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MODERN LAND (CHINA) CO., LIMITED

當代置業(中國)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1107)

**DISCLOSEABLE TRANSACTION IN RELATION TO
ACQUISITION OF 18% EQUITY INTEREST IN
A PRC COMPANY HOLDING LAND PARCEL
IN CHONGQING CITY**

DISCLOSEABLE TRANSACTION

The Board is pleased to announce that on 20 November 2020, Modern Green Xi'an (an indirect non wholly-owned subsidiary of the Company) won the bidding for the 18% equity interest in the Target Company through the public listing-for-sale process organized by SUAEE. On 24 November 2020, Modern Green Xi'an (as purchaser) entered into the Equity Transfer Agreement with the Vendor, whereby Modern Green Xi'an agreed to acquire 18% equity interest of the Target Company from the Vendor at the Consideration of RMB129,780,000. The Target Company indirectly holds the entire equity interest of the Project Company, which currently holds the land use right of the Land Parcel, all for residential use located at Bishan District, Chongqing City, the PRC, with an aggregate site area of approximately 133,334.8 square metres.

Upon completion of the Acquisition, the equity interest attributable to the Group in the Target Company will be 67% and the Target Company will become an indirect non wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

References are made to the announcements of the Company dated 15 September 2020 and 30 September 2020 in relation to the acquisition of 49% equity interest of the Target Company by the Group. As the transactions contemplated under the Equity Transfer Agreement and the acquisition of 49% equity interest of the Target Company are conducted within a 12-month period, the transactions shall be aggregated under Chapter 14 of the Listing Rules. As one or more of the applicable percentage ratio(s) calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisition under the Equity Transfer Agreement and the acquisition of 49% equity interest of the Target Company on an aggregated basis is/are more than 5% but less than 25%, the entering into of the Equity Transfer Agreement and the acquisition of 49% equity interest of the Target Company in aggregate constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 20 November 2020, Modern Green Xi'an (an indirect non wholly-owned subsidiary of the Company) won the bidding for the 18% equity interest in the Target Company through the public listing-for-sale process organized by SUAEE. On 24 November 2020, Modern Green Xi'an (as purchaser) entered into the Equity Transfer Agreement with the Vendor, whereby Modern Green Xi'an agreed to acquire 18% equity interest of the Target Company from the Vendor at the Consideration of RMB129,780,000. The Target Company indirectly holds the entire equity interest of the Project Company, which currently holds the land use right of the Land Parcel, all for residential use located at Bishan District, Chongqing City, the PRC, with an aggregate site area of approximately 133,334.8 square metres.

THE EQUITY TRANSFER AGREEMENT

The salient terms of the Equity Transfer Agreement are set out as follows:

Date

24 November 2020

Parties

- (1) Modern Green Xi'an (an indirect non wholly-owned subsidiary of the Company); and
- (2) the Vendor

Subject assets to be acquired

As at the date of this announcement, the Target Company had a registered capital of RMB50,000,000, which has been fully paid up. The equity interest of the Target Company is held as to 51% by the Vendor and 49% by Modern Green Xi'an. Pursuant to the terms of the Equity Transfer Agreement, Modern Green Xi'an agreed to acquire 18% equity interest of the Target Company from the Vendor at the Consideration of RMB129,780,000.

The Target Company indirectly holds the entire equity interest of the Project Company, which currently holds the land use right of the Land Parcel located at Bishan District, Chongqing City, the PRC with total site area of approximately 133,334.8 square metres, which is planned for residential use.

Consideration

The aggregate Consideration payable by Modern Green Xi'an for the Acquisition is RMB129,780,000, comprising the consideration for acquiring the 18% equity interest of the Target Company at the amount of RMB27,000,000 and the repayment of shareholder's loan owed by the Target Company to the Vendor at the amount of RMB102,780,000. The Consideration was determined with reference to, among other things, the financial statements of the Target Company as at 31 October 2020 (including but not limited to the net asset value), the valuation of the Target Company and the amount of the shareholder's loan provided by the Vendor.

The Consideration will be payable by Modern Green Xi'an in cash as described below:

- (i) upon submission of the application for the bidding, Modern Green Xi'an paid RMB8,100,000 to the designated account of SUAEE as security deposit (the "**Security Deposit**"), which has been converted as part of the Consideration upon execution of the Equity Transfer Agreement;
- (ii) within two (2) working days from the day after execution of the Equity Transfer Agreement, Modern Green Xi'an shall pay the full amount of the consideration for acquiring the 18% equity interest of the Target Company after deduction of the Security Deposit at RMB18,900,000 to the designated account of SUAEE, which (together with the Security Deposit) will be remitted to the designated account of the Vendor within three (3) working days upon issuance of the equity transfer certificate by SUAEE; and
- (iii) within two (2) working days from the day after execution of the Equity Transfer Agreement, Modern Green Xi'an shall pay the shareholder's loan owed by the Target Company to the Vendor at the amount of RMB102,780,000 to the designated account of the Vendor.

The Consideration will be funded partly by internal resources of the Group and partly by financing from bank(s) and/or financial institution(s).

Completion

The completion of the Acquisition shall take place upon completion of the registration of 18% equity interest transfer of the Target Company with the relevant administration of industry and commerce.

Upon completion of the Acquisition, the equity interest attributable to the Group in the Target Company will be 67% and the Target Company will become an indirect non wholly-owned subsidiary of the Company.

INFORMATION ABOUT THE PARTIES TO THE EQUITY TRANSFER AGREEMENT

The Company and Modern Green Xi'an

The Company is a company incorporated in the Cayman Islands with limited liability and its Shares have been listed on the Main Board of the Stock Exchange. The Group is a property developer focused on the development on green, energy-saving and eco-friendly residences in the PRC.

Modern Green Xi'an is a company established in the PRC with limited liability. It is an indirect non wholly-owned subsidiary of the Company held by the Group and Wuhu Kaichuang Shishang Industry Investment Partnership (Limited Partnership) (蕪湖凱創時尚產業投資合夥企業(有限合夥)) (“**Wuhu Kaichuang**”) as to 67% and 33%, respectively, and is principally engaged in real estate development in the PRC as at the date hereof.

According to public information, Wuhu Kaichuang is a limited partnership established in the PRC and is held by the general partner, Wuhu Henghui Investment Management Partnership (Limited Partnership) (蕪湖恆暉投資管理合夥企業(有限合夥)) (“**Wuhu Henghui**”) and two limited partners, Hehong Holding Group Company Limited (和泓控股集團有限公司) (“**Hehong Holding**”) and Shangnan Chending Industry Development Company Limited (山南晨鼎實業發展有限公司) (“**Shangnan Chending**”) as to 0.04%, 49.98% and 49.98%, respectively. Wuhu Henghui is a limited partnership established in the PRC and ultimately held by Zhang Jianfang (張建芳), Lancy Co., Ltd. (朗姿股份有限公司) (“**Lancy**”) (whose shares are listed on Shenzhen Stock Exchange with Stock code: 2612) and other equity holders as to 52%, approximately 14.77% and 33.23%, respectively. Hehong Holding is a limited liability company established in the PRC and held by Liu Jiang (劉江) and Wu Hongfang (胡洪芳) as to 80% and 20%, respectively. Shangnan Chending is a limited liability company established in the PRC and ultimately held by Lancy, Shen Dongri (申東日) and other equity holders as to approximately 30.78%, 13.38% and 55.84%, respectively. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Wuhu Kaichuang and its ultimate beneficial owners are Independent Third Parties.

The Vendor

The Vendor is a company established in the PRC with limited liability and its shares are listed on Shenzhen Stock Exchange (stock code: 000016/200016). The Vendor is principally engaged in the manufacture and sale of color televisions, mobile phones and consumer appliances as well as environmental protection and supply chain trading businesses.

According to public information, the controlling shareholder of the Vendor is 華僑城集團有限公司 (Overseas Chinese Town Company Limited) (“OCT”), holding approximately 29.99% of the issued share capital of the Vendor as at 31 October 2020. OCT is in turn controlled by State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are Independent Third Parties.

INFORMATION ABOUT THE TARGET COMPANY, THE PROJECT COMPANY AND THE LAND PARCEL

The Target Company

The Target Company is a company established in the PRC with limited liability. As at the date of this announcement, it had a registered capital of RMB50,000,000, which has been fully paid up. The equity interest of the Target Company is held as to 51% by the Vendor and 49% by Modern Green Xi’an. It is principally engaged in real estate development and operation and real estate lease operation in the PRC.

The Target Company was established in November 2019 and has not generated any revenue or profit for the year ended 31 December 2019. The total asset value and net asset value of the Target Company as at 31 October 2020 were approximately RMB50,043,750 and approximately RMB49,993,317, respectively.

The Project Company

The entire equity interest of the Project Company is indirectly held by the Target Company. The Project Company is a company established in the PRC with limited liability. As at the date of this announcement, it had a registered capital of RMB50,000,000, which has been fully paid up. It is principally engaged in real estate development and operation and real estate lease operation in the PRC.

The Project Company was established in November 2019 and has not generated any revenue or profit for the year ended 31 December 2019. The total asset value and net asset value of the Project Company as at 31 October 2020 were approximately RMB659,399,081 and RMB47,827,292, respectively.

The Project Company currently holds the land use right of the Land Parcel located at Bishan District, Chongqing City, the PRC with total site area of approximately 133,334.8 square metres, which is planned for residential use.

REASONS FOR AND BENEFIT OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT

The Group is a property developer focused on the development on green, energy-saving and ecofriendly residences in the PRC.

As at the date of this announcement, the Group holds 49% equity interest of the Target Company. The Acquisition will enable the Group to acquire additional 18% equity interest of the Target Company, thus the Target Company will become a non wholly-owned subsidiary of the Company. The Target Company, through the Project Company, holds the land use right of the Land Parcel. As disclosed in the announcement of the Company dated 15 September 2020, in view of the location and the designated use of the Land Parcel, the Board considers that the previous acquisition of 49% equity interest of the Target Company offers a good opportunity for the Group to enhance its portfolio in the property market in Chongqing City, the PRC with a view to bringing more investment return for the Shareholders. The Acquisition enables the Group to obtain a controlling stake of the Target Company and consolidate the financial results of the Target Company and the Project Company into the Group's accounts.

The Board is of the view that the terms of the Equity Transfer Agreement are on normal commercial terms after arm's length negotiations between the parties, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

References are made to the announcements of the Company dated 15 September 2020 and 30 September 2020 in relation to the acquisition of 49% equity interest of the Target Company by the Group. As the transactions contemplated under the Equity Transfer Agreement and the acquisition of 49% equity interest of the Target Company are conducted within a 12-month period, the transactions shall be aggregated under Chapter 14 of the Listing Rules. As one or more of the applicable percentage ratio(s) calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisition under the Equity Transfer Agreement and the acquisition of 49% equity interest of the Target Company on an aggregated basis is/are more than 5% but less than 25%, the entering into of the Equity Transfer Agreement and the acquisition of 49% equity interest of the Target Company in aggregate constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Acquisition”	the proposed acquisition of 18% equity interest of the Target Company pursuant to the terms and conditions of the Equity Transfer Agreement
“Board”	the board of Directors
“Company”	Modern Land (China) Co., Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Consideration”	the consideration payable by Modern Green Xi'an for the Acquisition in the amount of RMB129,780,000

“Directors”	the directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 24 November 2020 entered into between Modern Green Xi’an (an indirect non wholly-owned subsidiary of the Company) (as purchaser) and the Vendor relating to the Acquisition
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and are not connected persons (as defined under the Listing Rules) of the Company
“Land Parcel”	the parcel of land located at Bishan District, Chongqing City, the PRC with total site area of approximately 133,334.8 square metres
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Modern Green Xi’an”	當代綠色置業(西安)有限公司 (Modern Green Real Estate (Xi’an) Co., Ltd.), a company established in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company as at the date of this announcement
“PRC”	the People’s Republic of China
“Project Company”	重慶康佳福澤置業有限公司 (Chongqing Konka Fuze Real Estate Co., Ltd.), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the Shares
“Shares”	the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SUAAE”	Shanghai United Assets and Equity Exchange (上海聯合產權交易所)
“Target Company”	重慶康佳置業發展有限公司 (Chongqing Konka Real Estate Development Co., Ltd.), a company established in the PRC with limited liability

“Vendor” Konka Group Co., Ltd. (康佳集團股份有限公司), a company established in the PRC with limited liability

“%” per cent.

In this announcement, the English names of the PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

By order of the Board
Modern Land (China) Co., Limited
Zhang Peng
President and Executive Director

Hong Kong, 24 November 2020

As at the date of this announcement, the Board comprises ten Directors, namely executive Directors: Mr. Zhang Lei, Mr. Zhang Peng and Mr. Chen Yin; non-executive Directors: Mr. Fan Qingguo, Mr. Chen Zhiwei and Mr. Zeng Qiang; and independent non-executive Directors: Mr. Qin Youguo, Mr. Cui Jian, Mr. Hui Chun Ho, Eric and Mr. Zhong Bin.