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)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

	Year ended 31 December			
	2023	2022	Change	
	RMB'million	*RMB'million*	*RMB'million*	*%*
	(in approximate)	*(in approximate)*	*(in approximate)*	*(in approximate)*
Revenue	**641.6**	571.2	70.4	12.3%
Gross (loss)/profit	**(164.5)**	275.1	(439.6)	−159.8%
Gross profit margin	**N/A**	48.2%	N/A	N/A
(Loss)/Profit attributable to the equity shareholders of the Company	**(482.3)**	69.2	(551.5)	−796.9%
Basic and diluted (losses)/ earnings per share	**(64.30)**	9.2	(73.5)	−798.9%
Proposed final dividend per share *(RMB cents)*	**—**	—	N/A	N/A

The board (the "**Board**") of directors (the "**Directors**") of Million Cities Holdings Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**") is pleased to announce the consolidated results of the Group for the year ended 31 December 2023 ("**FY2023**") together with the comparative figures for the year ended 31 December 2022 ("**FY2022**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023
(Expressed in Renminbi)

	Note	**2023** *RMB'000*	2022 *RMB'000*
Revenue	*3*	**641,634**	571,183
Cost of sales		**(806,135)**	(296,093)
Gross (Loss)/profit		**(164,501)**	275,090
Valuation (losses)/gains on investment properties		**(37,030)**	17,093
Change in fair value of financial instruments		**27,944**	—
Other net income	*4*	**21,289**	6,458
Selling expenses		**(57,285)**	(35,021)
Administrative expenses		**(49,579)**	(63,368)
Other expenses		**(1,756)**	(1,410)
(Loss)/Profit from operations		**(260,918)**	198,842
Finance costs	*5*	**(6,363)**	(4,622)
Share of profits less losses of associates		**(258,965)**	42,835
(Loss)/Profit before taxation	*6*	**(526,246)**	237,055
Income tax	*7*	**(80,987)**	(122,615)
(Loss)/Profit for the year		**(607,233)**	114,440
Attributable to:			
Equity shareholders of the Company		**(482,278)**	69,178
Non-controlling interests		**(124,955)**	45,262
(Loss)/Profit for the year		**(607,233)**	114,440
Basic and diluted (losses)/earnings per share *(RMB cents)*	*8*	**(64.30)**	9.22

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2023
(Expressed in Renminbi)

	2023	2022
	RMB'000	*RMB'000*
(Loss)/Profit for the year	**(607,233)**	114,440
Other comprehensive income for the year (after reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of:		
— the associates	**(1,030)**	(6,021)
— the Hong Kong and overseas subsidiaries	**(1,881)**	(9,796)
Other comprehensive income for the year, net of nil tax	**(2,911)**	(15,817)
Total comprehensive income for the year	**(610,144)**	98,623
Attributable to:		
Equity shareholders of the Company	**(482,032)**	72,907
Non-controlling interests	**(128,112)**	25,716
Total comprehensive income for the year	**(610,144)**	98,623

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023
(Expressed in Renminbi)

	Note	**2023** **RMB'000**	2022 *RMB'000*
Non-current assets			
Property, plant and equipment		**46,164**	51,588
Investment properties		**54,850**	86,200
Interest in associates		**211,602**	446,921
Deferred tax assets		**59,769**	81,418
Other non-current assets	*10*	**97,733**	98,820
		470,118	764,947
Current assets			
Inventories and other contract costs	*11*	**660,304**	1,455,589
Trade and other receivables	*12*	**150,095**	136,380
Prepaid tax		**11,948**	32,262
Pledged and restricted deposits		**16,641**	66,714
Cash and cash equivalents		**363,294**	205,561
		1,202,282	1,896,506
Non-current assets held for sale	*13*	—	92,965
		1,202,282	1,989,471
Total assets		**1,672,400**	2,754,418
Current liabilities			
Bank loans	*14*	—	158,400
Contract liabilities	*15*	**78,161**	66,307
Trade and other payables	*16*	**499,599**	781,928
Lease liabilities		**28**	162
Tax payable		**223,427**	276,081
Provision		**18,108**	—
		819,323	1,282,878
Net current assets		**382,959**	706,593
Total assets less current liabilities		**853,077**	1,471,540

	Note	2023 *RMB'000*	2022 *RMB'000*
Non-current liabilities			
Lease liabilities		—	48
Deferred tax liabilities		**3,182**	11,453
		3,182	11,501
NET ASSETS		**849,895**	1,460,039
CAPITAL AND RESERVES			
Share capital	*17*	**6,605**	6,605
Reserves		**678,816**	1,160,848
Total equity attributable to equity shareholders of the Company		**685,421**	1,167,453
Non-controlling interests		**164,474**	292,586
TOTAL EQUITY		**849,895**	1,460,039

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Million Cities Holdings Limited (the "Company") was incorporated in the Cayman Islands on 15 November 2016 as an exempted company with limited liability under the Companies Law Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office is at Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The core business activities of the Company and its subsidiaries (together, the "Group") include property development and sales in Chinese Mainland.

These financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated.

The consolidated financial statements for the years ended 31 December 2023 and 2022 comprise the Group and the Group's interest in associates.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of measurement

These financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand, as the Group's principal activities were carried out in Chinese Mainland. RMB is the functional currency for the Company's subsidiaries established in Chinese Mainland. The functional currency of the Company and the Company's subsidiaries outside Chinese Mainland are Hong Kong dollars, as these entities' principal activities are financing and investing activities, and Hong Kong dollars are the primary currency generated from and used in these activities.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investments in debt and equity securities and investment properties are stated at fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

(i) Amendments to HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

- Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*

- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

None of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(e) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment, including right-of-use assets;

— investments in subsidiaries, and associates;

— other non-current assets; and

— other contract costs.

If any such indication exists, the asset's recoverable amount is estimated.

— ***Calculation of recoverable amount***

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— ***Recognition of impairment losses***

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

— ***Reversals of impairment losses***

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(f) Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2023

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2023 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current ("2020 amendments")*	1 January 2024
Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants ("2022 amendments")*	1 January 2024
Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*	1 January 2024
Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial Instruments: Disclosures: Supplier finance arrangements*	1 January 2024
Amendments to HKAS 21, *The effects of changes in foreign exchange rates: Lack of exchangeability*	1 January 2025

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are property development and sales in Chinese Mainland.

Disaggregation of revenue

Revenue mainly represents income from sale of properties and gross rentals from properties, net of sales related taxes and discounts allowed, and is analysed as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of properties:		
— Recognised at a point in time	**637,108**	538,068
— Recognised overtime	**—**	30,026
	637,108	568,094
Revenue from other sources		
Gross rentals from properties	**4,526**	3,089
	641,634	571,183

For the year ended 31 December 2023, the Group's customer base is diversified and does not have a customer with whom transactions have exceeded 10% of the Group's revenue (2022: nil).

(b) Operating segment

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more focused on the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the performance of property development. Resources are allocated based on what is beneficial for the Group in enhancing its property development activities as a whole rather than any specific service. Performance assessment is based on the results of the Group as a whole. Therefore, management considers there is only one operating segment under the requirements of HKFRS 8, Operating Segments.

Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, investment properties, other non-current assets and interests in associates ("specified non-current assets"). The geographical location of customers is based on the location at which the properties were developed or leased out. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment and investment properties, and the location of operations, in the case of other non-current assets and interests in associates.

	Revenue from external customers		**Specified non-current assets**	
	2023	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Huizhou	**596,101**	511,672	**267,210**	495,906
Tianjin	**45,533**	59,511	**52,235**	58,319
Zhumadian	**—**	—	**90,848**	128,875
Others	**—**	—	**56**	429
	641,634	571,183	**410,349**	683,529

4. OTHER NET INCOME

	2023	2022
	RMB'000	*RMB'000*
Interest income arises from bank deposits	**4,783**	3,592
Interest income arises from a loan receivable *(Note 10)*	**3,914**	2,320
Government grants *(Note)*	**—**	216
Gain from disposal of associates *(Note 13)*	**11,344**	—
Net exchange (loss)	**(75)**	(455)
Others	**1,323**	785
	21,289	6,458

Note: In 2022, the Group received a funding from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Government, for financial support to enterprises to retain their employees in Hong Kong. No such fund was granted for the year ended 31 December 2023.

5. FINANCE COSTS

	2023 *RMB'000*	2022 *RMB'000*
Interest on bank loans	**6,357**	12,142
Interest on lease liabilities	**6**	20
Accrued interest on significant financing component of contract liabilities	**—**	14,412
	6,363	26,574
Less: Interest expenses capitalised into inventories	**—**	(21,952)
	6,363	4,622

6. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/Profit before taxation is arrived at after charging or (crediting) the following items:

	2023 *RMB'000*	2022 *RMB'000*
Depreciation and amortisation	**7,220**	5,823
Auditors' remuneration		
— audit service	**2,200**	2,460
— non-audit service	**600**	500
	2,800	2,960
Rentals receivable from investment properties	**(1,644)**	(686)

7. INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	2023 *RMB'000*	2022 *RMB'000*
Current tax		
Provision for Corporate Income Tax ("CIT")	**75,258**	43,700
Provision for Land Appreciation Tax ("LAT")	**(7,649)**	75,445
	67,609	119,145
Deferred tax		
— CIT	**13,378**	3,470
	80,987	122,615

(i) CIT and Hong Kong Profits Tax

The provision for CIT is based on the estimated taxable income at the rates applicable to each Chinese Mainland subsidiary of the Group. The income tax rate applicable to the principal subsidiaries in the People's Republic of China (the "PRC") is 25% during the year (2022: 25%).

No provision for Hong Kong Profits Tax was recognised for the year (2022: nil) as the subsidiaries in Hong Kong did not have any assessable profits for the year.

(ii) LAT

LAT is levied on properties developed by the Group for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and relevant property development expenditures.

(iii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

8. LOSSES/EARNINGS PER SHARE

(a) Basic losses/earnings per share

The calculation of basic (losses)/earnings per share is based on the losses attributable to equity shareholders of the Company of RMB482,278,000 (2022: profit of RMB69,178,000) and the weighted average number of issued ordinary shares of 750,000,000 (2022: 750,000,000) during the year ended 31 December 2023.

(b) Diluted losses/earnings per share

Diluted losses/earnings per share for the years ended 31 December 2023 and 2022 were the same as the basic losses/earnings per share as the deemed issue of shares under the Company's share option scheme was anti-dilutive for both years.

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

9. DIVIDENDS

No dividends have been declared or paid by the Company and its subsidiaries during the year ended 31 December 2023.

On 25 March 2024, the Board resolved not to recommend a final dividend for the year ended 31 December 2023 (2022: Nil).

10. OTHER NON-CURRENT ASSETS

On 5 May 2022, the Group, Mr. Wong Ting Chung, the chairman and executive director of the Company and a third party (the "Borrower") entered into a loan agreement, pursuant to which, the Group grants a loan of RMB96,500,000 to the Borrower for a term of 3 years with an interest rate of 4% per annum, and Mr. Wong Ting Chung provides a personal guarantee in favour of the Group. The Borrower shall repay the whole principal amount together with all accrued interest due and payable to the Group on 4 May 2025, or repay part of the principal amount together with all accrued interest due throughout the term of the loan by instalments, or on demand by the Group.

For further details, please refer to announcement of the Company dated 5 May 2022.

Up to 31 December 2023, the Group has accrued interest income of RMB3,914,000 in respect of the loan.

11. INVENTORIES AND OTHER CONTRACT COSTS

	2023	2022
	RMB'000	*RMB'000*
Inventories		
Properties held for development	**57,833**	42,023
Completed properties for sale	**602,471**	1,413,566
	660,304	1,455,589

(a) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2023	2022
	RMB'000	*RMB'000*
Carrying amount of inventories sold	**331,066**	255,096
Write-down of inventories	**475,069**	40,997
	806,135	296,093

As at 31 December 2023, the amount of inventories expected to be recovered after more than one year is RMB594,187,000 (2022: RMB1,400,743,000). All of the other inventories are expected to be recovered within one year.

(b) The analysis of carrying value of land held for property development far sale is as follows:

	2023	2022
	RMB'000	*RMB'000*
In Chinese Mainland, with remaining lease term of:		
— 50 years or more (long leases)	**57,377**	80,166
— between 10 and 50 years (medium-term leases)	**67,700**	86,052
	125,077	166,218

12. TRADE AND OTHER RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade debtors *(note (a))*		
— Gross rentals from properties	**314**	314
	314	314
Amounts due from associates *(note (b))*	**18,000**	18,054
Amounts due from non-controlling interests *(note (b))*	**64,411**	24,565
Other debtors	**48,236**	63,961
Financial assets measured at amortised cost	**130,961**	106,894
Deposits	**869**	2,518
Prepayments *(note (c))*	**18,265**	26,968
	150,095	136,380

All of the trade and other debtors are expected to be recovered or recognised as expenses within one year.

(a) As at 31 December 2023, the ageing analysis of trade debtors, based on the date the trade debtors recognised, net of allowance for doubtful debts, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**—**	1
1 to 3 months	**1**	1
3 to 6 months	**2**	2
Over 6 months	**311**	310
	314	314

As at 31 December 2023, no trade debtors were past due (2022: nil). Based on experience, management believes that no loss allowance is necessary in respect of the trade debtors as there has not been a significant change in credit quality. The Group is of the view that the expected irrecoverable trade debtors were insignificant. The Group does not hold any collateral over these balances.

(b) The amounts due from associates and non-controlling interests were interest-free, unsecured and recovered within one year.

(c) At 31 December 2023, the balance mainly included prepayments for VAT and surcharges with an aggregated amount of RMB17,364,000 (2022: RMB26,163,000).

13. NON-CURRENT ASSETS HELD FOR SALE

In 2020, Lucky Win Limited (an indirect wholly-owned subsidiary of the Company), Access Prosper International Limited (the "JV Partner") and Mr. Chan Cheung Tim (each an independent third party) (collectively, the "Parties") entered into a cooperation agreement (the "Cooperation Agreement"), pursuant to which the Group and the JV Partner invested in 30% and 70% of the issued share capital of Star Linkage Financial Holdings Limited ("Star Linkage") respectively. Star Linkage together with its subsidiaries ("Star Linkage Group") were treated as associates of the Group (the "Associates"). The Group has paid a capital loan of RMB93,000,000 to the Associates in 2020.

On 30 December 2021, the Parties entered into a termination agreement (the "Termination Agreement"), pursuant to which the Parties agreed to terminate the Cooperation Agreement by way of the JV Partner acquiring 30% of the issued share capital in Star Linkage from the Group, at a consideration of approximately RMB100,338,000 (the "Consideration"), being the sum of capital loan made by the Group in an amount of RMB93,000,000 plus an interest amount of approximately RMB7,338,000, being accrued at an interest rate of 4% per annum from 10 January 2020 to 30 December 2021. The Consideration shall be paid to the Group within 120 days upon signing of the Termination Agreement. This constituted a forward contract.

Upon signing of the Termination Agreement, the Cooperation Agreement was terminated and the Group was released from its capital contribution obligations and all other obligations and commitments under the Cooperation Agreement. For further details, please refer to the announcement of the Company dated 30 December 2021.

The Group reclassified the interests in Star Linkage Group to non-current assets held for sale accordingly and recognised at the lower of the carrying amount and fair value less costs to sell. The forward contract was accounted for at fair value.

On 30 June 2022, the Parties entered into a supplemental agreement to the Termination Agreement, pursuant to which the Parties agreed to amend the payment terms of the Consideration whereby the balance of the Consideration, together with interest payable on the outstanding Consideration calculated at 4% per annum, shall be paid to the Group of RMB5,000,000 per month, with the last payment being settled no later than 28 December 2023. Legal title of the equity interests and the corresponding rights in Star Linkage will only be transferred to the JV Partner upon full settlement of the Consideration and the corresponding interests. For further details, please refer to the announcement of the Company dated 30 June 2022.

As at 31 December 2023, all the outstanding balance has been settled by the JV Partner and the corresponding equity interests in the Associate has been transferred to the JV Partner. A gain of RMB11,344,000 has been recognised in other net income.

14. BANK LOANS

	2023	2022
	RMB'000	*RMB'000*
Secured	**—**	158,400

The secured bank loans with amount RMB158,400,000 as at 31 December 2022 was secured by assets below:

	2023	2022
	RMB'000	*RMB'000*
Inventories	**—**	381,084

The bank loan was fully repaid in 2023.

15. CONTRACT LIABILITIES

(a) The following table provides information about contract liabilities from contracts with customers:

	2023	2022
	RMB'000	*RMB'000*
Contract liabilities — Receipts in advance from property sales	**78,161**	66,307

(b) Movements in contract liabilities

	2023	2022
	RMB'000	*RMB'000*
Balance at 1 January	**66,307**	192,362
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(43,006)**	(160,148)
Increase in contract liabilities as a result of receipts in advance from property sales during the year in respect of properties with revenue recognition not being met as at 31 December	**54,860**	33,635
Increase in contract liabilities as a result of accruing interest expense on receipt in advance	**—**	458
Balance at 31 December	**78,161**	66,307

16. TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade creditors *(note (a))*	**74,423**	203,010
Other payables and accruals	**59,794**	62,414
Amounts due to related parties *(note (b))*	**312,984**	384,729
Financial liabilities measured at amortised cost	**447,201**	650,153
Financial guarantee issued *(note (c))*	**4,096**	1,529
Amounts due to the controlling shareholder and non-controlling interests *(note (d))*	**48,302**	76,246
Derivative financial instruments *(note 13)*	**—**	54,000
	499,599	781,928

(a) Ageing analysis of trade creditors included in trade and other payables as at 31 December 2023, based on the date of the trade payables recognised:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**1,737**	170,711
3 to 6 months	**1,606**	2,171
6 to 12 months	**2,724**	653
Over 12 months	**68,356**	29,475
	74,423	203,010

All trade and other payables are expected to be settled within one year or are payable on demand.

(b) The amounts due to related parties are interest-free, unsecured and repayable on demand.

(c) On 17 March 2021, Huizhou Logan Junhong Real Estate Limited ("Logan Junhong"), the associate of the Group, entered into a loan agreement ("Loan Agreement") with total bank facility amounted to RMB420,000,000 which was 100% guaranteed by Logan Group Company Limited ("Logan Group"). On 10 May 2021, the Group and Logan Group, entered into a counter-guarantee agreement ("Counter-guarantee") pursuant to which the Group has agreed, subject to the terms and conditions contained therein to provide a counter-guarantee to Logan Group with regard to the Loan Agreement in proportion to the Group's respective equity interest in Logan Junhong (30%). As at 31 December 2023, the total bank loan secured by the Counter-guarantee attributable to the Group was RMB29,100,000 (2022: RMB84,000,000). Deferred income in respect of the financial guarantees issued was RMB4,096,000 (31 December 2022: RMB1,529,000).

For further details, please refer to announcement of the Company dated 10 May 2021.

(d) Pursuant to the Capital Injection Agreement between Huizhou Yuefu and its shareholders signed on 25 June 2018 (the "Agreement"), an amount representing the sum of the retained profits as at 31 May 2018, and the estimated unrealised gain arising from the unsold inventories as at 31 May 2018, should be distributed to the original shareholders in accordance with share proportion before the capital injection. The balance is recognised at fair value. The balance is unsecured and expected to be settled upon disposal of the relevant inventories.

17. SHARE CAPITAL

	No. of shares	*Amount in HKD*
Authorised share capital of the Company:		
Ordinary shares of HKD0.01 each		
As at 1 January 2022	1,400,000,000	14,000,000
Transfer to preference shares	—	—
As at 31 December 2022, 1 January 2023 and 31 December 2023	1,400,000,000	14,000,000
Preference shares of HKD0.01 each		
As at 1 January 2022	600,000,000	6,000,000
Preference shares authorised	—	—
As at 31 December 2022, 1 January 2023 and 31 December 2023	600,000,000	6,000,000

The share capital as at 31 December 2022 and 2023, represented the share capital of the Company.

	No. of shares	*Amount in HKD*	*Amount in RMB*
Ordinary shares, issued and fully paid:			
As at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	750,000,000	7,500,000	6,605,250

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In spite of the complicated international circumstances and domestic recovery difficulties during the year 2023, China's central government continued to dedicate solid efforts to strengthen economic development and stimulate domestic demand through various effective measures. As a result, China's gross domestic product (GDP) demonstrated a stable growth rate by approximately 5.2% year-on-year.

However, China's real estate industry is still in an adjustment cycle undergoing market downtrend and changes in market supply and demand dynamics. The recovery in confidence of the real estate industry is slow both in the buyer market and the capital market, leading to diminishing demand and potential liquidity risks respectively. In the year of 2023, the total sales area of commercial housing amounted to approximately 1.12 billion square meters, representing a decrease of approximately 17.7% as compared with the previous year. In terms of monetary value, the sales volume of commercial housing decreased by approximately 12.5% year-on-year to approximately RMB11.7 trillion. Besides, the total investment in the real estate sector in the year of 2023 amounted to approximately RMB11.1 trillion, representing a year-on-year decrease of approximately 16.6%. The statistical data illustrated that the sales and investment performance of real estate market continued to be weak.

To ease the financial strain of the real estate sector, the People's Bank of China and the Administration of Financial Regulation jointly issued a notice in mid of 2023 to extend the applicable period of two of the "16 Supportive Financial Measures" to the end of December 2024, providing guidance to financial institutions to continue to extend the maturity of the existing loans of real estate enterprises and to increase the financial support for guaranteed delivery of housing. It aims at satisfying the industry's reasonable financing needs and creating a relatively favorable financial environment to resolve the industry risks in an orderly manner. Moreover, different regions implemented city-based policies to support reasonable demand for housing in order to proactively ensure project delivery, people's livelihood and stability. The Group expects that the real estate market will gradually return to normalized operation.

BUSINESS REVIEW

The real estate industry has undergone profound changes but is still facing considerable challenges. The Group will focus efforts in stabilizing operation, improving sales, capturing cash inflow, and controlling costs, so as to maintain business stability. As at the end of 2023, all the bank loans at subsidiaries level have been repaid in full.

In the year of 2023, through the adoption of precise marketing strategies and reasonable pricing, the Group was able to achieve satisfactory sales and collection of payment. During FY2023, the Group recorded a revenue of approximately RMB641.6 million contributed mainly by Million Cities Legend Phase 3 in Huizhou, which was approximately 12.3% higher than that of last year. However, taking into account the impairment provisions for the properties of the subsidiaries and the associates companies, 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.

For FY2023, the Group attained an aggregated contracted sales value of approximately RMB758.3 million with a total GFA of approximately 58,000 sq.m., which was mainly attributable to the sale of Million Cities Legend Phase 3 and the Jade Terrace in Huizhou.

BUSINESS OUTLOOK

Central government continued to implement policies to promote the stable and healthy development of the real estate industry. In order to adapt to the new situation of changes in the relationship between supply and demand in the real estate market, real estate related policies are expected to be adjusted and optimized in a timely manner. With the easing of policies and economic recovery, the market is expected to pick up gradually with growth in both transaction volume and prices in the future.

In addition, the Group will continue to identify and explore investment opportunities, including certain sustainable development projects, so as to create long-term value to the shareholders and investors of the Company.

FINANCIAL REVIEW

Revenue

The Group's revenue mainly represented income from the sale of properties and gross rentals from properties earned during the year, net of sales related taxes and discounts allowed.

Revenue from sale of properties has constituted, and is expected to continue to constitute, a majority of the Group's total revenue.

Impairment

Affected by macroeconomic environment of Chinese Mainland, in particular the real estate industry, a significant amount of impairment was recorded for (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.

Such impairment was made since there was a significant drop in the fair value of all the above mentioned properties that are located in Chinese Mainland. The values of these properties are determined by Market Approach with reference to recent sales price of comparable properties on a price per square meter basis, adjusted for a premium or a discount specific to the location, property size and age of the Group's properties compared to the recent sales. 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. Same valuation method was used in FY2022.

As there was no change in bases and assumptions of inputs, and valuation methodology, the significant amount of impairment being recorded for valuation in FY2023 was primarily driven by the drop in the prices per square meter basis, which was caused by various economic and market factors. The unit prices in the localities of the Group's properties witnessed a general decrease over FY2023 due to the recent property market slump and economic downturn and thus the properties are subject to relatively material discounts in realising the market values as at the valuation date amid the latest market sentiments, and potential purchasers of properties similar to the Group's properties are sceptical and uncertain about the near-term situation of the economy, thus delaying their decisions on purchases, resulting in selling velocities in such localities being decreased significantly.

Property development

(i) Contracted sales

Total properties contracted sales (based on GFA of sales consent), including sale of properties by the associates of the Group, amounted to approximately RMB758.3 million, representing a GFA of approximately 58,000 sq.m. sold for the year ended 31 December 2023.

(ii) Land bank

As at 31 December 2023, the total GFA of the Group's land bank was about 1,321,119 sq.m., out of which (i) about 390,541 sq.m. GFA was unsold completed properties projects; (ii) about 95,209 sq.m. GFA was unsold and under construction; and (iii) about 835,369 sq.m. GFA was reserved for future development.

Revenue

Revenue from sale of properties for FY2023 amounted to approximately RMB637.1 million, as compared with approximately RMB568.1 million reported for FY2022, representing a increase by approximately 12.1%. Revenue recognised for FY2023 was mainly contributed by Million Cities Legend Phase 3 in Huizhou which was mainly due to a major sales campaign during FY2023.

Rental income

Gross rental income from investment properties and inventories for FY2023 amounted to approximately RMB4.5 million as compared with approximately RMB3.1 million reported for FY2022, representing an increase by 46.5%. The increase in gross rental income was mainly due to the increase in rental income from the carparks and investment properties for FY2023.

Cost of sales

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. For further details regarding the impairment, please refer to the paragraph headed "Impairment" above.

Gross loss

The gross loss for FY2023 was approximately RMB164.5 million, against the gross profit approximately RMB275.1 million reported last year, representing a decrease by approximately RMB439.6 million. Gross loss recorded for FY2023 instead of a gross profit in FY2022 was mainly due to certain inventories of approximately RMB475.1 million were written down for FY2023 as compared with the same of approximately RMB41.0 million for FY2022. For further details regarding the impairment, please refer to the paragraph headed "Impairment" above.

Valuation losses on investment properties

Valuation losses for FY2023 was approximately RMB37.0 million against valuation gain of approximately RMB17.1 million in FY2022. The decrease was mainly due to the market value of commercial shops located in Huiyang and Tianjin dropped during FY2023.

Other net income

Other net income for FY2023 was approximately RMB21.3 million, as compared with approximately RMB6.5 million for FY2022, representing an increase by approximately 229.7%, which was mainly due to (i) increase in interest income; and (ii) gain being recorded for FY2023 from pervious disposals of associates. For further details, please refer to note 13 to the consolidated results of the Group for FY2023.

Selling expenses

Selling expenses for FY2023 were approximately RMB57.3 million, as compared with approximately RMB35.0 million reported in FY2022, representing an increase by approximately 63.6%. The increase in selling expenses was mainly due to the increase in sales commission and the advertising fee for Million Cities Legend Phase 3.

Administrative expenses

Administrative expenses for FY2023 were approximately RMB49.6 million, as compared with approximately RMB63.4 million reported for FY2022, representing a decrease by approximately 21.8%. The decrease in administrative expenses was mainly due to (i) the cancellation of one of the projects, so no related costs had been incurred for such project during FY2023; (ii) reduction in professional fee; and (iii) reduction in entertainment expenses.

Share of profits less losses of associates

Share of profits less losses of associates recorded a loss of approximately RMB259.0 million for FY2023, against a profit of approximately RMB42.8 million for FY2022. This was mainly due to (i) the gross profit recorded from the sale of Dragon Palace Phase 1 Section 3 in Henan Province and Jade Terrace in Huizhou was lower than that from the sale of Dragon Terrace Phase 2 in Huizhou in the same period last year; and (ii) certain inventories of approximately RMB274.2 million were written down for FY2023 as compared with the same of approximately RMB7.1 million for FY2022. For further details regarding the impairment, please refer to the paragraph headed "Impairment" above.

Finance costs

Finance costs for FY2023 were approximately RMB6.4 million, as compared with approximately RMB4.6 million for FY2022, representing an increase by approximately 37.7% due to the finance cost was recognised as expenses instead of being capitalised into inventories as a result of completion of Legend Plaza in Tianjin, offset against by repayment of bank loans during FY2023.

Income tax

For FY2023, income tax was approximately RMB81.0 million, representing a decrease by approximately RMB41.6 million, as compared with income tax of approximately RMB122.6 million for FY2022, due to a decrease in LAT tax driven by a reduction in operating profit as a result of a price reduction promotion in the second half of FY2023, offset against by the reversal of deferred tax assets.

Loss for the year attributable to equity shareholders of the Company

Loss for the year attributable to equity shareholders of the Company for FY2023 was approximately RMB482.3 million, representing a decrease of approximately RMB551.5 million or approximately 796.9%, as compared with that of FY2022. Such decrease was mainly affected by macroeconomic environment of Chinese Mainland, in particular the real estate industry, resulting in significant amount of impairment being recorded 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. Thus, the Group recorded (i) gross loss for FY2023, instead of gross profit for FY2022; (ii) share of losses of associates for FY2023 instead of share of profits of associates for FY2022; and (iii) valuation loss on investment properties for FY2023 against valuation gain on investment properties for FY2022.

OTHER FINANCIAL INFORMATION

Liquidity and financial resources

For FY2023, the Group's cash and cash equivalents were mainly used in the Group's business operations, to service the Group's indebtedness and to fund the Group's working capital. The Group financed its funding requirements mainly through a combination of cash generated from operating activities and borrowings. The Group's gearing ratio as at 31 December 2023 was Nil%, as compared with approximately 10.9% as at 31 December 2022. Such decrease was mainly due to the repayment of all outstanding bank loans during FY2023.

The gearing ratio is calculated as interest bearing bank loans divided by equity.

As at 31 December 2023, the Group's cash and cash equivalents, amounting to approximately RMB363.3 million, were mainly denominated in RMB80.1%, HK$19.8% and USD0.1%.

As at 31 December 2023, the Group's repaid all bank loans:

	2023	2022
	RMB'000	*RMB'000*
Within one year	—	38,400
After one year but within two years	—	120,000
	—	158,400

Financial risk management objectives and policies

The Group's management has adopted certain policies on financial risk management with the objective of: (i) ensuring appropriate funding strategies are adopted to meet the Group's short term and long term funding requirements taking into consideration of the cost of funding, gearing ratios and cash flow projections of the Group; and (ii) ensuring appropriate strategies are also adopted to minimise the interest rate risk, credit risk and liquidity risk.

Foreign currency risk

The Group mainly operates in Hong Kong and the Chinese Mainland with majority of the transactions settled in Hong Kong dollars ("HK$") and RMB. Foreign currency risk arises when future business transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Directors consider that the Group's foreign currency risk exposure is minimal since all of the sales, assets and liabilities are denominated in RMB and only a small portion of operating expenses are denominated in HK$.

Interest rate risk

The Group repaid all bank loans during FY2023. Thus, the interest rate risk was immaterial. As at the end of FY2023, the Group's interest rate risk only arose from cash at bank. Cash at bank issued at variable rates expose the Group to cash flow interest rate risk. The Group did not enter into any financial instruments to hedge against interest rate risk for FY2023 but the Board will continue to closely monitor the Group's cashflow situation in order to manage the Group's interest rate risk exposure.

Credit risk

As of 31 December 2023, no material trade debtors of the Group were past due. The Group normally receives full payment from buyers before the delivery of the property. For mortgage sales without full settlement, the Group would not deliver the property to the customers unless it obtains confirmation from the banks providing mortgage that the respective mortgages have been approved. In addition, the Group would not transfer titles of the properties to customers until full amount of sale proceeds are received. Accordingly, the Group is of the view that the expected irrecoverable trade debtors were immaterial. Thus, no bad debt provision for trade debtors was recognised during FY2023.

As at 31 December 2023, all the Group's bank balances and deposits were held with major financial institutions in Hong Kong and the Chinese Mainland which the Directors believe are of high credit quality. The Directors do not expect any losses arising from the non-performance by these financial institutions.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long terms. The Group has not experienced and does not expect to experience any difficulties in meeting credit obligations when they fall due.

Capital expenditures

The Group incurred capital expenditures of approximately RMB1.9 million for FY2023 which were mainly related to the addition of motor vehicles, electronic and other equipment. These capital expenditures were fully financed by internal resources.

Capital commitments

The Group's capital commitments as at 31 December 2023 amounted to approximately RMB4.5 million (31 December 2022: RMB4.5 million) which were mainly related to development costs for the Group's properties under development.

Charge on assets

As at 31 December 2023, the Group had no inventories (31 December 2022: RMB381.1 million) being pledged to banks to secure certain banking facilities granted to the Group.

Contingent liabilities

During FY2023, the Group has issued guarantees to banks to secure the mortgage arrangements of certain property buyers. The outstanding guarantees to the banks, amounted to approximately RMB373.8 million as at 31 December 2023 (31 December 2022: RMB597.7 million), will be terminated upon completion of transferring the legal title of the properties to the property buyers. The Directors consider loss arising from these guarantees as a result of default payment by customers to be insignificant, as the banks have the rights to sell the properties and recover the outstanding loan balance from sale proceeds.

The Group has not recognised any deferred income in respect of these guarantees as their fair values are considered to be insignificant.

Significant investments, acquisitions and disposals

During FY2023, the Company did not have any significant investments, acquisitions and disposals.

Non-adjusting events after the reporting period

Subsequent to the end of the reporting period, Logan Junhong has defaulted the repayment of bank loan of RMB77,000,000. Despite Logan Junhong has been communicating with the bank for an extension of the bank loan, there will be possibility that the Group might need to assume the responsibility of the counter-guarantee and repay Logan Junhong's bank loan amounting to RMB23,100,000 plus any interests and penalties that might arise. For details of the counter-guarantee provided by the Group to Logan Junhong, please refer to the announcement of the Company dated 10 May 2021.

Operating segment information

The Group's revenue and results for FY2023 were mainly derived from property development. Performance assessment is based on the results of the Group as a whole. Therefore, management of the Group considers there is only one operating segment.

The geographic information is disclosed in a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for allocation of resources and performance assessment.

Human resources and emolument policy

As at 31 December 2023, the Group had a total of 60 (2022: 130) full-time employees in the PRC and Hong Kong. For FY2023, the total staff costs, including the directors' emoluments, amounted to approximately RMB31.0 million (2022: RMB41.8 million), of which approximately RMB6.4 million (31 December 2022: RMB13.5 million) were capitalised into inventories.

The Group's emolument policies are formulated based on the performance and experience of individual employee and are in line with the salary trends in Hong Kong and the PRC. Other employee benefits include performance-linked bonuses, insurance and medical coverage and share options.

Since human resources management is an important factor in maintaining and enhancing the Group's strong expertise in the property development, the Group will provide appropriate training programs to the employees as the Group sees fit. From time to time, different on-the-job trainings will be provided to employees in order to ensure continuous staff development and skills upgrading.

Remuneration policy of Directors and senior management

The Directors and senior management of the Group receive compensation in the form of salaries and discretionary bonuses related to the performance of the Group. The Group also reimburses them for expenses which are necessarily and reasonably incurred for providing services to the Group or executing their functions in relation to the Group's operations. The remuneration committee will regularly review and determine the remuneration and compensation package of the Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and senior management and the performance of the Group.

DEED OF NON-COMPETITION

Fortune Speed Investments Limited, Winnermax Management Limited, Happy Family Assets Limited, Mr. Wong Ting Chung, Mr. Wong Ting Kau, Mr. Wong Ting Chun and Ms. Wong Wai Ling (the "**Controlling Shareholders**"), being the controlling shareholders (as defined under the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")) of the Company, has entered into a deed of non-competition in favour of the Company on 30 November 2018 (the "**Deed of Non-competition**"). Each of the Controlling Shareholders has irrevocably and unconditionally undertaken, jointly and severally, with our Company that he, she or it shall provide, and shall procure their associates (other than members of the Group) to provide, to the Company and the Directors from time to time (including the independent non-executive Directors) with all information necessary for the annual review by the independent non-executive Directors, subject to any relevant laws, rules and regulations or any contractual obligations, to enable them to review the Controlling Shareholders' and their associates' (other than members of the Group) compliance with the Deed of Non-competition, and to enable the independent non-executive Directors to enforce the Deed of Non-competition.

Each of the Controlling Shareholders has confirmed compliance with the terms of the Deed of Non-competition and that during FY2023, there was no matter requiring deliberation by the Board in relation to the compliance and enforcement of the Deed of Non-competition. The Board comprising all the independent non-executive Directors is of the view that the Controlling Shareholders have been in compliance with the Deed of Non-competition in favour of the Company.

DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Directors do not recommend any payment of final dividend for FY2023 (2022: Nil). No interim dividend for 2023 was paid to the Shareholders during FY2023 (2022: Nil). The register of members of the Company will be closed from 12 June 2024 to 17 June 2024, both days inclusive, for the purpose of determining the entitlement of the Shareholders to attend the forthcoming annual general meeting, which shall be held on Monday, 17 June 2024 (the "**AGM**"), during such period no transfer of shares of the Company will be registered. In order to qualify for attending the AGM, the Shareholders should ensure that all transfers accompanied by the relevant share certificates and transfer forms are lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 11 June 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For FY2023, neither the Company nor any of its subsidiaries, has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

As the Company believes that good corporate governance can create value for its shareholders, the Board is committed to maintain a high standard of corporate governance practices by placing strong emphasis on a quality Board, sound internal controls and effective accountability to the shareholders as a whole. The Company has adopted the code provisions in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. In the opinion of the Directors, the Company has complied with all the mandatory code provisions set out in the CG Code for FY2023.

The Board will continue to enhance its corporate governance practices to ensure that it complies with the CG Code and aligns with the latest developments.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code for securities transactions by the Directors.

All Directors have confirmed, following specific enquiries made by the Company, that they have fully complied with the required standards set out in the Model Code and the Company's code of conduct for FY2023.

Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on terms no less exacting than the required standards set out in the Model Code. Each of the relevant employees has been given a copy of the written guidelines.

No incident of non-compliance with these guidelines by the relevant employees has been notified to the Company for FY2023.

AUDIT COMMITTEE

The audit committee of the Board was established with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D3 of the CG Code. The primary duties of the audit committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, to oversee the audit process, to develop and review our policies and to perform other duties and responsibilities as assigned by the Board. For FY2023, the audit committee consists of three independent non-executive Directors, namely, Mr. Li Yinquan (chairman of the audit committee who possesses the appropriate professional qualification or accounting or related financial management expertise), Mr. Ip Shu Kwan, Stephen, and Mr. Chan Hiu Fung, Nicholas. The written terms of reference of audit committee has been made available on the Company's website at www.millioncities.com.cn and on the website of the Stock Exchange. The audit committee has reviewed with the management of the Group the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the consolidated financial statements of the Group for FY2023.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for FY2023 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG on the preliminary announcement.

PUBLICATION OF THE AUDITED CONSOLIDATED ANNUAL RESULTS AND 2023 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk and the Company's website at http://www.millioncities.com.cn. The annual report for FY2023 will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 25 March 2024

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.