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萬城控股有限公司
MILLION CITIES HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2892)

DISCLOSEABLE TRANSACTION
TERMINATION OF THE COOPERATION AGREEMENT INVOLVING
DISPOSAL OF 30% OF THE ISSUED SHARE CAPITAL
IN THE JV COMPANY

THE DISPOSAL

On 29 April 2020, Lucky Win, an indirect wholly-owned subsidiary of the Company, the JV Partner and Mr. Chan entered into the Cooperation Agreement, pursuant to which the Parties have agreed, among others, the formation of the JV Company, which is formed for the purposes of acquiring Shenzhen Guoxin to develop the Group's property development business. The transactions contemplated under the Cooperation Agreement did not constitute notifiable transactions for the Company under Chapter 14 of the Listing Rules at the relevant time. Please refer to the annual report of the Company for the year ended 31 December 2020 for further details of the JV Company.

On 30 December 2021 (after trading hours), Lucky Win, the JV Partner and Mr. Chan, entered into the JV Termination Agreement, pursuant to which the Parties agreed to terminate the Cooperation Agreement by way of the JV Partner acquiring the Sale Shares, representing 30% of the issued share capital in the JV Company, at a consideration of RMB100,338,082 (equivalent to approximately HK\$122,412,460) from Lucky Win.

Upon signing of the JV Termination Agreement, the Cooperation Agreement shall be terminated and Lucky Win shall be released from its capital contribution obligations and all other obligations and commitments under the Cooperation Agreement.

Upon Completion, the Company will cease to have any interest in the JV Group and the JV Group will cease to be an associate of the Company.

IMPLICATIONS UNDER THE LISTING RULES

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

On 29 April 2020, Lucky Win, an indirect wholly-owned subsidiary of the Company, the JV Partner and Mr. Chan entered into the Cooperation Agreement, pursuant to which the Parties have agreed, among others, the formation of the JV Company, which is formed for the purposes of acquiring Shenzhen Guoxin to develop the Group's property development business. The transactions contemplated under the Cooperation Agreement did not constitute notifiable transactions for the Company under Chapter 14 of the Listing Rules at the relevant time. Please refer to the annual report of the Company for the year ended 31 December 2020 for further details of the JV Company.

On 30 December 2021 (after trading hours), Lucky Win, the JV Partner and Mr. Chan, entered into the JV Termination Agreement, pursuant to which the Parties agreed to terminate the Cooperation Agreement by way of the JV Partner acquiring the Sale Shares, representing 30% of the issued share capital of the JV Company, at a consideration of RMB100,338,082 (equivalent to approximately HK\$122,412,460) from Lucky Win.

Details of the JV Termination Agreement are set out below:

THE DISPOSAL

Date: 30 December 2021 (after trading hours)

Parties: (i) Lucky Win (as vendor);
(ii) the JV Partner (as purchaser); and
(iii) Mr. Chan.

Subject matter

In accordance with the terms of the JV Termination Agreement, the JV Partner agreed to acquire and Lucky Win agreed to sell the Sale Shares, representing 30% of the issued share capital of the JV Company held by Lucky Win as at the date of the JV Termination Agreement, at the Consideration.

Consideration

The Consideration is RMB100,338,082 (equivalent to approximately HK\$122,412,460) which was determined after arm's length negotiation between the Parties on normal commercial terms with reference to (i) the capital loan made by Lucky Win in an amount of RMB93,000,000 (equivalent to approximately HK\$113,460,000); and (ii) the interest due to Lucky Win in an amount of RMB7,338,082 (equivalent to approximately HK\$8,952,460), calculated at an interest rate of 4% per annum from 10 January 2020 (being the date after the signing of the MOU) to the date of the JV Termination Agreement.

The Consideration shall be paid to a designated account of the Group within 120 days upon signing of the JV Termination Agreement.

Termination of the Cooperation Agreement

Upon signing of the JV Termination Agreement, the Cooperation Agreement shall be terminated and Lucky Win shall be released from its capital contribution obligations and all other obligations and commitments under the Cooperation Agreement.

Conditions precedent

No conditions precedent for Completion have been set out in the JV Termination Agreement.

Completion

Completion shall take place after the relevant business filings and registrations have been done within 30 Business Days upon receipt of the Consideration by the Group.

INFORMATION ABOUT THE GROUP AND LUCKY WIN

The Company is incorporated in the Cayman Islands and is an investment holding company. Its subsidiaries are principally engaged in property development in the PRC.

Lucky Win is an indirect wholly-owned subsidiary of the Company and is an investment holding company as at the date of this announcement.

INFORMATION ABOUT THE JV PARTNER AND MR. CHAN

The JV Partner is a company incorporated in the BVI with limited liability and is an investment holding company as at the date of this announcement. The JV Partner is wholly-owned by Mr. Chan, a Hong Kong citizen, as at the date of this announcement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for the 70% shareholding interests in the JV Company, the JV Partner and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

INFORMATION ON THE JV GROUP

The JV Company, which is a limited liability company incorporated in the BVI, is an investment holding company and is held by Lucky Win and the JV Partner as to 30% and 70% respectively. The JV Company is formed for the purposes of acquiring Shenzhen Guoxin to develop the Group's property development business. As at the date of this announcement, the JV Company holds the entire issued share capital of Star Linkage Investments Limited, a company incorporated in Hong Kong with limited liability and is an investment holding company. Star Linkage Investments Limited holds the entire equity interest in Shenzhen Manyi Investment Consulting Co., Ltd.* (深圳滿益投資諮詢有限公司), a company established in the PRC with limited liability and is principally engaged in investment consulting and business information consulting, which holds 70% equity interest in Shenzhen Guoxin, a company established in the PRC with limited liability and is principally engaged in the purchase and sale of electronic components and domestic trade. As at the date of this announcement, to the best of the Directors' knowledge, information and belief, Shenzhen Guoxin owned land parcels in Shenzhen, the PRC.

Set out below is a summary of the consolidated unaudited financial information of the JV Group for the period from 29 April 2020 (being the date on which the JV Company was established) to 31 December 2020 prepared in accordance with Hong Kong Financial Reporting Standards:

	Period from 29 April 2020 to 31 December 2020 RMB (Unaudited)
Loss before tax	187,579 (equivalent to approximately HK\$228,846)
Loss after tax	187,579 (equivalent to approximately HK\$228,846)

As at 30 June 2021, the unaudited consolidated net liabilities of the JV Group was approximately RMB431,000 (equivalent to approximately HK\$525,820).

POSSIBLE FINANCIAL EFFECTS OF THE DISPOSAL AND PROPOSED USE OF PROCEEDS

Upon Completion, the Company will cease to have any interest in the JV Group and the JV Group will cease to be an associate of the Company.

It is expected that the Group will recognise a gain in its consolidated income statement in the range of approximately RMB6,000,000 to RMB8,000,000 (equivalent to approximately HK\$7,320,000 to HK\$9,760,000) arising from the Disposal upon Completion. The above-mentioned estimation is subject to audit and may be different from the actual financial effect of the Disposal.

It is expected that the net proceeds from the Disposal (after deducting all relevant fees and expenses) of approximately RMB100,000,000 (equivalent to approximately HK\$122,000,000) will be used to strengthen the Group's financial resources to facilitate it to further develop its property development business.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in property development in the PRC. Substantial capital has been required for the Group to develop properties in the PRC over the years. As disclosed in the interim report of the Company for the six months ended 30 June 2021 (the “**2021 Interim Report**”), the Group persistently upholds a prudent and proactive attitude in replenishing land bank, focusing on project development in the Greater Bay Area.

The Disposal signifies a withdrawal from a joint venture project which the Company is a minority shareholder. The Directors are of the view that the Disposal will allow the Company to leverage external capital resources, so as to fund the upcoming property development projects to be carried out by the Company. Furthermore, through the Disposal, the Group will be able to unlock a large amount of capital which it can reallocate to invest in other projects.

In view of the above and given that the terms of the JV Termination Agreement were determined after arm’s length negotiations between the Parties, the Directors are of the view that despite the JV Termination Agreement was not entered into in the ordinary course of business of the Group, the terms of the JV Termination Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

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

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“BVI”	the British Virgin Islands

“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 Disposal in accordance with the terms and conditions of the JV Termination Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of the Disposal, being RMB100,338,082 (equivalent to approximately HK\$122,412,460)
“Cooperation Agreement”	the cooperation agreement dated 29 April 2020 and entered into among the Parties in relation to, among others, the formation of the JV Company
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by Lucky Win to the JV Partner pursuant to the JV Termination Agreement
“Greater Bay Area”	for the purpose of this announcement only, the Guangdong-Hong Kong-Macau Bay Area, being the integrated economic and business hub covering the two Special Administrative Regions of the PRC, Hong Kong and Macau, and cities in the PRC including Guangzhou, Huizhou, Shenzhen, Zhuhai, Foshan, Zhongshan, Dongguan, Jiangmen and Zhaoqing
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who is(are) independent of and not connected with the Company and its connected persons
“JV Company”	Star Linkage Financial Holdings Limited, a limited liability company incorporated in the BVI and is owned by Lucky Win and the JV Partner as to 30% and 70% respectively, as at the date of this announcement
“JV Group”	collectively, the JV Company and its subsidiaries

“JV Partner”	Access Prosper International Limited, a limited liability company incorporated in the BVI and is wholly-owned by Mr. Chan as at the date of this announcement
“JV Termination Agreement”	the termination agreement dated 30 December 2021 and entered into between the Parties in relation to the termination of the Cooperation Agreement involving the Disposal
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lucky Win”	Lucky Win Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Mr. Chan”	Mr. Chan Cheung Tim (陳長添), a Hong Kong citizen and an Independent Third Party
“MOU”	the memorandum of understanding dated 9 January 2020 and entered into between Lucky Win and Mr. Chan in relation to the formation of the JV Company
“Parties”	the parties to the Cooperation Agreement and the JV Termination Agreement, namely, Lucky Win, the JV Partner and Mr. Chan
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong of the PRC, the Macau Special Administrative Region and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	30% of the issued share capital of the JV Company held by Lucky Win as at the date of the announcement
“Share(s)”	ordinary share(s) in the share capital of the Company of HK\$0.1 each
“Shareholder(s)”	the holder(s) of the issued Shares
“Shenzhen Guoxin”	Shenzhen Guoxin Electric Development Limited (深圳市國鑫電子發展有限公司), a company established in the PRC with limited liability and an associate of the Company as at the date of this announcement

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“%” per cent.

For the purpose of this announcement, conversion of RMB into HK Dollars is based on the approximate exchange rate of RMB1 to HK\$1.22. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK Dollars or RMB have been, could have been or may be converted at such or any other rate or at all.

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

Hong Kong, 30 December 2021

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

* *For identification purposes only*