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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 AND EXEMPTED CONNECTED TRANSACTION RELATING TO DISPOSAL OF PROJECTS IN HEFEI CITY, THE PRC

SETTLEMENT AGREEMENT

On 8 April 2022, the Parties entered into the Settlement Agreement, pursuant to which, among other things, (i) Suzhou Modern agreed to transfer its 51% equity interests in Lvheng MOMA to Feidong Binfeng; and (ii) Hefei Mubin agreed to transfer its 100% equity interests in Hefei Zhanlan to Feidong Binfeng, for a total consideration of RMB40.0 million, subject to the terms and conditions of the Settlement Agreement. Upon Completion, Lvheng MOMA and Hefei Zhanlan will cease to be subsidiaries of the Company and their financial results will no longer be consolidated into the financial results of the Group.

Immediately after Completion, the Group will be discharged from all guarantee obligations owed to Ningxia Dingxin in respect of the Projects. At the same time, the Group will cease to have any interests in the Projects.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Equity Transfers exceed(s) 5% but all are less than 25%, the Equity Transfers in aggregate constitutes a discloseable transaction for the Company, and is subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

As at the date of this announcement, Feidong Binfeng is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of being a substantial shareholder of each of Lvheng MOMA and Hefei Mubin, both being subsidiaries of the Company. Accordingly, the Equity Transfers in aggregate also constitutes a connected transaction for the Company.

As (i) Feidong Binfeng is a connected person of the Company at the subsidiary level; (ii) the Board has approved the Equity Transfers; and (iii) the independent non-executive Directors have confirmed that the Equity Transfers are on normal commercial terms and their terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, the Disposals in aggregate is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

BACKGROUND

The Group and Feidong Binfeng cooperated in two joint land development projects in Hefei City, the PRC since 2019, the particulars of which are set out below:

1. Pursuant to a joint development agreement dated 27 June 2019, Suzhou Modern and Feidong Binfeng formed Lvheng MOMA, a project company to jointly develop the Feidong Land 1 in Hefei City and invest in the residential property development project thereon (the “**Feidong Land 1 Development Project**”). Lvheng MOMA was owned by Suzhou Modern and Feidong Binfeng as to 51% and 49%, respectively. Lvheng MOMA is a non-wholly owned subsidiary of the Company.
2. Pursuant to a joint development agreement dated 18 June 2021, Hefei Modern and Feidong Binfeng formed Hefei Mubin, which applied for the land use right of the Feidong Land 2 in Hefei City. Hefei Mubin was owned by Hefei Modern and Feidong Binfeng as to 51% and 49%, respectively. Upon successfully acquired the land use right of the Feidong Land 2 from the PRC government, Hefei Mubin in turn established Hefei Zhanlan, its 100% owned subsidiary, a project company to commence the residential property development project on the Feidong Land 2 (the “**Feidong Land 2 Development Project**”). Both Hefei Mubin and Hefei Zhanlan are non wholly-owned subsidiaries of the Company. In August 2021, Ningxia Dingxin joined the Feidong Land 2 Development Project as an investor, providing funds for the purposes of the operation of the Feidong Land 2 Development Project.
3. In November 2021, due to the non-payment of certain financial commitment for each of the Projects, the relevant regulatory authority required the establishment of a joint bank account for each Project with it (the “**Joint Accounts**”) to implement close-loop management for funds. In the meantime, Ningbo Dingxin filed a civil action against the relevant Modern Parties and Binfeng Parties in respect of the Feidong Land 2 Development Project for repayment of the due and unpaid principal and accrued interests for its investment in the said project. As at the date of this announcement, construction for both Projects has been suspended.

SETTLEMENT AGREEMENT

In light of the existing operational and financial crisis of the Projects, as well as the pending legal proceedings filed by Ningbo Dingxin, the Parties engaged in rounds of negotiations with a view to resolving the disputes in respect of the Projects and for the Group, avoiding incurring further cost and minimizing the legal risks in association with the Projects. On 8 April 2022, the

Parties entered into the Settlement Agreement, pursuant to which, among other things, (i) Suzhou Modern agreed to transfer its 51% equity interests in Lvheng MOMA to Feidong Binfeng; and (ii) Hefei Mubin agreed to transfer its 100% equity interests in Hefei Zhanlan to Feidong Binfeng, for a total consideration of RMB40.0 million, subject to the terms and conditions of the Settlement Agreement. Upon Completion, Lvheng MOMA and Hefei Zhanlan will cease to be subsidiaries of the Group and their financial results will no longer be consolidated into the financial results of the Group.

As one of the terms agreed by the Parties in the Settlement Agreement, immediately after Completion, the Group will be discharged from all guarantee obligations owed to Ningxia Dingxin in respect of the Projects. At the same time, the Group will cease to have any interests in the Projects thereafter.

Pursuant to the Settlement Agreement, Ningbo Dingxin shall, within 3 days after it has become effective, apply to the court for settlement of the civil action and issuance of a mediation statement based on the terms of the Settlement Agreement.

Consideration

The Consideration was determined after arm's length negotiations among the Parties, with reference to (i) the unaudited net asset values of Lvheng MOMA and Hefei Zhanlan attributable to the Group as at 31 December 2021 of approximately RMB14.9 million and RMB34.6 million, respectively; (ii) the fact that the Group will be discharged from all guarantee obligations owed to Ningxia Dingxin in respect of the Projects and released from its obligations to make further capital injections to the Projects; and (iii) the prevailing market conditions as set out under the section headed "Reasons for and Benefits of Entering into the Settlement Agreement" below.

The Consideration shall be settled in full by cash in two instalments, with the first instalment of RMB20.0 million to be paid by Feidong Binfeng within 5 working days after the unfreezing of the Joint Accounts by the court, while the remaining RMB20.0 million to be paid by Feidong Binfeng no later than 30 June 2022.

Completion

Completion will take place upon registration of the Equity Transfers at the local administration for industry and commerce and shall take place within 5 working days after the Settlement Agreement has become effective.

INFORMATION OF BINFENG PARTIES

Anhui Binfeng

Anhui Binfeng is a company established in the PRC with limited liability and is held by Mr. Wang and Ms. Wang Li (both being PRC residents and merchant and Independent Third Parties) as to 90% and 10%, respectively. Anhui Binfeng and its subsidiaries are principally engaged in property development and focusing on property development projects in Anhui Province, the PRC.

Feidong Binfeng

Feidong Binfeng is a company established in the PRC with limited liability and is held by Anhui Binfeng as to 100%. Feidong Binfeng is principally engaged in property investment, development and sales, property management and agent services.

Mr. Wang and Ms. Wu

Each of Mr. Wang and Ms. Wu is a PRC resident and merchant and an Independent Third Party.

INFORMATION OF DINGXIN PARTIES

Ningxia Dingxin

Ningxia Dingxin is a company established in the PRC with limited liability and is held by Beijing Shengshi Modern Management Consulting Company Limited (北京盛世當代管理諮詢有限公司) as to 100%. The latter company is in turn held by Guo Ning (a PRC resident and merchant and an Independent Third Party) as to 100%.

Ningxia Dingxin is principally engaged in equity and venture capital investment and management, business management consultation in the PRC. Ningxia Dingxin and its ultimate beneficial owners are Independent Third Parties.

Beihai Kuayuechengzhang

Beihai Kuayuechengzhang is a company established in the PRC with limited liability and is ultimately held by Zhang Hua (a PRC resident and merchant and an Independent Third Party) as to approximately 66%. The other ultimate beneficial owners of Beihai Kuayuechengzhang are Independent Third Parties each holding less than 10% equity interest.

Beihai Kuayuechengzhang is principally engaged in project investment, investment management and consultation in the PRC. Beihai Kuayuechengzhang and its ultimate beneficial owners are Independent Third Parties.

INFORMATION ON THE GROUP COMPANIES AND THE PROJECTS

The Company and the Group

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

Modern Green is established in the PRC with limited liability and is principally engaged in property development in the PRC. As at the date of this announcement, Modern Green is an indirect wholly-owned subsidiary of the Company.

Lvheng MOMA and the Feidong Land 1 Development Project

Lvheng MOMA was established in the PRC with limited liability and owned by Suzhou Modern and Feidong Binfeng as to 51% and 49%, respectively. It is principally engaged in property development, commercial building sales and property leasing in the PRC.

Suzhou Modern was established in the PRC with limited liability and is held by the Company as to 100%. It is principally engaged in property development in the PRC.

Lvheng MOMA is the project company for the Feidong Land 1 Development Project. The Feidong Land 1 is located in Feidong County, Hefei City, has a site area of approximately 54,336 square metres and is planned for residential use. As at the date of this announcement, construction of the Feidong Land 1 Development Project was suspended.

Set out below is the unaudited consolidated financial information of Lvheng MOMA for the two years ended 31 December 2021 and 31 December 2020, respectively, which were prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended	
	31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Loss before taxation	41,010	26,925
Loss after taxation	45,760	20,282

As at 31 December 2021, the unaudited net asset value of Lvheng MOMA amounted to approximately RMB29.2 million and the unaudited net asset value of Lvheng MOMA attributable to the Group amounted to approximately RMB14.9 million.

Hefei Zhanlan and the Feidong Land 2 Development Project

Hefei Zhanlan was established in the PRC with limited liability and 100% owned by Hefei Mubin. Hefei Zhanlan is principally engaged in real estate development and management in the PRC.

Hefei Mubin was established in the PRC with limited liability and owned as to 51% by Hefei Modern and 49% by Feidong Binfeng. Hefei Modern was established in the PRC with limited liability and is a wholly-owned subsidiary of the Company. Each of Hefei Mubin and Hefei Modern is principally engaged in property development in the PRC.

Hefei Zhanlan is the project company for the Feidong Land 2 Development Project. The Feidong Land 2 is located in Feidong County, Hefei City, has a site area of approximately 41,227 square metres and is planned for residential use. As at the date of this announcement, construction of the Feidong Land 2 Development Project was suspended.

Set out below is the unaudited consolidated financial information of Hefei Zhanlan for the two years ended 31 December 2021 and 31 December 2020, respectively, which were prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Loss before taxation	19,448	N/A
Loss after taxation	15,767	N/A

As at 31 December 2021, the unaudited net asset value of Hefei Zhanlan amounted to approximately RMB124.9 million and the unaudited net asset value of Hefei Zhanlan attributable to the Group amounted to approximately RMB34.6 million, representing the sum of (i) the registered capital of Hefei Zhanlan paid up by the Group of approximately RMB42.6 million and the Group's share of the accumulated loss of Hefei Zhanlan of approximately RMB8.0 million.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SETTLEMENT AGREEMENT

In view of the continuing tightening of the macro-control policy in the PRC and the economy downturn, the property market in the PRC dropped significantly in 2021. As a result, sales of property units under the Feidong Land 1 Development Project and the Feidong Land 2 Development Project came to a standstill, which also led to a significant decline in sales prices of the property units under the Projects. The construction works under the Projects have been suspended currently.

The Board considers that the further capital injection in the Projects would cause financial burden to the Group. In view of the current market condition and the decline in sales prices of the property units under the Projects, it is estimated that there will be a further loss for the Group if the Group continues to invest therein. Considering the current financial pressures faced by the Group, the Board is of the view that by entering into the Settlement Agreement, the Group is able to discharge from all guarantee obligations owed to Ningxia Dingxin, release from its obligations to make further capital injections to the Projects, reduce the further loss to be suffered when the Projects are completed while the net proceeds from the Equity Transfers will alleviate the Group's short-term liquidity pressures.

Based on the above, the Board considers that the terms of the transactions contemplated under the Settlement Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPACT OF THE DISPOSALS

It is expected that the Company would recognise an unaudited accounting loss of approximately RMB19.0 million after the Disposals, being the difference between the unaudited net book value of investments to the Projects and the amount of the Consideration.

USE OF PROCEEDS

The Directors expect that the net proceeds from the Disposals of RMB40 million will be used for repayment of existing debts of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Equity Transfers exceed(s) 5% but all are less than 25%, the Equity Transfers in aggregate constitutes a discloseable transaction for the Company, and is subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

As at the date of this announcement, Feidong Binfeng is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of being a substantial shareholder of each of Lvheng MOMA and Hefei Mubin, both being non wholly-owned subsidiaries of the Company. Accordingly, the Equity Transfers in aggregate also constitutes a connected transaction for the Company.

As (i) Feidong Binfeng is a connected person of the Company at the subsidiary level; (ii) the Board has approved the Equity Transfers; and (iii) the independent non-executive Directors have confirmed that the Equity Transfers are on normal commercial terms and their terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, the Disposals in aggregate is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

No Director is considered to have material interest in the Settlement Agreement and the transactions contemplated thereunder, therefore no Director was required to abstain from voting at the Board meeting approving the Settlement Agreement and the transactions contemplated thereunder.

DEFINITIONS

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

“Anhui Binfeng”	Anhui Binfeng Holdings Group Co., Ltd. (安徽斌鋒控股集團有限公司) is a company established in the PRC and its ultimate beneficial owners are Mr. Wang and Ms. Wang Li as to 90% and 10%, respectively
“associates”	has the meanings ascribed in the Listing Rules
“Beihai Kuayuechengzhang”	Beihai Kuayuechengzhang Investment Management Co., Ltd. (北海跨越成長投資管理有限公司), an affiliate of Ningxia Dingxi
“Binfeng Parties”	Anhui Binfeng, Feidong Binfeng, Mr. Wang and Ms. Wu
“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
“Completion”	completion of the Equity Transfers
“Consideration”	the aggregate consideration for the transfer of 51% equity interests in Lvheng MOMA and 100% equity interests in Hefei Zhanlan pursuant to the terms of the Settlement Agreement, in the sum of RMB40.0 million
“Dingxin Parties”	Ningxia Dingxin and Beihai Kuayuechengzhang
“Director(s)”	director(s) of the Company
“Disposals”	the disposals of equity interests in Lvheng MOMA and Hefei Zhanlan upon completion of the Equity Transfers
“Equity Transfers”	collectively, (i) the transfer of 51% equity interests in Lvheng MOMA from Suzhou Modern to Feidong Binfeng; and (ii) the transfer of 100% equity interests in Hefei Zhanlan from Hefei Mubin to Feidong Binfeng
“Feidong Binfeng”	Feidong County Binfeng Development Co., Ltd. (肥東縣斌鋒置業有限公司), a company established in the PRC which is a subsidiary of Anhui Binfeng
“Feidong Land 1”	Hefei City Feidong County land no.FD19–5 located in the southeast corner of the junction of Xinanjiang Road and Huangfu Hill Road, Feidong County, Hefei City of the PRC, with site area of approximately 54,336 square metres
“Feidong Land 2”	Hefei City Feidong County land no.FD202104 located in the northeast corner of the junction of Zuozhen Road and Railway North Road, Feidong County, Hefei City of the PRC, with site area of approximately 41,227 square metres
“Group”	the Company and its subsidiaries

“Hefei Mubin”	Hefei Mubin Enterprises Management and Consultation Co., Ltd. (合肥慕斌企業管理諮詢有限公司), a joint venture established in the PRC which is owned as to 51% by Hefei Modern and 49% by Feidong Binfeng, and a subsidiary of the Company
“Hefei Modern”	Hefei Modern Land Yinghe Real Estate Company Limited (合肥當代英赫置業有限公司), a company established in the PRC which is a wholly-owned subsidiary of the Company
“Hefei Zhanlan”	Hefei Zhanlan Development Co., Ltd. (合肥綻藍置業有限公司), a company established in the PRC which is 100% owned by Hefei Mubin, and a subsidiary of the Company
“Independent Third Party(ies)”	independent party(ies) not connected with the Company or its directors, chief executive, substantial shareholders or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lvheng MOMA”	Hefei Lvheng MOMA Development Co., Ltd. (合肥綠恆摩碼置業有限公司), a joint venture established in the PRC which is owned as to 51% by Suzhou Modern and as to 49% by Feidong Binfeng, and a subsidiary of the Company
“Modern Green”	Modern Green Development Co., Ltd. (當代節能置業股份有限公司), a company established in the PRC which is a subsidiary of the Company
“Modern Parties”	Hefei Mubin, Hefei Zhanlan, Modern Green and Suzhou Modern
“Mr. Wang”	Mr. Wang Bin (王斌), an ultimate beneficial owner of Anhui Binfeng
“Ms. Wu”	Ms. Wu Qiao (吳巧)
“Ningxia Dingxin”	Ningxia Dingxinzhiying Shareholding Investment Management Co., Ltd. (寧夏鼎信智贏股權投資管理有限公司), a company established in the PRC, which and its ultimate beneficial owners are Independent Third Parties
“Parties”	collectively, the Modern Parties, the Binfeng Parties and the Dingxin Parties

“PRC”	the People’s Republic of China
“Projects”	collectively, the Feidong Land 1 Development Project and the Feidong Land 2 Development Project
“RMB”	Renminbi, the lawful currency of the PRC
“Settlement Agreement”	the settlement agreement entered into by the Parties on 8 April 2022
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou Modern”	Suzhou Modern MOMA Development Co., Ltd. (蘇州當代摩碼置業有限公司), a company established in the PRC which is a subsidiary of the Company
“%”	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, 8 April 2022

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. Tang Lunfei and Mr. Zeng Qiang; and independent non-executive Directors: Mr. Cui Jian, Mr. Hui Chun Ho, Eric, Mr. Gao Zhikai and Mr. Liu Jiaping.