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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
DISPOSAL OF EQUITY INTERESTS IN TWO TARGET COMPANIES**

THE DISPOSALS

The Board announces that on 13 December 2023, the Vendor (a 70% owned subsidiary of the Company) entered into the Equity Transfer Agreement with the Purchaser and the Target Companies whereby the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Equity, comprising 49% of the equity interest of the Target Company A and 45% of the equity interest of the Target Company B, at the Consideration of RMB22.196 million.

The financial results, assets and liabilities of the Target Companies are currently accounted for as subsidiaries in the Group's consolidated financial statements. Upon Completion, the Company will no longer own any equity interest in each of the Target Companies.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios set out in the Listing Rules in respect of the transactions as contemplated under the Equity Transfer Agreement is more than 5% but less than 25%, the entering into of the Equity Transfer Agreement constitutes 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.

As the total assets, profits and revenue of the Target Companies in aggregate compared to that of the Group are less than 5% for the financial year ended 31 December 2022, each of the Target Company A and the Target Company B is an insignificant subsidiary of the Company. As at the date of this announcement, the Purchaser holds 51% equity interest in the Target Company A and 55% equity interest in the Target Company B and is a substantial shareholder of two insignificant subsidiaries of the Company. Notwithstanding the Purchaser's interest in each of the Target Company A and the Target Company B, it is not regarded as a connected person of the Company pursuant to Rule 14A.09 of the Listing Rules. Therefore, Each of the Disposals does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

THE DISPOSALS

The Board announces that on 13 December 2023, the Vendor (a 70% owned subsidiary of the Company) entered into the Equity Transfer Agreement with the Purchaser and the Target Companies whereby the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Equity, comprising 49% of the equity interest of the Target Company A and 45% of the equity interest of the Target Company B, at the Consideration of approximately RMB22,196,000.

The salient terms of the Equity Transfer Agreement are summarized below:

Date

13 December 2023

Parties

- (1) the Vendor;
- (2) the Purchaser;
- (3) the Target Company A; and
- (4) the Target Company B.

Subject assets to be disposed

The Sale Equity comprising 49% of the equity interest of the Target Company A and 45% of the equity interest of the Target Company B.

Consideration

Pursuant to the Equity Transfer Agreement, the Consideration for the Sale Equity payable by the Purchaser to the Vendor shall be RMB22.196 million, out of which (i) RMB10 million shall be settled in cash; (ii) RMB5.143 million shall be satisfied through the transfer of certain unsold apartments under the Yue Project; and (iii) the balance shall be satisfied through the repurchase of 514 units of car parking units under the Shangpin Project and the Yue Project.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to, among other things, (i) the prevailing market prices in proximity areas; and (ii) the information set out under the paragraph headed "Reasons for and Benefits of the Disposals" below.

The Consideration shall be settled in the manner below:

(i) Cash consideration

The cash consideration of RMB10 million shall be settled by three instalments:

- (a) RMB3.3 million had been paid by 30 November 2023;
- (b) RMB3.3 million shall be paid no later than 31 December 2023; and
- (c) RMB3.4 million shall be paid no later than 31 January 2024.

(ii) Properties

As agreed by the parties to the Equity Transfer Agreement, a portion of the Consideration, amounting to RMB5.143 million, shall be satisfied through the transfer of 9 unsold apartments under the Yue Project to the Vendor (or its designated entity). These apartments collectively cover an area of approximately 1,000 square metres. Calculated at the agreed unit price of RMB5,140 per square metre, the value of the 9 apartments is RMB5.143 million.

As agreed in the Equity Transfer Agreement, the relevant parties shall execute the required documents and complete all necessary procedures for transferring the ownership of the 9 apartments to the Vendor (or its designated entity) no later than 31 December 2023.

(iii) Car parking units

In accordance with the terms agreed upon in the Equity Transfer Agreement, a total of 514 car parking units (comprising 270 car parking units under the Shangpin Project and 244 car parking units under the Yue Project) shall be transferred and registered under the name of the Vendor (or its designated entity). The Purchaser will subsequently repurchase these car parking units from the Vendor (or its designated entity). Calculated at the agreed unit price of RMB14,000, the value of the 514 car parking units is RMB7.196 million. The repurchase amount payable by the Purchaser is RMB7.053

million, representing the balance of the Consideration after deducting the cash consideration of RMB10 million and the value of the apartments (RMB5.143 million, as mentioned in (ii) above).

The repurchases will be carried out in four instalments, with payments of the repurchase amount, approximately RMB1.76 million each, scheduled for 31 January 2024, 31 May 2024, 31 August 2024 and 30 November 2024, respectively.

Completion

Following full payment of the first instalment of the cash consideration of RMB3.3 million and the execution of the property sale contracts of the 9 apartments to be transferred to the Vendor (or its designated entity), the Vendor shall provide all documents and complete the registration of the transfers of the Sale Equity to the Purchaser with the administration for industry and commerce within 15 working days.

Following full payment of the cash consideration of RMB10 million and completion of transfer of ownership of the 9 apartments, the Vendor shall release all bank accounts, company chops, online banking security tokens (U shields) and other related documents of the Target Companies to the Purchaser.

The financial results, assets and liabilities of the Target Companies are currently accounted for as subsidiaries in the Group's consolidated financial statements. Upon Completion, the Company will no longer own any equity interest in each of the Target Companies.

INFORMATION ON THE PURCHASER

The Purchaser is a company established in the PRC with limited liability and principally engaged in real estate development and sale in the PRC.

Based on public information, the Purchaser is held by Nie Jie (聶杰) as to 100%. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

INFORMATION ON THE TARGET COMPANIES

Target Company A

The Target Company A is a company established in the PRC with limited liability and owned as to 51% by the Purchaser and 49% by the Vendor, respectively. The Target Company A has a registered capital of RMB10 million and is principally engaged in real estate development and operation.

The Target Company A holds the land use rights of the residential land parcel located in Qianjiang City, Hubei Province, the PRC with a total site area of approximately 68,000 square metres. It is the project company of the Shangpin Project namely Enger Modern Land Shangpin MOMA (恩杰當代上品MOMA).

Set out below is the financial information of the Target Company A as extracted from its unaudited consolidated financial statements for the financial years ended 31 December 2021 and 2022:

	Year ended 31 December 2022	Year ended 31 December 2021
	<i>RMB</i>	<i>RMB</i>
Net loss before taxation	7,353,770.36	9,337,846.85
Net loss after taxation	7,353,770.36	9,337,846.85

As at 31 December 2022, the unaudited net liabilities of the Target Company was approximately RMB16,692,100.07.

Target Company B

The Target Company B is a company established in the PRC with limited liability and owned as to 55% by the Purchaser and 45% by the Vendor, respectively. The Target Company B has a registered capital of RMB10 million and is principally engaged in real estate development and operation.

The Target Company B holds the land use rights of the residential land parcel located in Qianjiang City, Hubei Province, the PRC with a total site area of approximately 64,000 square metres. It is the project company of the Yue Project namely Enger Mingzhu Modern Land Yue MOMA (恩杰名築當代閱MOMA).

Set out below is the financial information of the Target Company B as extracted from its unaudited consolidated financial statements for the financial years ended 31 December 2021 and 2022:

	Year ended 31 December 2022	Year ended 31 December 2021
	<i>RMB</i>	<i>RMB</i>
Net loss before taxation	7,505,587.78	14,323,010.11
Net loss after taxation	7,505,587.78	14,323,010.11

As at 31 December 2022, the unaudited net liabilities of the Target Company was approximately RMB27,100,318.22.

INFORMATION ON THE COMPANY AND THE VENDOR

The Company was incorporated in the Cayman Islands with limited liability and its Shares are 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.

The Vendor was established in the PRC with limited liability and is held by the Company, Hubei Caihua Holdings Limited (湖北才華控股有限公司) and Hubei Zhushi Real Estate Company Limited (湖北鑄實置業有限公司) as to 70%, 20% and 10%, respectively. Hubei Caihua Holdings Limited (湖北才華控股有限公司) is held by Feng Caihu (馮才虎) and Feng Qionghua (馮瓊華) as to 99% and 1%, respectively. Hubei Zhushi Real Estate Company Limited (湖北鑄實置業有限公司) is held by Hu Guangxu (胡光旭), Hu Guangliang (胡光亮), Chang Jinhui (昌錦輝), Li Hao (李號), Tan Sai (談賽) and Tan Shuai (談帥) as to 55%, 20%, 10%, 5%, 5% and 5%, respectively. The Vendor is principally engaged in property development, operation and leasing, sales agency and property management in the PRC. To the best knowledge, information and belief of the Directors, each of Caihua Holdings Limited (湖北才華控股有限公司) and Hubei Zhushi Real Estate Company Limited (湖北鑄實置業有限公司) and its beneficial owners are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE DISPOSALS

As at the date of this announcement, each of the Shangpin Project and the Yue Project has been completed and delivered. However, due to the downturn of the PRC real estate market, the sales progress is below expectations. The timing of fund recovery and project exit is unknown.

Having considered the market demand, the liquidity of the Group and the potential return of the Shangpin Project and the Yue Project, the Company was of the view that it would be difficult to achieve the expected return. Therefore, the Disposals provide a good opportunity for the Group to avoid incurring further loss, realise cash from its investment in the Target Company and provide an immediate exit from the Shangpin Project and the Yue Project.

On this basis, the Directors (including the independent non-executive Directors) are of the view that the Disposals and the terms of the Equity Transfer Agreement are fair and reasonable, on normal commercial terms and in the interests of the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSALS

It is expected that the Group will record an aggregate unaudited gain before taxation and after transaction cost of approximately RMB11.4 million from the Disposals, out of which the disposal loss of the Target Company A is approximately RMB10.2 million and the disposal gain of the Target Company B is approximately RMB21.6 million respectively, which are calculated based on the related considerations and costs.

The exact amount to be recorded in the consolidated statement of profit or loss of the Group is subject to audit, and therefore may be different from the figure provided above. Shareholders and potential investors of the Company should note that the above estimation is for illustrative purpose only. The actual gain or loss in connection with the Disposals may

be different from the above and will be determined based on the financial position of the Target Companies as at Completion, hence the exact amount of the net gain/loss on the Disposals can only be determined on the date of Completion.

USE OF PROCEEDS

The Directors expect that the net proceeds from the cash consideration of RMB10 million and the repurchase amount of the car parking units of RMB7.053 million (upon receipt from the Purchaser by instalments) will be used for repayment of existing debts of the Group and as operating funds of the Group.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios set out in the Listing Rules in respect of the transactions as contemplated under the Equity Transfer Agreement is more than 5% but less than 25%, the entering into of the Equity Transfer Agreement constitutes 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.

As the total assets, profits and revenue of the Target Companies in aggregate compared to that of the Group are less than 5% for the financial year ended 31 December 2022, each of the Target Company A and the Target Company B is an insignificant subsidiary of the Company. As at the date of this announcement, the Purchaser holds 51% equity interest in the Target Company A and 55% equity interest in the Target Company B and is a substantial shareholder of two insignificant subsidiaries of the Company. Notwithstanding the Purchaser's interest in each of the Target Company A and the Target Company B, it is not regarded as a connected person of the Company pursuant to Rule 14A.09 of the Listing Rules. Therefore, Each of the Disposals does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Modern Land (China) Co., Limited (當代置業(中國)有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange with stock code 1107
“Completion”	the completion of the Disposals in accordance with the terms and conditions of the Equity Transfer Agreement
“Disposals”	the sale of the Sale Equity by the Vendor to the Purchaser pursuant to the terms and conditions of the Equity Transfer Agreement
“Director(s)”	the director(s) of the Company

“Equity Transfer Agreement”	the equity transfer agreement dated 13 December 2023 entered into among the Vendor, the Purchaser and the Target Companies in relation to the Disposals
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Enger Real Estate Development Group Company Limited (恩杰地產開發集團有限公司), a limited liability company established under the laws of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equity”	the 49% equity interest of the Target Company A and the 45% equity interest of the Target Company B owned by the Vendor
“Shangpin Project”	th property development project in Qianjiang City, Hubei Province, the PRC undertaken by the Target Company A
“Share(s)”	the ordinary shares of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	collectively, the Target Company A and the Target Company B
“Target Company A”	Hubei Enger Zhanlan Real Estate Company Limited (湖北恩杰綻藍置業有限公司), a company established in the PRC with limited liability
“Target Company B”	Hubei Enger Yuanlv Real Estate Company Limited (湖北恩杰原綠置業有限公司), a company established in the PRC with limited liability

“Vendor” Hubei Zhanlan Real Estate Company Limited (湖北綻藍置業有限公司), an indirect non wholly-owned subsidiary of the Company established in the PRC

“Yue Project” the property development project in Qianjiang City, Hubei Province, the PRC undertaken by the Target Company B

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

Hong Kong, 13 December 2023

As at the date of this announcement, the Board comprises eight Directors, namely executive Directors: Mr. Zhang Peng, Mr. Zhang Lei and Mr. Chen Yin; non-executive Directors: Mr. Tang Lunfei and Mr. Zeng Qiang; and independent non-executive Directors: Mr. Cui Jian, Mr. Hui Chun Ho, Eric and Mr. Gao Zhikai.