and operated through the Company's subsidiaries (excluding the Target Group) as of the Latest Practicable Date.

The management of the Group has conducted an evaluation of its existing property projects portfolio to assess the benefits of the deemed disposal of the Target Group to the Company. This evaluation takes into consideration the estimated additional investment cost and potential return of the property projects. After a comprehensive assessment, the Company has determined that carving out the property projects held by the Target Group through the deemed disposal, instead of other property projects held by the Group, would be in the best interest of the Company and the Shareholders as a whole for the following reasons:

- i. Presently, the property projects held by the Ricca Group in Tianjin have been completed. However, the Tianjin property market has undergone substantial price reductions and faces intense competition due to a significant supply in the area. Consequently, the properties are being sold below cost price and continue to encounter challenges in market uptake, indicating difficulties in monetization for the property projects.
- ii. A decision has been made to discontinue the development of the property projects held by the Target Group. This decision was made after considering factors such as slow development progress, underdeveloped supporting facilities, large land mass, and numerous restrictions on development. Projections for selling prices are not optimistic. Moreover, current intermediary channels impose prepaid commissions, resulting in increased initial costs. Intensifying competition among similar products may lead to

potential future rises in commissions, escalating project marketing costs. Financial analysis indicates high initial investment, extended return periods, and low rates of return for these property projects.

- iii. Despite the Target Group generated revenue of approximately RMB47.2 million for the year ended 31 December 2023, the Target Group incurred a net loss before impairment (approximately RMB371.1 million recorded for the Target Group's subsidiaries and associates) but after taxation of approximately RMB62.1 million. Given the prevailing market conditions, the costs and timing associated with the disposal of the properties held for sale, and the estimated capital expenditures within the Target Group, it is anticipated that the loss-making condition will persist.

After reviewing the information above, the Directors have decided that the Group will not allocate additional financial resources for the development of the property projects held by the Target Group. Considering that the unfavourable real estate market is likely to persist and have a more and more negative impact on the properties held by the Group, including the Target Group, the Board is of the view that the Group should consolidate its resources by focusing on the development and sale of property projects that have better returns. Taking into account market prospects, risks, costs, and potential returns, the Board believes that the Subscription would be advantageous to the Group, as it would improve its return on assets and mitigate its exposure to risk in the Target Group, while also maintaining nominal interests in the Target Group.

Taking into account of the above factors, the Directors (including the independent non-executive Directors) believe the entering into the Subscription Agreement is not in the ordinary and usual course of business of the Group, but the terms thereof are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

7.2 The Valuation

Reference is made to the valuation report contained in the Appendix II to the Circular. In assessing the fairness and reasonableness of the considerations for the Subscription, we have reviewed the valuation report and discussed with the independent valuer regarding the respective Valuation of the Property-related Assets as at 31 May 2024 as discussed below.

7.2.1 Qualifications of the independent valuer

We have reviewed the terms of engagement of the independent valuer and consider that its scope of work is typical of valuation carried out by other independent valuers. We are not aware of any limitation on the scope of work which might adversely affect the degree of assurance given by the valuation report.

We have interviewed the independent valuer and enquired into the qualification, experience and independence of the independent valuer in relation to preparation of the valuation report. We understood that the valuation team is led by Vincent Cheung, who is a Managing Director of the independent valuer and the signor of the valuation report. Mr. Cheung is a fellow of the Hong Kong Institute of Surveyors, a fellow of the Royal Institution of Chartered Surveyors, a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong, a member of China Institute of Real Estate Appraisers and Agents, a Registered Valuer of the Royal Institution of Chartered Surveyors and a Registered Real Estate Appraiser and Agent PRC. He has over 26 years' experience in valuation of fixed and intangible assets and has sufficient knowledge of the relevant market, the skills and understanding to handle the Valuation competently.

The independent valuer has also confirmed that it is independent from the Company, Fortune Speed, Target Group and their respective connected persons or associates, Based on the above, we are satisfied with the expertise and independence of the independent valuer.

7.2.2 Valuation bases and assumptions

As set out in the valuation report, the valuation has been prepared in accordance with the HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors effective from 31 December 2020 with reference to the International Valuation Standards published by the International Valuation Standards Council effective from 31 January 2022; and the requirements set out in the Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

In general, the Valuer has made certain assumptions including, (i) the Company sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests; (ii) no allowances have been made for any charges, mortgages or amounts owing on the property interests, nor for any expenses or taxations which may be incurred in effecting a sale; (iii) the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect the values of the property interests; and (iv) the owner has free and uninterrupted rights to use the property interests for the whole of the unexpired term of the land use rights.

We have reviewed the valuation report and discussed with the independent valuer regarding the bases and assumptions adopted in the valuation report, we understood that such valuation bases and assumptions are adopted in line with general market practice. In such regard, we have conducted independent research and noted that the above assumptions have been commonly adopted in the valuations of assets including properties of other listed companies in Hong Kong.

Further, based on our review of the relevant title documents of the Property-related Assets as well as the corporate documents of Target Company, we have not found any material facts which may lead us to doubt the fairness and reasonableness of the principal basis and assumptions adopted for or the information used in the Valuation, and we are of the view that the valuation basis and assumptions are fair and reasonable. Nevertheless, Shareholders should note that valuation of assets or properties usually involves assumptions and therefore the Valuation may or may not reflect the true market values of the Property-related Assets as at 31 May 2024 accurately.

7.2.3 Valuation methodologies

We have discussed with the independent valuer on the methodology adopted in the Valuation and understood that there are three generally accepted valuation approaches, namely the direct comparison approach, the income approach and the cost approach. Market approach was adopted for the Valuation. As advised by the independent valuer, market approach is universally considered as the most accepted valuation approach for valuing most forms of property. This involves the analysis of recent market evidence of similar properties to compare with the subject under valuation. Each comparable is analysed on the basis of its unit rate; each attribute of the comparables is then compared with the subject and where there are any differences, the unit rate is adjusted in order to arrive at the appropriate unit rate for the subject. This is done by making percentage adjustments to the unit rate for various factors, such as time, location, building age, building quality and so on.

According to the independent valuer, market approach is adopted when valuing the property interests, but not income approach nor cost approach, as there are sufficient comparables located in the vicinity.

We understand from the independent valuer that (i) the adoption of the income approach is relatively appropriate for income generating properties while the Property-related Assets is owner occupied and not subjected to tenancy; (ii) the adoption of the cost approach is not appropriate as it is only suitable for valuing properties without any available sale or rental transactions in the prevailing market; and (iii) market approach is considered as the best approach when relevant sale comparable are available in the subject market.

We have tried to cross-check the Valuation using other valuation methodologies. We have attempted to consider the income approach, and noted that the parameters required and assumptions under the income approach may not be easily verified or reasonably justified, while the cost approach required to analyse appropriate cost data on the current cost of replacing an asset with its modern equivalent asset, such as construction costs and other overheads including materials and labour costs, to estimate the cost of replacement. According to the

International Valuation Standard, such method may be used as the primary approach when there is either no evidence of transaction prices for similar property or no identifiable actual or notional income stream.

We have (i) obtained and reviewed the relevant documents of the Property-related Assets and we acknowledge that the Property-related Assets is owner occupied and not subjected to tenancy; and (ii) performed independent research on the historical sales record in the relevant market and we acknowledge the sufficiency of market comparable. As such, we concur with the independent valuer that income approach and cost approach are not appropriate while the market approach is considered as the most appropriate approach for valuing the market value of the Property-related Assets.

Having taken into account the above, we concur with the independent valuer that the market approach is commonly used and we are of the view that the methodology chosen by the independent valuer are adequate, appropriate and relevant for deriving the appraised market value of the Property-related Assets and providing a fair and reasonable basis for the independent valuer's opinion.

7.2.4 Market Comparables

We have reviewed the market comparable transactions adopted by the independent valuer and discussed with the independent valuer regarding the reasons for adoption of those market comparable transactions and the calculations to arrive at the Valuation.

As advised by the independent valuer, they have identified market comparable transactions that are considered relevant to the Property-related Assets in terms of physical and locational attributes, and were transacted as recent as possible. They have also made adjustments to the applicable parameters deduced from those market comparable transactions in consideration of discount on offer price, location, building age, building quality, view, size, access, ancillary facilities and handover standard of imperfect comparability.

We have reviewed the list of comparables and noted that the selection criteria of comparables was based on the following criteria: (i) those transacted properties located in Tianjin, The People's Republic of China; (ii) saleable size over 266 sq.m.; and (iii) askings that were posted from November 2023 to the valuation date. We have discussed these criteria with the independent valuer and found them fair and reasonable as the comparables are similar to the properties with different natures in Property-related Assets in terms of location, size and recent market activity. We have also gone through the comparable selection process in the vicinity of the Property-related Assets by applying the same selection criteria with the independent valuer and obtained the same results.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on our discussion with the independent valuer regarding the comparable and the adjustments, we understand that appropriate adjustments and analysis are considered to the differences in several aspects including location, building age, building quality, view and other characteristics between the comparable properties and the Property-related Assets to arrive at its assumed unit rate. As advised by the independent valuer, the general basis of adjustment is that if the market comparable is better than the Property-related Asset, a downward adjustment is made. Alternatively, if the market comparable is inferior or less desirable than the Property-related Asset, an upward adjustment is made. For the business apartment portion of the Property-related Asset, we noted that upward adjustments mainly were made by the independent valuer in terms of building age and downward adjustments were mainly made by the independent valuer in terms of the location, and handover standard. For the carpark portion of the Property-related Asset, we noted that the adjustments mainly were made by the independent valuer in terms of building age. For the retail portion of the Property-related Asset, we noted that upward adjustments mainly were made by the independent valuer in terms of building age and downward adjustments were mainly made by the independent valuer in terms of the location. For the villa portion of the Property-related Asset, we noted that upward adjustments mainly were made by the independent valuer in terms of location and downward adjustments were mainly made by the independent valuer in terms of the discount on offer price, and handover standard. In such regard, we have conducted independent research and noted that the above adjustments have been commonly adopted in the valuations of assets including properties of other listed companies in Hong Kong. Given that (i) business apartment portion and retail portion is situated in a less favourable location in Million Cities Tycoon Place and Legend Plaza in Wuqing district which the construction completed in 2017 and 2022 respectively, (ii) the villa portion is situated in a more favourable location in the mansion area in Wuqing district, and (iii) the adjustments is commonly adopted, we considered that the adjustments are fair and reasonable as they take into account the differences between the Property-related Asset and the market comparables.

The unit rates of the adopted comparables and the properties in different natures of Property-related Assets on the basis of saleable area are set out as below:

	Unit rates of the adopted comparables <i>(RMB per sq.m./space)</i>	Unit rates of the Property-related Assets determined by the independent valuer <i>(RMB per sq.m. or space)</i>
Business apartment	4,578–5,656 per sq.m.	5,000 per sq.m.
Car parking space	24,625–42,353 per space	30,000 per space
Retail	7,925–10,328 per sq.m.	9,000 per sq.m.
Villa	9,489–11,525 per sq.m.	10,600 per sq.m.

The unit rate of the Property-related Assets determined by the independent valuer is within the range of the comparables' saleable area unit rate. We understand that the independent valuer made certain adjustments when adopting those comparables for the market value of the Property-related Assets, taking into account of differences in transaction time, floor level, size and building age. We have discussed with the independent valuer about the rationale and methodology for the adjustments and found that the adjustments are in line with the market practice. Through our discussion with the independent valuer, we noted that data and information about the comparable properties were mostly obtained from online property database subscribed by the independent valuer. As confirmed by the independent valuer, these comparable properties represent an exhaustive list to the best of their knowledge. Accordingly, we are of the view that the selection of the comparable properties used in the valuation of the Property-related Assets is fair and reasonable.

7.2.5 Conclusion

During the course of our discussion with the independent valuer, we have not identified any major factors which would lead us to cast doubt on the fairness and reasonableness of the valuation methodology, bases, assumptions and adjustments adopted in arriving at the Valuation. Accordingly, we agreed that the Valuation is appropriate and sufficient as a reference value for assessing the consideration for the Subscription.

As discussed above, we are of the view that (i) the independent valuer is independent, qualified and experienced with sufficient knowledge, skills and understanding necessary to appraise the Property-related Assets competently; and (ii) the bases, assumptions and methodologies applied in the Valuation are fair and reasonable.

7.3 Overview of the property market in the PRC

The National Bureau of Statistics of China (“NBS”) reported a 5.1% year-on-year decline in the PRC’s property sector for 2022. According to a Reuters article titled “China’s property sector contracts 5.1% in 2022 — NBS”¹, published on January 18, 2023, the PRC experienced one of its weakest economic growth rates in nearly 50 years in 2022. This sluggish growth was largely due to a downturn in the property market and the impacts of pandemic controls and COVID-19 outbreaks, especially during the second and fourth quarters of the year. To address the challenges faced by homebuyers and property developers and alleviate the ongoing liquidity crisis in the industry, the Chinese government implemented various policies aimed at accelerating the completion of delayed housing projects. Despite these efforts, investment in real estate fell by 10.0% in 2022 compared to 2021, marking the first decline since records began in 1999, and property sales saw the most significant drop since 1992.

¹ <https://www.reuters.com/markets/asia/chinas-property-sector-shrinks-51-2022-nbs-2023-01-18/>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In 2023, the Chinese property market remained deeply troubled, continuing the prolonged downturn that started in 2021. According to data from the NBS², total investments in real estate development plummeted to approximately RMB11.1 trillion, a significant 9.6% decrease year-on-year. This sharp decline highlighted the persistent financial struggles of major property developers, many of whom faced liquidity crises, debt defaults, and restructuring processes. The overall market saw a substantial reduction in activity, with the floor space of real estate development enterprises under construction totaling 8,383.6 million square meters, down by 7.2% from the previous year.

Regarding commercial building sales, NBS's data showed that the floor space of commercial buildings sold was 1,117.4 million square meters in 2023, a year-on-year decrease of 8.5%, with the floor space of residential buildings sold decreasing by 8.2%. The sales of commercial buildings amounted to RMB11,662.2 billion, down by 6.5%, with residential building sales decreasing by 6.0%.

Furthermore, a Reuters article published on January 17, 2024³, noted that the PRC's property market faced escalating challenges despite government support. By the end of 2022, the market saw the most substantial declines in new home prices in almost nine years, even as the Chinese government implemented measures to support this crucial sector. In December 2023, new home prices registered their sharpest drop since February 2015. Additionally, property sales, measured by floor area, decreased by 23% compared to the corresponding month in the previous year. Concurrently, property developers' investment in December recorded the most rapid year-on-year decline since at least 2000, based on NBS data cited by Reuters. Throughout 2023, property investment saw a 9.6% decrease, mirroring the decline observed in 2022. Given that the property sector contributes approximately a quarter of the PRC's economy, the sustained downturn has the potential to hinder overall economic recovery and may necessitate further favorable measures by the Chinese government.

Recently, the PRC's second-hand homes continued their downward trend in 2024. According to an article published in the Standard on May 2, 2024⁴, the average price in the secondary market across 100 cities was RMB14,975 per square meter, a month-on-month decrease of 0.75%, marking a year-on-year drop of 5.4%. The data also showed that the average rent in 50 cities nationwide dropped by 0.32% to RMB36.4 per square meter from the previous month, representing a year-on-year decline of 1.14%.

² https://www.stats.gov.cn/english/PressRelease/202402/t20240201_1947107.html

³ <https://www.reuters.com/world/china/chinas-dec-new-home-prices-fall-fastest-pace-since-feb-2015-2024-01-17/>

⁴ <https://www.thestandard.com.hk/section-news/section/2/262415/China's-new-home-prices-edge-up-but-secondary-market-struggles>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In summary, the PRC's property market experienced significant downturns and instability in 2023. This poor performance underscored deep-rooted structural issues within the property sector, posing serious threats to the PRC's economic growth and financial stability. Considering these factors, including the continued downward trend in 2024, we believe that a recovery from this downtrend is unlikely in the short term, and we anticipate that the property market in the PRC will continue to decline in the near future.

7.4 Our view

In order to assess the reasons for entering into the Subscription, we conducted the following work done and summarized the factors considered by the Board.

7.4.1 The Financial Position of the Target Group

We conducted the following work done:

- (a) reviewed the management account of the Target Group for FY2022, FY2023 and for the five months ended 31 May 2024 to understand the financial situation and the impairment made to the Target Group;
- (b) reviewed the annual results of the Group in FY2023 and compared it with the financial results of the Target Group;
- (c) discussed with the Company and the auditor regarding the financial situation of the Target Group for FY2022, FY2023 and for the five months ended 31 May 2024;
- (d) reviewed the valuation report and discussed with the independent valuer regarding the assumption, methodology, working and assessment of the Valuation for the fair value of the Property-related Assets as at 31 May 2024; and
- (e) interviewed the various professionals, which include but not limited to the auditor and independent valuer.

After performed the above, we summarized the factors that had been considered by the Company before entering into the Subscription as below:

1. According to the management account of the Target Group, as at 31 May 2024, the Target Group recorded the unaudited consolidated net liabilities of approximately RMB223.6 million, which were calculated by subtracting the total liabilities of approximately RMB706.7 million from the total assets of approximately RMB483.1 million.
2. Within the consolidated total assets in the management account of the Target Group, the carrying amounts of the Property-related Assets (net of depreciation and excluding value-added tax) were approximately

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RMB406.7 million and approximately RMB26.9 million, respectively, representing approximately 84.2% and 5.6% of the Target Group's consolidated total assets as at 31 May 2024.

3. According to the valuation report, the fair value of the Property-related Assets was approximately RMB511.6 million and RMB29.0 million, respectively (excluding value-added tax, approximately RMB472.3 million and RMB26.7 million).
4. As advised by the Board, after considering the Valuation results, the consolidated net liabilities have been revised to approximately RMB178.3 million, which were calculated by subtracting the total liabilities of approximately RMB706.7 million from the revised total assets of approximately RMB528.4 million, where the value of the properties held for sale (net of depreciation and excluding value-added tax) have been revised to RMB452 million.
5. Based on the management account of the Target Group as at 31 December 2023 and the assessment from the independent professional valuer, impairment of approximately RMB371.1 million is recorded for the Target Group's subsidiaries and associates during FY2023 due to the decline of fair value for the property projects under the Target Group reflecting the downturn in the challenging real estate market in the PRC.
6. Despite the Target Group generated revenue of approximately RMB47.2 million for the year ended 31 December 2023, the Target Group incurred a net loss before impairment (approximately RMB371.1 million recorded for the Target Group's subsidiaries and associates) but after taxation of approximately RMB62.1 million.
7. Based on the annual results of the Group, in light of the downturn in the real estate segment of the PRC, there has been an impairment of approximately RMB475.1 million and RMB274.3 million for the property projects held by the Group's subsidiaries and associates during FY2023, including the impairment of approximately RMB371.1 million generated by the Target Group.

7.4.2 The Valuation

We have reviewed the valuation report and discussed with the independent valuer regarding the respective Valuation of the Property-related Assets as at 31 May 2024. For further details on our works done and our conclusion, please refer to the section headed "The Valuation" above.

7.4.3 The Property Market in PRC

We analyzed the PRC economy and property market in PRC. We noted that PRC's property market experienced a downturn in 2023 and the downturn is likely to persist in the coming few years. For further details, please refer to the section headed "Overview of the property market in the PRC" above.

As advised by the Board, if the downturn in the PRC property market continues in 2024, the Target Group's subsidiaries and associates will likely face additional impairment losses due to the decreased fair value of their property projects. The Subscription is intended to mitigate the risk of further impairment losses from the Target Group by facilitating a deemed disposal.

7.4.4 The Terms of the Subscription

As set out in the Letter, the terms of the Subscription and the subscription price for the Subscription Shares was determined after arm's length negotiations between the parties to the Subscription Agreement with reference to, among others, (i) the total consolidated net liabilities of the Target Company of approximately RMB223.6 million as at 31 May 2024; (ii) nominal value of US\$1.00 each of the share of the Target Company; and (iii) the valuation of the Property-related Assets as defined in this Letter.

We reviewed the terms of the Subscription Agreement in particular the principal terms as listed in the section headed "Subscription" in the Letter. We further noted that both the Company and Fortune Speed acknowledged a possible reorganisation of the Target Company, whereby (i) Well Kong BVI may be replaced by a new investment holding company of which the Target Company shall own as to approximately 50%; and (ii) such new investment holding company directly or indirectly wholly-owning Well Kong HK (the "**Possible Reorganisation**"). And both parties have mutually agreed that the Possible Reorganisation will not impact the Subscription. We are of the view that the terms of the Subscription are on normal commercial terms and are fair and reasonable.

7.4.5 Financial Effects of the Disposal

As set out in the Letter, the Company will record an unaudited gain of approximately RMB20.4 million. We have discussed with the Company and obtained the calculation schedule regarding the unaudited gain from the Subscription. For the details of the calculation of the unaudited gain from the Subscription, please refer to the section headed "Financial effects of the disposal" above.

7.5 Conclusion

Taking into account that (i) the persisting unfavorable environment of PRC's property market, and (ii) the potential impairment losses from the Target Group under the downturn of the current market, we are concurred with the Board that the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Subscription would be advantageous to the Group by improving its return on assets and mitigating its exposure to risk in the Target Group under the current negative and unstable market environment.

On top of the factors above, after considering (i) the net liabilities of the Target Group of approximately RMB178.3 million as at 31 May 2024 after considering the Valuation results, (ii) the impairment of approximately RMB371.1 million for the Target Group's subsidiaries and associates during FY2023, and (iii) the unaudited gain from the Subscription of approximately RMB20.4 million, we are of the opinion that the terms (including the Consideration) of the Subscription are on normal commercial terms and are fair and reasonable, and is in the interests of the Company and the Shareholders as a whole.

8. Recommendation

Having considered the above-mentioned principal factors and reasons, we are of the view that the Subscription is not in the ordinary and usual course of the business of the Group, however, it is in the interests of the Company and the Shareholders as a whole, and the terms of the Subscription are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we would recommend the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolutions at the EGM to approve the Subscription and the connected transaction contemplated thereunder.

Yours faithfully
For and on behalf of
Silverbricks Securities Company Limited
Yau Tung Shing
Co-head of Corporate Finance

Mr. Yau Tung Shing is licensed individual under the SFO, authorized to conduct Type 6 (advising on corporate finance) regulated activities in accordance with the SFO. He is considered responsible officer of Silverbricks Securities Company Limited. Mr. Yau Tung Shing possesses over 8 years of experience in the corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2023 were set out in the relevant annual reports of the Company posted on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (www.millioncities.com.cn). Please also see quick links to the annual reports:

- annual report of the Company for the year ended 31 December 2021 (pages 111 to 257) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042802398.pdf>)
- annual report of the Company for the year ended 31 December 2022 (pages 119 to 265) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0425/2023042501125.pdf>)
- annual report of the Company for the year ended 31 December 2023 (pages 130 to 281) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042601380.pdf>)

2. STATEMENT OF INDEBTEDNESS

As at the close of business of 31 May 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had total borrowings of approximately RMB364.5 million, all of which are unsecured and unguaranteed amounts due to related parties.

As at 31 May 2024, the Group had lease liabilities of approximately RMB0.8 million.

As at 31 May 2024, the Group issued a financial guarantee of approximately RMB23.1 million in connection with a counter-guarantee arrangement with a related party of the other shareholder of an associate of the Group to secure a banking facility of the associate, and a financial guarantee of RMB13.4 million to an associate of the Group to secure the repayment of the amount together with the accrued interest till 30 June 2025 therefrom due to the other shareholder of the associate.

As at 31 May 2024, save for the financial guarantees mentioned above and the guarantees of approximately RMB110.0 million issued to banks to secure the mortgage arrangements of certain buyers of the Group's properties, the Group had no other material contingent liabilities.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, at the close of business on 31 May 2024, the Group did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans or other borrowings, indebtedness in the nature of borrowings, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities.

3. SUFFICIENCY OF WORKING CAPITAL

The Directors, after due and careful enquiries, are of the opinion that following Completion, after taking into account the Group's internal resources, cash flow from operations, and facilities available to the Group, the Group has sufficient working capital to satisfy its requirements for at least the next 12 months following the date of this circular, in the absence of unforeseeable circumstances.

4. FINANCIAL AND TRADING PROSPECT OF THE GROUP

After an extended period of disruptions and uncertainties, the global economy is steadily returning to stability. Despite growing global optimism, the enduring impacts of geopolitical instability, rising interest rates, and persistent inflation continue to resonate across the world economy. In China, the residential property market has shown continued weakening, evidenced by a sustained decline in both property investment and sales. The downturn in the property market has been driven by cyclical such as slowing income growth during the pandemic and structural factors, including shrinkage of the working-age population in China, diminishing returns on investments, and slower growth in total factor productivity. The slump has hit household and business confidence, holding back domestic growth. Consequently, the Group has reported significant valuation losses on properties to align with the prevailing market conditions.

The Chinese government has recently implemented comprehensive measures to support its property sector. These measures include directing local governments to purchase unsold homes from struggling developers and easing regulations on property purchases. The Group will diligently monitor the situation and take necessary steps to maintain its competitive edge and capitalize on forthcoming opportunities. Furthermore, the Group will proactively pursue investment prospects in various properties and divest from non-core assets to fortify its financial resources and capabilities for future property development and trading.

For the year ahead, both challenges and opportunities coexist. The Group recognizes the presence of both challenges and opportunities. The Group will persist in evaluating its property portfolio with the objective of improving returns and consequently boosting capital values.

The following is the text of a letter, a valuation summary and valuation certificates prepared for the purpose of incorporation in this circular received from Vincorn Consulting and Appraisal Limited, an independent valuer, in connection with its valuation of the property interests to be disposed of by the Group. Terms defined in this appendix applies to this appendix only.

Vincorn Consulting and Appraisal Limited
Units 1602-4, 16/F
308 Central Des Voeux
No. 308 Des Voeux Road Central
Hong Kong



The Board of Directors

Million Cities Holdings Limited
Room D, 21/F., Block 1,
Tai Ping Industrial Centre,
No. 57 Ting Kok Road,
Tai Po, New Territories,
Hong Kong

30 July 2024

Dear Sirs,

INSTRUCTION AND VALUATION DATE

We refer to your instructions for us to assess the Market Values of the property interests located in The People's Republic of China (“**The PRC**”) to be disposed of by Million Cities Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) for the purposes of public disclosure. We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary in order to provide you with our opinion of the Market Values of the property interests as at 31 May 2024 (the “**Valuation Date**”).

VALUATION STANDARDS

The valuation has been prepared in accordance with the HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors effective from 31 December 2020 with reference to the International Valuation Standards published by the International Valuation Standards Council effective from 31 January 2022; and the requirements set out in the Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

VALUATION BASIS

Our valuation has been undertaken on the basis of Market Value. Market Value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowances have been made for any charges, mortgages or amounts owing on the property interests, nor for any expenses or taxations which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect the values of the property interests.

As the property interests are held under long term land use rights, we have assumed that the owner has free and uninterrupted rights to use the property interests for the whole of the unexpired term of the land use rights.

VALUATION METHODOLOGY

There are three generally accepted approaches to value property interests, namely Market Approach, Income Approach and Cost Approach.

Market Approach is universally considered as the most accepted valuation approach for valuing most forms of property. This involves the analysis of recent market evidence of similar properties to compare with the subject under valuation. Each comparable is analysed on the basis of its unit rate; each attribute of the comparables is then compared with the subject and where there are any differences, the unit rate is adjusted in order to arrive at the appropriate unit rate for the subject. This is done by making percentage adjustments to the unit rate for various factors, such as time, location, building age, building quality and so on.

When valuing the property interests, we have adopted Market Approach, but not Income Approach nor Cost Approach, as there are sufficient comparables located in the vicinity.

LAND TENURE AND TITLE INVESTIGATION

We have been provided with copies of documents in relation to the titles of the property interests. However, we have not scrutinized the original documents to verify ownership or to verify any amendments, which may not appear on the copies handed to us. We have relied to a considerable extent on information provided by the Group.

We have relied on the advices given by The PRC legal adviser of the Group, Jincheng Tongda & Neal Law Firm, regarding the titles of the property interests in The PRC. We do not accept liability for any interpretation that we have placed on such information, which is more properly placed within the sphere of the legal adviser.

All legal documents disclosed in this letter, the valuation summary and the valuation certificates are for reference only. No responsibility is assumed for any legal matters concerning the legal titles to the property interests set out in this letter, the valuation summary and the valuation certificates.

INFORMATION SOURCES

We have relied to a considerable extent on information provided by the Group and the legal adviser in respect of the titles of the property interests in The PRC. We have also accepted advice given to us on matters such as identification of the properties, particulars of occupancy, areas and all other relevant matters. Dimensions, measurements and areas included in the valuation are based on information contained in the documents provided to us and are, therefore, only approximations.

We have also been advised by the Group that no material factors or information have been omitted or withheld from information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of information provided to us by the Group which is material to the valuation.

INSPECTION AND INVESTIGATIONS

The properties were inspected externally and internally. Although not all areas were accessible for viewing at the time of inspection, we have endeavoured to inspect all areas of the properties. Investigations were carried out as necessary. Our investigations have been conducted independently and without influence from any third party in any manner.

We have not tested any services of the properties and are therefore unable to report on their present conditions. We have not undertaken any structural surveys of the properties and are therefore unable to comment on the structural conditions. We have not carried out any investigations on site to determine the suitability of the ground conditions for any future developments. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be required.

We have not carried out any on-site measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the documents or deduced from the plans are correct. All documents and plans have been used as reference only and all dimensions, measurements and areas are therefore approximations.

CURRENCY

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (“RMB”).

The valuation summary and the valuation certificates are attached hereto.

Yours faithfully,
For and on behalf of
Vincorn Consulting and Appraisal Limited

Vincent Cheung
BSc(Hons) MBA FHKIS FRICS RPS(GP)
MCIREA MHKSI MISCM MHIREA FHKIoD
RICS Registered Valuer
Registered Real Estate Appraiser & Agent PRC
Managing Director

Note:

Vincent Cheung is a fellow of the Hong Kong Institute of Surveyors, a fellow of the Royal Institution of Chartered Surveyors, a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong Special Administrative Region (“Hong Kong”), a member of China Institute of Real Estate Appraisers and Agents, a member of Hong Kong Securities and Investment Institute, a member of Institute of Shopping Centre Management, a member of Hong Kong Institute of Real Estate Administrators, a fellow of the Hong Kong Institute of Directors, a Registered Valuer of the Royal Institution of Chartered Surveyors and a Registered Real Estate Appraiser and Agent People’s Republic of China. He is suitably qualified to carry out the valuation and has over 26 years of experience in the valuation of fixed and intangible assets of this magnitude and nature in the subject region.

VALUATION SUMMARY

Group 1 — Property Interests for Sale to be Disposed of by the Group in The PRC

No.	Property	Market Value as at 31 May 2024	Interest Attributable to the Group Before Disposal	Market Value as at 31 May 2024 Attributable to the Group Before Disposal
1	A Portion of Phases 1, 2, 3 and 4 of Million Cities Tycoon Place, No. 123 Jiahe Road, Wuqing District, Tianjin, The PRC	RMB143,200,000	55%	RMB78,760,000
2	A Portion of Legend Plaza, South of Jiahe Road, Xiazhuang Street, Wuqing District, Tianjin, The PRC	RMB368,400,000	55%	RMB202,620,000
	Sub-total:	<u>RMB511,600,000</u>		<u>RMB281,380,000</u>

Group 2 — Property Interests for Investment to be Disposed of by the Group in The PRC

No.	Property	Market Value as at 31 May 2024	Interest Attributable to the Group Before Disposal	Market Value as at 31 May 2024 Attributable to the Group Before Disposal
3	A Shop Located at No. 159 Jiahe Road, Wuqing District, Tianjin, The PRC	RMB800,000	55%	RMB440,000
4	Units 3, 6, 16 and 17 and Units in Zones 2 and 5 on Level 1 and Units in Zone 15 on Level 2 of Block 11 of Legend Plaza, South of Jiahe Road, Xiazhuang Street, Wuqing District, Tianjin, The PRC	RMB28,200,000	55%	RMB15,510,000
	Sub-total:	<u>RMB29,000,000</u>		<u>RMB15,950,000</u>
	Total:	<u>RMB540,600,000</u>		<u>RMB297,330,000</u>

VALUATION CERTIFICATE

Group 1 — Property Interests for Sale to be Disposed of by the Group in The PRC

Property 1	Description and Tenure	Occupancy Particulars	Market Value as at 31 May 2024
A Portion of Phases 1, 2, 3 and 4 of Million Cities Tycoon Place, No. 123 Jiahe Road, Wuqing District, Tianjin, The PRC	<p>The property comprises the unsold portions of Phases 1, 2, 3 and 4 of a residential development, known as Million Cities Tycoon Place, located at No. 123 Jiahe Road, Wuqing District, Tianjin, The PRC.</p> <p>As per the Real Estate Title Certificates, the master site has a total site area of approximately 159,882.10 square metre (“sq.m.”). As per the information provided by the Group, the property comprises a clubhouse, 35 retail units, 16 villas and 1,259 carparking spaces with a total gross floor area (“GFA”) of approximately 48,949.51 sq.m. It was completed in about 2017.</p> <p>The land use rights of the master site were granted for various terms expiring on 29 October 2082 and 29 October 2052 for residential and commercial uses respectively.</p>	<p>As per our on-site inspection and information provided by the Group, the property is currently vacant.</p>	<p>RMB143,200,000 (RENMINBI ONE HUNDRED FORTY THREE MILLION AND TWO HUNDRED THOUSAND)</p> <p>55% Interest Attributable to the Group Before Disposal:</p> <p>RMB78,760,000 (RENMINBI SEVENTY EIGHT MILLION SEVEN HUNDRED AND SIXTY THOUSAND)</p>

Notes:

- The property was inspected by Ines Wang *Probationer of RICS* on 15 March 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser & Agent PRC* and Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC*.

3. Pursuant to a State-owned Land Use Rights Grant Contract, entered into between Tianjin State-owned Land Resources and Housing Administration Bureau Wuqing District State-owned Land Resources Branch and Million Cities Jianji Real Estate (Tianjin) Company Limited, the land use rights of the master site with a site area of 159,882.10 sq.m. were granted to Million Cities Jianji Real Estate (Tianjin) Company Limited for a term of 70 years for residential uses at a consideration of RMB239,900,000.

Details of the State-owned Land Use Rights Grant Contract are listed as follows:

Contract No.	Date of Issue	Permitted Use	Land Use Rights Term	Consideration (RMB)	Site Area (sq.m.)
TJ11182012045	2 August 2012	Residential	70 Years	239,900,000	159,882.10

4. Pursuant to a Real Estate Title Certificate, issued by the People's Government of Tianjin and Tianjin State-owned Land Resources and Housing Administration Bureau, the land use rights of the master site with a site area of 159,882.10 sq.m. were granted to Million Cities Jianji Real Estate (Tianjin) Company Limited for various terms expiring on 29 October 2082 and 29 October 2052 for residential and commercial uses respectively.

Details of the Real Estate Title Certificate are listed as follows:

Certificate No.	Date of Issue	Permitted Use	Land Use Rights Expiry Date	Site Area (sq.m.)
Fang Di Zheng Jin Zi Di No. 122051500530	25 August 2015	Residential Commercial	29 October 2082 29 October 2052	159,882.10

5. Pursuant to four Real Estate Title Certificates, issued by Tianjin State-owned Land Resources and Housing Administration Bureau, the land use rights of the master site with a site area of 159,882.10 sq.m. and the building ownership rights of a portion of the subject development with a total GFA of 94,733.70 sq.m. were vested in Million Cities Jianji Real Estate (Tianjin) Company Limited.

Details of the Real Estate Title Certificates are listed as follows:

Certificate No.	Date of Issue	Land Use Rights Expiry Date	GFA (sq.m.)
Jin (2018) Wu Qing Qu Bu Dong Chan Quan Di No. 1005107	31 January 2018	29 October 2082	24,254.47
Jin (2018) Wu Qing Qu Bu Dong Chan Quan Di No. 1005108	31 January 2018	29 October 2082	22,328.90
Jin (2021) Wu Qing Qu Bu Dong Chan Quan Di No. 7257973	1 October 2021	29 October 2082	33,901.25
Jin (2021) Wu Qing Qu Bu Dong Chan Quan Di No. 7257974	1 October 2021	29 October 2082	14,249.08
		Total	94,733.70

6. The general description and market information of the property are summarized below:

Location	:	The property is located at No. 123 Jiahe Road, Wuqing District, Tianjin, The PRC.
Transportation	:	Tianjin Binhai International Airport, Tianjin South Railway Station and Tianjin Railway Station are located approximately 40 kilometres, 40 kilometres and 30 kilometres away from the property respectively.
Nature of Surrounding Area	:	The area is predominately a residential area in Wuqing District.

7. In the course of our valuation of Market Value of the property, we have considered and analysed villa, retail and car parking space sale comparables.

The villa sale comparables collected on an exhaustive basis are considered relevant to the property in terms of property type, location and building age. A total of four villa sale comparables located in Wuqing District have been identified and analysed. The unit rates of the adopted villa sale comparables range from RMB9,980 to RMB11,771 per sq.m. on the basis of gross floor area. The following table shows the details of villa sale comparables with the adopted adjustments.

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Development	Biguiyuan Tinghu	Xiangshuli	Xinyuan Tangquanshijia	Huayangnian Jiatianxia
District	Wuqing District	Wuqing District	Wuqing District	Wuqing District
City	Tianjin	Tianjin	Tianjin	Tianjin
Year of Completion	2016	2018	2021	2017
Property Type	Villa	Villa	Villa	Villa
Unit Size (sq.m.)	198	175	175	196
Handover Standard	Bareshell	Fitted out	Fitted out	Bareshell
View	Building	Building	Building	Building
Nature	Offer	Offer	Offer	Offer
Achievable Unit Rate (RMB/sq.m.)	11,507	11,771	10,857	9,980

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Adjustment				
Discount on Offer Price	-5.0%	-5.0%	-5.0%	-5.0%
Location	0.0%	15.0%	15.0%	0.0%
Building Age	0.3%	-0.3%	-1.2%	0.0%
Building Quality	0.0%	0.0%	0.0%	0.0%
View	0.0%	0.0%	0.0%	0.0%
Size	0.1%	-0.1%	-0.1%	0.1%
Ancillary Facilities	0.0%	0.0%	0.0%	0.0%
Handover Standard	0.0%	-10.0%	-10.0%	0.0%
Adjusted Unit Rate (RMB/sq.m.)	10,976	11,525	10,534	9,489

Adjustments in terms of different aspects, including discount on offer price, location, building age, building quality, view, size, ancillary facilities and handover standard have been made to the unit rates of the adopted comparables. After due adjustments in terms of the aforesaid aspects, the adjusted unit rates of the adopted villa sale comparables range from RMB9,489 to RMB11,525 per sq.m. on the basis of gross floor area. The adopted unit rate of the typical villa of the property is RMB10,600 per sq.m. on the basis of gross floor area.

The retail sale comparables collected on an exhaustive basis are considered relevant to the property in terms of property type, location and floor level. A total of four retail sale comparables located in Wuqing District and situated on Level 1 have been identified and analysed. The unit rates of the adopted retail sale comparables range RMB8,650 to RMB12,847 on the basis of gross floor area. The following table shows the details of retail sale comparables with the adopted adjustments:

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Development	Yuanyang Xiangnai	Baoli Shangheyaxong	Junli Huayuan	Huabeicheng
District	Wuqing District	Wuqing District	Wuqing District	Wuqing District
City	Tianjin	Tianjin	Tianjin	Tianjin
Year of Completion	2017	2008	2011	2009
Property Type	Retail	Retail	Retail	Retail
Unit Size (sq.m.)	192	127	266	144
Floor Level	Level 1	Level 1	Level 1	Level 1
Nature	Offer	Offer	Offer	Offer
Achievable Unit Rate (RMB/sq.m.)	10,417	9,449	8,650	12,847
Adjustment				
Location	-10.0%	-10.0%	-10.0%	-20.0%
Building Age	0.0%	2.7%	1.8%	2.4%
Building Quality	0.0%	-3.0%	0.0%	-3.0%
Access	0.0%	0.0%	0.0%	0.0%
Ancillary Facilities	0.0%	0.0%	0.0%	0.0%
Adjusted Unit Rate (RMB/sq.m.)	9,375	8,472	7,925	10,209

Adjustments in terms of different aspects, including location, building age, building quality access and ancillary facilities, have been made to the unit rates of the adopted comparables. After due adjustments in terms of the aforesaid aspects, the adjusted unit rates of the adopted retail sale comparables range from RMB7,925 to RMB10,209 per sq.m. on the basis of gross floor area. The adopted unit rate of the typical retail unit and the clubhouse of the property is RMB9,000 per sq.m. on the basis of gross floor area.

The car parking space sale comparables collected on an exhaustive basis are considered relevant to the proposed development of the property in terms of property type, location and building age. A total of three car parking space sale comparables located in Tianjin (outside of city centre) have been identified and analysed. The unit rates of the adopted car parking space sale comparables range from RMB25,000 to RMB41,000 per space. The following table shows the details of car parking space sale comparables with the adopted adjustments:

	Comparable 1	Comparable 2	Comparable 3
Development	Binlanyuan	Binshang Huayuan	Jinyunyuefu
District	Beichen District	Binhai New District	Wuqing District
City	Tianjin	Tianjin	Tianjin
Year of Completion	2022	2011	2022
Property Type	Carparking Space	Carparking Space	Carparking Space
Nature	Offer	Offer	Sale
Achievable Unit Rate (RMB/space)	25,000	41,000	30,000
Adjustment			
Location	0.0%	0.0%	0.0%
Building Age	-1.5%	1.8%	-1.5%
Access	0.0%	0.0%	0.0%
Adjusted Unit Rate (RMB/space)	24,625	41,738	29,550

Adjustments in terms of different aspects, including location, building age and access, have been made to the unit rates of the adopted comparables. After due adjustments in terms of the aforesaid aspects, the adjusted unit rates of the adopted carparking space sale comparables range from RMB24,625 to RMB41,738 per space. The adopted unit rate of the typical carparking space of the property is RMB30,000 per space.

8. We have been provided with a legal opinion regarding the property by Jincheng Tongda & Neal Law Firm, which contains, *inter alia*, the following:
- (a) Million Cities Jianji Real Estate (Tianjin) Company Limited has obtained the state-owned land use rights of the master site by the way of grant;
 - (b) Million Cities Jianji Real Estate (Tianjin) Company Limited has obtained the Tianjin Commodity House Sale Consents for Phases 1, 2, 3 and 4 (Blocks 1 to 63, 65 and 66) of the subject development;
 - (c) The real estate titles of the subject development held by Million Cities Jianji Real Estate (Tianjin) Company Limited are not subject to any mortgage, dispute or seizure.

Property 2	Description and Tenure	Occupancy Particulars	Market Value as at 31 May 2024
A Portion of Legend Plaza, South of Jiahe Road, Xiazhuang Street, Wuqing District, Tianjin, The PRC	The property comprises the unsold portions of a commercial development, known as Legend Plaza, located at South of Jiahe Road, Xiazhuang Street, Wuqing District, Tianjin, The PRC.	As per our on-site inspection and information provided by the Group, the property is currently vacant.	RMB368,400,000 (RENMINBI THREE HUNDRED SIXTY EIGHT MILLION AND FOUR HUNDRED THOUSAND)
	As per the Real Estate Title Certificates, the master site has a site area of approximately 39,756.30 sq.m. As per the information provided by the Group, the property comprises 391 carparking spaces, 828 business apartment units and 39 retail units with a total GFA of approximately 76,770.01 sq.m. It was completed in about 2022.		55% Interest Attributable to the Group Before Disposal:
	The land use rights of the master site were granted for a term expiring on 13 June 2053 for commercial uses.		RMB202,620,000 (RENMINBI TWO HUNDRED TWO MILLION SIX HUNDRED AND TWENTY THOUSAND)

Notes:

1. The property was inspected by Ines Wang *Probationer of RICS* on 15 March 2024.
2. The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser & Agent PRC* and Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC*.

3. Pursuant to a State-owned Land Use Rights Grant Contract, entered into between Tianjin State-owned Land Resources and Housing Administration Bureau Wuqing District State-owned Land Resources Branch and Million Cities Jianji Real Estate (Tianjin) Company Limited, the land use rights of the master site with a site area of 39,756.30 sq.m. were granted to Million Cities Jianji Real Estate (Tianjin) Company Limited for a term of 40 years for commercial uses at a consideration of RMB60,000,000.

Details of the State-owned Land Use Rights Grant Contract are listed as follows:

Contract No.	Date of Issue	Permitted Use	Land Use Rights Term	Consideration (RMB)	Site Area (sq.m.)
TJ11182013013	12 March 2013	Commercial	40 Years	60,000,000	39,756.30

4. Pursuant to a Real Estate Title Certificate, issued by the People's Government of Tianjin and Tianjin State-owned Land Resources and Housing Administration Bureau, the land use rights of the master site with a site area of 39,756.30 sq.m. were granted to Million Cities Jianji Real Estate (Tianjin) Company Limited for a term expiring on 13 June 2053 for commercial uses.

Details of the Real Estate Title Certificate are listed as follows:

Certificate No.	Date of Issue	Permitted Use	Land Use Rights Expiry Date	Site Area (sq.m.)
Fang Di Zheng Jin Zi Di No. 122051300646	21 November 2013	Commercial	13 June 2053	39,756.30

5. Pursuant to a Real Estate Title Certificate, issued by Tianjin Planning and Natural Resources Bureau, the land use rights of the master site with a site area of 39,756.30 sq.m. and the building ownership rights of a portion of the subject development with a total GFA of 24,282.31 sq.m. were vested in Million Cities Jianji Real Estate (Tianjin) Company Limited.

Details of the Real Estate Title Certificate are listed as follows:

Certificate No.	Date of Issue	Land Use Rights Expiry Date	GFA (sq.m.)
Jin (2022) Wu Qing Qu Bu Dong Chan Quan Di No. 1513945	7 September 2022	13 June 2053	24,282.31

6. The general description and market information of the property are summarized below:

Location	:	The property is located at south of Jiahe Road, Xiazhuang Street, Wuqing District, Tianjin, The PRC.
Transportation	:	Tianjin Binhai International Airport, Tianjin South Railway Station and Tianjin Railway Station are located approximately 40 kilometres, 40 kilometres and 30 kilometres away from the property respectively.
Nature of Surrounding Area	:	The area is predominately a residential area in Wuqing District.

7. In the course of our valuation of market value of the property, we have considered and analysed business apartment, retail and car parking space sale comparables.

The business apartment sale comparables collected on an exhaustive basis are considered relevant to the property in terms of property type, location and building age. A total of four business apartment sale comparables located in Wuqing District have been identified and analysed. The unit rates of the adopted business apartment sale comparables range from RMB4,638 to RMB5,313 per sq.m. on the basis of gross floor area. The following table shows the details of villa sale comparables with the adopted adjustments.

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Development	Dongchen Guangchang	Fuxinglingyu	Jinyuanlidu	Lantian Gongyu
District	Wuqing District	Wuqing District	Wuqing District	Wuqing District
City	Tianjin	Tianjin	Tianjin	Tianjin
Year of Completion	1994	2020	2000	2000
Property Type	Business Apartment	Business Apartment	Business Apartment	Business Apartment
Unit Size (sq.m.)	44.94	69	89.58	128
Handover Standard	Fitted out	Bareshell	Fitted out	Fitted out
Nature	Offer	Offer	Offer	Offer
Achievable Unit Rate (RMB/sq.m.)	4,895	4,638	4,889	5,313

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Adjustment				
Location	-10.0%	0.0%	0.0%	0.0%
Building Age	8.4%	0.6%	6.6%	6.6%
Building quality	0.0%	0.0%	0.0%	0.0%
Access	0.0%	0.0%	0.0%	0.0%
Ancillary Facilities	0.0%	0.0%	0.0%	0.0%
Size	-1.2%	0.0%	1.0%	3.0%
Handover Standard	-3.0%	0.0%	-3.0%	-3.0%
Adjusted Unit Rate (RMB/sq.m.)	4,578	4,666	5,108	5,656

Adjustments in terms of different aspects, including location, building age, building quality, access, ancillary facilities, size and handover standard have been made to the unit rates of the adopted comparables. After due adjustments in terms of the aforesaid aspects, the adjusted unit rates of the adopted business apartment sale comparables range from RMB4,578 to RMB5,656 per sq.m. on the basis of gross floor area. The adopted unit rate of the typical business apartment of the property is RMB5,000 per sq.m. on the basis of gross floor area.

The retail sale comparables collected on an exhaustive basis are considered relevant to the property in terms of property type, location and floor level. A total of four retail sale comparables located in Wuqing District and situated on Level 1 have been identified and analysed. The unit rates of the adopted retail sale comparables range RMB8,650 to RMB12,847 on the basis of gross floor area. The following table shows the details of retail sale comparables with the adopted adjustments:

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Development	Yuanyang Xiangnai	Baoli Shangheyaxong	Junli Huayuan	Huabeicheng
District	Wuqing District	Wuqing District	Wuqing District	Wuqing District
City	Tianjin	Tianjin	Tianjin	Tianjin
Year of Completion	2017	2008	2011	2009
Property Type	Retail	Retail	Retail	Retail
Unit Size (sq.m.)	192	127	266	144
Floor Level	Level 1	Level 1	Level 1	Level 1
Nature	Offer	Offer	Offer	Offer
Achievable Unit Rate (RMB/sq.m.)	10,417	9,449	8,650	12,847
Adjustment				
Location	-10.0%	-10.0%	-10.0%	-20.0%
Building Age	1.2%	3.9%	3.0%	3.6%
Building Quality	0.0%	-3.0%	0.0%	-3.0%
Access	0.0%	0.0%	0.0%	0.0%
Ancillary Facilities	0.0%	0.0%	0.0%	0.0%
Adjusted Unit Rate (RMB/sq.m.)	9,488	8,571	8,018	10,328

Adjustments in terms of different aspects, including location, building age, building quality, access and ancillary facilities, have been made to the unit rates of the adopted comparables. After due adjustments in terms of the aforesaid aspects, the adjusted unit rates of the adopted retail sale comparables range from RMB8,018 to RMB10,328 per sq.m. on the basis of gross floor area. The adopted unit rate of the typical retail units on Level 1 and Level 2 of the property are RMB9,000 per sq.m. and RMB5,000 per sq.m. respectively on the basis of gross floor area.

The car parking space sale comparables collected on an exhaustive basis are considered relevant to the proposed development of the property in terms of property type, location and building age. A total of three car parking space sale comparables located in Tianjin (outside of city centre) have been identified and analysed. The unit rates of the adopted car parking space sale comparables range from RMB25,000 to RMB41,000 per space. The following table shows the details of car parking space sale comparables with the adopted adjustments:

	Comparable 1	Comparable 2	Comparable 3
Development	Binlanyuan	Binshang Huayuan	Jinyunyuefu
District	Beichen District	Binhai New District	Wuqing District
City	Tianjin	Tianjin	Tianjin
Year of Completion	2022	2011	2022
Property Type	Carparking Space	Carparking Space	Carparking Space
Nature	Offer	Offer	Sale
Achievable Unit Rate (RMB/space)	25,000	41,000	30,000
Adjustment			
Location	0.0%	0.0%	0.0%
Building Age	0.0%	3.3%	0.0%
Access	0.0%	0.0%	0.0%
Adjusted Unit Rate (RMB/space)	25,000	42,353	30,000

Adjustments in terms of different aspects, including location, building age and access, have been made to the unit rates of the adopted comparables. After due adjustments in terms of the aforesaid aspects, the adjusted unit rates of the adopted carparking space sale comparables range from RMB25,000 to RMB42,353 per space. The adopted unit rate of the typical carparking space of the property is RMB30,000 per space.

8. We have been provided with a legal opinion regarding the property by Jincheng Tongda & Neal Law Firm, which contains, *inter alia*, the following:
- (a) Million Cities Jianji Real Estate (Tianjin) Company Limited has obtained the state-owned land use rights of the master site by the way of grant;
 - (b) Million Cities Jianji Real Estate (Tianjin) Company Limited has obtained the Tianjin Commodity House Sale Consents for Phases 1 and 2 (Blocks 1 to 13) of the subject development;
 - (c) The real estate titles of the subject development held by Million Cities Jianji Real Estate (Tianjin) Company Limited are not subject to any mortgage, dispute or seizure.

Group 2 — Property Interests for Investment to be Disposed of by the Group in The PRC

Property 3	Description and Tenure	Occupancy Particulars	Market Value as at 31 May 2024
A Shop Located at No. 159 Jiahe Road, Wuqing District, Tianjin, The PRC	<p>The property comprises a retail unit of a residential development, known as Million Cities Tycoon Place, located at No. 123 Jiahe Road, Wuqing District, Tianjin, The PRC.</p> <p>As per the Real Estate Title Certificates, the master site has a total site area of approximately 159,882.10 sq.m.. As per the information provided by the Group, the property has a GFA of approximately 93.60 sq.m. It was completed in about 2017.</p> <p>The land use rights of the master site were granted for various terms expiring on 29 October 2082 and 29 October 2052 for residential and commercial uses respectively.</p>	<p>As per our on-site inspection and information provided by the Group, the property is currently leased subject to a term of 37 months from 5 March 2024 to 4 April 2027 at a monthly rent of RMB1,250.</p>	<p>RMB800,000 (RENMINBI EIGHT HUNDRED THOUSAND)</p> <p>55% Interest Attributable to the Group Before Disposal:</p> <p>RMB440,000 (RENMINBI FOUR HUNDRED AND FORTY THOUSAND)</p>

Notes:

- The property was inspected by Ines Wang *Probationer of RICS* on 15 March 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser & Agent PRC* and Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC*.
- Pursuant to a State-owned Land Use Rights Grant Contract, entered into between Tianjin State-owned Land Resources and Housing Administration Bureau Wuqing District State-owned Land Resources Branch and Million Cities Jianji Real Estate (Tianjin) Company Limited, the land use rights of the master site with a site area of 159,882.10 sq.m. were granted to Million Cities Jianji Real Estate (Tianjin) Company Limited for a term of 70 years for residential uses at a consideration of RMB239,900,000.

Details of the State-owned Land Use Rights Grant Contract are listed as follows:

Contract No.	Date of Issue	Permitted Use	Land Use Rights Term	Consideration (RMB)	Site Area (sq.m.)
TJ11182012045	2 August 2012	Residential	70 Years	239,900,000	159,882.10

4. Pursuant to a Real Estate Title Certificate, issued by the People's Government of Tianjin and Tianjin State-owned Land Resources and Housing Administration Bureau, the land use rights of the master site with a site area of 159,882.10 sq.m. were granted to Million Cities Jianji Real Estate (Tianjin) Company Limited for various terms expiring on 29 October 2082 and 29 October 2052 for residential and commercial uses respectively.

Details of the Real Estate Title Certificate are listed as follows:

Certificate No.	Date of Issue	Permitted Use	Land Use Rights Expiry Date	Site Area (sq.m.)
Fang Di Zheng Jin Zi Di No. 122051500530	25 August 2015	Residential Commercial	29 October 2082 29 October 2052	159,882.10

5. Pursuant to a Real Estate Title Certificate, the land use rights of the master site area of 159,882.10 sq.m. and the building ownership rights of the property with a total GFA of 93.61 sq.m. were vested in Million Cities Jianji Real Estate (Tianjin) Company Limited for a term expiring on 29 October 2052 for commercial uses.

Details of the Real Estate Title Certificate are listed as follows:

Certificate No.	Land Use Rights Expiry Date	GFA (sq.m.)
Jin (2018) Wu Qing Qu Bu Dong Chan Quan Di No. 1013963	29 October 2052	93.60

6. The general description and market information of the property are summarized below:

Location	: The property is located at No. 123 Jiahe Road, Wuqing District, Tianjin, The PRC.
Transportation	: Tianjin Binhai International Airport, Tianjin South Railway Station and Tianjin Railway Station are located approximately 40 kilometres, 40 kilometres and 30 kilometres away from the property respectively.
Nature of Surrounding Area	: The area is predominately a residential area in Wuqing District.

7. In the course of our valuation of Market Value of the property, we have considered and analysed retail sale comparables.

The retail sale comparables collected on an exhaustive basis are considered relevant to the property in terms of property type, location and floor level. A total of four retail sale comparables located in Wuqing District and situated on Level 1 have been identified and analysed. The unit rates of the adopted retail sale comparables range RMB8,650 to RMB12,847 on the basis of gross floor area. The following table shows the details of retail sale comparables with the adopted adjustments:

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Development	Yuanyang Xiangnai	Baoli Shangheyaxong	Junli Huayuan	Huabeicheng
District	Wuqing District	Wuqing District	Wuqing District	Wuqing District
City	Tianjin	Tianjin	Tianjin	Tianjin
Year of Completion	2017	2008	2011	2009
Property Type	Retail	Retail	Retail	Retail
Unit Size (sq.m.)	192	127	266	144
Floor Level	Level 1	Level 1	Level 1	Level 1
Nature	Offer	Offer	Offer	Offer
Achievable Unit Rate (RMB/sq.m.)	10,417	9,449	8,650	12,847
Adjustment				
Location	-10.0%	-10.0%	-10.0%	-20.0%
Building Age	0.0%	2.7%	1.8%	2.4%
Building Quality	0.0%	-3.0%	0.0%	-3.0%
Access	0.0%	0.0%	0.0%	0.0%
Ancillary Facilities	0.0%	0.0%	0.0%	0.0%
Adjusted Unit Rate (RMB/sq.m.)	9,375	8,472	7,925	10,209

Adjustments in terms of different aspects, including location, building age, building quality, access and ancillary facilities, have been made to the unit rates of the adopted comparables. After due adjustments in terms of the aforesaid aspects, the adjusted unit rates of the adopted retail sale comparables range from RMB7,925 to RMB10,209 per sq.m. on the basis of gross floor area. The adopted unit rate the property is RMB9,000 per sq.m. on the basis of gross floor area.

9. We have been provided with a legal opinion regarding the property by Jincheng Tongda & Neal Law Firm, which contains, *inter alia*, the following:
- (a) Million Cities Jianji Real Estate (Tianjin) Company Limited has obtained the state-owned land use rights of the master site by the way of grant;
 - (b) Million Cities Jianji Real Estate (Tianjin) Company Limited has obtained the Tianjin Commodity House Sale Consents for Phases 1, 2, 3 and 4 (Blocks 1 to 63, 65 and 66) of the subject development;
 - (c) The real estate titles of the subject development held by Million Cities Jianji Real Estate (Tianjin) Company Limited are not subject to any mortgage, dispute or seizure.

Property 4	Description and Tenure	Occupancy Particulars	Market Value as at 31 May 2024								
<p>Units 3, 6, 13 to 15, 16 and 17 and Units in Zones 2 and 5 on Level 1 and Units in Zone 15 on Level 2 of Block 11 of Legend Plaza, South of Jiahe Road, Xiazhuzhuang Street, Wuqing District, Tianjin, The PRC</p>	<p>The property comprises Units 3, 6, 13 to 15, 16 and 17 and Units in Zones 2 and 5 on Level 1 and Units in Zone 15 on Level 2 of a commercial development, known as Block 11 of Legend Plaza, located at South of Jiahe Road, Xiazhuzhuang Street, Wuqing District, Tianjin, The PRC.</p> <p>As per the Real Estate Title Certificate, the master site has a site area of approximately 39,756.30 sq.m. As per the information provided by the Group, the property comprises 9 retail units with a total GFA of approximately 4,480.35 sq.m. It was completed in about 2021.</p> <p>The land use rights of the master site were granted for a term expiring on 13 June 2053 for commercial uses.</p>	<p>As per our on-site inspection and information provided by the Group, the property is currently leased subject to six tenancies with various terms as detailed below:</p> <p><u>Unit 3 on Level 1:</u> 5 years from 15 June 2023 to 14 June 2028 at a monthly rent of RMB8,228.</p> <p><u>Unit 6 on Level 1:</u> 10 years from 15 September 2023 to 14 September 2033. The annual rent is calculated as a percentage of annual revenue of the tenant as follows:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Annual Revenue</th> <th style="text-align: left;">Rent (% of annual revenue)</th> </tr> </thead> <tbody> <tr> <td>≤ RMB2 million</td> <td>5%</td> </tr> <tr> <td>RMB2 million to RMB4 million</td> <td>6%</td> </tr> <tr> <td>> RMB4 million</td> <td>7%</td> </tr> </tbody> </table>	Annual Revenue	Rent (% of annual revenue)	≤ RMB2 million	5%	RMB2 million to RMB4 million	6%	> RMB4 million	7%	<p>RMB28,200,000 (RENMINBI TWENTY EIGHT MILLION AND TWO HUNDRED THOUSAND)</p> <p>55% Interest Attributable to the Group Before Disposal:</p> <p>RMB15,510,000 (RENMINBI FIFTEEN MILLION FIVE HUNDRED AND TEN THOUSAND)</p>
Annual Revenue	Rent (% of annual revenue)										
≤ RMB2 million	5%										
RMB2 million to RMB4 million	6%										
> RMB4 million	7%										

Property 4	Description and Tenure	Occupancy Particulars	Market Value as at 31 May 2024
		<u>Units 13 to 15 on Level 1:</u> 4 years and 3 months from 1 March 2024 to 31 May 2028 at a monthly rent of RMB2,827.62.	
		<u>Units 16 and 17 on Level 1:</u> 3 years from 1 March 2023 to 31 March 2026 at a monthly rent of RMB5,488.02.	
		<u>Units in Zone 2 on Level 1:</u> 5 years from 1 March 2023 to 31 May 2028 at an initial monthly rent of RMB26,626 stepping up at various rates.	
		<u>Units in Zone 5 on Level 1 and Units in Zone 15 on Level 2:</u> 10 years from 1 January 2023 to 31 December 2032 at an initial monthly rent of RMB45,992 stepping up at various rates.	

Notes:

1. The property was inspected by Ines Wang *Probationer of RICS* on 15 March 2024.
2. The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser & Agent PRC* and Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC*.
3. Pursuant to a State-owned Land Use Rights Grant Contract, entered into between Tianjin State-owned Land Resources and Housing Administration Bureau Wuqing District State-owned Land Resources Branch and Million Cities Jianji Real Estate (Tianjin) Company Limited, the land use rights of the master site with a site area of 39,756.30 sq.m. were granted to Million Cities Jianji Real Estate (Tianjin) Company Limited for a term of 40 years for commercial uses at a consideration of RMB60,000,000.

Details of the State-owned Land Use Rights Grant Contract are listed as follows:

Contract No.	Date of Issue	Permitted Use	Land Use Rights Term	Consideration (RMB)	Site Area (sq.m.)
TJ11182013013	12 March 2013	Commercial	40 Years	60,000,000	39,756.30

4. Pursuant to a Real Estate Title Certificate, issued by the People's Government of Tianjin and Tianjin State-owned Land Resources and Housing Administration Bureau, the land use rights of the master site with a site area of 39,756.30 sq.m. were granted to Million Cities Jianji Real Estate (Tianjin) Company Limited for a term expiring on 13 June 2053 for commercial uses.

Details of the Real Estate Title Certificate are listed as follows:

Certificate No.	Date of Issue	Permitted Use	Land Use Rights Expiry Date	Site Area (sq.m.)
Fang Di Zheng Jin Zi Di No. 122051300646	21 November 2013	Commercial	13 June 2053	39,756.30

5. Pursuant to eight Real Estate Title Certificates, the land use rights of the subject site with a site area of 39,756.30 sq.m. and the building ownership rights of a portion of the subject building with a total GFA of 8,323.58 sq.m. were vested in Million Cities Jianji Real Estate (Tianjin) Company Limited for a term for commercial uses.

Details of the Real Estate Title Certificate are listed as follows:

Certificate No.	Date of Issue	Land Use Rights Expiry Date	GFA (sq.m.)
Jin (2022)Wu Qing Qu Bu Dong Chan Quan Di No. 1562002	30 September 2022	13 June 2053	7,606.95
Jin (2022)Wu Qing Qu Bu Dong Chan Quan Di No. 1562003	30 September 2022	13 June 2053	137.88
Jin (2022)Wu Qing Qu Bu Dong Chan Quan Di No. 1562006	30 September 2022	13 June 2053	117.61
Jin (2022)Wu Qing Qu Bu Dong Chan Quan Di No. 1562009	30 September 2022	13 June 2053	119.11
Jin (2022)Wu Qing Qu Bu Dong Chan Quan Di No. 1562010	30 September 2022	13 June 2053	84.75
Jin (2022)Wu Qing Qu Bu Dong Chan Quan Di No. 1562011	30 September 2022	13 June 2053	84.75
Jin (2022)Wu Qing Qu Bu Dong Chan Quan Di No. 1562012	30 September 2022	13 June 2053	84.75
Jin (2022)Wu Qing Qu Bu Dong Chan Quan Di No. 1562013	30 September 2022	13 June 2053	87.78
Total:			8,323.58

6. The general description and market information of the property are summarized below:

Location	:	The property is located at south of Jiahe Road, Xiazhuozhuang Street, Wuqing District, Tianjin, The PRC.
Transportation	:	Tianjin Binhai International Airport, Tianjin South Railway Station and Tianjin Railway Station are located approximately 40 kilometres, 40 kilometres and 30 kilometres away from the property respectively.
Nature of Surrounding Area	:	The area is predominately a residential area in Wuqing District.

7. In the course of our valuation of market value of the property, we have considered and analysed retail sale comparables.

The retail sale comparables collected on an exhaustive basis are considered relevant to the property in terms of property type, location and floor level. A total of four retail sale comparables located in Wuqing District and situated on Level 1 have been identified and analysed. The unit rates of the adopted retail sale comparables range RMB8,650 to RMB12,847 on the basis of gross floor area. The following table shows the details of retail sale comparables with the adopted adjustments:

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Development	Yuanyang Xiangnai	Baoli Shangheyaxong	Junli Huayuan	Huabeicheng
District	Wuqing District	Wuqing District	Wuqing District	Wuqing District
City	Tianjin	Tianjin	Tianjin	Tianjin
Year of Completion	2017	2008	2011	2009
Property Type	Retail	Retail	Retail	Retail
Unit Size (sq.m.)	192	127	266	144
Floor Level	Level 1	Level 1	Level 1	Level 1
Nature	Offer	Offer	Offer	Offer
Achievable Unit Rate (RMB/sq.m.)	10,417	9,449	8,650	12,847
Adjustment				
Location	-10.0%	-10.0%	-10.0%	-20.0%
Building Age	1.2%	3.9%	3.0%	3.6%
Building Quality	0.0%	-3.0%	0.0%	-3.0%
Access	0.0%	0.0%	0.0%	0.0%
Ancillary Facilities	0.0%	0.0%	0.0%	0.0%
Adjusted Unit Rate (RMB/sq.m.)	9,488	8,571	8,018	10,328

Adjustments in terms of different aspects, including location, building age, building quality, access and ancillary facilities, have been made to the unit rates of the adopted comparables. After due adjustments in terms of the aforesaid aspects, the adjusted unit rates of the adopted retail sale comparables range from RMB8,018 to RMB10,328 per sq.m. on the basis of gross floor area. The adopted unit rate of the typical retail units on Level 1 and Level 2 of the property are RMB9,000 per sq.m. and RMB5,000 per sq.m. respectively on the basis of gross floor area.

8. We have been provided with a legal opinion regarding the property by Jincheng Tongda & Neal Law Firm, which contains, *inter alia*, the following:
- (a) Million Cities Jianji Real Estate (Tianjin) Company Limited has obtained the state-owned land use rights of the master site by the way of grant;
 - (b) Million Cities Jianji Real Estate (Tianjin) Company Limited has obtained the Tianjin Commodity House Sale Consents for Phases 1 and 2 (Blocks 1 to 13) of the subject development;
 - (c) The real estate titles of the subject development held by Million Cities Jianji Real Estate (Tianjin) Company Limited are not subject to any mortgage, dispute or seizure.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations

Based on the register kept by the Company, as at the Latest Practicable Date, the interests or short positions of each Directors or chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules, were as follows:

Long positions in the Shares of the Company

Name of Directors	Nature of interests	Number of Shares/ underlying Shares held or interested in	Approximate percentage of the issued share capital of the Company ⁽⁵⁾
Mr. TC Wong ⁽¹⁾⁽³⁾	Beneficiary of a trust	562,500,000	75.0%
Mr. Lau Ka Keung ⁽²⁾⁽³⁾	Beneficial owner	3,000,000	0.4%
	Interest of spouse	562,500,000	75.0%
Mr. Ip Shu Kwan, Stephen ⁽⁴⁾	Beneficial owner	3,000,000	0.4%
	Beneficial owner	1,500,000	0.2%
Mr. Li Yinquan ⁽⁴⁾	Beneficial owner	1,500,000	0.2%
Mr. Li Wa Tat, Benedict	Beneficial owner	8,000	0.001%

Notes:

- Mr. TC Wong is the settlor, the protector and one of the beneficiaries of the Happy Family Trust and therefore he is deemed to be interested in the Shares held by the Happy Family Trust under the SFO.

2. Mr. Lau Ka Keung is the spouse of Ms. Wong Wai Ling, who is one of the beneficiaries of the Happy Family Trust and therefore he is deemed to be interested in the Shares held by the Happy Family Trust under the SFO.
3. Each of Mr. TC Wong and Mr. Lau Ka Keung has a beneficial interest in the share options granted to each of them on 29 March 2019 under the share option scheme of the Company and which, if exercised in full, would result in the issuance of 3,000,000 Shares to each of them.
4. Each of Mr. Ip Shu Kwan, Stephen and Mr. Li Yinquan has a beneficial interest in the share options granted to each of them on 29 March 2019 under the share option scheme of the Company and which, if exercised in full, would result in the issuance of 1,500,000 Shares to each of them.
5. The calculation is based on the total number of issued Shares of 750,000,000 Shares as at the Latest Practicable Date.

Save as disclosed above, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at the Latest Practicable Date as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the SFC under the Model Code.

(b) Substantial Shareholders and other persons' interests in Shares and underlying Shares

Based on the register kept by the Company, as at the Latest Practicable Date, so far as known to the Directors or chief executive of the Company, the following persons or corporations (other than Directors or chief executive of the Company) who had interests and/or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follow:

Long positions in Shares and underlying Shares

Name of person	Nature of interest	Number of Shares held or interested in	Approximate percentage of issued share capital of the Company ⁽⁸⁾
Fortune Speed ⁽¹⁾	Beneficial owner	562,500,000	75.0%
Winnermax Management Limited ⁽¹⁾	Interest in a controlled corporation	562,500,000	75.0%
Happy Family Assets Limited ⁽¹⁾	Interest in a controlled corporation	562,500,000	75.0%
East Asia International Trustees Limited ⁽¹⁾	Trustee of a trust	562,500,000	75.0%
Ms. Wang Kam Chu ⁽²⁾	Interest of spouse	565,500,000	75.4%

Name of person	Nature of interest	Number of Shares held or interested in	Approximate percentage of issued share capital of the Company ⁽⁸⁾
Ms. Wong Wai Ling ⁽³⁾	Beneficiary of a trust	562,500,000	75.0%
Mr. Wong Ting Kau ⁽⁴⁾	Interest of spouse	3,000,000	0.4%
	Beneficiary of a trust	562,500,000	75.0%
Mr. Wong Ting Chun ⁽⁵⁾	Beneficiary of a trust	562,500,000	75.0%
Ms. Chan Ka Wai ⁽⁶⁾	Interest of spouse	562,500,000	75.0%
Ms. Tsoi Suet Ngai ⁽⁷⁾	Interest of spouse	562,500,000	75.0%

Notes:

- Fortune Speed is a company wholly owned by Winnermax Management Limited, which is in turn wholly owned by Happy Family Assets Limited, a company wholly owned by East Asia International Trustees Limited.

East Asia International Trustees Limited is the trustee of Happy Family Trust, a trust established by Mr. TC Wong as the settlor. Accordingly, each of Happy Family Assets Limited, East Asia International Trustees Limited and Winnermax Management Limited, is deemed to be interested in the 562,500,000 Shares held by Fortune Speed under the SFO.

- Ms. Wang Kam Chu is the spouse of Mr. TC Wong and is therefore deemed to be interested in the Shares held, directly or indirectly, by Mr. TC Wong under the SFO.
- Ms. Wong Wai Ling, sister of Mr. TC Wong, is one of the beneficiaries of the Happy Family Trust and therefore she is deemed to be interested in the Shares held by the Happy Family Trust under the SFO. Ms. Wong Wai Ling is also the spouse of Mr. Lau Ka Keung and is therefore deemed to be interested in the Shares held by Mr. Lau Ka Keung under the SFO.
- Mr. Wong Ting Kau, brother of Mr. TC Wong, is one of the beneficiaries of the Happy Family Trust and therefore he is deemed to be interested in the Shares held by the Happy Family Trust under the SFO.
- Mr. Wong Ting Chun, brother of Mr. TC Wong, is one of the beneficiaries of the Happy Family Trust and therefore he is deemed to be interested in the Shares held by the Happy Family Trust under the SFO.
- Ms. Chan Ka Wai is the spouse of Mr. Wong Ting Kau and is therefore deemed to be interested in the Shares held, directly or indirectly, by Mr. Wong Ting Kau under the SFO.
- Ms. Tsoi Suet Ngai is the spouse of Mr. Wong Ting Chun and is therefore deemed to be interested in the Shares held, directly or indirectly, by Mr. Wong Ting Chun under the SFO.
- The calculation is based on the total number of issued Shares of 750,000,000 Shares as at the Latest Practicable Date.

As at the Latest Practicable Date, none of the Directors was a director or an employee of a company who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Company was not notified by any persons (other than Directors or chief executive of the Company as discussed above) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

3. COMPETING INTEREST

So far as the Directors are aware, none of the Directors or their respective close associates had interest in any business which compete or is likely to compete, either directly or indirectly, with the business of the Group as at the Latest Practicable Date.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with the Company, or any of its subsidiaries or associated companies which was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN CONTRACTS OR ASSETS

As at the Latest Practicable Date, save as the Subscription Agreement and the transactions contemplated thereunder,

- (i) there was no contract or arrangement entered into by any member of the Group subsisting in which any Director was materially interested and which was significant in relation to any business of the Group; and
- (ii) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. QUALIFICATION AND CONSENT OF EXPERTS

- (a) The following are the qualifications of the experts who have given their respective opinion or advice for the inclusion in this circular:

Name	Qualification
Vincorn Consulting and Appraisal Limited	Property valuer
Silverbricks Securities Co. Limited	Licensed to type 1 (dealing in securities), type 2 (dealing in futures contracts) and carry out Type 6 (advising on corporate finance) regulated activities under the SFO

- (b) As at the Latest Practicable Date, the above experts had no shareholding in the Company or any other member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any other member of the Group.
- (c) As at the Latest Practicable Date, the above experts had no direct or indirect interests in any assets which has been acquired or disposed of by or leased to any member of the Group since 31 December 2023 (the date to which the latest published audited consolidated financial statements of the Group were made up) or proposed to be so acquired, disposed of or leased to any member of the Group.
- (d) As at the Latest Practicable Date, the above experts had given and have not withdrawn their respective written consent to the issue of this circular with the inclusion herein of their respective reports or letter or their respective name and logo in the form and context in which they respectively appear.

7. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there had been no material adverse change in the financial or trading position of the Company since 31 December 2023, the date to which the latest published audited financial statements of the Company were made up.

8. LITIGATION

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group that would have a material adverse effect on the results of operations or financial conditions of the Group.

9. MATERIAL CONTRACT

Save for the Subscription Agreement, there was no contract (not being contracts entered into in the ordinary course of business) entered into by any member of the Group within the two years immediately preceding the Latest Practicable Date, which is or may be material.

10. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Li Wa Tat, Benedict (“**Mr. Li**”). Mr. Li received his master degree in E-Business from the City University of Hong Kong and his master degree in business administration from the University of Warwick in the United Kingdom. He is also a fellow of The Association of Chartered Certified Accountants, an associate of each of The Hong Kong Institute of Certified Public Accountants, The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.
- (b) The registered office of the Company is at Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (c) The headquarter and principal place of business of the Company in Hong Kong is Unit D, 21/F., Block 1, Tai Ping Industrial Centre, 57 Ting Kok Road, Tai Po, New Territories, Hong Kong.
- (d) In case of any discrepancy, the English text of this circular and the form of proxy shall prevail over the Chinese text.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.millioncities.com.cn) for a period of 14 days from the date of this circular (both days inclusive):

- (a) the Subscription Agreement;
- (b) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 20 to 21 of this circular;
- (c) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 22 to 47 of this circular;
- (d) the property valuation report, the text of which is set out in Appendix II to this circular;
- (e) the written consents referred to in the paragraph headed “6. QUALIFICATION AND CONSENT OF EXPERTS” in this appendix; and
- (f) this circular.

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Million Cities Holdings Limited (the “**Company**”) will be held at Unit D, 21/F, Block 1, Tai Ping Industrial Centre, 57 Ting Kok Road, Tai Po, New Territories, Hong Kong on Monday, 19 August 2024 at 10:30 a.m. to consider and, if thought fit, pass the following ordinary resolution (with or without modification):

Capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 30 July 2024 to the Shareholders (the “**Circular**”) unless otherwise specified.

ORDINARY RESOLUTION

“**THAT:**

- (a) the Subscription Agreement (a copy of the Subscription Agreement marked “**A**” and signed by the chairman of this meeting for identification purpose is produced to this meeting) and all transactions contemplated thereunder and in connection therewith and any other agreements or documents in connection therewith be and are hereby approved, confirmed and ratified; and
- (b) any one Director be and is hereby authorised for and on behalf of the Company to do all such acts, deeds and things and to sign, execute and deliver all such documents (including the affixation of the common seal of the Company where required) as he may, in his absolute discretion, consider necessary, desirable or appropriate to give effect, implement and complete any matters relating to or in connection with paragraph (a) of this resolution.”

Yours faithfully,
By order of the Board
Million Cities Holdings Limited
Wong Ting Chung
Chairman and executive Director

Hong Kong, 30 July 2024

NOTICE OF EGM

Registered office:
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Unit D, 21/F/. Block 1
Tai Ping Industrial Centre
57 Ting Kok Road
Tai Po, New Territories, Hong Kong

Notes:

1. For the purpose of determining the eligibility of the shareholders of the Company to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 14 August 2024 to Monday, 19 August 2024, both days inclusive. During such period, no transfer of the Shares will be registered. In order to be entitled to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 13 August 2024.
2. Any Shareholder entitled to attend and vote at the EGM is entitled to appoint another person as his or her proxy to attend and vote on behalf of him or her. A Shareholder who is the holder of two or more Shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a Shareholder.
3. Where there are joint registered Shareholders, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such Shares as if he or she was solely entitled to do so. However, if more than one of such joint Shareholders be present at any meeting personally or by proxy, the joint holder whose name stands first on the register of members of the Company in respect of the relevant joint holding shall alone be entitled to vote in respect of such joint holding.
4. In order to be effective, the proxy form in prescribed form together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting no later than 10:30 a.m. on Thursday, 15 August 2024 (Hong Kong time, excluding Hong Kong Public holidays), or adjournment thereof.
5. If typhoon signal No. 8 or above, or a black rainstorm warning is in effect at 7:30 a.m. on the date of the EGM, the meeting will be postponed. The Company will post an announcement on its website (www.millioncities.com.cn) and designated website of the Stock Exchange (www.hkexnews.hk) to notify Shareholders of the date, time and place of the rescheduled meeting.