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.

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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)

(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF FORTUNE RADIANT CITY LIMITED; (2) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF FORTUNE BRILLIANT CITY LIMITED; AND (3) NOTICE OF THE EXTRAORDINARY GENERAL MEETING

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 Wednesday, 19 November 2025 at 10:30 a.m. is set out on pages EGM-1 to EGM-3 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 Monday, 17 November 2025 (Hong Kong time)), 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.

24 October 2025

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

"Acquisition"	acquisition of the equity interests in the Target Company by MC Development through (i) transfer of Sale Shares pursuant to the Sale and Purchase Agreement; and (ii) subscription of the Subscription Shares pursuant to the Subscription Agreement
"Announcement"	the announcement of the Company published by the Company on 18 July 2025
"Asia Honest Group"	collectively (i) Asia Honest (H.K.) Limited, being a company incorporated in Hong Kong with limited liability and is wholly-owned by the Target Company as at the Latest Practicable Date; and (ii) Huizhou Chuangyexing
"Assignment of Loan"	the assignment of the Loan, together with the interests accrued thereon, by Huizhou China Field to Huizhou Wanjia before Completion
"associate(s)"	has the meaning ascribed thereto under to the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	a day (excluding Saturday, Sunday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon or on which "extreme conditions" caused by super typhoons is in force between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon) on which commercial banks are open for business in Hong Kong
"BVI"	the British Virgin Islands
"Cash Consideration"	the payment in cash of HK$40 million (equivalent to approximately RMB36.5 million) by MC Development to Ms. Teresa Wong as part of the Consideration pursuant to the terms of the Sale and Purchase Agreement
"Company"	Million Cities Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2892)

"Completion"	completion of the transactions contemplated under the Sale and Purchase Agreement and the Subscription Agreement
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Consideration"	the consideration payable by MC Development for the Sale Shares
"controlling Shareholder"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of Fortune Brilliant, Full Success and Huizhou Wanjia (including the Loan together with the interests accrued thereon) by way of transferring all issued shares of Fortune Brilliant from MC Development to Ms. Teresa Wong pursuant to the Sale and Purchase Agreement
"EGM"	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Sale and Purchase Agreement, the Subscription Agreement, the transactions contemplated respectively thereunder (including the Acquisition and the Disposal)
"Enlarged Group"	collectively, the Group and the Target Group
"Fortune Brilliant"	Fortune Brilliant City Limited, a company incorporated in the BVI with limited liability and is wholly-owned by MC Development as at the Latest Practicable Date
"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 of the Latest Practicable Date
"Full Success"	Full Success International Limited (成安國際有限公司), a company incorporated in Hong Kong with limited liability and is wholly-owned by Fortune Brilliant as at the Latest Practicable Date
"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

"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huizhou China Field"	惠州漢基房地產開發有限公司 (Huizhou Hanji Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability and is an indirectly wholly-owned subsidiary of MC Development as of the Latest Practicable Date
"Huizhou Chuangyexing"	惠州創業興物業管理有限公司 (Huizhou Chuangyexing Property Management Co., Ltd.*), a company established in the PRC with limited liability and is indirectly wholly-owned by the Target Company through Asia Honest (H.K.) Limited as of the Latest Practicable Date
"Huizhou Lixin"	惠州立信科技有限公司 (Huizhou Lixin Technology Limited*), a company established in the PRC with limited liability and is indirectly wholly-owned by the Target Company through Union Mark Limited as of the Latest Practicable Date
"Huizhou Wanjia"	惠州萬嘉信息諮詢有限公司 (Huizhou Wanjia Information Consultancy Limited*), a company established in the PRC with limited liability and is wholly-owned by Full Success as at the Latest Practicable Date
"Independent Board Committee"	the independent committee of the Board, comprising all independent non-executive Directors, namely Mr. Ip Shu Kwan, Stephen, Mr. Li Yinquan and Ms. Man Wing Yee, Ginny, which has been established to give recommendation to the Independent Shareholders in respect of the terms of each of the Sale and Purchase Agreement, the Subscription Agreement, and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal), and as to the voting action therefor
"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 activities 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 Sale and Purchase Agreement, the Subscription Agreement, and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal)

"Independent Shareholders"	the Shareholders who are not required to abstain from voting at the EGM on the resolutions in respect of the Sale and Purchase Agreement, the Subscription Agreement, and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal)
"Independent Third Party(ies)"	third party(ies) who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, are independent of and not acting in concert or connected with the Company and any of its connected persons or any of their respective associates
"Latest Practicable Date"	21 October 2025, 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
"Loan"	a loan in the principal amount of RMB96,500,000 granted by Huizhou China Field to 惠州中益置業有限公司 (Huizhou Zhongyi Real Estate Co., Ltd.*) pursuant to a loan agreement dated 5 May 2022
"Long Stop Date"	18 January 2026 (or any other date as the parties to the Sale and Purchase Agreement or the Subscription Agreement (where applicable) may agree in writing)
"MC Development"	Million Cities Development Limited, a company incorporated in the BVI with limited liability and is a wholly-owned subsidiary of the Company as of the Latest Practicable Date
"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
"Ms. Teresa Wong"	Ms. Wong Teresa, a daughter of Mr. TC Wong
"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)
"Properties"	the properties owned by the Target Group as of the Latest Practicable Date
"RMB"	Renminbi, the lawful currency of the PRC

"Sale and Purchase Agreement"	the sale and purchase agreement dated 18 July 2025 and entered into between MC Development and Ms. Teresa Wong for, among others, the sale and purchase of the Sale Shares as amended from time to time
"Sale Shares"	ordinary shares of the Target Company beneficially owned by Ms. Teresa Wong, which represent approximately 25.3% of the entire issued share capital of the Target Company immediately prior to completion of the transactions contemplated under the Sale and Purchase Agreement
"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
"SPA Completion Date"	the completion date of the transactions contemplated under the Sale and Purchase Agreement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	the allotment and issuance of the Subscription Shares by the Target Company to MC Development under the Subscription Agreement
"Subscription Agreement"	the subscription agreement dated 18 July 2025 and entered into among MC Development, Ms. Teresa Wong, and the Target Company in relation to the Subscription
"Subscription Completion Date"	the completion date of the transactions contemplated under the Subscription Agreement
"Subscription Price"	HK$120,087,000 (equivalent to approximately RMB109,513,000)
"Subscription Shares"	new ordinary shares of the Target Company to be allotted and issued to MC Development pursuant to the terms and conditions of the Subscription Agreement, which will represent approximately 16.7% of the enlarged issued share capital of the Target Company upon completion of the transactions contemplated under the Subscription Agreement
"substantial shareholder"	has the meaning as ascribed to it under the Listing Rules
"Target Company"	Fortune Radiant City Limited, a company wholly owned by Ms. Teresa Wong as of the Latest Practicable Date

"Target Group"	collectively, the Target Company and its subsidiaries
"Union Mark Group"	collectively (i) Union Mark Limited, being a company incorporated in Hong Kong with limited liability and is wholly-owned by the Target Company as of the Latest Practicable Date; and (ii) Huizhou Lixin
"US$"	United States dollar, the lawful currency of the United States of America
"Valuer"	Vincorn Consulting and Appraisal Limited, an independent professional valuer
"%"	per cent.

* *For identification purpose only*

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

Non-executive Director:
Ms. Wong Wai Ling

Independent non-executive Directors:
Mr. Ip Shu Kwan, Stephen
Mr. Li Yinquan
Ms. Man Wing Yee, Ginny

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

24 October 2025

(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF FORTUNE RADIANT CITY LIMITED; AND (2) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF FORTUNE BRILLIANT CITY LIMITED

To the Shareholders

Dear Sir or Madam,

References are made to the (i) Announcement; and (ii) announcement of the Company dated 29 August 2025 in relation to major and connected transaction regarding the Acquisition and the Disposal.

The purpose of this circular is to provide you with, among others, (i) a letter from the Board setting out further details about the Sale and Purchase Agreement and the Subscription Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders regarding the Sale and Purchase Agreement, the Subscription Agreement, and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal); (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Sale and Purchase Agreement, the Subscription Agreement, and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal); (iv) the financial information of the Group and the Target Group; (v) a management discussion and analysis of the Target Group; (vi) the unaudited pro forma financial information of the Enlarged Group; (vii) any other information required under the Listing Rules; and (viii) a notice convening the EGM.

THE ACQUISITION AND THE DISPOSAL

On 18 July 2025 (after trading hours), MC Development, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement and the Subscription Agreement.

THE SALE AND PURCHASE AGREEMENT

On 18 July 2025 (after trading hours), MC Development entered into the Sale and Purchase Agreement with Ms. Teresa Wong. Pursuant to the Sale and Purchase Agreement, Ms. Teresa Wong has conditionally agreed to sell, and MC Development has conditionally agreed to purchase, the Sale Shares.

The principal terms of the Sale and Purchase Agreement are set out below:

Date : 18 July 2025

Parties : (i) MC Development; and

(ii) Ms. Teresa Wong.

Subject matter

Subject to and upon the terms and conditions of the Sale and Purchase Agreement, Ms. Teresa Wong shall sell, and MC Development shall purchase, the Sale Shares, free from all liens, charges, equities, encumbrances or third party interests together with all rights now or thereafter attaching thereto including but not limited to all dividends or distributions which may be paid, declared or made in respect thereof on or after the SPA Completion Date.

As at the Latest Practicable Date, the Sale Shares represented approximately 25.3% of the total issued share capital of the Target Company.

Consideration

The Consideration for the sale and purchase of the Sale Shares shall be HK$151,038,000 (equivalent to approximately RMB138,232,000), which shall be payable by MC Development and shall be satisfied by (i) payment in cash of HK$40 million (equivalent to approximately RMB36.5 million), i.e. Cash Consideration; and (ii) the transfer of all issued shares of Fortune Brilliant, being a wholly-owned subsidiary of the Company, from MC Development to Ms. Teresa Wong.

According to the terms of the Sale and Purchase Agreement, the Cash Consideration shall be settled by MC Development within three Business Days from the date of signing of the Sale and Purchase Agreement, and shall be settled in cash or cashier order or shall be paid by MC Development by transferring the amount payable to a bank account designated by Ms. Teresa Wong or in other manners as agreed by Ms. Teresa Wong. Furthermore, the transfer of all issued shares of Fortune Brilliant to Ms. Teresa Wong will be completed upon Completion.

If the conditions precedent under the Sale and Purchase Agreement shall not have been fulfilled on or before the Long Stop Date, the Cash Consideration shall be refunded to MC Development within three Business Days from the Long Stop Date.

As at the Latest Practicable Date, the Cash Consideration had been settled by MC Development.

Information about Fortune Brilliant

Fortune Brilliant is an investment company incorporated in the BVI with limited liability. As of the Latest Practicable Date, Fortune Brilliant is wholly-owned by MC Development.

As of the Latest Practicable Date, Fortune Brilliant held the entire issued share capital of Full Success, an investment holding company incorporated in Hong Kong with limited liability. Furthermore, Full Success held the entire equity interest in Huizhou Wanjia, a company established in the PRC with limited liability.

As of the Latest Practicable Date, Fortune Brilliant, Full Success and Huizhou Wanjia had not yet commenced business operations. Therefore, each of Fortune Brilliant, Full Success and Huizhou Wanjia did not have any net profits (both before and after taxation and extraordinary items) for the years ended 31 December 2023 and 2024. As of 30 June 2025, the combined total assets and net liabilities of Fortune Brilliant, Full Success, and Huizhou Wanjia are approximately RMB1,722 and approximately RMB78,538, respectively.

Pursuant to a loan agreement dated 5 May 2022, Huizhou China Field, a limited liability company established in the PRC and an indirect wholly-owned subsidiary of MC Development, granted the Loan to Huizhou Zhongyi Real Estate Co., Ltd.* (惠州中益置業有限公司) ("**Huizhou Zhongyi**"), a limited liability company established in the PRC. For further details, please refer to the announcement of the Company dated 5 May 2022

regarding the Loan. The Loan matured on 4 May 2025 and is currently considered as overdue. The Company has engaged in discussions with Huizhou Zhongyi regarding a potential repayment plan for the Loan. However, after a thorough assessment of various factors, including the cost of capital, the Company has decided to pursue alternative strategies to mitigate the associated risks. As a result, the Company has formally communicated its intention to transfer the beneficial interest in the Loan through the Assignment of Loan and the transfer of the ultimate beneficial interest. Additionally, transferring the Loan to Ms. Teresa Wong may raise regulatory concerns under applicable PRC laws. After consulting with the PRC legal adviser, the Company decided to assign the Loan to a subsidiary that is no longer operational and proceed with the Disposal. The Directors determined that the Disposal represents a strategic opportunity for the Company to mitigate the risks associated with the recoverability of the Loan, which has matured as of the Latest Practicable Date. Given the reasons and benefits of the Acquisition outlined in this letter, the Directors are confident that the Acquisition offers a significant opportunity to enhance the Group's business and could lead to long-term stable returns. In other words, moving forward with the Acquisition, in conjunction with the Disposal, will effectively address the credit risk faced by the Company and promote diversification within the Group's investment portfolio to achieve potential long-term gains. Thus, the Disposal is justified and, along with the Acquisition, serves the best interests of the Company and its Shareholders as a whole.

As of the Latest Practicable Date, the total outstanding amount related to the Loan, included both the principal and accrued interests, amounted to approximately RMB101,754,000 (equivalent to approximately HK$111,085,000), comprising (i) a principal amount of approximately RMB96,500,000 and accrued interest of approximately RMB5,254,000.

Before Completion, Huizhou China Field will assign the Loan, together with the interests accrued thereon, to Huizhou Wanjia, i.e. the Assignment of Loan.

Basis of determination of the Consideration

The Consideration was determined between Ms. Teresa Wong and MC Development, following arm's length negotiations, based on the unaudited combined net asset value of the Target Group as at 31 May 2025, which amounted to approximately RMB547,791,000 (equivalent to approximately HK$597,092,000). To acquire the Sale Shares, being approximately 25.3% of the total issued share capital of the Target Company, the Consideration is calculated to be approximately RMB138,232,000 (equivalent to HK$151,038,000).

To assess the unaudited combined net asset value of the Target Group, the Company engaged the Valuer to evaluate the value of the Properties, which account for over 85% of the Target Group's total assets as of 31 August 2025. This valuation was conducted using a market-based approach.

The Properties have been revalued to reflect its latest market value as of 31 August 2025, according to the unaudited management accounts of the Target Company. As a result, the Directors believe that the unaudited combined net asset value of the Target

Group, which was used to determine the Consideration, has been thoroughly evaluated. This analysis reflects the market value of the assets, leading to the conclusion that the Consideration is fair and reasonable.

Conditions precedent

The Sale and Purchase Agreement and the obligations of the parties to effect the completion of the transactions contemplated thereunder are conditional upon:

(i) the Assignment of Loan having been completed in accordance with the laws of the PRC;

(ii) the Subscription Agreement having become unconditional (other than the fulfilment of any condition(s) in the Subscription Agreement requiring completion of the Sale and Purchase Agreement and other transactions contemplated therein and not being terminated in accordance with its terms and conditions);

(iii) the passing of ordinary resolution(s) by the Independent Shareholders to approve, among others, the transactions contemplated by the Sale and Purchase Agreement in accordance with the requirements of the Listing Rules;

(iv) MC Development being reasonably satisfied with the results of the due diligence exercise (whether legal, accounting, financial, operational, or other aspects that MC Development considers relevant) on the Target Group, their related assets, liabilities, activities, operations, prospects and other status which MC Development, its agents or professional advisers think necessary and appropriate to conduct;

(v) all requirements imposed by the Stock Exchange under the Listing Rules or otherwise in connection with the transactions contemplated by the Sale and Purchase Agreement having been fully complied with;

(vi) 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 Sale and Purchase Agreement including without limitation the waiver of pre-emptive rights (if any) to purchase the Sale Shares and those which may be required under the Listing Rules, from the Stock Exchange or any regulatory authority having been obtained by Ms. Teresa Wong; and

(vii) MC Development being satisfied that from the date of the Sale and Purchase Agreement to the SPA Completion Date, there has not been any material adverse change in respect of any member of the Target Company or its subsidiaries as a whole.

As regards satisfaction of the conditions precedent stated above, neither party may waive the conditions precedent (iii), (v), and (vi) above.

If the above conditions precedent shall not have been fulfilled in full on or before the Long Stop Date, all rights and obligations of the parties under the Sale and Purchase Agreement (other than those clauses specified under the Sale and Purchase Agreement which shall remain in full force and effect) shall cease and terminate, and no party to the Sale and Purchase Agreement shall have any claim against or liability to the other parties with respect to any matter referred to in the Sale and Purchase Agreement save for any antecedent breaches of the Sale and Purchase Agreement.

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

Completion

Upon fulfilment of all the conditions precedent under the Sale and Purchase Agreement, completion of the transactions thereunder shall take place on the fifth Business Day immediately following the satisfaction of the last of the aforesaid outstanding conditions precedent, or such other date as the parties thereto shall agree in writing.

Upon completion of the transactions contemplated under the Sale and Purchase Agreement, Fortune Brilliant will cease to be a subsidiary of the Company.

THE SUBSCRIPTION AGREEMENT

On 18 July 2025 (after trading hours), MC Development entered into the Subscription Agreement with Ms. Teresa Wong and the Target Company. Pursuant to the Subscription Agreement, MC Development has conditionally agreed to subscribe for, and the Target Company has conditionally agreed to allot and issue, the Subscription Shares.

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

Date : 18 July 2025

Parties : (i) MC Development;

(ii) Ms. Teresa Wong; and

(iii) the Target Company.

Subject matter

Subject to and upon the terms and conditions of the Subscription Agreement, MC Development shall subscribe for, and the Target Company shall allot and issue, the Subscription Shares at the Subscription Price in accordance with the terms of the Subscription Agreement, memorandum and articles of association of the Target Company, on the Subscription Completion Date.

The Subscription Shares shall be issued as fully paid and free from all liens, charges, equities, encumbrances, or third-party interests.

The Subscription Shares shall rank *pari passu* among themselves and with all the shares of the Target Company in issue as at the Subscription Completion Date.

Subscription Price

The Subscription Price for the Subscription Shares payable by the Subscriber shall be HK$120,087,000 (equivalent to approximately RMB109,513,000).

Basis of determination of the Subscription Price

The Subscription Price was determined between Ms. Teresa Wong and MC Development, following arm's length negotiations, based on the unaudited combined net asset value of the Target Group as at 31 May 2025, which is approximately RMB547,791,000 (equivalent to approximately HK$597,092,000).

The Subscription Price is calculated based on the target equity interest of approximately 16.7% of the enlarged issued share capital of the Target Company upon Completion, as detailed in the formula below:

RMB547,791,000/(100% – 16.7%) – RMB547,791,000

As mentioned in this letter, the Properties have been revalued to reflect its latest market value as of 31 August 2025, according to the unaudited management accounts of the Target Company. As a result, the Directors believe that the unaudited combined net asset value of the Target Group, which was used to determine the Subscription Price, has been thoroughly evaluated. Therefore, the Directors consider the Subscription Price is fair and reasonable.

Conditions precedent

The Subscription Agreement and the obligations of the parties to effect the completion of the transactions contemplated thereunder are conditional upon:

(i) the Sale and Purchase Agreement having become unconditional (other than the fulfillment of any condition(s) in the Sale and Purchase Agreement requiring completion of the Subscription Agreement and other transactions contemplated therein and not being terminated in accordance with its terms and conditions);

(ii) the passing of ordinary resolution(s) by the Independent Shareholders to approve, among others, the transaction contemplated by the Subscription Agreement in accordance with the requirements of the Listing Rules;

(iii) MC Development being reasonably satisfied with the results of the due diligence exercise (whether legal, accounting, financial, operational, or other aspects that the Subscriber considers relevant) on the Target Group, their related assets, liabilities, activities, operations, prospects and other status which MC Development, its agents or professional advisers think necessary and appropriate to conduct;

(iv) all requirements imposed by the Stock Exchange under the Listing Rules or otherwise in connection with the transactions contemplated by the Subscription Agreement having been fully complied with;

(v) 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; and

(vi) MC Development being satisfied that from the date of the Subscription Agreement to the Subscription Completion Date, there has not been any material adverse change in respect of any member of the Target Company or its subsidiaries as a whole.

As regards satisfaction of the above conditions precedent, none of the parties thereto may waive the conditions precedent (ii), (iv), and (v) above.

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

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

Completion

Upon fulfilment of all the conditions precedent stated under the Subscription Agreement, completion of the transactions thereunder shall take place on the fifth Business Day immediately following the satisfaction of the last of the aforesaid outstanding conditions precedent, or such other date as the parties thereto shall agree in writing.

Completion of the transactions contemplated under the Sale and Purchase Agreement and the Subscription Agreement is conditional on each other.

Upon completion of the transactions contemplated under the Subscription Agreement, the equity interest of the Target Company associated with the Sale Shares will be reduced from approximately 25.3% to approximately 21.0%. As a result, upon Completion, the Company will be interested in approximately 37.7% of the entire issued share capital of the Target Company through MC Development. Accordingly, the Target Company will be recognised as an associate of the Company in the Company's consolidated financial statements. The financial results and net assets of the Target Group will be recorded using the equity method in accordance with the applicable accounting standards.

INFORMATION ABOUT THE TARGET GROUP

As of the Latest Practicable Date, the Target Group consists of the Target Company, the Union Mark Group, and the Asia Honest Group.

(a) The Target Company

The Target Company is an investment holding company incorporated in the BVI with limited liability. As of the Latest Practicable Date, the Target Company is wholly-owned by Ms. Teresa Wong.

(b) The Union Mark Group

The Union Mark Group consists of Union Mark Limited and Huizhou Lixin.

Union Mark Limited

Union Mark Limited is an investment holding company incorporated in Hong Kong with limited liability. As of the Latest Practicable Date, Union Mark Limited is wholly-owned by the Target Company.

Huizhou Lixin

Huizhou Lixin is a company established in the PRC with limited liability and is principally engaged in property investment in the PRC. As of the Latest Practicable Date, Huizhou Lixin is wholly-owned by Union Mark Limited.

As of the Latest Practicable Date, Huizhou Lixin owns the Properties located in Huizhou, with the details outlined below:

No.	Address of the Properties	Gross floor area (GFA) *(sq.m.)*	Usage of the Properties
1	An industrial development located at No. 3 Ren Luo Liu Road, Huicheng District, Huizhou, Guangdong Province, the PRC.* (中國廣東惠州市惠城區水口街道辦事處岀洛六路3號)	205,634.72	Rental property
2	An industrial development located at No. 3 Ren Luo Wu Road, Huicheng District, Huizhou, Guangdong Province, the PRC.* (中國廣東惠州市惠城區水口街道辦事處岀洛五路3號)	29,943.20	Rental property

No.	Address of the Properties	Gross floor area (GFA) *(sq.m.)*	Usage of the Properties
3	Phase 1 of an industrial development located at No. 1 Ren Luo Wu Road, Huicheng District, Huizhou, Guangdong Province, the PRC.* (中國廣東惠州市惠城區水口街道辦事處岃洛五路1號一期)	97,696.94	Rental property
4	Phase 2 of an industrial development located at No. 1 Ren Luo Wu Road, Huicheng District, Huizhou, Guangdong Province, the PRC.* (中國廣東惠州市惠城區水口街道辦事處岃洛五路1號二期)	92,114.39	Under construction

As of the Latest Practicable Date, Huizhou Lixin has entered into contracts with Huizhou Chuangyexing for the management and subleasing of the Properties.

(c) The Asia Honest Group

The Asia Honest Group consists of Asia Honest (H.K.) Limited and Huizhou Chuangyexing.

Asia Honest (H.K.) Limited

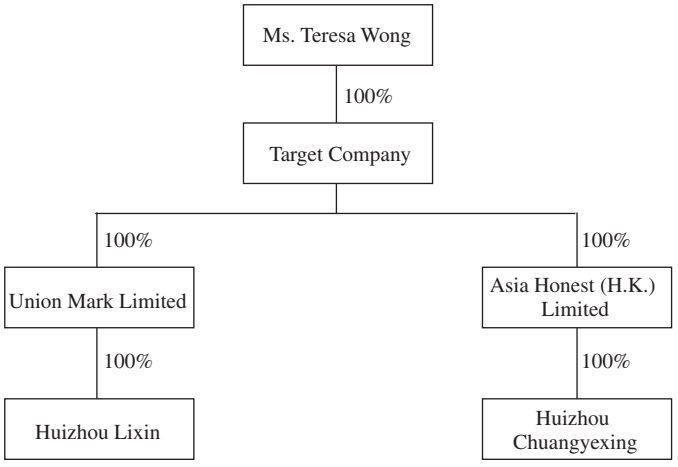
Asia Honest (H.K.) Limited is an investment holding company incorporated in Hong Kong with limited liability. As of the Latest Practicable Date, Asia Honest (H.K.) Limited is wholly-owned by the Target Company.

Huizhou Chuangyexing

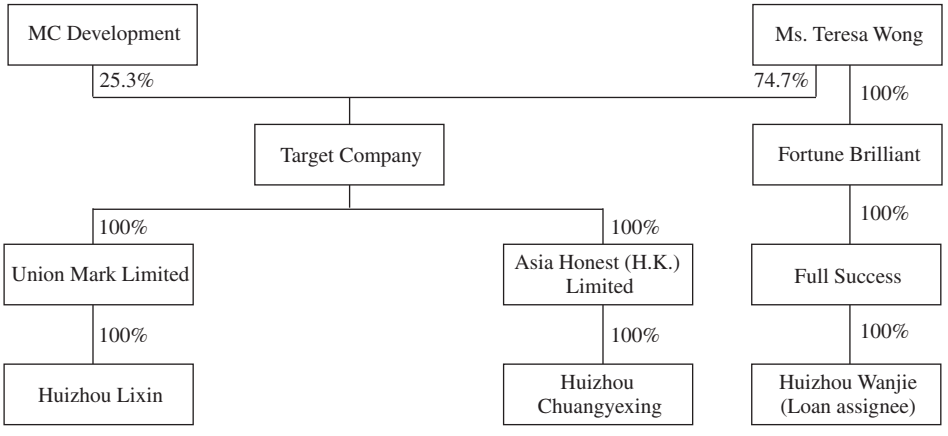
Huizhou Chuangyexing is a company established in the PRC with limited liability, primarily engaged in properties leasing. As of the Latest Practicable Date, Huizhou Chuangyexing is wholly-owned by Asia Honest (H.K.) Limited.

The following charts set forth the shareholding structure of the Target Group (i) prior to Completion; (ii) immediately upon completion of the transfer of Sale Shares (including the Disposal) but before completion of the Subscription; and (iii) immediately upon Completion (including the Disposal):

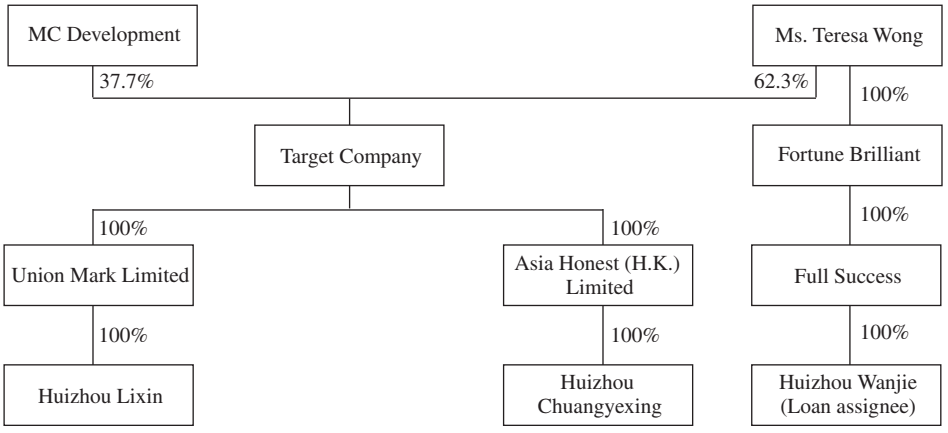
(i) Shareholding structure of the Target Group prior to Completion



(ii) Shareholding structure of the Target Group immediately upon completion of the transfer of Sale Shares (including the Disposal) but before completion of the Subscription



(iii) Shareholding structure of the Target Group immediately upon Completion (including the Disposal)



Financial information of the Target Group

Below is the combined financial information of the Target Group for the years ended 31 December 2023 and 2024, extracted from the unaudited financial statements of the Target Group for the same period:

	For the years ended 31 December	
	2024	**2023**
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue	38,754	37,525
Profit/(loss) before taxation	38,355	(15,073)
Profit/(loss) after taxation	25,270	(13,028)

Based on the unaudited financial statements of the Target Group as at 31 May 2025, the unaudited combined total assets and net assets of the Target Group as at 31 May 2025 amounted to approximately RMB1,501,065,000 and approximately RMB547,791,000, respectively.

INFORMATION ABOUT THE COMPANY, THE GROUP AND MC DEVELOPMENT

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.

MC Development is an investment holding company incorporated in the BVI with limited liability and is a wholly-owned subsidiary of the Company as of the Latest Practicable Date.

INFORMATION ABOUT MS. TERESA WONG

Ms. Teresa Wong is a daughter of Mr. TC Wong, the chairman of the Board and an executive Director. Therefore, Ms. Teresa Wong is considered a connected person of the Company under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief, Ms. Teresa Wong is a merchant.

FINANCIAL EFFECT OF THE ACQUISITION AND THE DISPOSAL

Upon Completion, the Company will hold 37.7% of the equity interest in the Target Company. From the accounting perspective, the investment in the Target Company will be recorded as an interest in an associate of the Company, and the results and net assets of the Target Group will be accounted for using the equity method in the consolidated financial statements of the Company after Completion.

Upon Completion, Fortune Brilliant 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.

Based on the unaudited pro forma financial information of the Enlarged Group, it is estimated that the Company will record an unaudited gain from the Acquisition and the Disposal of approximately RMB2,240,000 (equivalent to approximately HK$2,456,000). This amount represents the difference between (i) the fair value of the Target Group upon Completion, which reflects 37.7% of the adjusted net assets of the Target Group (approximately RMB662,882,000, being the sum of the Target Group's net assets as at 30 June 2025 of RMB553,370,000 and the Subscription Price), and the aggregate of (ii) the combined total net liabilities of Fortune Brilliant, Full Success, and Huizhou Wanjia of approximately RMB78,538; (iii) the Consideration; and (iv) the Subscription Price.

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

As the Group would not receive any proceeds from the Disposal, it is expected that the Company would not receive any material sale proceeds.

REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE DISPOSAL

As disclosed in the Company's annual report for the year ended 31 December 2024, the Board presented a detailed overview of the challenges currently confronting the PRC's real estate industry. Over the past year, the sector has faced significant challenges, including liquidity instability stemming from developers' debt issues, a decline in consumer confidence, reduced housing demand, a downturn in sales, and an ongoing decline in housing prices.

In response to those challenges, the Group's management team is actively working to minimise long-term business risks. The Board is exploring new business opportunities through investments, as well as potential mergers and acquisitions, to diversify profit generation within the property development sector.

During the recent Board meetings, the Directors acknowledged the Target Group's strong capacity to generate stable rental income while also maintaining a land bank that offers opportunities for future development. Despite the Target Group recorded losses for the year ended 31 December 2023 and for the six months ended 30 June 2025, the Board noted that these losses were primarily due to finance costs associated with bank borrowings. When evaluating the potential investment in the Target Group, the Directors consider several key factors, including (i) the new capital injected into the Target Group through the Subscription is intended to repay a portion of the bank borrowings. This repayment is expected to reduce the principal amount owed, and preliminary negotiations indicate that the financial institution may lower the interest rate by 1% to 1.25%; (ii) the potential for the Target Group to adjust rental rates charged to its tenants; and (iii) a parcel of land associated with the Properties that is currently under construction, indicating the possibility for the Target Group to expand further and increase its rental income. In light of these considerations, while the Board acknowledges that the current downturn in the property market may impact the Target Group's potential, it remains confident in the Target Group's significant prospects. With fair and reasonable terms in place, this is an opportune moment for the Company to invest in the Target Group as part of its long-term business expansion strategy.

Following several constructive discussions with Ms. Teresa Wong, the Board has decided to undertake a comprehensive due diligence process concerning the Target Group. Additionally, the Valuer has been engaged to assess the market value of the Target Group.

Furthermore, through ongoing discussions with Ms. Teresa Wong, the Company anticipates securing property management services for the investment properties within the Target Group. This arrangement would ensure consistent management service fees. The Board believes that establishing management services is a strategic opportunity for the Group to diversify its business by leveraging extensive experience in the property development sector. This approach is deemed essential for all properties and is relatively insulated from economic fluctuations, thereby presenting a lower business risk.

Moreover, although the Company is positioned to invest in a total of approximately 37.7% of the entire issued share capital of the Target Group through the Acquisition, it intends to establish a shareholders' agreement with Ms. Teresa Wong, which will allow for the appointment of director(s) to the board of the Target Company. This arrangement will ensure that the Company has substantial influence over the board's commercial and financial decisions. The goal with this approach is to protect the investment and ensure it aligns with the Company's strategic objectives.

In addition, a formal dividend policy will be introduced within the Target Group, allowing the Company to receive dividends based on a mutually agreed profit standard. Lastly, as previously discussed with Ms. Teresa Wong, should the Target Group demonstrate promising returns, the Company may explore the option of acquiring a controlling equity stake. Conversely, the Company may also consider the possibility of divesting the investment back to Ms. Teresa Wong as a feasible exit strategy.

Taking into account of the above factors, the Directors (including the members of the Independent Board Committee after considering the advice of the Independent Financial Adviser) believe that despite the Acquisition and the Disposal are not in the ordinary and usual course of business of the Group, the terms of each of the Sale and Purchase Agreement and the Subscription Agreement are (i) on normal commercial terms; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable ratios for the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition is subject to the reporting, announcement, circular, and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Upon completion of the transactions contemplated under the Sale and Purchase Agreement, Fortune Brilliant will cease to be a subsidiary of the Company. As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is subject to the reporting announcement, circular, and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Ms. Teresa Wong is the daughter of Mr. TC Wong, the chairman of the Board and an executive Director. Therefore, Ms. Teresa Wong is considered a connected person of the Company under the Listing Rules. Accordingly, each of the Acquisition and the Disposal 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.

Mr. TC Wong, Ms. Wong Wai Ling (sister of Mr. TC Wong and a non-executive Director), and Mr. Lau Ka Keung (the spouse of Ms. Wong Wai Ling, an executive Director and chief executive officer of the Company) are considered to have a material interest in each of the Acquisition and the Disposal. As a result, Mr. TC Wong, Ms. Wong Wai Ling and Mr. Lau Ka Keung abstained from voting on the resolutions to approve the Sale and Purchase Agreement, the Subscription Agreement, and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal) at the Board meeting. Save as disclosed, none of the other Directors who attended the Board meeting have a material interest in each of the Acquisition and the Disposal.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising Mr. Ip Shu Kwan, Stephen, Mr. Li Yinquan and Ms. Man Wing Yee, Ginny, all being independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of each of the Sale and Purchase Agreement, the Subscription Agreement, and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal) are fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole and to advise the Independent Shareholders on how to vote at the EGM. A letter from the Independent Board Committee is set out on pages 25 to 26 of this circular.

Silverbricks Securities Co. Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. A letter from the Independent Financial Adviser is set out on pages 27 to 53 of this circular.

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 Wednesday, 19 November 2025 at 10:30 a.m. for the purpose of approving, among other things, the Sale and Purchase Agreement, the Subscription Agreement, and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal) by way of poll.

As at the Latest Practicable Date, Fortune Speed holds 562,500,000 Shares, representing 75% of the entire issued share capital of the Company and the controlling Shareholder. Fortune Speed is ultimately beneficially owned by East Asia International Trustees Limited, the trustee of the Happy Family Trust. The Happy Family Trust was established by Mr. TC Wong, the chairman of the Board and an executive Director, who serves as the settlor, protector, and one of the beneficiaries of the Happy Family Trust. Therefore, Fortune Speed will abstain from voting on the resolutions to approve the Sale and Purchase Agreement, the Subscription Agreement, and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal) at the EGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed, as at the Latest Practicable Date, no other Shareholders is required to abstain from voting on the resolutions in respect of the Sale and Purchase Agreement, the Subscription Agreement, and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal) 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 Floor, 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 Monday, 17 November 2025 (Hong Kong time)) 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.

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 Monday, 10 November 2025 to Thursday, 13 November 2025, 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 Friday, 7 November 2025.

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.

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 set out on pages 25 to 26 of this circular; and (ii) the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders as set out on pages 27 to 53 of this circular.

RECOMMENDATION

The Directors consider that, although the Acquisition and the Disposal are not in the ordinary and usual course of business of the Group, the terms of each of the Sale and Purchase Agreement and the Subscription Agreement and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal) are (i) on normal commercial terms; (ii) fair and reasonable; 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 resolutions which will be proposed at the EGM for approving the Sale and Purchase Agreement and the Subscription Agreement and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal).

WARNING NOTICE

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

Shareholders and potential investors of the Company should note that Completion is subject to the satisfaction of the conditions precedent set out in the Sale and Purchase Agreement and the Subscription Agreement. Therefore, each of the Acquisition and the Disposal 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 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

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 Sale and Purchase Agreement, the Subscription Agreement, and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal):

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,

(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF FORTUNE RADIANT CITY LIMITED; AND (2) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF FORTUNE BRILLIANT CITY LIMITED

We refer to the circular dated 24 October 2025 (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 Sale and Purchase Agreement, the Subscription Agreement, and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal), 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 Sale and Purchase Agreement, the Subscription Agreement, and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal); 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 Sale and Purchase Agreement and the Subscription Agreement and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal) are not in the ordinary and usual course of business of the Company, the terms of the Sale and Purchase Agreement and the Subscription Agreement and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal) are (i) on normal commercial terms; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions at the EGM to approve the entering into the Sale and Purchase Agreement and the Subscription Agreement and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal).

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

Mr. Ip Shu Kwan, Stephen	**Mr. Li Yinquan**	**Ms. Man Wing Yee, Ginny**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

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

元庫證券有限公司
SILVERBRICKS SECURITIES CO., LTD.

Rooms 1601–07,
16/F, Nan Fung Tower,
88 Connaught Road Central,
Central, Hong Kong

24 October 2025

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF FORTUNE RADIANT CITY LIMITED; AND (2) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF FORTUNE BRILLIANT CITY LIMITED

INTRODUCTION

We refer to our engagement as the independent financial adviser (the "**Independent Financial Adviser**") to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement, the Subscription Agreement, and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal) (the "**Transactions**"), particulars of which are set out in the section headed "Letter from the Board" (the "**Letter from the Board**") contained in the circular of the Company to the Shareholders dated 24 October 2025 (the "**Circular**"), of which this letter forms part. Unless the contest requires otherwise, capitalized terms used in this letter shall have the same meanings as ascribed to them under the section headed "Definitions" in this Circular.

On 18 July 2025 (after trading hours of the Stock Exchange), MC Development, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement and the Subscription Agreement.

LISTING RULES IMPLICATIONS

As one or more of the applicable ratios for the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition is subject to the reporting, announcement, circular, and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Upon completion of the transactions contemplated under the Sale and Purchase Agreement, Fortune Brilliant will cease to be a subsidiary of the Company. As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is subject to the reporting announcement, circular, and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Ms. Teresa Wong is the daughter of Mr. TC Wong, the chairman of the Board and an executive Director. Therefore, Ms. Teresa Wong is considered a connected person of the Company under the Listing Rules. Accordingly, each of the Acquisition and the Disposal 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.

Mr. TC Wong, Ms. Wong Wai Ling (sister of Mr. TC Wong and a non-executive Director), and Mr. Lau Ka Keung (the spouse of Ms. Wong Wai Ling, an executive Director and chief executive officer of the Company) are considered to have a material interest in each of the Acquisition and the Disposal. As a result, Mr. TC Wong, Ms. Wong Wai Ling and Mr. Lau Ka Keung abstained from voting on the resolutions to approve the Sale and Purchase Agreement, the Subscription Agreement, and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal) at the Board meeting. Save as disclosed, none of the other Directors who attended the Board meeting have a material interest in each of the Acquisition and the Disposal.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ip Shu Kwan, Stephen, Mr. Li Yinquan and Ms. Man Wing Yee, Ginny, has been established to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and the Subscription Agreement and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal) are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, taking into account the recommendations of the Independent Financial Adviser appointed by the Company. In this connection, the Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and the Subscription Agreement and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal) are fair

and reasonable. We, Silverbricks Securities Company Limited, have been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee in accordance with the Rule 13.84 of the Listing Rules to advise the Independent Board Committee and the Independent Shareholders in these regards and to give our opinion for the Independent Board Committee's consideration when making their recommendations to the Independent Shareholders.

OUR INDEPENDENCE

As at the Latest Practicable Date, we are not connected with the Directors, chief executive and substantial shareholder of the Company or any of their respective subsidiaries or their respective associates or connected persons and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any of their respective subsidiaries or their respective associates and did not have any shareholding, directly or indirectly, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. We are not aware of any relationships or interests between us and the Company or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.80 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Engagement. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we had received or will receive any fee or benefit from the Group and its associates. During the past two years, we were engaged as an independent financial adviser to the Company in respect of the major and connected transaction in relation to deemed disposal (details can be referred to in the announcement of the Company dated 28 June 2024 and the circular of the Company dated 30 July 2024, under which we were required to express our opinion on and to give recommendations to the independent non-executive directors of the Company in respect of the relevant transaction. Also, we are not aware of the existence of or change in any circumstances that could affect our independence. Accordingly, we consider ourselves independent and eligible to give independent advice in respect of the Sale and Purchase Agreement, the Subscription Agreement, and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal).

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement, the Subscription Agreement, and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal), 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 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 up to the time of the EGM 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 Transactions, 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 of the terms of each of the Sale and Purchase Agreement and the Subscription Agreement and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal), 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 opinion and advice to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

1. Information of the Group

1.1. Background of 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.

1.2. Historical financial performance of the Group

Set out below is a summary of the Group's financial information as extracted from the Company's latest published (i) interim results announcement for the six months ended 30 June 2025 (the "**2025 Interim Results Announcement**"); and (ii) annual report for the year ended 31 December 2024 (the "**2024 Annual Report**"), respectively.

	For the six months ended 30 June 2025	**For the six months ended 30 June 2024**	**For the year ended 31 December 2024**	**For the year ended 31 December 2023**
	RMB'000 (Unaudited)	*RMB'000* (Unaudited)	*RMB'000* (Audited)	*RMB'000* (Audited)
Revenue	41,371	46,119	99,710	641,634
Gross profit/(loss)	16,544	14,757	(17,129)	(164,501)
Profit/(loss) for the year	(4,016)	(65,233)	(143,514)	(607,233)

*For the six months ended 30 June 2025 ("**1H2025**") and 2024 ("**1H2024**")*

The Group's revenue decreased by approximately RMB4.75 million, or approximately 10.30%, from approximately RMB46.12 million for 1H2024 to approximately RMB41.37 million for 1H2025. This decrease was primarily due to a decrease of sales performance in properties, mainly in Huizhou. Gross profit increased by approximately RMB1.79 million or approximately 12.11%, from approximately RMB14.76 million for 1H2024 to approximately RMB16.54 million for 1H2025, mainly attributable to a significant increase in the reversal of provision for write-down of inventories upon sales. The gross margin improved accordingly from approximately 32.0% in 1H2024 to approximately 39.99% in 1H2025. As a result of the combined effects of revenue decline and enhanced gross profit, the Group recorded a loss of approximately RMB4.02 million for 1H2025 compared to a loss of approximately RMB65.23 million in 1H2024, representing a significant reduction in losses and an improvement in financial performance for the period.

*For the years ended 31 December 2023 ("**FY2023**") and 2024("**FY2024**")*

The Group's revenue decreased by approximately RMB541.92 million, or approximately 84.46%, from approximately RMB641.63 million for FY2023 to approximately RMB99.71 million for FY2024. Such decrease was attributable by limited newly completed properties, reduced buyer interest, and contrasting sales volume compared from FY2023 to FY2024. Gross loss decreased by approximately RMB147.37 million, which was approximately RMB164.50 million from FY2023 and decreased to RMB17.13 million for FY2024 as mainly attributable to the decrease in revenue from the sale of properties and the reduction in the impairment of certain inventories. The gross margin has slightly dropped from approximately 25.64% to approximately 17.18% resulting from the decrease in the impairment of the inventories. As a result of the reduced revenue and impairment of inventories, the loss for the Group declined approximately 76.37%, from approximately RMB607.23 million for FY2023 to approximately RMB143.51 million for FY2024.

1.3. Financial position of the Group

Set out below is a summary of the financial position of the Group for the six months ended 30 June 2025 and as at 31 December 2024 as extracted from the 2025 Interim Results Announcement.

	As at 30 June 2025	**As at 31 December 2024**
	RMB'000 (Unaudited)	*RMB'000* (Audited)
Total assets	1,366,377	1,441,182
Interest of associates	187,247	189,809
Inventories and other contract costs	544,102	566,369
Cash and cash equivalents	234,753	268,446
Total liabilities	665,934	739,655
Contract liabilities	46,981	48,539
Tax payable	112,484	170,973
Trade and other payables	480,555	493,816
Net Assets	700,443	701,527

The unaudited consolidated total assets of the Group as at 30 June 2025 were approximately RMB1,366.37 million, representing a decrease of approximately 5.19% when compared to the audited consolidated total assets of the Group for FY2024 of approximately RMB1,441.18 million. The unaudited total liabilities of the Group as at 30 June 2025 were approximately RMB665.93 million, representing a decrease of approximately 9.97% when compared to the audited total liabilities of the Group for FY2024 of approximately RMB739.65 million. The unaudited net assets of the Group as at 30 June 2025 were approximately RMB700.44 million, remaining relatively stable with a marginal decrease of approximately 0.15%, compared to the audited net assets of the Group for FY2024 of approximately RMB701.53 million. Cash and cash equivalents decreased from approximately RMB268.45 million as at 31 December 2024 to approximately RMB234.75 million as at 30 June 2025, representing a decrease of approximately 12.55%.

2. Information of the Target Group

2.1. Background information of the Target Group

As of the Latest Practicable Date, the Target Group consists of the Target Company, the Union Mark Group, and the Asia Honest Group.

(a) The Target Company

The Target Company is an investment holding company incorporated in the BVI with limited liability. As of the Latest Practicable Date, the Target Company is wholly-owned by Ms. Teresa Wong.

(b) The Union Mark Group

The Union Mark Group consists of Union Mark Limited and Huizhou Lixin.

Union Mark Limited

Union Mark Limited is an investment holding company incorporated in Hong Kong with limited liability. As of the Latest Practicable Date, Union Mark Limited is wholly-owned by the Target Company.

Huizhou Lixin

Huizhou Lixin is a company established in the PRC with limited liability and is principally engaged in property investment in the PRC. As of the Latest Practicable Date, Huizhou Lixin is wholly-owned by Union Mark Limited.

As of the Latest Practicable Date, Huizhou Lixin owns the Properties located in Huizhou, with the details outlined below:

No.	Address of the Properties	Gross floor area (GFA) *(sq.m.)*	Usage of the Properties
1	An industrial development located at No. 3 Ren Luo Liu Road, Huicheng District, Huizhou, Guangdong Province, the PRC.* (中國廣東惠州市惠城區水口街道辦事處岃洛六路3號)	205,634.72	Rental property
2	An industrial development located at No. 3 Ren Luo Wu Road, Huicheng District, Huizhou, Guangdong Province, the PRC.* (中國廣東惠州市惠城區水口街道辦事處岃洛五路3號)	29,943.20	Rental property
3	Phase 1 of an industrial development located at No. 1 Ren Luo Wu Road, Huicheng District, Huizhou, Guangdong Province, the PRC.* (中國廣東惠州市惠城區水口街道辦事處岃洛五路1號一期)	97,696.94	Rental property
4	Phase 2 of an industrial development located at No. 1 Ren Luo Wu Road, Huicheng District, Huizhou, Guangdong Province, the PRC.* (中國廣東惠州市惠城區水口街道辦事處岃洛五路1號二期)	92,114.39	Under construction

As of the Latest Practicable Date, Huizhou Lixin has entered into contracts with Huizhou Chuangyexing for the management and subleasing of the Properties.

(c) The Asia Honest Group

The Asia Honest Group consists of Asia Honest (H.K.) Limited and Huizhou Chuangyexing.

Asia Honest (H.K.) Limited

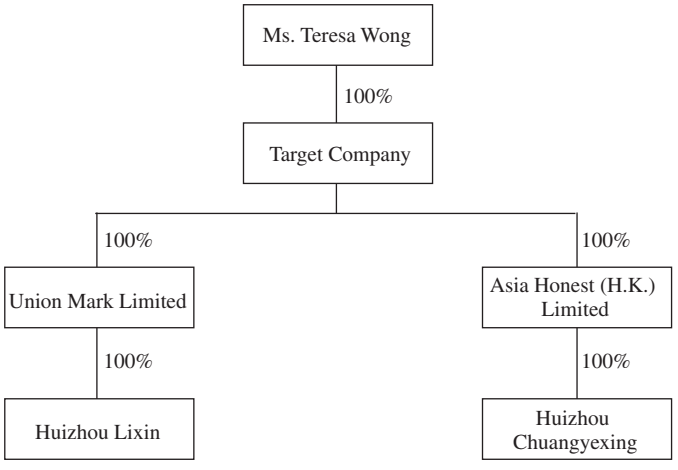
Asia Honest (H.K.) Limited is an investment holding company incorporated in Hong Kong with limited liability. As of the Latest Practicable Date, Asia Honest (H.K.) Limited is wholly-owned by the Target Company.

Huizhou Chuangyexing

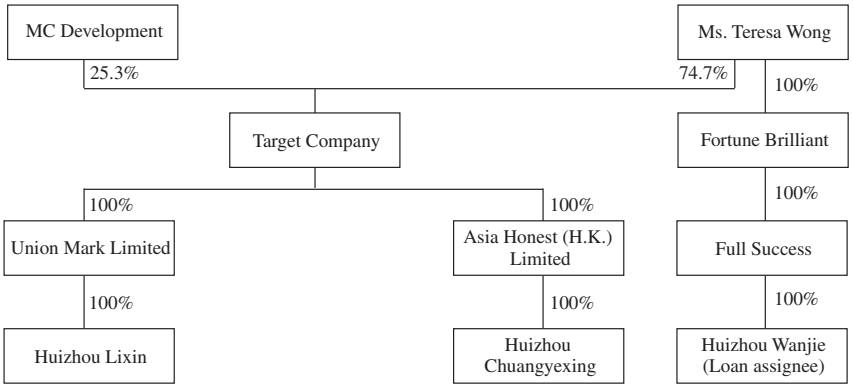
Huizhou Chuangyexing is a company established in the PRC with limited liability, primarily engaged in properties leasing. As of the Latest Practicable Date, Huizhou Chuangyexing is wholly-owned by Asia Honest (H.K.) Limited.

The following charts set forth the shareholding structure of the Target Group (i) prior to Completion; (ii) immediately upon completion of the transfer of Sale Shares (including the Disposal) but before completion of the Subscription; and (iii) immediately upon Completion (including the Disposal):

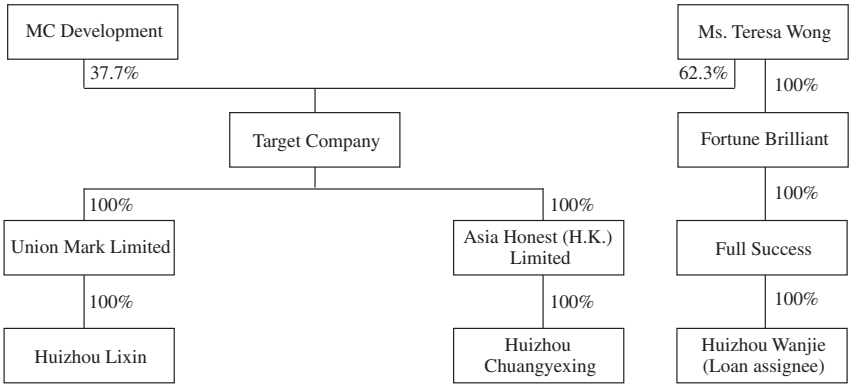
(i) Shareholding structure of the Target Group prior to Completion



(ii) Shareholding structure of the Target Group immediately upon completion of the transfer of Sale Shares (including the Disposal) but before completion of the Subscription



(iii) Shareholding structure of the Target Group immediately upon Completion (including the Disposal)



2.2. Historical financial performance of the Target Group

Below is the combined financial information of the Target Group for the years ended 31 December 2023 and 2024, extracted from the unaudited financial statements of the Target Group for the same period:

	For the years ended 31 December	
	2024	**2023**
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue	38,754	37,525
Profit/(loss) before taxation	38,355	(15,073)
Profit/(loss) after taxation	25,270	(13,028)

Based on the unaudited financial statements of the Target Group as at 31 May 2025, the unaudited combined total assets and net assets of the Target Group as at 31 May 2025 amounted to approximately RMB1,501,065,000 and approximately RMB547,791,000, respectively.

2.3. Business plan and status of the Target Group

As advised by the Management, the Properties owned by the Target Group are used for investment and engaged in the Properties leasing. In the business plan, the second phase of the Li Xin Industrial Park Project* (立信產業園) is located in Huicheng District, Huizhou, covering an area of approximately 49,000 square meters with a total construction area of about 190,000 square meters. The project consists of 16 buildings including 13-story factories, production workshops, equipment rooms, guardhouses, and a waste collection point. The buildings are designed with reinforced concrete frame-shear wall structures, and the foundation uses prestressed concrete pile bases to ensure structural stability and suitability for modern industrial use.

We understand from the Management that the construction is planned in two main phases, which the first phase totalling around 97,700 square meters and has obtained the property ownership certificate as at 31 December 2024. Meanwhile, the second phase covering approximately 92,100 square meters, with site preparation currently underway. Each building in the phases are designed with appropriate floor heights and load capacities to expected to support multifunctional production, office, and research uses. The project is equipped with multiple freight elevators and passenger lifts to facilitate efficient vertical transport and logistics. The first phase began leasing activities in June 2024 with approximately 39.15% up to June 2025 of land leased and the rest of the square meters still available for lease, indicating there is room for the market engagement. The overall project plan prioritizes balanced cash flow and construction progress, with careful staging of construction and lease management. This phased approach aims to ensure timely delivery while maximizing operational readiness and market absorption. The Management expects the project to contribute to rental income from the regional industrial capacity and economic development once fully operational, which aligns with the businesses engaging with the Company.

2.4. Overview of the industrial park markets in PRC

The industrial park market in China is poised for significant growth supported by evolving market dynamics and strong government policies. Major cities have implemented "zero-rent" policies offering up to 5 years of free rent for startups and advanced manufacturers to attract innovation-driven tenants (https://news.qq.com/rain/a/20250815A02JB700) stated on an independent news organisation and serves as a authoritative platform for announcements or official news from the Guangdong Provincial Committee and Provincial Government named Southern Metropolis Daily published in August 2025. While this exerts short-term rental income pressure due to high vacancy rates (i.e. 30%–50%), stated on an independent research report about an outlook of 2025 real estate industry in China from an

independent organisation named Cushman & Wakefield published on December 2024 (https://assets.cushmanwakefield.com/-/media/cw/apac/greater-china/insights/2024-media-files/greater-china-outlook-report-2025.pdf?rev=4762a82077c84a44a2eb9fd27a35bc16), they represent a strategic move designed to invigorate demand and support long-term sustainable growth.

National policy emphasis on tech innovation, green energy, and digital transformation drives demand for modern, eco-efficient parks commanding premium rents. Core industrial parks such as Suzhou and Guangzhou combine rent-free periods with enhanced property management and infrastructure upgrades, boosting quality-driven rental income over time. It is expected that the development of the industrial park in China will continue to be influenced by the promotion and implementation of China's government policies which further enhances tenant attraction and retention. Despite competitive incentives and oversupply, the industrial parks tied to high-growth sectors like semiconductors, new energy vehicles, and AI manufacturing expect accelerated absorption and stable rental growth. Vacancy rates are forecast to decline gradually from 2026 onward as stated in the independent research done by Cushman & Wakefield, reflecting improved tenant activity and supply rationalisation.

Rising construction and land costs, alongside inflation, support renewal rent increases, providing tailwinds to rental income. Although short-term pressures remain, the confluence of government support, research and development driven industry growth, and smart park development underpins a positive rental income trajectory for China's industrial parks over the next decade, illustrating there is huge room for expansion and sustained profitability for the Company in the coming future.

Our view

Having considered the above, although the Acquisition of the Sale and Purchase Agreement and the Subscription Agreement does not fall within the ordinary and usual course of business of the Group, given the aforesaid benefits expected to be accrued to the Group and the stable financial performance and market outlook of the Target Group, we concur with the view of the Directors that the Acquisition is beneficial and in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Sale and Purchase Agreement

On 18 July 2025 (after trading hours), MC Development entered into the Sale and Purchase Agreement with Ms. Teresa Wong. Pursuant to the Sale and Purchase Agreement, Ms. Teresa Wong has conditionally agreed to sell, and MC Development has conditionally agreed to purchase, the Sale Shares.

The principal terms of the Sale and Purchase Agreement are set out below:

Date: 18 July 2025

Parties: (i) MC Development; and

(ii) Ms. Teresa Wong.

Subject matter

Subject to and upon the terms and conditions of the Sale and Purchase Agreement, Ms. Teresa Wong shall sell, and MC Development shall purchase, the Sale Shares, free from all liens, charges, equities, encumbrances or third party interests together with all rights now or thereafter attaching thereto including but not limited to all dividends or distributions which may be paid, declared or made in respect thereof on or after the SPA Completion Date.

As at the Latest Practicable Date, the Sale Shares represent approximately 25.3% of the total issued share capital of the Target Company.

Consideration

The Consideration for the sale and purchase of the Sale Shares shall be HK$151,038,000 (equivalent to approximately RMB138,232,000), which shall be payable by MC Development and shall be satisfied by (i) payment in cash of HK$40 million (equivalent to approximately RMB36.5 million), i.e. Cash Consideration; and (ii) the transfer of all issued shares of Fortune Brilliant, being a wholly-owned subsidiary of the Company, from MC Development to Ms. Teresa Wong.

According to the terms of the Sale and Purchase Agreement, the Cash Consideration shall be settled by MC Development within three Business Days from the date of signing of the Sale and Purchase Agreement, and shall be settled in cash or cashier order or shall be paid by MC Development by transferring the amount payable to a bank account designated by Ms. Teresa Wong or in other manners as agreed by Ms. Teresa Wong. Furthermore, the transfer of all issued shares of Fortune Brilliant to Ms. Teresa Wong will be completed upon Completion.

If the conditions precedent under the Sale and Purchase Agreement shall not have been fulfilled on or before the Long Stop Date, the Cash Consideration shall be refunded to MC Development within three Business Days from the Long Stop Date.

As at the Latest Practicable Date, the Cash Consideration had been settled by MC Development.

Basis of determination of the Consideration

The Consideration was determined between Ms. Teresa Wong and MC Development, following arm's length negotiations, based on the unaudited combined net asset value of the Target Group as at 31 May 2025, which amounted to approximately RMB547,791,000 (equivalent to approximately HK$597,092,000). To acquire the Sale Shares, being approximately 25.3% of the total issued share capital of the Target Company, the Consideration is calculated to be approximately RMB138,232,000 (equivalent to approximately HK$151,038,000).

To assess the unaudited combined net asset value of the Target Group, the Company engaged the Valuer to evaluate the value of the Properties, which account for over 85% of the Target Group's total assets as of 31 August 2025. This valuation was conducted using a market-based approach.

The Properties have been revalued to reflect its latest market value as of 31 August 2025, according to the unaudited management accounts of the Target Company. As a result, the Directors believe that the unaudited combined net asset value of the Target Group, which was used to determine the Consideration, has been thoroughly evaluated. This analysis reflects the market value of the assets, leading to the conclusion that the Consideration is fair and reasonable.

Conditions precedent

Completion of the transactions be conditional upon the satisfaction or (as the case may be) waiver of the conditions as set out in the paragraph headed "Conditions precedent" of the "The Sale and Purchase Agreement" in the Letter from the Board. As at the Latest Practicable Date, none of the conditions precedent was fulfilled.

Completion

Subject to the fulfilment all the conditions precedent under the Sale and Purchase Agreement, completion of the transactions thereunder shall take place on the fifth Business Day immediately following the satisfaction of the last of the aforesaid outstanding conditions precedent, or such other date as the parties thereto shall agree in writing.

Upon completion of the transactions contemplated under the Sale and Purchase Agreement, Fortune Brilliant will cease to be a subsidiary of the Company.

4. Principal terms of the Subscription Agreement

On 18 July 2025 (after trading hours), MC Development entered into the Subscription Agreement with Ms. Teresa Wong and the Target Company. Pursuant to the Subscription Agreement, MC Development has conditionally agreed to subscribe for, and the Target Company has conditionally agreed to allot and issue, the Subscription Shares.

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

Date: 18 July 2025

Parties: (i) MC Development;

(ii) Ms. Teresa Wong; and

(iii) the Target Company.

Subject matter

Subject to and upon the terms and conditions of the Subscription Agreement, MC Development shall subscribe for, and the Target Company shall allot and issue, the Subscription Shares at the Subscription Price in accordance with the terms of the Subscription Agreement, memorandum and articles of association of the Target Company, on the Subscription Completion Date.

The Subscription Shares shall be issued as fully paid and free from all liens, charges, equities, encumbrances, or third-party interests.

The Subscription Shares shall rank *pari passu* among themselves and with all the shares of the Target Company in issue as at the Subscription Completion Date.

Subscription Price

The Subscription Price for the Subscription Shares payable by the Subscriber shall be HK$120,087,000 (equivalent to approximately RMB109,513,000).

Basis of determination of the Subscription Price

The Subscription Price was determined between Ms. Teresa Wong and MC Development, following arm's length negotiations, based on the unaudited combined net asset value of the Target Group as at 31 May 2025, which is approximately RMB547,791,000 (equivalent to approximately HK$597,092,000).

The Subscription Price is calculated based on the target equity interest of approximately 16.7% of the enlarged issued share capital of the Target Company upon Completion, as detailed in the formula below:

RMB547,791,000/(100% – 16.7%) – RMB547,791,000

As mentioned in this letter, the Properties have been revalued to reflect its latest market value as of 31 August 2025, according to the unaudited management accounts of the Target Company. As a result, the Directors believe that the unaudited combined net asset value of the Target Group, which was used to determine the Subscription Price, has been thoroughly evaluated. Therefore, the Directors considered the Subscription Price is fair and reasonable.

Conditions precedent

Completion of the transactions be conditional upon the satisfaction or (as the case may be) waiver of the conditions as set out in the paragraph headed "Conditions precedent" of the "The Subscription Agreement" in the Letter from the Board. As at the Latest Practicable Date, none of the conditions precedent was fulfilled.

Completion

Subject to the fulfilment all the conditions precedent under the Subscription Agreement, completion of the transactions thereunder shall take place on the fifth Business Day immediately following the satisfaction of the last of the aforesaid outstanding conditions precedent, or such other date as the parties thereto shall agree in writing.

The completion of the transactions contemplated under the Sale and Purchase Agreement and the Subscription Agreement is conditional on each other.

Upon completion of the transactions contemplated under the Subscription Agreement, the equity interest of the Target Company associated with the Sale Shares will be reduced from approximately 25.3% to approximately 21.0%. As a result, upon Completion, the Company will be interested in approximately 37.7% of the entire issued share capital of the Target Company through MC Development. Accordingly, the Target Company will be recognised as an associate of the Company in the Company's consolidated financial statements. The financial results and net assets of the Target Group will be recorded using the equity method in accordance with the applicable accounting standards.

5. Reasons for and benefits of entering into the Sale and Purchase Agreement and the Subscription Agreement

We have summarised the reasons and benefits of the Acquisition and the Disposal from the Letter from the Board. The Board has analysed the ongoing challenges within China's real estate sector, which has been impacted by liquidity pressures arising from developers' debt issues, declining consumer confidence, reduced housing demand, weakening sales, and a continued downward trend in housing prices. Against this backdrop, the Group's management is taking proactive measures to mitigate long-term risks by exploring new business opportunities, including strategic investments, as well as potential mergers and acquisitions, to diversify profit generation and reduce dependence on traditional property development.

The Board has identified the Target Group as a compelling investment opportunity due to its strong capacity to generate stable rental income while maintaining a significant land bank that offers future development potential. During recent discussions, the Board expressed its intention to leverage the Target Group as part of the Company's long-term strategy for business expansion. The Target Group reported losses for the year ended 31 December 2023 and the six months ended 30 June 2025, the Board notes these were mainly attributable to finance costs on bank borrowings through a due diligence process. The

Directors have considered that (i) the capital raised from the Subscription will be used to repay part of these borrowings, with preliminary negotiations suggesting a potential interest rate reduction of 1% to 1.25%; (ii) there is scope to adjust rental rates for tenants; and (iii) a land parcel under construction offers further expansion and rental income potential. Regarding to these considerations, Despite the current property market downturn, the Board remains confident in the Target Group's prospects and considers this a timely investment aligned with the Company's long-term growth strategy. Following several constructive engagements with Ms. Teresa Wong, the Board has decided to initiate a comprehensive due diligence process on the Target Group and has engaged a professional Valuer to determine its market value. As discussed under the sub-section headed "2.4. Overview of the industrial park markets in PRC" in the previous section in this letter, we noted the potential growth income for the land bank planned for developed as industrial parks and the promotional policy in China.

We are advised by the Company that the Director noted the Company has the opportunity to secure property management service arrangements for the Target Group's investment properties. This is expected to provide another stable source of management service fees while aligning with the Group's expertise in property development. The Board views this as a strategic move towards diversification, as property management services are less sensitive to economic fluctuations and represent a lower-risk business model, as mentioned in the sub-section headed "2.4. Overview of the industrial park markets in PRC", even "zero-rent" policies have been offered, this policy can stimulate property management service

The Acquisition will allow the Company to invest in approximately 37.7% of the total issued share capital of the Target Group. To safeguard its interests, the Company plans to establish a shareholders' agreement with Ms. Teresa Wong, enabling the appointment of director(s) to the Target Group's board. This governance structure ensures the Company's significant influence over the Target Group's financial and commercial decisions, aligning the investment with the Group's overall strategic objectives.

The Target Group will also adopt a formal dividend policy, enabling the Company to receive dividends based on an agreed profit-sharing model. Additionally, the Director has recognised the flexibility embedded in this investment. In the situation of the Target Group deliver strong returns for the Company, the Company may consider increasing its stake to a controlling equity position. Conversely, as part of its risk management strategy, the Company retains the option to divest its investment back to Ms. Teresa Wong as an alternative exit strategy.

The Board believes that the transactions collectively represent a strategic opportunity to balance risks while diversifying the Group's revenue streams and enhancing its long-term growth potential. On this above basis, we concur with the Directors that these transactions are in the best interests of the Company and its Shareholders as a whole.

6. Fairness and reasonableness of the Consideration and Subscription Price

6.1. The Consideration

As set out in the Letter from the Board, the Consideration for the Sale Shares in the Sale and Purchases Agreement is HK$151,038,000 (equivalent to approximately RMB138,232,000), component with (i) Cash Consideration of HK$40 million (equivalent to approximately RMB36.5 million) and (ii) the transfer of all issued shares of Fortune Brilliant (i.e. deemed as a disposal transaction as it is a wholly-owned subsidiary of the Company), which is based on arm's length negotiations between Ms. Teresa and MC Development with reference to the unaudited combined net asset value of the Target Group as at 31 May 2025, which amounted to approximately RMB547,791,000 (equivalent to approximately HK$597,092,000). To acquire the Sale Shares, being approximately 25.3% of the total issued share capital of the Target Company, the Consideration is calculated to be RMB138,232,000 (equivalent to approximately HK$151,038,000).

Basis for determining the consideration of the Acquisition

In assessing the fairness and reasonableness of the Consideration, we have relied on the valuation of the Properties from the Target Group conducted by the Valuer, which the Properties have account for over 85% of the Target Group's total assets as of 31 August 2025. We have obtained the property valuation report prepared by the Valuer as set out in Appendix V of the Circular (the "**Valuation**") and note that the total valuation of the Target Group as at 31 August 2025 (the "**Valuation Date**") was HK$1,451,000,000. Details of our work performed in relation to the Valuation Report are set out below.

(i) Qualifications of the 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 28

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 Brilliant, 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.

(ii) Valuation bases and assumptions

As set out in the valuation report, the Valuation has been prepared in accordance with the HKIS Valuation Standards 2024 published by The Hong Kong Institute of Surveyors effective from 31 December 2024 with reference to the International Valuation Standards published by the International Valuation Standards Council effective from 31 January 2025; 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 Properties 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 Properties as at Valuation Date accurately.

(iii) 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 Properties 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 Properties and we acknowledge that the Properties 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 Properties.

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 Properties and providing a fair and reasonable basis for the independent valuer's opinion.

(iv) 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 Properties in terms of physical and locational attributes, were asking on the market as recent as possible, 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 properties located in Huizhou, Zhuhai and Zhongshan, which are all included in Guangdong-Hong Kong-Macao Greater Bay Area; (ii) usage of the properties; (iii) askings that were posted in the month of the Valuation Date; and (iv) actual transactions that were done within 1 year 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 Properties in terms of location, size and recent market activity. We have also gone through the comparable selection process in the vicinity of the Properties by applying the same selection criteria with the independent valuer and obtained the same results.

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 Properties 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 in asking, location, building age, building quality, view, size, access, ancillary facilities and handover standard of imperfect comparability.

The adjusted gross unit rate of the adopted comparables and the properties in different natures of Properties are set out as below:

	Comparable 1	**Comparable 2**	**Comparable 3**	**Comparable 4**
City:	Huizhou	Huizhou	Zhuhai	Zhongshan
Property Type:	Industrial	Industrial	Industrial	Industrial
Gross Floor Area (sq.m.):	13,600	3,050	37,858	36,492
Land Use Rights Expiry:	2051	2075	2050	2066
Consideration (RMB):	42,000,000	13,730,000	148,466,694	177,403,700
Nature:	Asking	Asking	Transaction	Transaction
Date:	Aug-2025	Aug-2025	Nov-2024	Aug-2025
Achievable Gross Unit Rate (RMB/sq.m.):	3,088	4,502	3,922	4,861

The gross unit rate of the Properties (i.e. approximately 3,643 RMB/sq.m.) determined by the independent valuer is within the range of the comparables' gross unit rate. We understand that the independent valuer made certain adjustments when adopting those comparables for the market value of the Properties, 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 Properties is fair and reasonable.

Our view

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 of the Sale and Purchase Agreement and the Subscription Price of the Subscription Agreement

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 Properties; and (ii) the bases, assumptions and methodologies applied in the Valuation are fair and reasonable.

The settlement term

As stated in the Letter from the Board, (i) the Cash Consideration of HK$40,000,000 will be funded by the Group's internal resources and (ii) transfer of all issued shares of Fortune Brilliant, which the total has representing approximately 73.52% of the Consideration, with HK$111,085,000 (equivalent to approximately RMB101,754,000) be settled from the total outstanding amount of the Loan as assigned in the Disposal as discussed in "7. Analysis on the fairness of the terms of the Disposal" below.

6.2. Subscription Price

Pursuant to the Subscription Agreement, the Subscription Price is calculated based on the enlarged share capital, which represents 16.7% of the total issued shares. This pricing methodology is based in the unaudited combined net asset value of the Target Group as of 31 May 2025, reflecting its equity interest:

RMB547,791,000 (The unaudited combined net asset value) ÷ (100% – 16.7%) – RMB547,791,000 = Approximately RMB110,000,000 (i.e. HK$121,000,000, HK$1.10 = RMB1.00 on 31 May 2025 of Hong Kong Association of Bank: https://www.hkab.org.hk/en/rates/exchange-rates)

As discussed in "Basis for determining the consideration of the Acquisition" on the above, 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 unaudited combined net asset value of the Target Group as used to determine the Subscription Price. 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. We have (i) obtained and reviewed the relevant documents of the unaudited management accounts of the Target Group, the Valuation and we acknowledge that the unaudited combined net asset value of the Target Group; and (ii) performed independent research on the Valuation. As such, we concur with the Management, the Subscription Price are on normal commercial terms by calculating the enlarged unaudited combined net asset value the Subscription Price under the Subscription Agreement represents no discount

to or premium (without considering exchange rate of HK$ or RMB) over the enlarged unaudited combined net asset value of the management account dated 31 May 2025, which is fair and reasonable and in the interests of the Company and Shareholders as a whole.

Based on the above, in particular (i) the Consideration, formulated by Cash Consideration and the Disposal, a non-cash consideration to partially settle the Consideration will help reduce cash outflow from the Company; (ii) the Subscription Price be settled by the cash balance of the Group of approximately HK$234.8 million as at 30 June 2025, we concur with the Directors that although the Acquisition in the settlement term of the Consideration and the Subscription Price does not fall within the ordinary and usual course of business of the Group, it is in the interest of the Company and the Shareholders as a whole.

7. Analysis on the fairness of the terms of the Disposal

As set out in the Letter of the Board, the Disposal is in relation to the transfer of all issued shares of Fortune Brilliant, the wholly-owned subsidiary of the Company from MC Development to Ms. Teresa Wong. Fortune Brilliant is an investment company incorporated in BVI with limited liability owned by MC Development as of the Latest Practicable Date. Fortune Brilliant owns Full Success and Huizhou Wanjia, none of these entities have commenced operations or recorded profits for FY2023 or FY2024. Fortune Brilliant, Full Success and Huizhou Wanjia ("**Fortune Brilliant Group**") held combined total assets and net liabilities were approximately RMB1,722 and approximately RMB78,538, respectively. Pursuant to a loan agreement dated 5 May 2022, Huizhou China Field, an indirect subsidiary of MC Development, granted a loan included accrued interests of approximately RMB101,754,000 (equivalent to approximately HK$111,085,000), comprising (i) a principal amount of approximately RMB96,500,000 and accrued interest of approximately RMB5,254,000 to an independent company, which the Loan has been overdue as of the Latest Practicable Date. Before the Completion, the Loan will be assigned to Huizhou Wanjia, and being a part of the Consideration.

As discussed with the Company, the Directors are of the view that the settlement method for the Consideration, being partially through the Disposal, will help preserve the cash balance of the Group and allow sufficient cashflow for financing the general working capital use of the Group. Based on the 2025 Interim Results Announcement, we note that the Group has cash and cash equivalents of approximately HK$234.75 million as at 30 June 2025, which would be insufficient to settle the full amount of the Consideration and the Subscription Price.

We have discussed with the Management of the Company that other fund-raising methods such as share placement or bank financing are not preferred by the Company as time required for negotiation and finalisation of the terms of share placement or bank financing might be uncertain. In addition, share placement by the Company would lead to earnings dilution while bank financing would lead to additional finance cost and negatively impact the working capital of the Group.

Despite the fact that settlement of the Consideration partially via the Disposal will result in the Group ceasing to hold the interest of Fortune Brilliant Group and the Loan, including principal amount and interest accrued thereon as a result of the Disposal, given that the terms of the Disposal are fair and reasonable (please refer to the section headed below for our analysis on the fairness of the terms of the Disposal), we concur with the Management that the Disposal is a suitable alternative method to other debt and equity fund-raising methods for settling part of the Consideration.

Having discussed with the Management and reviewed (i) the management account details of the Fortune Brilliant Group with the combined total assets and net liabilities as at 30 June 2025; (ii) the agreement of the Arrangement of Loan between Huizhou Wanjia (i.e. the indirect wholly-owned by Fortune Brilliant, Huizhou China Field and Huizhou Zhongyi Real Estate Co., Ltd; (iii) the Loan agreement between Huizhou China Field and Huizhou Zhongyi Real Estate Co., Ltd; (iv) the Loan calculation schedule details as of the Latest Practicable Date; and (v) the non-commenced operation with the group of Fortune Brilliant, we are of the view of the forecast receivable from the Loan as of the Latest Practicable Date, including loan principal amount and the interest accrued thereon (i.e. RMB101,754,000 (equivalent to approximately HK$111,085,000), or more interest accrued if the borrower of the Loan has not yet make the repayment). Taking into account of the above factors, we consider it is reasonable that MC Development and Ms. Wong to make reference to the Assignment of Loan when being non-cash consideration to partially settle the Consideration will help reduce cash outflow from the Group, with further internal resources are used as the consideration of the Sale and Purchase Agreement. And, given that the Disposal allows the Group to realise its receivable from the Loan in the Disposal at a fair price and will be used to partially settle the Consideration for the Acquisition, we concur with the view of the Directors that although the Disposal does not fall within the ordinary and usual course of business of the Group, the Disposal is in the interest of the Company and the Shareholders as a whole.

8. Financial effect of the Transactions

Based on our discussion with and the representation from the Directors, we understand from the Directors that they have taken into account the following factors when they considered the potential impact of the Transactions on the financial positions of the Group, where (i) the Target Company become an associate of the Company and will be accounted for as an investment in associate in the consolidated financial statements of the Group while it will not be a subsidiary of the Company upon completion of the Acquisition, the financial position and results of the Target Company will be consolidated into those of the Group on

the equity method in accordance with the applicable accounting standards and (ii) the Fortune Brilliant will cease to be a subsidiary of the Company and will cease to hold any right, title and interest in the Fortune Brilliant:

(i) Earnings

Based on the net loss of the Group for the six months ended 30 June 2025 of approximately RMB4.02 million and taking account the unaudited net profit of the Target Group for the twelve months ended 31 December 2024 of approximately RMB25.27 million in the financial statements of the Target Group, the earnings of the Enlarged Group is expected to enhance after Completion.

In respect of the Transaction, as set out in the Letter from the Board, the Company is expected to record an unaudited gain from the Transaction of approximately RMB2,240,000 (equivalent to approximately HK$2,456,000), which represents the difference between (i) approximately RMB249,907,000, the fair value of the Target Group upon Completion, reflecting 37.7% of the adjusted net assets of the Target Group (a total of approximately RMB662,882,000 from the Target Group's net assets as at 30 June 2025 of RMB553,370,000 and RMB109,513,000, the Subscription Price); (ii) approximately RMB78,538, the aggregate of the combined total net liabilities of Fortune Brilliant, Full Success, and Huizhou Wanjia; (iii) approximately RMB138,232,000 of the Consideration; and (iv) approximately RMB109,513,000 regarding to the Subscription Price.

While the actual gain as a result of the Disposal to be recorded by the Company is subject to a final audit to be performed by the Company's auditors while the Group would not receive any proceeds from the Disposal, it is expected that the Company would not receive any material sale proceeds.

(ii) Net asset value

According to the 2025 Interim Results Announcement, the Group's net assets as at 30 June 2025 were approximately RMB700.44 million. Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to the Circular, assuming the Transactions had been completed, the net assets of the Enlarged Group would be approximately RMB702.7 million.

(iii) Working capital

According to 2025 Interim Results Announcement, the Group's cash and cash equivalents as at 30 June 2025 were approximately RMB234.8 million. As set out in the Letter from the Board, the consideration shall be settled by the Group's internal resources. On this basis, the cash and cash equivalents of the Group will decrease as a result of the Acquisition.

Our view

Having considered the aforesaid potential financial effects, we concur with management of the Company that the entering into of the Sale and Purchase Agreement and the Subscription Agreement will enhance the Enlarged Group's earnings but will not have a material adverse impact on the Enlarged Group's financial position, taking into account the financial position and results of the Target Company will be consolidated into those of the Group on the equity method in accordance with the applicable accounting standards. It should be noted that the aforementioned analysis is for illustrative purposes only and does not purport to represent how the financial positions of the Group will be upon Completion.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we are of the view that although the Transactions are not conducted in the ordinary and usual course of business of the Group, the terms of the Sale and Purchase Agreement and the Subscription Agreement are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned and the entering into of the Sale and Purchase Agreement and the Subscription Agreement are in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Transactions contemplated under the Sale and Purchase Agreement and the Subscription Agreement.

Yours faithfully,
For and on behalf of
Silverbricks Securities Company Limited
Yau Tung Shing
Director

Mr. Yau Tung Shing is a 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 9 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 2022, 2023 and 2024 and the six months ended 30 June 2025 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 and the interim results announcement of the Company:

- 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)

- annual report of the Company for the year ended 31 December 2024 (pages 135 to 272)

  (https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0425/2025042501909.pdf)

- interim results of the Company for the six months ended 30 June 2025 (pages 2 to 14)

  (https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0825/2025082500900.pdf)

2. STATEMENT OF INDEBTEDNESS

As at the close of business of 31 August 2025, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following liabilities:

As at 31 August 2025, the Group had total borrowings of approximately RMB364.1 million, all of which are unsecured and unguaranteed amounts due to related parties.

As at 31 August 2025, the Group had lease liabilities of approximately RMB0.6 million.

As at 31 August 2025, the Group issued a financial guarantee of approximately RMB14.1 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 approximately RMB13.5 million to an associate of the Group to secure the repayment of the amount together with the accrued interest till 31 August 2025 therefrom due to the other shareholder of the associate.

As at 31 August 2025, save for the financial guarantees mentioned above and the guarantees of approximately RMB68.6 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 August 2025, 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, after taking into account the Group's internal resources and cash flow from operations, 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

At the Third Session of the 14th National People's Congress, Premier Li Qiang's Government Work Report pointed out the need to continue to exert efforts to promote the stabilization of the real estate market, adjust restrictive measures according to the city's policies, promote the acquisition of stock of commercial housing, reasonably control the supply of new land for real estate, and make more efforts to unleash the potential of demand for rigid and improved housing. Moreover, it is critical to continue the works to guarantee the delivery of housing, and to effectively prevent the risk of debt defaults by real estate enterprises. Meanwhile, it is necessary to establish the real estate financing coordination mechanism in order to build up relevant fundamental systems to continuously optimize the housing supply structure and accelerate the establishment of a new model for the development of the real estate sector. Looking ahead, the prudential management system for real estate finance will continue to be improved, and it will promote the transformation of the real estate sector towards high-quality development.

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.

The following is the text of a report set out on pages II-1 to II-3, received from the Company's reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular. It is prepared and addressed to the directors of the Company pursuant to the requirements of Hong Kong Standard on Investment Circular Reporting Engagements 200, "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF FORTUNE RADIANT CITY LIMITED AND ITS SUBSIDIARIES TO THE DIRECTORS OF MILLION CITIES HOLDINGS LIMITED

INTRODUCTION

We report on the historical financial information of Fortune Radiant City Limited (the "**Target Company**") and its subsidiaries (together the "**Target Group**") set out on pages II-4 to II-42, which comprises the consolidated statements of financial position as at December 31, 2022, 2023 and 2024 and June 30, 2025, and the statements of financial position of the Target Company as of December 31, 2022, 2023 and 2024 and June 30, 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for each of the years ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2025 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-4 to II-42 forms an integral part of this report, which has been prepared for inclusion in the circular of the Million Cities Holdings Limited (the "**Company**") dated October 24, 2025 (the "**Circular**") in connection with the proposed acquisition of the Target Group and the proposed disposal of Fortune Brilliant City Limited and its subsidiaries ("**the Acquisition and the Disposal**") by the Company.

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Group's consolidated financial position as of December 31, 2022, 2023 and 2024 and June 30, 2025, the Target Company's financial position as of December 31, 2022, 2023 and 2024 and June 30, 2025, and of the Target Group's consolidated financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of Stub Period Comparative Historical Financial Information

We have reviewed the stub period comparative historical financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended June 30, 2024 and other explanatory information (together the "**Stub Period Comparative Historical Financial Information**"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Historical Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is

to express a conclusion on the Stub Period Comparative Historical Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Historical Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED

Adjustments

In preparing the Historical Financial Information and the Stub Period Comparative Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

BDO Limited
Certified Public Accountants
CHAU, Ho Kit
Practising Certificate no. P08363
Hong Kong

October 24, 2025

HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Target Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with HKFRS Accounting Standards (include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and were audited by BDO Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
REVENUE	7	36,683	37,580	39,259	19,046	17,111
Cost of sales		(12,252)	(11,755)	(12,303)	(5,650)	(6,334)
Gross profit		24,431	25,825	26,956	13,396	10,777
Other income and gains/ (losses), net	8	24,342	(7,522)	52,239	14,161	(410)
Selling expenses		—	(312)	(1,390)	(772)	(724)
Administrative expenses		(5,075)	(5,915)	(5,932)	(3,019)	(2,702)
Finance costs	9	(12,093)	(27,214)	(33,929)	(16,862)	(14,326)
PROFIT/(LOSS) BEFORE TAX	10	31,605	(15,138)	37,944	6,904	(7,385)
Income tax (expense)/credit	11	(5,975)	2,045	(12,981)	(3,487)	132
PROFIT/(LOSS) FOR THE YEAR/PERIOD		25,630	(13,093)	24,963	3,417	(7,253)
OTHER COMPREHENSIVE (EXPENSE)/INCOME						
Item that may be subsequently reclassified to profit or loss in subsequent periods:						
Exchange differences on translation of foreign operations		(12,524)	(3,533)	(4,342)	(391)	3,950
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR/PERIOD		13,106	(16,626)	20,621	3,026	(3,303)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As of December 31, 2022 RMB'000	2023 RMB'000	2024 RMB'000	As of June 30, 2025 RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	15	311	230	444	337
Investment properties	16	1,278,000	1,356,000	1,452,000	1,452,000
Total non-current assets		1,278,311	1,356,230	1,452,444	1,452,337
Current assets					
Trade receivables	17	80	247	1,360	1,758
Prepayments, deposits and other receivables	18	16,270	16,215	11,052	9,386
Amounts due from related parties	22	2,200	1,396	1,078	967
Restricted bank deposits	21	8,329	16,899	18,042	10,664
Cash and cash equivalents	21	14,512	23,207	20,541	30,195
Total current assets		41,391	57,964	52,073	52,970
Current liabilities					
Trade payables	19	1,575	228	139	231
Other payables and accruals	20	8,534	8,461	16,993	14,053
Amounts due to related parties	22	196,300	239,743	240,259	264,427
Borrowings	23	11,175	442,816	490,808	473,707
Total current liabilities		217,584	691,248	748,199	752,418
Net current liabilities		(176,193)	(633,284)	(696,126)	(699,448)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,102,118	722,946	756,318	752,889
Non-current liabilities					
Borrowings	23	360,731	230	—	—
Deferred tax liability	24	188,715	186,670	199,651	199,519
Total non-current liabilities		549,446	186,900	199,651	199,519
NET ASSETS		552,672	536,046	556,667	553,370
EQUITY					
Share capital	25	1	1	1	7
Reserves	26	552,671	536,045	556,666	553,363
TOTAL EQUITY		552,672	536,046	556,667	553,370

STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY

	Notes	As of December, 31 2022 RMB'000	2023 RMB'000	2024 RMB'000	As of June 30, 2025 RMB'000
ASSETS AND LIABILITIES					
Non-current asset					
Investments in subsidiaries		—	—	—	—
Total non-current asset		—	—	—	—
Current asset					
Amount due from the shareholder		1	1	1	7
Total current asset		1	1	1	7
Current liability					
Other payables		28	37	49	55
Total current liability		28	37	49	55
Net current liabilities		(27)	(36)	(48)	(48)
Net liabilities		(27)	(36)	(48)	(48)
EQUITY					
Share capital	25	1	1	1	7
Reserves	26	(28)	(37)	(49)	(55)
TOTAL EQUITY		(27)	(36)	(48)	(48)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital *RMB'000* *(Note 25)*	Translation reserve* *RMB'000* *(Note 26(a))*	Retained earnings* *RMB'000* *(Note 26(b)*	Total equity *RMB'000*
Balance at January 1, 2022	1	2,583	536,982	539,566
Profit for the year	—	—	25,630	25,630
Exchange differences on translation of foreign operations	—	(12,524)	—	(12,524)
Total comprehensive (expense)/income for the year	—	(12,524)	25,630	13,106
Balance at December 31, 2022 and January 1, 2023	1	(9,941)	562,612	552,672
Loss for the year	—	—	(13,093)	(13,093)
Exchange differences on translation of foreign operations	—	(3,533)	—	(3,533)
Total comprehensive expense for the year	—	(3,533)	(13,093)	(16,626)
Balance at December 31, 2023 and January 1, 2024	1	(13,474)	549,519	536,046
Profit for the year	—	—	24,963	24,963
Exchange differences on translation of foreign operations	—	(4,342)	—	(4,342)
Total comprehensive (expense)/income for the year	—	(4,342)	24,963	20,621
Balance at December 31, 2024	1	(17,816)	574,482	556,667

* *These reserve accounts comprise the consolidated reserves as of December 31, 2022, 2023 and 2024 and June 30, 2025 in the consolidated statements of financial position.*

	Share capital *RMB'000* *(Note 25)*	Translation reserve* *RMB'000* *(Note 26(a))*	Retained earnings* *RMB'000* *(Note 26(b))*	Total equity *RMB'000*
Balance at January 1, 2024	1	(13,474)	549,519	536,046
Profit for the period	—	—	3,417	3,417
Exchange differences on translation of foreign operations	—	(391)	—	(391)
Total comprehensive (expense)/income for the period	—	(391)	3,417	3,026
Balance at June 30, 2024 (unaudited)	1	(13,865)	552,936	539,072
Balance at January 1, 2025	1	(17,816)	574,482	556,667
Loss for the period	—	—	(7,253)	(7,253)
Exchange differences on translation of foreign operations	—	3,950	—	3,950
Total comprehensive income/ (expense) for the period	—	3,950	(7,253)	(3,303)
Issue of shares *(Note 25)*	6	—	—	6
Balance at June 30, 2025	7	(13,866)	567,229	553,370

* *These reserve accounts comprise the consolidated reserves as of December 31, 2022, 2023 and 2024 and June 30, 2025 in the consolidated statements of financial position.*

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,			Six months ended June 30,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cash flows from operating activities					
Profit/(loss) before tax	31,605	(15,138)	37,944	6,904	(7,385)
Adjustments for:					
Depreciation of property, plant and equipment	34	81	109	42	81
Finance costs	12,093	27,214	33,929	16,862	14,326
Interest income	(441)	(659)	(314)	(211)	(120)
Loss on disposal of property, plant and equipment	—	—	—	—	46
Fair value (loss)/gain on investment properties	(23,901)	8,181	(51,925)	(13,950)	530
Operating profit before working capital changes	19,390	19,679	19,743	9,647	7,478
Decrease/(increase) in trade receivables	266	(167)	(1,113)	(392)	(398)
(Increase)/decrease in prepayments, deposits and other receivables	(2,795)	55	5,163	876	1,676
Increase/(decrease) in trade payables	772	(1,347)	7,800	57	(3,084)
Increase/(decrease) in other payables and accruals	253	(73)	643	277	236
Decrease in amounts due from related parties	276	803	318	107	111
Net cash from operating activities	18,162	18,950	32,554	10,572	6,019

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cash flows from investing activities					
Purchase of property, plant and equipment	(341)	—	(323)	(18)	(30)
Payment for additions to investment properties	(78,099)	(86,181)	(44,075)	(22,050)	(530)
Interest received	441	659	314	211	120
Placement of restricted bank deposits	—	(8,569)	(1,143)	(793)	—
Withdrawal of restricted bank deposits	6,215	—	—	—	7,377
Net cash (used in)/from investing activities	(71,784)	(94,091)	(45,227)	(22,650)	6,937
Cash flows from financing activities					
Advance from related parties	23,655	143,322	71,326	45,713	20,884
Repayments to related parties	(133,990)	(96,634)	(67,138)	(61,798)	—
Proceeds from bank borrowings	187,587	77,377	64,823	54,671	—
Repayments of bank borrowings	(5,588)	(12,985)	(24,853)	(14,649)	(9,698)
Issue of shares	—	—	—	—	6
Interest paid	(12,093)	(27,214)	(33,929)	(16,862)	(14,326)
Net cash from/(used in) financing activities	59,571	83,866	10,229	7,075	(3,134)
Net increase/(decrease) in cash and cash equivalents	5,949	8,725	(2,444)	(5,003)	9,822
Cash and cash equivalents at the beginning of the year/ period	10,414	14,512	23,207	23,207	20,541
Exchange differences on translating cash flows of foreign operations	(1,851)	(30)	(222)	(17)	(168)
Cash and cash equivalents at the end of the year/period	14,512	23,207	20,541	18,187	30,195

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1.1 GENERAL INFORMATION

Fortune Radiant City Limited (the "**Target Company**") is a limited liability company incorporated in the British Virgin Islands. The address of its registered office is OMC Chambers, Wickhams City 1, Road Town, Tortola, British Virgin Islands. The address of its principal place of business is located at Unit D, 21/F, Block 1, Tai Ping Industrial Centre, 57 Ting Kok Road, Tai Po, Hong Kong.

The Target Company is an investment holding company and its subsidiaries are principally engaged in the property investment in the PRC.

Ms. Teresa Wong is the largest shareholder of the Target Company.

As at the date of this report, the Target Company has interests in following subsidiaries, and the particulars of which are set out below:

Name of subsidiaries	Date and place of incorporation/ establishment	Issued and fully paid capital/registered capital	Percentage of equity attributable to the Target Company		Principal activities
			Direct	Indirect	
Union Mark Limited ("**Union Mark**")	May 30, 2005, Hong Kong	Issued and fully paid up capital of HKD100	100.00%	—	Investment holding
Asia Honest (H.K.) Limited	March 23, 2017, Hong Kong	Issued and fully paid up capital of HKD1	100.00%	—	Investment holding
Huizhou Lixin Technology Limited* (惠州立信科技有限公司)	March 27, 2006, the PRC	Registered capital of RMB27,000,000	—	100.00%	Property investment
Huizhou Chuangyexing Property Management Co., Ltd.* (惠州創業興物業管理有限公司)	October 23, 2019, the PRC	Registered capital of RMB500,000	—	100.00%	Properties leasing

* *The English translation of terms or names in Chinese which are marked with "*" is for identification purposes only. In the event of any inconsistency, the Chinese terms or names shall prevail.*

1.2 REORGANISATION

In the preparation for the proposed acquisition of the entire equity interest of the Target Company by the Company (the "**Proposed Acquisition**"), the Target Company and other companies comprising the Target Group have undergone a reorganisation (the "**Reorganisation**") pursuant to which group companies engaged in the business have been transferred to the Target Company during the Track Record Period. The Target Company's principal subsidiaries comprising the Target Group after the completion of the Reorganisation are set out in Note 1.1.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Historical Financial Information has been prepared based on accounting policies set out in Note 4 which confirm with HKFRS Accounting Standards, which includes, Hong Kong Financial Reporting Standards, Hong Kong Accounting Standard and the related interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of the Hong Kong Limited (the "**Stock Exchange**") and by the Hong Kong Companies Ordinance.

For the purpose of preparing and presenting the Historical Financial Information, all relevant standards, amendments and interpretations to the HKFRS Accounting Standards that are effective during the Track Record Period have been adopted by the Target Group consistently throughout the Track Record Period.

The preparation of the Historical Financial Information in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Target Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 5 below.

2.2 Basis of measurement and going concern assumption

The Historical Financial Information has been prepared on the historical cost basis except for certain investment properties, which are measured at fair values as explained in the material accounting policies in Note 4.

The Target Group had incurred loss of RMB7,253,000 for the six months ended June 30, 2025. As at June 30, 2025, the Target Group had recorded net current liabilities of approximately RMB699,448,000 and the Target Company had recorded net current liabilities and net liabilities of approximately RMB48,000. As at June 30, 2025, the Target Group had bank loans of RMB473,707,000, which were all classified as current liabilities, while the Target Group only maintained its cash and cash equivalents of RMB30,195,000. The Target Group and the Target Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding this, the going concern basis has been adopted after taking into account the following measures:

(a) A related party of the Target Group has confirmed to provide continuing financial support to the Target Group and the Target Company before and after the completion of the Proposed Acquisition so as to enable the Target Group and the Target Company to meet its obligation and liabilities as and when they fall due and to continue its day-to-day business operations as a going concern; and

(b) the Target Group is actively negotiating with the banker to restructure the payment terms for the remaining amount of the borrowing; The director of the Target Company consider that an agreement could be reached with the banker to defer the loan repayment schedule.

Should the Target Group and the Target Company be unable to continue in business as a going concern, adjustments would have to be made to reduce the values of the assets to their net realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and liabilities as current assets and liabilities.

2.3 Functional and presentation currency

The Historical Financial Information is presented in Renminbi ("**RMB**"). The functional currency of the Target Company is Hong Kong dollars ("**HK$**").

3. NEW OR REVISED HKFRS ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new or revised HKFRS Accounting Standards, potentially relevant to the Historical Financial Information, have been issued, but are not yet effective and have not been early adopted by the Target Group.

Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments[1]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature — dependent Electricity[1]
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11[1]
HKFRS 18	Presentation and Disclosure in Financial Statements[2]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1] Effective for annual periods beginning on or after January 1, 2026
[2] Effective for annual periods beginning on or after January 1, 2027
[3] No mandatory effective date yet determined but available for adoption

The directors of the Target Company do not anticipate that the adoption of the new or revised HKFRS Accounting Standards in the future periods will have any material impact on the Historical Financial Information except the following.

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

4. MATERIAL ACCOUNTING POLICIES

4.1 Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Target Company and entities controlled by the Target Company (its subsidiaries) comprising the Target Group for the Track Record Period.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Target Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Target Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Target Group's accounting policies.

All intra-group transactions, balances and unrealised gains on transactions have been eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Adjustments are made to the financial statements of subsidiaries where necessary to ensure consistency with the policies adopted by the Target Group.

4.2 Subsidiaries

A subsidiary is an investee over which the Target Company is able to exercise control. The Target Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Target Company's statements of financial position, investments in subsidiaries is stated at cost less impairment loss, if any. The results of subsidiary are accounted for by the Target Company on the basis of dividend received and receivable.

4.3 Segment reporting

The Target Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the directors of the Target Company for their decisions about resources allocation to the Target Group's business components and for their review of these components' performance. The business components in the internal financial information reported to the directors of the Target Company are determined following the Target Group's service lines.

For the purposes of assessing segment performance and allocating resources between segments, the directors of the Target Company assess segment profit or loss by gross profit or loss as measured in HKFRS financial statements.

For the purpose of presenting geographical location of the Target Group's revenue from external customers and the Target Group's non-current assets, country of domicile is determined by reference to the country where the majority of Target Group's subsidiaries operate.

4.4 Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Target Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Target Group performs; or
- does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

Contracts with customers may include multiple performance obligations. For such arrangements, the Target Group allocates revenue to each performance obligation based on its relative standalone selling price. The Target Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Target Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Target Group, revenue recognized under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(i) Interest income

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

4.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs such as repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their costs net of estimated residual values over their estimated useful lives on straight-line method. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of reporting period. The useful lives are as follows:

Furniture, fixtures and office equipment	5 years
Motor vehicles	4 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4.6 Investment properties

Investment properties (including properties under construction for such purposes) are properties held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Construction costs incurred for investment properties under development are capitalised as part of the carrying amount of the investment properties under development.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property, calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss in the period in which the property is derecognised.

4.7 Leases

Target Group as a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased assets to the lessee. All other leases are classified as operating leases. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

When the Target Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate leases. The sub-lease is classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased assets to the lessee. All other leases are classified as operating leases, which is the case of the Target Group.

4.8 Impairment of assets (other than financial assets)

At the end of reporting period, the Target Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- Property, plant and equipment, and

- Investments in subsidiaries.

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. cash generating units ("**CGUs**")). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value-in-use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in profit or loss immediately.

Value-in-use is based on the estimated future cash flows expected to be derived from the asset or CGU, 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 or CGU.

4.9 Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits as well as short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

4.10 Financial instruments

(a) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Target Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Target Group's business model for managing the asset and the cash flow characteristics of the asset. The Target Group classifies its debt instruments as at amortised cost for assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently

measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

(b) Impairment loss on financial assets

The Target Group recognises loss allowances for ECL on financial assets at amortised cost. The ECLs are measured on either of the following bases: (1) 12-months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Target Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and all the cash flows that the Target Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Target Group measures loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Target Group has established a provision matrix with appropriate groupings or individually assessed for credit-impaired debtors. Provision matrix are based on the Target Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Target Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Target Group's historical experience and informed credit assessment and including forward-looking information.

The Target Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Target Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Target Group in full, without recourse by the Target Group to action such as realising security (if any is held); or the financial asset is more than 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

- a breach of contract, such as a default or past due event.

The Target Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Target Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(c) Financial liabilities

The Target Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. The Target Group classifies all the financial liabilities as financial liabilities at amortised cost including trade payables, other payables and accruals, amounts due to related parties and borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(d) Effective interest method

Effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. Effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(e) Equity instruments

Equity instruments issued by the Target Company are recorded at the proceeds received, net of direct issue costs.

(f) Derecognition

The Target Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

4.11 Foreign currency translation

Transactions entered into by the group entities in currencies other than their functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into RMB at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the rates ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as translation reserve. Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Target Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as translation reserve.

4.12 Income tax

Income taxes for the period comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period, and reflects any uncertainty related to income taxes.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Target Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

An exception to the general requirement in determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. The presumption is not rebutted by the Target Group.

Income taxes are recognised in profit or loss, except when they relate to items recognized in other comprehensive income or directly in equity in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4.13 Employee benefits

(a) Defined contribution retirement plan

Pursuant to the relevant regulations of the PRC government, the Target Group participates in a central pension scheme operated by the local municipal government, whereby the Target Group is required to contribute a certain percentage of the basic salaries of its employees to the scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the Target Group. The only obligation of the Target Group with respect to the scheme is to pay the ongoing required contributions under the scheme. Contributions under the scheme are charged to profit or loss as incurred. There are no provisions under the scheme whereby forfeited contributions may be used to reduce future contributions.

(b) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of reporting period in which the employees render the related service. Short-term employee benefits are recognized in the period when the employees render the related service.

(c) Termination benefits

Termination benefits are recognised on the earlier of when the Target Group can no longer withdraw the offer of those benefits and when the Target Group recognises restructuring costs involving the payment of termination benefits.

4.14 Provisions and contingent liabilities

Provisions are recognised when the Target Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefit is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Target Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4.15 Borrowings costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Income earned on temporary investments of specific borrowings pending their expenditure on qualifying assets is deducted from borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.16 Related parties

For the purposes of the Historical Financial Information, a party is considered to be related to the Target Group if:

(a) A person or a close member of that person's family is related to the Target Group if that person:

  (i) has control or joint control over the Target Company;

  (ii) has significant influence over the Target Company; or

  (iii) is a member of key management personnel of the Target Company or the Target Company's parent.

(b) An entity is related to the Target Group if any of the following conditions apply:

  (i) The entity and the Target Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

  (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

  (iii) Both entities are joint ventures of the same third party.

  (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

  (v) The entity is a post-employment benefit plan for the benefit of the employees of the Target Group or an entity related to the Target Group.

  (vi) The entity is controlled or jointly controlled by a person identified in (a).

  (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

  (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or the Target Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in Note 4, the directors of the Target Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates, judgements and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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 revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months after the Track Record Period.

Fair value measurement of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuer. In determining the fair value, the valuer have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation report, the director of the Target Company has exercised judgement and is satisfied that the valuation method, input used and the assumptions used in the valuation are reflective of the current market conditions. Changes to these input and assumptions would result in changes in the fair values of the Target Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statements of profit or loss and other comprehensive income.

Income taxes and deferred taxes

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

6. SEGMENT INFORMATION

(a) Operating segment information

The Target Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the director of the Target Company, being chief operating decision maker, for their decisions about resources allocation to the Target Group's business components and for their review of these components' performance.

During the Track Record Period, the Target Group is principally engaged in properties leasing in the PRC. Information reported to the directors of the Target Company for the purpose of resources allocation and performance assessment focuses on the operating results of the business. Therefore, the

chief operating decision maker of the Target Company regards that there is only one operating segment which is used to make strategic decisions. No other discrete financial information is provided other than the Target Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographical information are presented.

(b) Geographical information

No geographical segment information is presented as the Target Group's revenue is all derived from the PRC based on the location of services provided and all of the Target Group's non-current assets are located in the PRC by physical location of assets.

(c) Information about major customers

Revenue from major customers, each of them accounting for 10% or more of the Target Group's revenue for the Track Record Period, is set out below:

	Year ended December 31,			Six months ended June 30,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Customer A	30,850	32,114	31,621	15,566	12,577
Customer B	N/A*	N/A*	N/A*	N/A*	1,735

* *The corresponding revenue is not disclosed as it did not contribute over 10% of the total revenue of the Target Group during that year/period.*

7. REVENUE

Target Group's revenue represents rental income from leasing of the property during the Track Record Period.

8. OTHER INCOME AND GAINS/(LOSSES), NET

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Bank interest income	441	659	314	211	120
Fair value gain/(loss) on investment properties	23,901	(8,181)	51,925	13,950	(530)
	24,342	(7,522)	52,239	14,161	(410)

9. FINANCE COSTS

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Interest on bank borrowings	12,093	27,214	33,929	16,862	14,326

10. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is arrived at after charging/(crediting) the followings:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Auditors' remuneration	15	17	17	13	13
Depreciation of property, plant and equipment *(Note 15)*	34	81	109	42	81
Direct operating expenses arising from investment properties that generate rental income	12,252	11,755	12,303	5,650	6,334
Loss on disposal of property, plant and equipment	—	—	—	—	46
Short-term lease expenses	7,663	7,966	6,785	3,392	3,392
Employee costs (including directors' emoluments *(Note 14)*):					
— Salaries and wages	1,431	1,608	2,730	1,376	1,363
— Retirement scheme contributions	114	134	269	139	131
	1,545	1,742	2,999	1,515	1,494

11. INCOME TAX (EXPENSE)/CREDIT

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Current year — PRC Enterprise Income Tax	—	—	—	—	—
Deferred tax *(Note 24)*	(5,975)	2,045	(12,981)	(3,487)	132
	(5,975)	2,045	(12,981)	(3,487)	132

The Target Group is subject to income tax on an entity basis on assessable profits arising in or derived from the tax jurisdictions in which members of the Target Group are domiciled and operated.

No provision for Hong Kong Profits Tax is required since the Target Group has no assessable profits during the Track Record Period.

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC income tax of the group entities is calculated based on the statutory tax rate of 25% during the Track Record Period. No provision for PRC income tax is required since the Target Group has no assessable income during the Track Record Period.

The income tax expense/(credit) for the Track Record Period can be reconciled to the profit/(loss) before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Profit/(loss) before tax	31,605	(15,138)	37,944	6,904	(7,385)
Tax calculated at applicable tax rate	7,901	(3,785)	9,486	1,726	(1,846)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	1,492	2,482	3,020	1,508	1,281
Tax effect of expenses not deductible for tax purposes	2,123	8,930	6,246	2,936	2,755
Tax effect of revenue not taxable for tax purposes	(16,622)	(4,682)	(30,998)	(9,318)	(3,368)
Tax effect of tax losses not recognised	1	11	54	10	1,310
Utilisation of tax losses previously not recognised	(870)	(911)	(789)	(349)	—
Income tax (expense)/ credit	(5,975)	2,045	(12,981)	(3,487)	132

12. DIVIDENDS

The directors of the Target Company did not recommend payment of any dividends for the Track Record Period.

13. EARNINGS/(LOSSES) PER SHARE

No earnings/(losses) per share information is presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful.

14. DIRECTOR'S EMOLUMENTS

During the Track Record Period, the director of the Target Company did not receive any fee or other emoluments in respect of her services provided to the Target Group. In addition, no emoluments paid or payable by the Target Group were waived and no emoluments were paid by the Target Group to the director as an inducement to join or upon joining the Target Group or as a compensation for loss of office during the Track Record Period.

15. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and office equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Cost:			
At January 1, 2022	41	—	41
Additions	—	341	341
At December 31, 2022 and January 1, 2023	41	341	382
Additions	—	—	—
At December 31, 2023 and January 1, 2024	41	341	382
Additions	18	305	323
At December 31, 2024 and January 1, 2025	59	646	705
Additions	—	30	30
Disposals/written off	—	(170)	(170)
At June 30, 2025	59	506	565
Accumulated depreciation:			
At January 1, 2022	37	—	37
Charge for the year	—	34	34
At December 31, 2022 and January 1, 2023	37	34	71
Charge for the year	—	81	81
At December 31, 2023 and January 1, 2024	37	115	152
Charge for the year	4	105	109
At December 31, 2024 and January 1, 2025	41	220	261
Charge for the period	3	78	81
Disposals/written off	—	(114)	(114)
At June 30, 2025	44	184	228
Net carrying amount:			
At December 31, 2022	4	307	311
At December 31, 2023	4	226	230
At December 31, 2024	18	426	444
At June 30, 2025	15	322	337

16. INVESTMENT PROPERTIES

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fair Value				
At beginning of the year/period	1,176,000	1,278,000	1,356,000	1,452,000
Addition during the year/period	78,099	86,181	44,075	530
Fair value gain/(loss)	23,901	(8,181)	51,925	(530)
At end of the year/period	1,278,000	1,356,000	1,452,000	1,452,000

The Target Group's investment properties including investment properties under construction in the PRC were currently held for capital appreciation and/or rental purposes and revalued by Vincorn Consulting and Appraisal Limited, independent professional qualified valuers, as of December 31, 2022, 2023, 2024 and June 30, 2025. The fair valuation of properties were derived from direct comparison approach and residual approach classified as Level 3. For investment properties under construction, the valuer assume they will be developed and completed in accordance with the latest development proposals provided by the management with reference to comparable sales evidence as available in the property market and has taken into account the expended construction costs and costs that will be expended to complete the development project.

As of December 31, 2024 and June 30, 2025, the Target Group's investment properties including investment properties with an aggregate value of approximately RMB1,452,000,000 was pledged to secure the banking facility of the Target Group as disclosed in Note 23.

There were no changes to the valuation techniques of level 3 fair value measurements during the Track Record Period. The fair value measurement is based on the investment properties' highest and best use, which does not differ from their actual use.

The following table shows significant unobservable inputs used by Vincorn Consulting and Appraisal Limited in its valuation models for the investment properties as of December 31, 2022, 2023, 2024 and June 30, 2025:

			Range				
			As of December 31,			As of	
Type of properties	Valuation approach	Significant unobservable input	2022	2023	2024	June 30, 2025	Relationship of unobservable inputs of fair value
Completed properties	Direct comparison approach	Average market price (RMB/sq.m.)	3,088–4,861	3,088–4,861	3,088–4,861	3,088–4,861	The higher market price, the higher fair value.
		(Discount)/premium on characteristics of properties	(6.4)%–10%	(6.4)%–10%	(6.4)%–10%	(6.4)%–10%	The higher/lower (discount)/premium, the lower/higher fair value.
Properties under development	Direct comparison approach and residual approach	Average market price (RMB/sq.m.)	3,088–4,861	3,088–4,861	3,088–4,861	3,088–4,861	The higher market price, the higher fair value.
		Expended construction cost (RMB/sq.m.)	1,772	1,523	1,489	1,489	The higher budgeted construction cost to be incurred, the lower fair value.
		(Discount)/premium on characteristics of properties	(6.4)%–10%	(6.4)%–10%	(6.4)%–10%	(6.4)%–10%	The higher/lower (discount)/premium, the lower/higher fair value.

17. TRADE RECEIVABLES

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	80	247	1,360	1,758

An aging analysis of trade receivables, net of impairment losses, as of the end of reporting period, based on the invoice dates, is as follows:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0–30 days	15	180	204	198
31–60 days	65	2	201	261
61–90 days	—	1	1	—
91–180 days	—	56	369	277
Over 180 days	—	8	585	1,022
	80	247	1,360	1,758

There was no specific credit term granted to the customers. The Target Group recognised impairment loss based on the accounting policy stated in Note 4.10(b). Further details on the Target Group's credit policy and credit risk analysis arising from trade receivables are set out in Note 31(b).

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	4,391	1,093	1,593	799
Deposits and other receivables	11,879	15,122	9,459	8,587
	16,270	16,215	11,052	9,386

19. TRADE PAYABLES

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	1,575	228	139	231

The ageing analysis of trade payables as at the end of each reporting period, based on invoice date, is as follows:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0–30 days	562	90	1	93
31–60 days	77	—	—	—
61–90 days	80	—	—	—
91–180 days	231	—	—	—
Over 180 days	625	138	138	138
	1,575	228	139	231

20. OTHER PAYABLES AND ACCRUALS

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits received	7,783	7,712	8,142	8,637
Other payables	475	478	492	466
Construction cost payables	—	—	7,889	4,713
Receipt in advance	—	—	15	88
Other tax payables	89	84	92	—
Accruals	187	187	363	149
	8,534	8,461	16,993	14,053

21. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

The Target Group's cash and cash equivalents comprise cash on hand and bank deposits carrying interest at floating rates based on daily bank deposit rates. The directors of the Target Company consider that the carrying value of the deposits at the end of reporting period approximates to their fair values.

As of December 31, 2022, 2023, 2024 and June 30, 2025, the Target Group's bank and cash balances of approximately RMB14,247,000, RMB23,384,000, RMB20,960,000 and RMB29,920,000, respectively, were denominated in RMB. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Target Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

As of December 31, 2022, 2023, 2024 and June 30, 2025, certain bank deposits was restricted to access the amount on demand to secure a banking facility (Note 23) granted to the Target Group.

22. RELATED PARTIES DISCLOSURES

As of December 31, 2022, 2023 and 2024 and June 30, 2025, the amounts due from/to related parties are unsecured, interest-free and repayable on demand.

During the Track Record Period, the Target Group entered into the following transactions with related parties:

Related party relationship	Type of transactions	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Companies in which an immediate family member of the director has interest	Rental income	1,555	1,090	911	442	369
	Rental expenses	(7,663)	(6,785)	(6,785)	(3,392)	(3,392)

23. BORROWINGS

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Secured bank loan *(note)*	371,906	443,046	490,808	473,707
Less: Amount due within one year shown under current liabilities:	(11,175)	(442,816)	(490,808)	(473,707)
Amount shown under non-current liabilities	360,731	230	—	—

Notes:

On June 28 2021, Union Mark, a direct subsidiary of the Target Company, entered into a facility agreement with United Overseas Bank Limited ("**UOB**") pursuant to which Union Mark obtained a loan of a maximum amount of RMB550,000,000 for a term of 3 years, bearing interest at 2.50% per annum over the HIBOR, with repayment schedule from 2022 to 2024. During the year 2024, Union Mark entered into an agreement with UOB pursuant to which the parties agreed to extend the maturity date of the loan to December 30, 2025.

As of December 31, 2022, 2023, 2024 and June 30, 2025, the final drawdown amount of this loan was amounted to RMB371,906,000, RMB443,046,000, RMB490,808,000 and RMB473,707,000, respectively.

As of December 31, 2022 and 2023, the loan is secured by: (i) corporate guarantees provided by a related company; (ii) share security deed executed by the shareholders of a related company; (iii) debenture incorporating floating charges over all present and future assets of a related company and (iv) pledged bank deposits approximately RMB8,329,000 and RMB16,899,000, respectively.

As of December 31, 2024 and June 30, 2025, the loan is secured by: (i) corporate guarantees provided by a related company; (ii) share security deed executed by the shareholders of a related company; (iii) and debenture incorporating floating charges over all present and future assets of a related company; (iv) pledged bank deposits approximately RMB18,042,000 and RMB10,664,000, respectively; and (v) investment properties of the Target Group (Note 16).

The entire secured bank loan is subjected to covenants including financial performance and net asset requirements which to be complied semi-annually in June and December of each year. The Target Group has complied with all covenants during the Track Record Period.

24. DEFERRED TAX LIABILITY

Deferred tax liability recognised and movements during the Track Record Period are as follows:

	Fair value change on investment properties *RMB'000*
At January 1, 2022	182,740
Charged to profit or loss	5,975
At December 31, 2022 and January 1, 2023	188,715
Credited to profit or loss	(2,045)
At December 31, 2023 and January 1, 2024	186,670
Charged to profit or loss	12,981
At December 31, 2024 and January 1, 2025	199,651
Credited to profit or loss	(132)
At June 30, 2025	199,519

No deferred tax assets have been recognised in respect of the estimated tax losses due to the unpredictability of future profit streams.

As of December 31, 2022, 2023, 2024 and June 30, 2025, the Group has not recognised deferred tax assets in respect of the estimated tax losses of approximately RMB14,953,000, RMB10,340,000, RMB4,386,000 and RMB5,439,000, respectively, due to the unpredictability of future taxable profits against the unused tax losses that can be utilised in the relevant tax jurisdictions. All of the unused tax losses can be carried forward indefinitely under the tax regulations, except for those arising from the PRC subsidiaries of approximately RMB14,916,000, RMB10,298,000, RMB4,337,000 and RMB5,387,000, respectively, which can be carried forward only for five years from the recognition date of unused tax losses.

25. SHARE CAPITAL

	Number of shares
Authorised	
Ordinary shares of US$1.00 each	
At January 1, 2022, December 31, 2022, January 1, 2023, December 31, 2023, January 1, 2024, December 31, 2024, January 1, 2025 and June 30, 2025	50,000

	Number of shares in issue	Share capital *RMB'000*
Issued and fully paid		
Ordinary share of US$1.00 each		
At January 1, 2022, December 31, 2022, January 1, 2023, December 31, 2023, January 1, 2024, December 31, 2024 and January 1, 2025	100	1
Issuance of shares	900	6
At June 30, 2025	1,000	7

Note:

On June 23, 2025, 900 ordinary shares were allotted and issued to the shareholder of the Target Company.

26. RESERVES

(a) Translation reserve

The translation reserve is used to record exchange differences arising from the translation of the financial statements of group entities whose the functional currencies are not RMB.

(b) Retained earnings

Cumulative net gains and losses recognised in profit or loss.

27. NOTES SUPPORTING TO CONSOLIDATED STATEMENTS OF CASH FLOWS

The table below shows the details changes in the Target Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which each cash flows were, or future cash flows will be, classified in the Target Group's consolidated statements of cash flows from financing activities.

	Amounts due to related parties *(Note 22)* *RMB'000*	Borrowings *(Note 23)* *RMB'000*	Total *RMB'000*
At January 1, 2022	311,626	174,243	485,869
Changes from financing cash flows:			
Proceeds from bank borrowings	—	187,587	187,587
Repayments of bank borrowings	—	(5,588)	(5,588)
Advance from related parties	23,655	—	23,655
Repayments to related parties	(133,990)	—	(133,990)
Interest paid	—	(12,093)	(12,093)
Total changes from financing cash flows	(110,335)	169,906	59,571
Other changes:			
Interest expenses	—	12,093	12,093
Exchange realignment	(4,991)	15,664	10,673
Total other changes	(4,991)	27,757	22,766
At December 31, 2022	196,300	371,906	568,206

	Amounts due to related parties (Note 22) RMB'000	Borrowings (Note 23) RMB'000	Total RMB'000
At January 1, 2023	196,300	371,906	568,206
Changes from financing cash flows:			
Proceeds from bank borrowings	—	77,377	77,377
Repayments of bank borrowings	—	(12,985)	(12,985)
Repayments to related parties	(96,634)	—	(96,634)
Advance from related parties	143,322	—	143,322
Interest paid	—	(27,214)	(27,214)
Total changes from financing cash flows	46,688	37,178	83,866
Other changes:			
Interest expenses	—	27,214	27,214
Exchange realignment	(3,245)	6,748	3,503
Total other changes	(3,245)	33,962	30,717
At December 31, 2023	239,743	443,046	682,789

	Amounts due to related parties (Note 22) RMB'000	Borrowings (Note 23) RMB'000	Total RMB'000
At January 1, 2024	239,743	443,046	682,789
Changes from financing cash flows:			
Proceeds from bank borrowings	—	64,823	64,823
Repayments of bank borrowings	—	(24,853)	(24,853)
Repayments to related parties	(67,138)	—	(67,138)
Advance from related parties	71,326	—	71,326
Interest paid	—	(33,929)	(33,929)
Total changes from financing cash flows	4,188	6,041	10,229
Other changes:			
Interest expenses	—	33,929	33,929
Exchange realignment	(3,672)	7,792	4,120
Total other changes	(3,672)	41,721	38,049
At December 31, 2024	240,259	490,808	731,067

	Amounts due to related parties (Note 22) RMB'000	Borrowings (Note 23) RMB'000	Total RMB'000
At January 1, 2024	239,743	443,046	682,789
Changes from financing cash flows:			
Proceeds from bank borrowings	—	54,671	54,671
Repayments of bank borrowings	—	(14,649)	(14,649)
Advance from related parties	45,713	—	45,713
Repayments to related parties	(61,798)	—	(61,798)
Interest paid	—	(16,862)	(16,862)
Total changes from financing cash flows	(16,085)	23,160	7,075
Other changes:			
Interest expenses	—	16,862	16,862
Exchange realignment	(332)	704	372
Total other changes	(332)	17,566	17,234
At June 30, 2024 (unaudited)	223,326	483,772	707,098

	Amounts due to related parties (Note 22) RMB'000	Borrowings (Note 23) RMB'000	Total RMB'000
At January 1, 2025	240,259	490,808	731,067
Changes from financing cash flows:			
Repayments of bank borrowings	—	(9,698)	(9,698)
Advance from related parties	20,884	—	20,884
Interest paid	—	(14,326)	(14,326)
Total changes from financing cash flows	20,884	(24,024)	(3,140)
Other changes:			
Interest expenses	—	14,326	14,326
Exchange realignment	3,284	(7,403)	(4,119)
Total other changes	3,284	6,923	10,207
At June 30, 2025	264,427	473,707	738,134

28. COMMITMENTS

(a) Lease commitments

Operating lease commitments — where the Target Group is the lessor

As of December 31, 2022, 2023 and 2024 and June 30, 2025, the Target Group had contracted with tenants for the following minimum lease receivables:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Not later than 1 year	37,522	37,235	31,605	43,961
Later than 1 year and not later than 2 years	36,753	30,722	28,898	31,308
Later than 2 years and not later than 3 years	30,080	28,286	26,231	28,597
Later than 3 years and not later than 4 years	27,461	25,718	26,932	27,052
Later than 4 years and not later than 5 years	25,252	26,600	25,957	26,417
Over 5 years	226,251	200,534	174,744	143,997
	383,319	349,095	314,367	301,332

Operating lease receivables represent future aggregate minimum lease receipts by the Target Group from non-cancellable operating leases of its investment properties.

(b) Capital commitments

As of December 31, 2022, 2023 and 2024 and June 30, 2025, the Target Group had outstanding capital commitments as follows:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for:				
— Investment properties under construction	75,232	117,910	88,369	86,549

29. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Target Group manages its capital to ensure that the entities in the Target Group will be able to continue as a going concern while maximizing the return to shareholder through the optimization of the debt and equity balance.

The capital structure of the Target Group consists of net debt, net of cash and cash equivalents and equity attributable to owners of the Target Company, comprising issued share capital, reserves and retained earnings, respectively.

The director of the Target Company review the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Target Group will balance its overall capital structure through the payment of dividends, new shares issue and share buy back as well as the issue of new debts or redemption of existing debt, if necessary.

Management regards total equity as capital. The amount of capital as of December 31, 2022, 2023 and 2024 and June 30, 2025 amounted to approximately RMB552,672,000, RMB536,046,000, RMB556,667,000 and RMB553,370,000, respectively, which management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

30. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amounts of financial assets and liabilities of the Target Group:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at amortised cost:				
Trade receivables	80	247	1,360	1,758
Deposits and other receivables	7	10	17	3
Amounts due from related parties	2,200	1,396	1,078	967
Restricted bank deposits	8,329	16,899	18,042	10,664
Cash and cash equivalents	14,512	23,207	20,541	30,195
	25,128	41,759	41,038	43,587
Financial liabilities				
Financial liabilities measured at amortised cost:				
Trade payables	1,575	228	139	231
Other payables and accruals	8,445	8,377	16,886	13,965
Amounts due to related parties	196,300	239,743	240,259	264,427
Borrowings	371,906	443,046	490,808	473,707
	578,226	691,394	748,092	752,330

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Target Group's financial instruments in the normal course of the Target Group's business are interest rate risk, credit risk, liquidity risk and foreign currency risk. These risks are limited by the Target Group's financial management policies and practices described below. Generally, the Target Group introduces conservative strategies on its risk management. The Target Group has not used any derivatives and other instruments for hedging purposes nor does it hold or issue derivative financial instruments for trading purposes.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Target Group's interest rate risk arises primarily from borrowings from banks. Borrowings issued at variable rates expose the Target Group to cash flow interest rate risk.

As of December 31, 2022, 2023, 2024 and June 30, 2025, if interest rates on borrowings had been 50 basis points higher with all other variables held constant, post-tax profit/(loss) for the year/period would have been approximately RMB1,553,000, RMB1,850,000, RMB2,049,000 and RMB1,978,000 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

If interest rates on borrowings had been 50 basis points lower with all other variables held constant, there would have been an equal and opposite impact on the post-tax profit/(loss) for the year/period.

(b) Credit risk

The Target Group has policies in place to determine credit limit, credit approval and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the director of the Target Company consider that the Target Group does not expose to significant credit risk.

For trade receivables, the Target Group reassesses the lifetime expected credit losses at the end of the reporting period to ensure the adequate impairment losses are made for significant increases in the likelihood or risk of default occurring since initial recognition.

The Target Group applies provision matrix to measure the expected credit losses prescribed by HKFRS 9. As of December 31, 2022, 2023 and 2024 and June 30, 2025, the expected loss rates applied in the provision matrix are determined with reference to the debtors' characteristics, including historical actual loss on the trade receivables and information specific to the debtors as well as pertaining to the economic environment in which the debtors operate. As of December 31, 2022, 2023 and 2024 and June 30, 2025, the Target Group has assessed and concluded that the expected credit loss for trade receivables is insignificant.

For other financial assets at amortised cost, the Target Group has assessed and concluded that the expected credit loss for these financial assets is insignificant based on the risk of default of those counterparties under 12-month ECL approach. Thus, no loss allowance was recognised as of December 31, 2022, 2023 and 2024 and June 30, 2025.

Cash and cash equivalents are deposits in banks with sound credit ratings. Given their high credit ratings, the Target Group does not expect to have high credit risk in this aspect.

(c) Liquidity risk

The Target Group's policy is to maintain sufficient cash and cash equivalents and have available funding through borrowings and amounts due to related parties to meet its working capital requirements, where necessary. Management considers that the Target Group does not have significant liquidity risk.

The Target Group's financial liabilities are shown as below:

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of December 31, 2022						
Trade payables	1,575	1,575	1,575	—	—	—
Other payables and accruals	8,445	8,445	8,445	—	—	—
Amounts due to related parties	196,300	196,300	196,300	—	—	—
Borrowings	371,906	410,307	36,073	374,234	—	—
	578,226	616,627	242,393	374,234	—	—

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of December 31, 2023						
Trade payables	228	228	228	—	—	—
Other payables and accruals	8,377	8,377	8,377	—	—	—
Amounts due to related parties	239,743	239,743	239,743	—	—	—
Borrowings	443,046	459,903	455,398	4,505	—	—
	691,394	708,251	703,746	4,505	—	—

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of December 31, 2024						
Trade payables	8,028	8,028	8,028	—	—	—
Other payables and accruals	8,997	8,997	8,997	—	—	—
Amounts due to related parties	240,259	240,259	240,259	—	—	—
Borrowings	490,808	514,604	514,604	—	—	—
	748,092	771,888	771,888	—	—	—

	Carrying amount *RMB'000*	Total contractual undiscounted cash flows *RMB'000*	Within 1 year or on demand *RMB'000*	More than 1 year but less than 2 years *RMB'000*	More than 2 years but less than 5 years *RMB'000*	More than 5 years *RMB'000*
As of June 30, 2025						
Trade payables	4,944	4,944	4,944	—	—	—
Other payables and accruals	9,252	9,252	9,252	—	—	—
Amount due to related parties	264,427	264,427	264,427	—	—	—
Borrowings	473,707	490,331	490,331	—	—	—
	752,330	768,954	768,954	—	—	—

(d) Foreign currency risk

Currency risk refers to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk to the Target Group is minimal as most of the Target Group's transactions are carried out in functional currency of the respective entities.

32. FAIR VALUE MEASUREMENT

The fair value measurement of the Target Group's investment properties utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

— Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

— Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset on liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

— Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period as they occur.

For more detailed information in relation to the fair value measurement of the items above, please refer to Note 16.

33. EVENTS AFTER THE END OF THE TRACK RECORD PERIOD

Subsequent to 30 June 2025, save as disclosed elsewhere in the Historical Financial Information, the Target Group has no any significant subsequent events.

34. SUBSEQUENT FINANCIAL INFORMATION

No audited financial statements have been prepared by the Target Group and the Target Company or any of the companies comprising the Target Group in respect of any period subsequent to June 30, 2025.

BUSINESS OVERVIEW

The Target Company is an investment holding company incorporated in the BVI with limited liability. It holds 100% equity interest in Union Mark Limited, which in turn wholly owns Huizhou Lixin. It also holds 100% equity interest in Asia Honest (H.K.) Limited, which in turn wholly owns Huizhou Chuangyexing. Huizhou Lixin holds the Properties.

Immediately prior to Completion, the Target Company was held as to 100% by the Ms. Teresa Wong. After Completion, the Company shall be interested in approximately 37.7% of the entire issued share capital of the Target Company.

The Target Company is currently holding the Properties located in Huizhou District, Huizhou, Guangdong Province, the PRC. For details of the Properties, please refer to subsection (b) "The Union Mark Group" under the section headed "INFORMATION ABOUT THE TARGET GROUP and the valuation report of the Properties as set out in Appendix V of this circular.

FINANCIAL REVIEW

Revenue and Gross Profit of the Target Group

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Audited)
Revenue	36,683	37,580	39,259	19,046	17,111
Cost of sales	(12,252)	(11,755)	(12,303)	(5,650)	(6,334)
Gross profit	24,431	25,825	26,956	13,396	10,777
Gross Margin %	66.60%	68.72%	68.66%	70.33%	62.98%

Revenue

The Target Group generated most of the revenue from leasing of the Properties. For the three years ended 31 December 2024, the revenue of the Target Group increased from approximately RMB36.7 million in year 2022 to approximately RMB37.6 million in year 2023, and further to approximately RMB39.3 million in year 2024, representing an increase of approximately 2.45% for year 2023 and approximately 4.47% for year 2024 respectively. Such increase was primarily driven by the increment of rental area.

For the six months ended 30 June 2025, the revenue of the Target Group decreased from approximately RMB19.0 million to approximately RMB17.1 million, representing a decrease of approximately 10.16%. Such decrease was mainly because of rent deduction.

Gross Profit

The Target Group's gross profit increased from approximately RMB24.4 million in year 2022 to approximately RMB25.8 million in year 2023, representing an increase of approximately 5.71%. In addition, the gross profit margin from approximately 66.60% to 68.72% such increase was primarily attributed to the revenue growth.

The Target Group's gross profit further increased to approximately RMB27.0 million in year 2024, representing an increase of approximately 4.38%. Such increase was generally in line with the revenue growth as mentioned above and the gross profit margin remained at a similar level for year 2023.

For the six months ended 30 June 2025, the Target Group's gross profit decreased from approximately RMB13.4 million to approximately RMB10.8 million, representing a decrease of approximately 19.55%. Such decrease was mainly due to the rent deduction during the six months ended 30 June 2025.

Other operating expenses and income tax of the Target Group

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Audited)
Selling expenses	—	312	1,390	772	724
Administrative expenses	5,075	5,915	5,932	3,019	2,702
Finance costs	12,093	27,214	33,929	16,862	14,326
Effective tax rate	25%	25%	25%	25%	25%

Selling and administrative expenses

The selling and administrative expenses of the Target Group mainly comprises staff costs, professional fee, entertainment etc. The selling and administrative expenses represented approximately 13.83%, 16.57% and 18.65% of the revenue of the Target Group for the three years ended 31 December 2022, 2023 and 2024, respectively, and approximately 19.90% and 20.0% of the revenue of the Target Group for the six months period ended 30 June 2024 and 2025, respectively.

The selling expenses of the Target Group increased from nil in year 2022 to RMB0.31 million in year 2023. Such increase was mainly due to increased promotion of property rental. The administrative expenses of the Target Group increased from RMB5.1 million in year 2022 to RMB5.9 million in year 2023, representing an increase of approximately 16.55%. Such increase was mainly attributed to increase in professional fee and staff cost.

Finance costs

The finance costs of the Target Group were mainly interest expenses on bank borrowing for property development. The finance costs of the Target Group were approximately RMB12.1 million, RMB27.2 million and RMB33.9 million for the three years ended 31 December 2022, 2023 and 2024 respectively, representing approximately 32.97%, 72.42% and 86.42% of the total revenue of the Target Group over the same period, and the finance costs of the Target Group for the six months ended 30 June 2024 and 2025 were approximately RMB16.9 million and RMB14.3 million, respectively, representing 88.53% and 83.72% of the total revenue of the Target Group over the same period.

The increase in finance costs for year 2023 was mainly due to an increase in the loan interest rate and a higher amount of loan drawdown.

Income tax expense

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC income tax of the group entities is calculated based on the statutory tax rate of 25% for the three years ended 31 December 2022, 2023 and 2024 and for six months period ended 30 June 2025. No provision for PRC income tax is required since the Target Group has no assessable income for the three years ended 31 December 2022, 2023 and 2024 and for six months period ended 30 June 2025.

Profit and total comprehensive income for the year/period of the Target Group

	Year ended 31 December			**Six months ended 30 June**	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Audited)
Net Profit/(Loss) for the year/period	25,630	(13,093)	24,963	3,417	(7,253)

As a result of the foregoing, the Target Group recorded net profits of approximately RMB25.6 million and RMB25.0 million for the years ended 31 December 2022 and 2024, respectively, and approximately RMB3.4 million for the six-month period ended 30 June 2024.

In contrast, the Target Group incurred net losses of approximately RMB13.1 million for the year ended 31 December 2023 and approximately RMB7.3 million for the six-month period ended 30 June 2025.

FINANCIAL RESOURCES AND GEARING RATIO

	As of 31 December			As of 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Unaudited)	(Audited)
Total assets	1,319,702	1,414,194	1,504,517	1,505,307
Cash and bank balances	14,512	23,207	20,541	30,195
Total liabilities	767,030	878,148	947,850	951,937
Borrowings	371,906	443,046	490,808	473,707
Net current liabilities	(176,193)	(633,284)	(696,126)	(699,448)
Net assets	552,672	536,046	556,667	553,370

Liquidity, Gearing and Capital Structure

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Target Group's total cash and bank balances amounted to approximately RMB14.5 million, RMB23.2 million, RMB20.5 million and RMB30.2 million respectively.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Target Group had total assets of approximately RMB1,319.7 million, RMB1,414.2 million, RMB1,504.5 million and RMB1,505.3 million respectively and net current liabilities of approximately RMB176.2 million, RMB633.3 million, RMB696.1 million and RMB699.4 million respectively. The current ratio as at 31 December 2022, 2023 and 2024 and 30 June 2025 of the Target Group was 0.19, 0.08, 0.07 and 0.07 respectively.

As at 30 June 2025, the Target Group had outstanding bank borrowings of approximately RMB473.7 million.

The net assets of the Target Group as at 31 December 2022, 2023 and 2024 and 30 June 2025 amounted to approximately RMB552.7 million, RMB536.0 million, RMB556.7 million and RMB553.4 million respectively. The gearing ratio (defined as total liabilities to total assets) as at 31 December 2022, 2023 and 2024 and 30 June 2025 was approximately 0.58, 0.62, 0.63 and 0.63 respectively.

Financial Resources

For the three years ended 31 December 2024 and the six months ended 30 June 2025, the Target Group primarily financed the working capital requirement from its funds generated from business operations and bank borrowings.

PLEDGE OF ASSETS

As of 31 December 2022 and 2023, the loan was secured by including (i) corporate guarantees from a related company; (ii) share security deed executed by the shareholders of a related company; (iii) debenture incorporating first fixed and floating charges over all assets of the related company; and restricted bank deposits of approximately RMB8,329,000 and RMB16,899,000, respectively. As of 31 December 2024 and 30 June 2025, the bank loan remained secured by the same arrangements, with restricted bank deposits of approximately RMB18,042,000 and RMB10,664,000, respectively, and additionally included investment properties held by the Target Group.

Save for the above, no asset of the Target Group was charged as security against the bank loan.

CONTINGENT LIABILITIES

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Target Group had no material contingent liabilities.

CAPITAL COMMITMENTS

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Target Group had capital commitments in respect of investment properties under development of RMB75.2 million, RMB117.9 million, RMB88.4 million and RMB86.5 million respectively.

SIGNIFICANT INVESTMENTS

For the three years ended 31 December 2024 and the six months ended 30 June 2025, the Target Group did not have any material investments.

MATERIAL ACQUISITIONS AND DISPOSALS

For the three years ended 31 December 2024 and six months ended 30 June 2025, the Target Group did not make any material acquisition or disposal of subsidiaries, jointly controlled entities and associated companies. The Target Group also did not have any plans to acquire material investments or capital assets after the Acquisition in the financial year 2025.

FOREIGN EXCHANGE RISK

The Target Group conducts its business in PRC, and all of its transactions are denominated in RMB. The Target Group did not experience any material impact or difficulties in liquidity on its operation resulting from the fluctuation in exchange rate. The Target Group also did not carry out hedging transaction or forward contract arrangement for the three years ended 31 December 2024 and the six months ended 31 June 2025. Upon the completion of the Acquisition, the Group will continue to monitor the foreign exchange risk of the Target Group and take prudential measures as and when appropriate.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2025, the Target Group had approximately 18 employees. As at 31 December 2024, the Target Group's staff costs primarily consisted of salaries and other allowances of approximately RMB2.9 million.

PROSPECTS

As at the Latest Practicable Date, the Target Group did not plan to launch new business or make material investments or capital assets.

(A) THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group (the "**Unaudited Pro Forma Financial Information**") after the completion of the Acquisition and the Disposal by the Group. Details of the Acquisition and the Disposal are set out in the section headed "Letter from the Board" contained in this circular. The Unaudited Pro Forma Financial Information presented below is prepared to illustrate the consolidated statement of financial position of the Enlarged Group as at 30 June 2025 as if the Acquisition and the Disposal has been completed on 30 June 2025.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared in accordance with Paragraph 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange and on the basis of the notes set out below, for the purpose of illustrating the effect of the Acquisition and the Disposal. The Unaudited Pro Forma Financial Information was based on number of assumptions, estimates and uncertainties. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not give a true picture of the financial position of the Enlarged Group had the Acquisition and the Disposal been completed as at 30 June 2025 or any future date.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in its published unaudited interim report for the six months ended 30 June 2025 and other financial information included elsewhere in this circular.

(1) Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Enlarged Group

	The Group as at 30 June 2025 *RMB'000 (Note 1)*	**Pro forma adjustments** *RMB'000 (Note 2)*	*RMB'000 (Note 3)*	**Unaudited pro forma total for the Enlarged Group** *RMB'000*
Non-current assets				
Property, plant and equipment	43,628			43,628
Investment properties	54,045			54,045
Interests in associates	187,247	249,907	771	437,925
Deferred tax assets	50,956			50,956
	335,876			586,554

	The Group as at 30 June 2025 *RMB'000* *(Note 1)*	Pro forma adjustments *RMB'000* *(Note 2)*	*RMB'000* *(Note 3)*	Unaudited pro forma total for the Enlarged Group *RMB'000*
Current assets				
Inventories and other contract costs	544,102			544,102
Trade and other receivables	239,726	(101,755)		137,971
Prepaid tax	6,848			6,848
Pledged and restricted deposits	5,072			5,072
Cash and cash equivalents	234,753	(145,992)	(771)	87,990
	1,030,501			781,983
Total assets	1,366,377			1,368,537
Current liabilities				
Contract liabilities	46,981			46,981
Trade and other payables	480,555	(80)		480,475
Lease liabilities	141			141
Tax payable	112,484			112,484
Provision	22,286			22,286
	662,447			662,367
Net current assets	368,054			119,616
Total assets less current liabilities	703,930			706,170
Non-current liabilities				
Lease liabilities	478			478
Deferred tax liabilities	3,009			3,009
	3,487			3,487
NET ASSETS	700,443			702,683

(2) Notes to Unaudited Pro Forma Financial Information of the Enlarged Group

(1) The balances were extracted from the unaudited consolidated statement of financial position of the Group as at 30 June 2025 as set out in the Company's published unaudited interim report for the six months ended 30 June 2025.

(2) Pursuant to the sale and purchase agreement dated 18 July 2025 entered into between Million Cities Development Limited ("**MC Development**"), a wholly owned subsidiary of the Company, and Ms. Teresa Wong, the Group has conditionally agreed to acquire approximately 25.30% of the total issued share capital of the Target Company at a total consideration of HK$151,038,000 (equivalent to approximately RMB137,739,000) ("**Consideration**"), which shall be satisfied by (i) payment of the cash consideration of HK$40,000,000 (equivalent to approximately RMB36,478,000); and (ii) the transfer of all issued shares of Fortune Brilliant City Limited ("**Fortune Brilliant**"), an indirectly wholly-owned subsidiary of the Company, from Ms. Teresa Wong.

In addition, pursuant to the subscription agreement dated 18 July 2025, MC Development has conditionally agreed to subscribe for, and the Target Company has conditionally agreed to allot and issue, the Subscription Shares, representing approximately 16.7% of the enlarged issued share capital of the Target Company upon completion of the transactions contemplated under the Sale and Purchase Agreement and the Subscription Agreement ("**Completion**"), at the Subscription Price of HK$120,087,000 (equivalent to approximately RMB109,513,000).

As a result, upon Completion, the Company will be interested in approximately 37.7% of the entire issued share capital of the Target Company through MC Development.

The Completion is dependent on the fulfilment of certain conditions, amongst others, the approval from the shareholders of the Company. Upon the Completion, the Target Company will be accounted for as an associate using equity method under HKAS 28 Investments in Associates and Joint Ventures issued by the Hong Kong Institute of Certified Public Accountants.

The amount of approximately RMB249,907,000 represents the fair value of the 37.7% shareholding in the Target Group as at 18 July 2025. This amount is calculated by adding the net assets of the Target Group as at 18 July 2025 amounted to approximately RMB553,370,000 to the share subscription proceeds of approximately RMB109,513,000, resulting in adjusted net assets of approximately RMB662,882,000. The fair value attributable to the Group's 37.7% shareholding after the Completion is then determined, giving an amount of approximately RMB249,907,000.

Considering the proportion of the fair value of the identifiable assets and liabilities of the Target Group owned by the Group exceeds the Consideration, the Acquisition and the Disposal would result in a gain on disposal of RMB2,240,000.

Information about Fortune Brilliant:

Fortune Brilliant is an investment company incorporated in the British Virgin Islands with limited liability. As at 18 July 2025, Fortune Brilliant holds the entire issued share capital of Full Success International Limited ("**Full Success**"), an investment holding company incorporated in Hong Kong with limited liability. Furthermore, Full Success holds the entire equity interest in Huizhou Wanjia Information Consultancy Limited ("**Huizhou Wanjia**"), a company established in the PRC with limited liability.

The breakdown of the total asset and liabilities of Fortune Brilliant, Full Success, and Huizhou Wanjia are as follow:

	Combine of Fortune Brilliant, Full Success and Huizhou Wanjia before assignment of loan *RMB'000*	**Assignment of loan** *(Note)* *RMB'000*	**Combine of Fortune Brilliant, Full Success and Huizhou Wanjia after assignment of loan** *RMB'000*
Net assets/(liabilities) as at 18 July 2025			
Cash and cash equivalents	1		1
Other receivables	1	101,754	101,755
Other payables	(80)		(80)
	(78)		101,676

Note:

The assignment of loan has not been completed upon the Completion. The adjustment is to reflect the assignment of loan principal and accrued interest amounted to approximately RMB101,754,000 from Huizhou Hanji Real Estate Development Co., Ltd., an indirectly wholly-owned subsidiary of MC Development, to Huizhou Wanjia.

(3) It represents the estimated legal and professional fees and other direct expenses in relation to the Acquisition and the Disposal of approximately RMB771,000. This adjustment will have no continuing effect on the Enlarged Group in the subsequent years.

(4) Save as disclosed above, no other adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Enlarged Group entered into subsequent to 30 June 2025.

(B) REPORT FROM THE REPORTING ACCOUNTANT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.



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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the directors of Million Cities Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Million Cities Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities of the Group as at 30 June 2025 and related notes as set out on pages IV-1 to IV-5 of Appendix IV of the Company's circular dated 24 October 2025 (the "**Circular**"), in connection with the proposed acquisition of the Fortune Radiant City Limited and its subsidiaries and disposal of Fortune Brilliant City Limited and its subsidiaries ("**the Acquisition and the Disposal**"). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on pages IV-1 to IV-5 of Appendix IV of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Acquisition and the Disposal on the Group's consolidated financial position as at 30 June 2025 as if the Acquisition and the Disposal had taken place at 30 June 2025. As part of this process, information about the Group's consolidated financial position has been extracted by the directors of the Company from the Group's interim report for the six months ended 30 June 2025, on which no audit or review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition and the Disposal at 30 June 2025 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the entity, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

BDO Limited
Certified Public Accountants
Hong Kong
24 October 2025

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 acquired 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 I,
Tai Ping Industrial Centre,
No. 57 Ting Kok Road,
Tai Po, New Territories,
Hong Kong

24 October 2025

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 acquired 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 August 2025 (the "**Valuation Date**").

VALUATION STANDARDS

The valuation has been prepared in accordance with the HKIS Valuation Standards 2024 published by The Hong Kong Institute of Surveyors effective from 31 December 2024 with reference to the International Valuation Standards published by the International Valuation Standards Council effective from 31 January 2025; 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

When valuing the property interests to be acquired by the Group in Group 1, we have adopted Market Approach. When valuing the property interests to be acquired by the Group in Group 2, we have adopted Market Approach to assess the gross development values of the proposed developments, which are then adjusted with considerations of the outstanding development costs, the outstanding development periods and the potential profit margins.

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.

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 advice given by The PRC legal adviser of the Group, Jincheng Tongda & Neal Law Firm, regarding the titles of the property interests located 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 located 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 property. 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 R.P.S.(GP)
MCIREA MHKSI MISCM MHIREA FHKIoD
RICS Registered Valuer
Registered Real Estate Appraiser & Agent PRC
Managing Director

Kit Cheung
BSc(Hons) FHKIS MRICS R.P.S.(GP)
MCIREA MHIREA
RICS Registered Valuer
Registered Real Estate Appraiser PRC
Executive 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, 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 28 years of experience in the valuation of fixed and intangible assets of this magnitude and nature in the subject region.

Kit Cheung is a fellow of the Hong Kong Institute of Surveyors, a member 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 member of Hong Kong Institute of Real Estate Administrators, a Registered Valuer of the Royal Institution of Chartered Surveyors and a Registered Real Estate Appraiser People's Republic of China. He is suitably qualified to carry out the valuation and has over 16 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 to be Acquired by the Group for Investment in The PRC

No.	Property	Market Value as at 31 August 2025	Interest Attributable to the Group	Market Value as at 31 August 2025 Attributable to the Group upon Acquisition
1	An industrial development located at No. 3 Ren Luo Liu Road, Huicheng District, Huizhou, Guangdong Province, The PRC	RMB818,000,000	37.7%	RMB308,386,000
2	An industrial development located at No. 3 Ren Luo Wu Road, Huicheng District, Huizhou, Guangdong Province, The PRC	RMB99,000,000	37.7%	RMB37,323,000
3	Phase 1 of an industrial development located at No. 1 Ren Luo Wu Road, Huicheng District, Huizhou, Guangdong Province, The PRC	RMB389,000,000	37.7%	RMB146,653,000
	Sub-total:	**RMB1,306,000,000**		**RMB492,362,000**

Group 2 — Property Interests to be Acquired by the Group for Development in The PRC

No.	Property	Market Value as at 31 August 2025	Interest Attributable to the Group	Market Value as at 31 August 2025 Attributable to the Group upon Acquisition
4	Phase 2 of an industrial development located at No. 1 Ren Luo Wu Road, Huicheng District, Huizhou, Guangdong Province, The PRC	RMB145,000,000	37.7%	RMB54,665,000
	Sub-total:	**RMB145,000,000**		**RMB54,665,000**
	Total:	**RMB1,451,000,000**		**RMB547,027,000**

VALUATION CERTIFICATE

Group 1 — Property Interests to be Acquired by the Group for Investment in The PRC

No.	Property	Description and Tenure	Occupancy Particulars	Market Value as at 31 August 2025
1	An industrial development located at No. 3 Ren Luo Liu Road, Huicheng District, Huizhou, Guangdong Province, The PRC	The property comprises an industrial development erected on a parcel of land with a site area of approximately 46,413.70 square meters ("**sq.m.**"). As per information provided by the Group, the property comprises two factory buildings, two dormitories and a basement with a total gross floor area ("**GFA**") of approximately 205,634.72 sq.m. It was completed in two stages between June 2020 and September 2020. The area breakdown of the property is listed as below: **Portion** — **GFA** *(sq.m.)* Factory (#1) — 67,020.05 Factory (#2) — 66,990.04 Dormitory (#1) — 32,002.94 Dormitory (#2) — 32,002.94 Basement — 7,618.75 205,634.72 The land use rights of the property were granted for a term expiring on 3 January 2067 for industrial uses.	As per our on-site inspection and information provided by the Group, the property is currently partially leased to various tenants with the latest expiry date of 31 August 2029. There were approximately 173,904 sq.m. lettable area leased with total monthly rent of approximately RMB2,024,015 exclusive of tax and property management fee as at the Valuation Date.	RMB818,000,000 (RENMINBI EIGHT HUNDRED AND EIGHTEEN MILLION) 37.7% Interest Attributable to the Group upon Acquisition: RMB308,386,000 (RENMINBI THREE HUNDRED EIGHT MILLION THREE HUNDRED AND EIGHTY SIX THOUSAND)

Notes:

1. The property was inspected by Charlotte Xu BSc*(Hons) MRICS RICS Registered Valuer* and Esther Lam BSc*(Hons) probationer of HKIS* on 24 June 2025.

2. The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS R.P.S.(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser & Agent PRC* and Kit Cheung *BSc(Hons) FHKIS MRICS R.P.S.(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC*.

3. Pursuant to five Real Estate Title Certificates, issued by Huizhou Huicheng District Natural Resources Bureau, the land use rights of the property with a site area of approximately 46,413.70 sq.m. and the building ownership rights of two factory buildings, two dormitories and a basement of the property with a total GFA of approximately 205,634.72 sq.m. were legally vested in Huizhou Lixin Technology Limited. The land use rights were granted for a term expiring on 3 January 2067 for industrial uses.

The details of the Real Estate Title Certificates are summarized below:

Certificate No.	Date of Issue	Portion	GFA *(sq.m.)*
Yue (2020) Hui Zhou Shi Bu Dong Chan Quan Di No. 0131522	26 December 2020	Factory (#1)	67,020.05
Yue (2020) Hui Zhou Shi Bu Dong Chan Quan Di No. 0131524	26 December 2020	Factory (#2)	66,990.04
Yue (2020) Hui Zhou Shi Bu Dong Chan Quan Di No. 0130662	26 December 2020	Dormitory (#1)	32,002.94
Yue (2020) Hui Zhou Shi Bu Dong Chan Quan Di No. 0131523	26 December 2020	Dormitory (#2)	32,002.94
Yue (2020) Hui Zhou Shi Bu Dong Chan Quan Di No. 0000572	4 January 2021	Basement	7,618.75
		Total:	**205,634.72**

4. Pursuant to two Construction Project Work Completion Certificates, issued by Huizhou Huicheng District Housing and Urban-Rural Development Bureau, the completion of construction of the property was certified.

The details of the Construction Project Work Completion Certificates are summarized below:

Permit No.	Date of Completion	Portion	GFA *(sq.m.)*
GD-E1–916001	29 June 2020	Factory #1 & #2	134,672.40
GD-E1–916001	23 September 2020	Dormitory #1 & #2, Basement	74,859.90
		Total:	**209,532.30**

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

Location	:	The property is located at No. 3 Ren Luo Liu Road, Huicheng District, Huizhou, Guangdong Province, The PRC.
Transportation	:	Huizhou North Railway Station, Huizhou Railway Station and Huizhou Pingtan Airport are located approximately 21.5 kilometres, 13.0 kilometres and 26.0 kilometres away from the property respectively.
Nature of Surrounding Area	:	The area is predominately an industrial area in Huicheng District.

6. We have been provided with a PRC legal opinion dated 16 October 2025 regarding the property by Jincheng Tongda & Neal Law Firm, which contains, *inter alia*, the following:

(a) Huizhou Lixin Technology Limited is the legal owner of the state-owned land use rights and building ownership rights of the property;

(b) Prior to the expiration date of the land use rights term recorded in the Real Estate Title Certificates, Huizhou Lixin Technology Limited has to right to lawfully occupy or use the property in accordance with its designated purposes, or to let, transfer, mortgage or by other lawful means handle the relevant state-owned land use rights and building ownership rights;

(c) Huizhou Lixin Technology Limited has mortgaged the state-owned land use rights and building ownership rights of the property to United Overseas Bank (China) Limited, Shenzhen Branch and United Overseas Bank Limited; and

(d) The handling of the property by Huizhou Lixin Technology Limited by transfer, mortgage, or other legal means will be subject to the mortgage agreements signed with the mortgagees. If the relevant debtor fails to perform its due debts or the agreed upon mortgage enforcement circumstances occur, the mortgagees will have priority claim over the property.

7. In the course of our valuation of the property, we have considered and analysed the industrial sale comparables in the vicinity. The industrial sale comparables collected on an exhaustive basis are considered relevant to the Property Interest in terms of property type, usage, time and location. All comparables are either industrial development transactions located in Guangdong Province or industrial development sale comparables located in the Huizhou within 12 months before the Valuation Date.

The unit rates of the adopted comparables are ranging from RMB3,088 to RMB4,861 per sq.m. on the basis of gross floor area. After due adjustments in terms of different attributes including nature of transaction, time, location, building age, size, usage and land use rights terms. The unit rates of the adopted comparables are adjusted to a range of RMB4,048 to RMB4,607 per sq.m. on the basis of gross floor area, which are then weighted evenly to derive the adopted unit rate of RMB4,320 per sq.m. on the basis of gross floor area of block 1 of Property 1 as a benchmark. Further adjustment has been made based on use, size, building age and land use rights terms, the adopted gross unit rate on the basis of gross floor area of the property for factory, dormitory and car parking space are RMB4,320 per sq.m., RMB3,577 per sq.m. and RMB1,373 per sq.m. respectively.

The details of Industrial sale comparables are summarised as below:

	Comparable 1	**Comparable 2**	**Comparable 3**	**Comparable 4**
Name of Development	San Huan Road Industrial Development	Zhongjian Vision Medical Manufacturing Industrial Park	Nanping Technology Industrial Park	No. 12 Cuiwei Avenue
Address	San Huan Road	Dongsheng Middle Road	No. 2 Ping Bei Er Road	No. 12 Cuiwei Avenue
District	Huicheng	Huicheng	Xiangzhou	Huoju Development Zone
City	Huizhou	Huizhou	Zhuhai	Zhongshan
Property Type	Industrial	Industrial	Industrial	Industrial
GFA (sq.m.)	13,600	3,050	37,858	36,492
Year of Completion	2003	2025	2002	2018
Consideration (RMB)	42,000,000	13,730,000	148,466,694	177,403,700
Gross Unit Rate (RMB/sq.m.)	3,088	4,502	3,922	4,861
Date of Instrument	Aug-2025	Aug-2025	Nov-2024	Aug-2025
Nature	Asking	Asking	Transaction	Transaction
Adjusted Gross Unit Rate (RMB/sq.m.)	4,048	4,124	4,607	4,512

No.	Property	Description and Tenure	Occupancy Particulars	Market Value as at 31 August 2025
2	An industrial development located at No. 3 Ren Luo Wu Road, Huicheng District, Huizhou, Guangdong Province, The PRC	The property comprises an industrial development erected on a parcel of land with a site area of approximately 54,200.20 sq.m. As per information provided by the Group, the property comprises a factory building and two dormitories with a total GFA of approximately 29,943.20 sq.m. It was completed in about January 2008. The area breakdown of the property is listed as below: **Portion** / **GFA** *(sq.m.)* Factory 22,035.92 Dormitory (#1) 3,778.28 Dormitory (#2) 4,129.00 29,943.20 The land use rights of the property were granted for a term expiring on 28 July 2056 for industrial uses.	As per our on-site inspection and information provided by the Group, the property is currently leased subject to a tenancy with a term of approximately six years from 1 February 2021 to 31 December 2026 at a monthly rent of approximately RMB289,220 exclusive of tax and property management fee as at the Valuation Date.	RMB99,000,000 (RENMINBI NINETY NINE MILLION) 37.7% Interest Attributable to the Group upon Acquisition: RMB37,323,000 (RENMINBI THIRTY SEVEN MILLION THREE HUNDRED AND TWENTY THREE THOUSAND)

Notes:

1. The property was inspected by Charlotte Xu BSc*(Hons) MRICS RICS Registered Valuer* and Esther Lam BSc*(Hons) probationer of HKIS* on 24 June 2025.

2. The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS R.P.S.(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser & Agent PRC* and Kit Cheung *BSc(Hons) FHKIS MRICS R.P.S.(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC*.

3. Pursuant to a Real Estate Title Certificate, issued by Huizhou Huicheng District Natural Resources Bureau, the land use rights of the property with a site area of approximately 54,200.20 sq.m. and the building ownership rights of the factory building of the property with a GFA of approximately 22,035.92 sq.m. were legally vested in Huizhou Lixin Technology Limited. The land use rights were granted for a term expiring on 28 July 2056 for industrial uses.

   The details of the Real Estate Title Certificate are summarized below:

Certificate No.	Date of Issue	Portion	Site Area *(sq.m.)*	GFA *(sq.m.)*
Yue (2021) Hui Zhou Shi Bu Dong Chan Quan Di No. 0084166	6 July 2021	Factory	54,200.20	22,035.92

4. Pursuant to a Real Estate Title Certificate, issued by Huizhou Municipal Bureau of Land and Resources, the land use rights of the property with a site area of approximately 54,200.20 sq.m. and the building ownership rights of the dormitory #1 of the property with a GFA of approximately 3,778.28 sq.m. were legally vested in Huizhou Lixin Technology Limited. The land use rights were granted for a term expiring on 28 July 2056 for industrial uses.

   The details of the Real Estate Title Certificate are summarized below:

Certificate No.	**Date of Issue**	**Portion**	**Site Area** *(sq.m.)*	**GFA** *(sq.m.)*
Yue (2017) Hui Zhou Shi Bu Dong Chan Quan Di No. 1117566	26 October 2017	Dormitory #1	54,200.20	3,778.28

5. Pursuant to a Construction Land Use Planning Permit, Hui Shi Gui Di Zheng (2006) No. 0680 dated 29 August 2006 and issued by Huizhou Planning and Construction Bureau, the proposed land use of the property was approved.

6. Pursuant to a Construction Project Planning Permit, Hui Shi Gui Zheng (Shui) (2007) No. 0227 dated 24 September 2007, issued by Huizhou Planning and Construction Bureau, the proposed development of the property was approved.

7. Pursuant to two Construction Project Work Completion Certificates, issued by Huizhou Huicheng District Urban and Rural Planning and Construction Bureau, the completion of construction of factory and dormitory #1 of the property was certified.

   The details of the Construction Project Work Completion Certificates are summarized below:

Permit No.	**Date of Completion**	**Portion**	**GFA** *(sq.m.)*
GD301701	15 January 2008	Factory	21,710.00
GD301701	15 January 2008	Dormitory #1	3,822.00
		Total:	**25,532.00**

8. As advised by the Group and legal opinion, dormitory #2 of the property is yet to be granted with a proper Real Estate Title Certificate. In the course of our valuation, we have attributed no commercial value to dormitory #2 of the property.

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

Location	:	The property is located at No. 3 Ren Luo Wu Road, Huicheng District, Huizhou, Guangdong Province, The PRC.
Transportation	:	Huizhou North Railway Station, Huizhou Railway Station and Huizhou Pingtan Airport are located approximately 21.5 kilometres, 13.0 kilometres and 26.0 kilometres away from the property respectively.
Nature of Surrounding Area	:	The area is predominately an industrial area in Huicheng District.

10. We have been provided with a PRC legal opinion dated 16 October 2025 regarding the property by Jincheng Tongda & Neal Law Firm, which contains, *inter alia*, the following:

    (a) Huizhou Lixin Technology Limited is the legal owner of the state-owned land use rights and building ownership rights of the property;

    (b) Prior to the expiration date of the land use rights term recorded in the Real Estate Title Certificates, Huizhou Lixin Technology Limited has to right to lawfully occupy or use the property in accordance with its designated purposes, or to let, transfer, mortgage or by other lawful means handle the relevant state-owned land use rights and building ownership rights;

    (c) Huizhou Lixin Technology Limited has mortgaged the state-owned land use rights and building ownership rights of the property to United Overseas Bank (China) Limited, Shenzhen Branch and United Overseas Bank Limited; and

    (d) The handling of the property by Huizhou Lixin Technology Limited by transfer, mortgage, or other legal means will be subject to the mortgage agreements signed with the mortgagees. If the relevant debtor fails to perform its due debts or the agreed upon mortgage enforcement circumstances occur, the mortgagees will have priority claim over the property.

11. In the course of our valuation of the property, we have considered and analysed the industrial sale comparables in the vicinity. The industrial sale comparables collected on an exhaustive basis are considered relevant to the Property Interest in terms of property type, usage, time and location. All comparables are either industrial development transactions located in Guangdong Province or industrial development sale comparables located in the Huizhou within 12 months before the Valuation Date.

    The unit rates of the adopted comparables are ranging from RMB3,088 to RMB4,861 per sq.m. on the basis of gross floor area. After due adjustments in terms of different attributes including nature of transaction, time, location, building age, size, usage and land use rights terms. The unit rates of the adopted comparables are adjusted to a range of RMB4,048 to RMB4,607 per sq.m. on the basis of gross floor area, which are then weighted evenly to derive the adopted unit rate of RMB4,320 per sq.m. on the basis of gross floor area of block 1 of Property 1 as a benchmark. Further adjustment has been made based on use, size, building age and land use rights terms, the adopted gross unit rate on the basis of gross floor area of the property for factory and dormitory are RMB3,924 per sq.m. and RMB3,194 per sq.m. respectively.

    The details of Industrial sale comparables are summarised as below:

	Comparable 1	**Comparable 2**	**Comparable 3**	**Comparable 4**
Name of Development	San Huan Road Industrial Development	Zhongjian Vision Medical Manufacturing Industrial Park	Nanping Technology Industrial Park	No. 12 Cuiwei Avenue
Address	San Huan Road	Dongsheng Middle Road	No. 2 Ping Bei Er Road	No. 12 Cuiwei Avenue
District	Huicheng	Huicheng	Xiangzhou	Huoju Development Zone
City	Huizhou	Huizhou	Zhuhai	Zhongshan
Property Type	Industrial	Industrial	Industrial	Industrial
GFA (sq.m.)	13,600	3,050	37,858	36,492
Year of Completion	2003	2025	2002	2018
Consideration (RMB)	42,000,000	13,730,000	148,466,694	177,403,700
Gross Unit Rate (RMB/sq.m.)	3,088	4,502	3,922	4,861
Date of Instrument	Aug-2025	Aug-2025	Nov-2024	Aug-2025
Nature	Asking	Asking	Transaction	Transaction
Adjusted Gross Unit Rate (RMB/sq.m.)	4,048	4,124	4,607	4,512

No.	Property	Description and Tenure	Occupancy Particulars	Market Value as at 31 August 2025
3	Phase 1 of an industrial development located at No. 1 Ren Luo Wu Road, Huicheng District, Huizhou, Guangdong Province, The PRC	The property comprises Phase 1 of an industrial development erected on a parcel of land with a master site area of approximately 49,387.00 sq.m. As per information provided by the Group, the property comprises three factory buildings, three ancillary buildings, a basement, two guard rooms and a garbage room with a total GFA of approximately 97,696.94 sq.m. It was completed August 2024. The area breakdown of the property is listed as below: **Portion** — **GFA** *(sq.m.)* Factory (#1) — 26,563.49 Factory (#2) — 26,570.69 Factory (#2) — 26,563.75 Ancillary Building (#7) — 326.25 Ancillary Building (#8) — 326.10 Ancillary Building (#9) — 311.00 Basement — 16,807.96 Guard Room (#1) — 77.00 Guard Room (#2) — 77.00 Garbage Room — 73.70 97,696.94 The land use rights of the property were granted for a term expiring on 3 January 2067 for industrial uses.	As per our on-site inspection and information provided by the Group, the property is currently partially leased to various tenants with the latest expiry date of 29 April 2031. There were approximately 5,746.44 sq.m. lettable area leased with total monthly rental income of approximately RMB49,755 exclusive of tax and property management fee as at the Valuation Date.	RMB389,000,000 (RENMINBI THREE HUNDRED AND EIGHTY NINE MILLION) 37.7% Interest Attributable to the Group upon Acquisition: RMB146,653,000 (RENMINBI ONE HUNDRED FORTY SIX MILLION SIX HUNDRED AND FIFTY THREE THOUSAND)

Notes:

1. The property was inspected by Charlotte Xu BSc*(Hons) MRICS RICS Registered Valuer* and Esther Lam BSc*(Hons) probationer of HKIS* on 24 June 2025.

2. The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS R.P.S.(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser & Agent PRC* and Kit Cheung *BSc(Hons) FHKIS MRICS R.P.S.(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC*.

3. Pursuant to a Real Estate Title Certificate, issued by Huizhou Municipal Bureau of Land and Resources, the land use rights of the master site with a site area of approximately 49,387.00 sq.m. were granted to Huizhou Lixin Technology Limited for a term expiring on 3 January 2067 for industrial uses.

The details of the Real Estate Title Certificate are summarized below:

Certificate No.	Date of Issue	Use	Land Use Rights Expiry Date	Site Area *(sq.m.)*
Yue (2017) Hui Zhou Shi Bu Dong Chan Quan Di No. 1022405	14 February 2017	Industrial	3 January 2067	49,387.00

4. Pursuant to ten Real Estate Title Certificates, issued by Huizhou Huicheng District Natural Resources Bureau, the land use rights of the master site with a site area of approximately 49,387.01 sq.m. and the building ownership rights of three factory buildings, three ancillary buildings, a basement, two guard rooms and a garbage room of the property with a total GFA of approximately 97,696.94 sq.m. were legally vested in Huizhou Lixin Technology Limited. The land use rights were granted for a term expiring on 3 January 2067 for industrial uses.

The details of the Real Estate Title Certificates are summarized below:

Certificate No.	Date of Issue	Portion	GFA *(sq.m.)*
Yue (2024) Hui Zhou Shi Bu Dong Chan Quan Di No. 0123258	31 December 2024	Factory (#1)	26,563.49
Yue (2024) Hui Zhou Shi Bu Dong Chan Quan Di No. 0123259	31 December 2024	Factory (#2)	26,570.69
Yue (2024) Hui Zhou Shi Bu Dong Chan Quan Di No. 0123270	31 December 2024	Factory (#3)	26,563.75
Yue (2024) Hui Zhou Shi Bu Dong Chan Quan Di No. 0123284	31 December 2024	Basement	16,807.96
Yue (2024) Hui Zhou Shi Bu Dong Chan Quan Di No. 0123273	31 December 2024	Guard Room (#1)	77.00
Yue (2024) Hui Zhou Shi Bu Dong Chan Quan Di No. 0123276	31 December 2024	Guard Room (#2)	77.00
Yue (2024) Hui Zhou Shi Bu Dong Chan Quan Di No. 0123288	31 December 2024	Garbage Room	73.70
Yue (2024) Hui Zhou Shi Bu Dong Chan Quan Di No. 0123387	31 December 2024	Ancillary Building (#7)	326.25
Yue (2024) Hui Zhou Shi Bu Dong Chan Quan Di No. 0123389	31 December 2024	Ancillary Building (#8)	326.10
Yue (2024) Hui Zhou Shi Bu Dong Chan Quan Di No. 0123392	31 December 2024	Ancillary Building (#9)	311.00
		Total:	**97,696.94**

5. Pursuant to a Construction Project Work Completion Certificate, issued by Huizhou Huicheng District Housing and Urban-Rural Development Bureau, the completion of construction of the property was certified.

The details of the Construction Project Work Completion Certificate are summarized below:

Permit No.	Date of Completion	Portion	GFA *(sq.m.)*
GD-E1–916002	1 August 2024	Phase 1	97,721.33

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

Location	:	The property is located at No. 1 Ren Luo Wu Road, Huicheng District, Huizhou, Guangdong Province, The PRC.
Transportation	:	Huizhou North Railway Station, Huizhou Railway Station and Huizhou Pingtan Airport are located approximately 21.5 kilometres, 13.0 kilometres and 26.0 kilometres away from the property respectively.
Nature of Surrounding Area	:	The area is predominately an industrial area in Huicheng District.

7. We have been provided with a PRC legal opinion dated 16 October 2025 regarding the property by Jincheng Tongda & Neal Law Firm, which contains, *inter alia*, the following:

   (a) Huizhou Lixin Technology Limited is the legal owner of the state-owned land use rights and building ownership rights of the property;

   (b) Prior to the expiration date of the land use rights term recorded in the Real Estate Title Certificates, Huizhou Lixin Technology Limited has to right to lawfully occupy or use the property in accordance with its designated purposes, or to let, transfer, mortgage or by other lawful means handle the relevant state-owned land use rights and building ownership rights;

   (c) Huizhou Lixin Technology Limited has mortgaged the state-owned land use rights and building ownership rights of the property to United Overseas Bank (China) Limited, Shenzhen Branch and United Overseas Bank Limited; and

   (d) The handling of the property by Huizhou Lixin Technology Limited by transfer, mortgage, or other legal means will be subject to the mortgage agreements signed with the mortgagees. If the relevant debtor fails to perform its due debts or the agreed upon mortgage enforcement circumstances occur, the mortgagees will have priority claim over the property.

8. In the course of our valuation of the property, we have considered and analysed the industrial sale comparables in the vicinity. The industrial sale comparables collected on an exhaustive basis are considered relevant to the Property Interest in terms of property type, usage, time and location. All comparables are either industrial development transactions located in Guangdong Province or industrial development sale comparables located in the Huizhou within 12 months before the Valuation Date.

   The unit rates of the adopted comparables are ranging from RMB3,088 to RMB4,861 per sq.m. on the basis of gross floor area. After due adjustments in terms of different attributes including nature of transaction, time, location, building age, size, usage and land use rights terms. The unit rates of the adopted comparables are adjusted to a range of RMB4,048 to RMB4,607 per sq.m. on the basis of gross floor area, which are then weighted evenly to derive the adopted unit rate of RMB4,320 per sq.m. on the basis of gross floor area of block 1 of Property 1 as a benchmark. Further adjustment has been made based on use, size, building age and land use rights terms, the adopted gross unit rate on the basis of gross floor area of the property for factory, ancillary facility and car parking space are RMB4,540 per sq.m., RMB4,654 per sq.m. and RMB1,375 per sq.m. respectively.

The details of Industrial sale comparables are summarised as below:

	Comparable 1	**Comparable 2**	**Comparable 3**	**Comparable 4**
Name of Development	San Huan Road Industrial Development	Zhongjian Vision Medical Manufacturing Industrial Park	Nanping Technology Industrial Park	No. 12 Cuiwei Avenue
Address	San Huan Road	Dongsheng Middle Road	No. 2 Ping Bei Er Road	No. 12 Cuiwei Avenue
District	Huicheng	Huicheng	Xiangzhou	Huoju Development Zone
City	Huizhou	Huizhou	Zhuhai	Zhongshan
Property Type	Industrial	Industrial	Industrial	Industrial
GFA (sq.m.)	13,600	3,050	37,858	36,492
Year of Completion	2003	2025	2002	2018
Consideration (RMB)	42,000,000	13,730,000	148,466,694	177,403,700
Gross Unit Rate (RMB/sq.m.)	3,088	4,502	3,922	4,861
Date of Instrument	Aug-2025	Aug-2025	Nov-2024	Aug-2025
Nature	Asking	Asking	Transaction	Transaction
Adjusted Gross Unit Rate (RMB/sq.m.)	4,048	4,124	4,607	4,512

Group 2 — Property Interests to be Acquired by the Group for Development in The PRC

No.	Property	Description and Tenure	Occupancy Particulars	Market Value as at 31 August 2025
4	Phase 2 of an industrial development located at No. 1 Ren Luo Wu Road, Huicheng District, Huizhou, Guangdong Province, The PRC	The property comprises Phase 2 of an industrial development erected on a parcel of land with a master site area of approximately 49,387.00 sq.m. As per information provided by the Group, the property has a proposed development scheme which comprises three factory buildings, three ancillary buildings and a basement with a total GFA of approximately 92,114.39 sq.m. The area breakdown of the proposed development of the property is listed as below: **Portion** — **GFA** *(sq.m.)* Factory (#1) — 26,607.19 Factory (#2) — 26,607.19 Factory (#2) — 26,607.19 Ancillary Building (#7) — 321.30 Ancillary Building (#8) — 321.30 Ancillary Building (#9) — 305.22 Basement — 11,345.00 92,114.39 The land use rights of the property were granted for a term expiring on 3 January 2067 for industrial uses.	As per our on-site inspection and information provided by the Group, the property is currently under construction as at the Valuation Date.	RMB145,000,000 (RENMINBI ONE HUNDRED AND FORTY FIVE MILLION) 37.7% Interest Attributable to the Group upon Acquisition: RMB54,665,000 (RENMINBI FIFTY FOUR MILLION SIX HUNDRED AND SIXTY FIVE THOUSAND)

Notes:

1. The property was inspected by Charlotte Xu BSc*(Hons) MRICS RICS Registered Valuer* and Esther Lam BSc*(Hons) probationer of HKIS* on 24 June 2025.

2. The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS R.P.S.(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser & Agent PRC* and Kit Cheung *BSc(Hons) FHKIS MRICS R.P.S.(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC*.

3. Pursuant to a Real Estate Title Certificate, issued by Huizhou Municipal Bureau of Land and Resources, the land use rights of the master site with a site area of approximately 49,387.00 sq.m. were granted to Huizhou Lixin Technology Limited for a term expiring on 3 January 2067 for industrial uses.

The details of the Real Estate Title Certificate are summarized below:

Certificate No.	Date of Issue	Use	Land Use Rights Expiry Date	Site Area *(sq.m.)*
Yue (2017) Hui Zhou Shi Bu Dong Chan Quan Di No. 1022405	14 February 2017	Industrial	3 January 2067	49,387.00

4. Pursuant to a Construction Land Use Planning Permit, Di Zi Di No. 441302(2017)10040 dated 8 March 2012 and issued by Huizhou Municipal Housing and Urban-Rural Planning and Construction Bureau, the proposed land use of the master site was approved.

5. Pursuant to a Construction Project Planning Permit, Jian Zi Di No. 441302(2021)10330 dated 21 May 2021 and issued by Huizhou Natural Resources Bureau, the proposed development of the property was approved.

6. Pursuant to a Construction Project Work Commencement Permit, 441302202208050101 dated 5 August 2022 and issued by Huizhou Huicheng District Housing and Urban-Rural Development Bureau, the construction of the proposed development of the property was approved to commence.

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

Location	:	The property is located at No. 1 Ren Luo Wu Road, Huicheng District, Huizhou, Guangdong Province, The PRC.
Transportation	:	Huizhou North Railway Station, Huizhou Railway Station and Huizhou Pingtan Airport are located approximately 21.5 kilometres, 13.0 kilometres and 26.0 kilometres away from the property respectively.
Nature of Surrounding Area	:	The area is predominately an industrial area in Huicheng District.

8. We have been provided with a PRC legal opinion dated 16 October 2025 regarding the property by Jincheng Tongda & Neal Law Firm, which contains, *inter alia*, the following:

   (a) Huizhou Lixin Technology Limited is the legal owner of the state-owned land use rights and building ownership rights of the property;

   (b) Prior to the expiration date of the land use rights term recorded in the Real Estate Title Certificate, Huizhou Lixin Technology Limited has to right to lawfully occupy or use the property in accordance with its designated purposes, or to let, transfer, mortgage or by other lawful means handle the relevant state-owned land use rights;

   (c) Huizhou Lixin Technology Limited has mortgaged the state-owned land use rights of the property to United Overseas Bank (China) Limited, Shenzhen Branch; and

   (d) The handling of the property by Huizhou Lixin Technology Limited by transfer, mortgage, or other legal means will be subject to the mortgage agreements signed with the mortgagees. If the relevant debtor fails to perform its due debts or the agreed upon mortgage enforcement circumstances occur, the mortgagees will have priority claim over the property.

9. The gross development value of the property, assuming that it has been completed and it can be freely transferred, as at the Valuation Date was circa RMB383,000,000. According to information provided, the outstanding construction cost and incurred construction cost of the property as at the Valuation Date were circa RMB137,122,618 and RMB36,519,024 respectively.

10. In the course of our valuation of the property, we have considered and analysed the industrial sale comparables in the vicinity. The industrial sale comparables collected on an exhaustive basis are considered relevant to the Property Interest in terms of property type, usage, time and location. All comparables are either industrial development transactions located in Guangdong Province or industrial development sale comparables located in the Huizhou within 12 months before the Valuation Date.

The unit rates of the adopted comparables are ranging from RMB3,088 to RMB4,861 per sq.m. on the basis of gross floor area. After due adjustments in terms of different attributes including nature of transaction, time, location, building age, size, usage and land use rights terms. The unit rates of the adopted comparables are adjusted to a range of RMB4,048 to RMB4,607 per sq.m. on the basis of gross floor area, which are then weighted evenly to derive the adopted unit rate of RMB4,320 per sq.m. on the basis of gross floor area of block 1 of Property 1 as a benchmark. Further adjustment has been made based on use, size, building age and land use rights terms, the adopted gross unit rate on the basis of gross floor area of the property for factory, ancillary facility and car parking space are RMB4,551 per sq.m., RMB4,666 per sq.m. and RMB1,385 per sq.m. respectively.

The details of Industrial sale comparables are summarised as below:

	Comparable 1	**Comparable 2**	**Comparable 3**	**Comparable 4**
Name of Development	San Huan Road Industrial Development	Zhongjian Vision Medical Manufacturing Industrial Park	Nanping Technology Industrial Park	No. 12 Cuiwei Avenue
Address	San Huan Road	Dongsheng Middle Road	No. 2 Ping Bei Er Road	No. 12 Cuiwei Avenue
District	Huicheng	Huicheng	Xiangzhou	Huoju Development Zone
City	Huizhou	Huizhou	Zhuhai	Zhongshan
Property Type	Industrial	Industrial	Industrial	Industrial
GFA (sq.m.)	13,600	3,050	37,858	36,492
Year of Completion	2003	2025	2002	2018
Consideration (RMB)	42,000,000	13,730,000	148,466,694	177,403,700
Gross Unit Rate (RMB/sq.m.)	3,088	4,502	3,922	4,861
Date of Instrument	Aug-2025	Aug-2025	Nov-2024	Aug-2025
Nature	Asking	Asking	Transaction	Transaction
Adjusted Gross Unit Rate (RMB/sq.m.)	4,048	4,124	4,607	4,512

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[6]
Mr. TC Wong[1][4]	Beneficiary of a trust	562,500,000	75.0%
	Beneficial owner	3,000,000	0.4%
Mr. Lau Ka Keung[2][4]	Interest of spouse	562,500,000	75.0%
	Beneficial owner	3,000,000	0.4%
Ms. Wong Wai Ling[3]	Beneficiary of a trust	562,500,000	75.0%
	Interest of spouse	3,000,000	0.4%
Mr. Ip Shu Kwan, Stephen[5]	Beneficial owner	1,500,000	0.2%
Mr. Li Yinquan[5]	Beneficial owner	1,500,000	0.2%

Notes:

1. 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. Ms. Wong Wai Ling who 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. In addition, she is the spouse of Mr. Lau Ka Keung, who has a beneficial interest in the share options granted to him on 29 March 2019 under the share option scheme and which, if exercised in full, would result in the issuance of 3,000,000 ordinary shares, and therefore she is also deemed to be interested in such shares option under the SFO.

4. 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.

5. 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.

6. 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 Shareholder	Nature of interest	Number of Shares held or interested in	Approximate percentage of issued share capital of the Company[10]
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%
Mr. Wong Ting Kau[3]	Beneficiary of a trust	562,500,000	75.0%
Mr. Wong Ting Chun[4]	Beneficiary of a trust	562,500,000	75.0%
Ms. Chan Ka Wai[5]	Interest of spouse	562,500,000	75.0%
Ms. Tsoi Suet Ngai[6]	Interest of spouse	562,500,000	75.0%

Notes:

1. 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.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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 Sale and Purchase Agreement, the Subscription Agreement and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal),

(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 2024 (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
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
BDO Limited	Certified Public Accountants
Vincorn Consulting and Appraisal Limited	Property valuer

(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 2024 (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 change in the financial or trading position of the Company since 31 December 2024, 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 (i) the subscription agreement (the "**2024 Subscription Agreement**") dated 28 June 2024 and entered into between the Company (as warrantor), Fortune Speed (as subscriber) and Brilliant Avenir Investment Company Limited in relation to the allotment and issuance of 99 new shares of Brilliant Avenir Investment Company Limited to Fortune Speed at a subscription price of US$99 (for details please refer to the announcements of the Company dated 28 June 2024, 19 July 2024, 31 December 2024 and 30 June 2024); (ii) the Sale and Purchase Agreement; and (iii) 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) The share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(e) 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 Sale and Purchase Agreement;

(b) the Subscription Agreement;

(c) the 2024 Subscription Agreement;

(d) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 25 to 26 of this circular;

(e) 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 27 to 53 of this circular;

(f) the accountant's report of the Target Group, the text of which is set out in Appendix II to this circular;

(g) the report on the pro forma financial information of the Enlarged Group, the text of which is set out in Appendix IV to this circular;

(h) the valuation report of the Target Group issued by the Valuer, the text of which is set out in Appendix V to this circular; and

(i) the written consents referred to in the paragraph headed "6. Qualification and consent of experts" in this appendix.

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 Wednesday, 19 November 2025 at 10:30 a.m. to consider and, if thought fit, pass the following ordinary resolutions (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 24 October 2025 to the Shareholders (the "**Circular**") unless otherwise specified.

ORDINARY RESOLUTIONS

1. "**THAT**:

   (a) the Sale and Purchase Agreement (a copy of the Sale and Purchase 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."

2. "**THAT**:

(a) the Subscription Agreement (a copy of the Subscription Agreement marked "**B**" 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 approve, 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, 24 October 2025

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 Monday, 10 November 2025 to Thursday, 13 November 2025, 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 Friday, 7 November 2025.

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 Monday, 17 November 2025 (Hong Kong time)), 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.

As at the date of this notice, the chairman and executive Director is Mr. Wong Ting Chung; the executive Directors are Mr. Lau Ka Keung and Mr. Li Wa Tat Benedict; the non-executive Director is Ms. Wong Wai Ling; the independent non-executive Directors are Mr. Ip Shu Kwan, Stephen, Mr. Li Yinquan and Ms. Man Wing Yee, Ginny.