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萬城

MILLION CITIES

萬城控股有限公司

MILLION CITIES HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2892)

**DISCLOSEABLE TRANSACTION —
ACQUISITION OF EQUITY INTEREST IN THE PROJECT COMPANY**

THE AGREEMENT

Reference is made to the Financial Assistance Announcements, as disclosed, the Borrower and the Lender, an indirect wholly-owned subsidiary of the Company, would negotiate the transfer of 30% equity interest in the Project Company from the Borrower to the Group for development of the Project.

The Board is pleased to announce that on 12 October 2020 (after trading hours), the Lender, the Borrower and the Project Company entered into the Agreement pursuant to which the Borrower, as seller, has agreed to sell and the Lender, as purchaser, has agreed to acquire 30% equity interest in the Project Company at the Consideration of approximately RMB158.8 million (equivalent to approximately HK\$179.4 million). As the Borrower made the Partial Payment prior to the Lender granting the Loan to the Borrower, in addition to the Consideration, the Borrower and the Lender agreed that the Lender shall pay the Interest Payment to the Borrower pursuant to the Agreement.

LISTING RULES IMPLICATIONS

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

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The Board is pleased to announce that on 12 October 2020 (after trading hours), the Lender, the Borrower and the Project Company entered into the Agreement.

The principal terms of the Agreement are as follows:

Date: 12 October 2020

Parties: (1) The Borrower;
(2) The Lender; and
(3) The Project Company.

Subject matter: The Borrower, as seller, has agreed to sell and the Lender, as purchaser, has agreed to acquire 30% equity interest in the Project Company

Consideration: Approximately RMB158.8 million (equivalent to approximately HK\$179.4 million), which was determined based on 30% of the land acquisition cost of the Land Parcel.

In addition to the Consideration, as the Borrower made the Partial Payment prior to the Lender granting the Loan to the Borrower, the Borrower and the Lender agreed that the Lender shall pay the Interest Payment to the Borrower.

Payment term: The Loan due from the Borrower to the Lender shall be applied to set-off the Consideration payable by the Lender to the Borrower.

The Interest Payment shall be paid to the Borrower within 10 business days after the signing of the Agreement.

Completion: Completion shall take place on the date when the updated business license, which reflects the equity holding of the Project Company as to 30% by the Lender and 70% by the Borrower, is granted by the relevant government authority of the PRC.

Upon completion, the Project Company will be owned as to 30% by the Lender and 70% by the Borrower. As such, the Company will indirectly hold 30% equity interest of the Project Company and the financial results of the Project Company will not be consolidated into the financial statements of the Group.

INFORMATION OF THE PARTIES TO THE AGREEMENT

The Lender is an investment holding company and an indirect wholly-owned subsidiary of the Company.

The Borrower is a limited liability company established in the PRC principally engaged in property development.

The Project Company is a limited liability company established in the PRC principally engaged in property development. It is a wholly-owned subsidiary of the Borrower as at the date of this announcement. As set out in the Financial Assistance Announcements, the Borrower is an indirect wholly-owned subsidiary of Logan Property Holdings Company Limited (“Logan”), a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange (stock code: 3380). To the best of the Directors’ knowledge, information and belief after making all reasonable enquiries, the Project Company, the Borrower, its parent company (i.e. Logan) and its connected persons and the controlling shareholders thereof are Independent Third Parties.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

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

The Borrower obtained the Land Parcel in September 2020 and the Project Company has obtained the title documents of the Land Parcel on 21 September 2020. The Directors are of the view that the cooperation with the Borrower for the development of the Project would increase the land bank of the Group in Huizhou and leverage the local market intelligence and expertise in property development industry of the Borrower.

The terms of the Agreement have been arrived at after arm's length negotiation between the Parties. The Directors are of the view that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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DEFINITIONS

“Agreement”	the equity transfer and cooperation agreement dated 12 October 2020 and entered into between the Borrower, the Lender and the Project Company, regarding, among others, the transfer of 30% equity interest in the Project Company from the Borrower to the Lender
“Board”	the board of Directors
“Borrower”	Shenzhen Longguang Real Estate Company Limited* (深圳市龍光房地產有限公司), a limited liability company established in the PRC principally engaged in property development and is an Independent Third Party
“Company”	Million Cities Holdings Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2892)
“Consideration”	consideration for the transaction contemplated under the Agreement, i.e. RMB158,822,721 (equivalent to approximately HK\$179,469,675)
“Director(s)”	the director(s) of the Company
“Financial Assistance Announcements”	announcements of the Company dated 14 September 2020 and 22 September 2020 in relation to the Loan
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollar(s), the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of, and not connected with, the Company and its connected persons within the meaning ascribed to such term in the Listing Rules
“Interest Payment”	interest payment of RMB114,962 (equivalent to approximately HK\$129,907), which represents the accrued interest on 30% of the Partial Payment (i.e. RMB41,961,000 (equivalent to approximately HK\$47,415,930)) from the date of payment of the Partial Payment to the date of grant of the Loan
“Land Parcel”	a land parcel with a site area of approximately 38,200 square metres located in Tongqiao Town, Zhongkai High-tech Zone, Huizhou City, the PRC
“Loan”	the interest free loan in a principal amount of RMB158.8 million (equivalent to approximately HK\$179.4 million) granted by the Lender to the Borrower pursuant to the loan agreement dated 14 September 2020 and entered into between the Lender and the Borrower
“Lender”	Huizhou Million Cities Corporate Management Company Limited* (惠州萬城企業管理策劃有限公司), an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Partial Payment”	partial payment of the land acquisition costs of the Land Parcel made by the Borrower on 1 September 2020 at the amount of RMB139,870,000 (equivalent to approximately HK\$158,053,100)
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Project”	a property development project located at the Land Parcel
“Project Company”	Huizhou Longguang Junhong Real Estate Company Limited* (惠州市龍光駿宏房地產有限公司), a wholly-owned subsidiary of the Borrower as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“%” per cent.

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

Hong Kong, 12 October 2020

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

For the purpose of this announcement, the exchange rate of RMB1.00 = HK\$1.13 have been used for currency translation, where applicable. Such an exchange rate is for illustrative purposes and does not constitute representations that any amount in HK\$ or RMB has been, could have been or may be converted at such a rate.

* *For identification purposes only*