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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 JOINT DEVELOPMENT OF THE PROJECT LOCATED AT LUANCHENG DISTRICT, SHIJIAZHUANG CITY**

#### **DISCLOSEABLE TRANSACTION**

The Board is pleased to announce that on 21 October 2019, Modern Green (an indirect wholly-owned subsidiary of the Company) and Tongfu Group entered into the Cooperation Framework Agreement whereby it was agreed among other things that the parties shall enter into individual cooperation agreements setting out specific rights and obligations of respective parties in joint development of the Project Land.

On 21 October 2019, Vision Hongye (an indirect wholly-owned subsidiary of the Company) and Hebei Tonglue entered into the Vision Hongye Cooperation Agreement, pursuant to which, Vision Hongye agreed to (among other things) cooperate with Hebei Tonglue in joint development of the Project and contribute a maximum sum of RMB165,100,000 (equivalent to approximately HK\$183,261,000), which shall be used as the consideration for acquiring 90% equity interest in Project Company I from Hebei Tonglue.

On 21 October 2019, Huojian Benpao (an indirect wholly-owned subsidiary of the Company) and Hebei Tongfukang entered into the Huojian Benpao Cooperation Agreement, pursuant to which, Huojian Benpao agreed to (among other things) cooperate with Hebei Tongfukang in joint development of the Project and contribute a maximum sum of RMB371,000,000 (equivalent to approximately HK\$411,810,000), which shall be used as the consideration for acquiring 90% equity interest in Project Company II from Hebei Tongfukang.

#### **LISTING RULES IMPLICATIONS**

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 Cooperation is/are more than 5% but less than 25%, the Cooperation 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.

## **INTRODUCTION**

The Board is pleased to announce that on 21 October 2019, Modern Green (an indirect wholly-owned subsidiary of the Company) and Tongfu Group entered into the Cooperation Framework Agreement whereby it was agreed among other things that the parties shall enter into individual cooperation agreements setting out specific rights and obligations of respective parties in joint development of the Project Land.

On 21 October 2019, Vision Hongye (an indirect wholly-owned subsidiary of the Company) and Hebei Tonglue entered into the Vision Hongye Cooperation Agreement, pursuant to which, Vision Hongye agreed to (among other things) cooperate with Hebei Tonglue in joint development of the Project and contribute a maximum sum of RMB165,100,000 (equivalent to approximately HK\$183,261,000), which shall be used as the consideration for acquiring 90% equity interest in Project Company I from Hebei Tonglue.

On 21 October 2019, Huojian Benpao (an indirect wholly-owned subsidiary of the Company) and Hebei Tongfukang entered into the Huojian Benpao Cooperation Agreement, pursuant to which, Huojian Benpao agreed to (among other things) cooperate with Hebei Tongfukang in joint development of the Project and contribute a maximum sum of RMB371,000,000 (equivalent to approximately HK\$411,810,000), which shall be used as the consideration for acquiring 90% equity interest in Project Company II from Hebei Tongfukang.

## **COOPERATION AGREEMENTS**

The salient terms of the Cooperation Agreements are set out as follows:

### **(i) Cooperation Framework Agreement**

**Date:** 21 October 2019

**Parties:** (1) Modern Green; and  
(2) Tongfu Group

To the best knowledge, information and belief of the Board after making all reasonable enquiries, each of Tongfu Group and its ultimate beneficial owners is an Independent Third Party.

### **Subject matter**

The parties to the Cooperation Framework Agreement agreed to cooperate in establishing Project Company I and obtaining the land use rights of the Project Land by Project Company I through public tender on the same day. Project Company I participated in and won the bid at the public tender of the Project Land on 21 October 2019. The Project Land is located at Luancheng District of Shijiazhuang City, Hebei Province and has a site area of approximately 115.2 mu, which is planned for residential use.

### *Mode of cooperation*

Within three (3) days after the establishment of Project Company I by Tongfu Group, a bank account jointly controlled by the parties to the Cooperation Framework Agreement (the “**Joint Bank Account**”) shall be opened under the name of Project Company I. Modern Green shall pay an amount of RMB20,000,000 as earnest money to the Joint Bank Account. Tongfu Group shall transfer 51% equity interest in Project Company I to Modern Green while Modern Green shall pay RMB5,100,000, representing 51% of the registered capital of Project Company I, to Tongfu Group. The parties agreed that Modern Green shall be responsible for the daily operation of Project Company I and the development of the Project Land. Upon establishment, the board of directors of Project Company I shall comprise five (5) directors, out of which two (2) and three (3) directors shall be nominated by Tongfu Group and Modern Green, respectively. The chairman of the board of directors of Project Company I shall be elected from the directors nominated by Modern Green.

### **(ii) Vision Hongye Cooperation Agreement**

**Date:** 21 October 2019

**Parties:** (1) Vision Hongye; and  
(2) Hebei Tonglue

To the best knowledge, information and belief of the Board after making all reasonable enquiries, each of Hebei Tonglue and its ultimate beneficial owners is an Independent Third Party.

### **Subject matter**

The parties to the Vision Hongye Cooperation Agreement agreed to set out specific rights and obligations of the respective parties in joint development of the Project Land and management of Project Company I under the Vision Hongye Cooperation Agreement.

### *Establishment of Project Company I*

Hebei Tonglue is responsible for completing all registration procedures at the relevant administration for industry and commerce in relation to the establishment of Project Company I. Project Company I is 100% held by Hebei Tonglue with a registered capital of RMB10,000,000.

### *Mode of cooperation*

Within three (3) days after the establishment of Project Company I, the Joint Bank Account shall be opened. Vision Hongye shall pay an amount of RMB20,000,000 as jointly controlled capital to the Joint Bank Account. Hebei Tonglue shall transfer 51% equity interest in Project Company I to Vision Hongye while Vision Hongye shall pay RMB5,100,000, representing 51% of the registered capital of Project Company I, to Hebei Tonglue. Upon completion of the said equity transfer, Project Company I will be held by Hebei Tonglue and Vision Hongye as to 49% and 51%, respectively.

The parties agreed that Vision Hongye shall be responsible for the development of the Project Land and the business operation of Project Company I and that the financial results of Project Company I shall be consolidated into its financial statements.

### *Public tender*

Project Company I participated in and won the bid at the public tender of the Project Land on 21 October 2019.

### *Equity transfer and consideration*

Within fifteen (15) days after signing the transaction confirmation letter by Project Company I, the parties agreed that Hebei Tonglue shall, in accordance with the requirements of Vision Hongye, pledge its 39% equity interest in Project Company I in favour of Vision Hongye, being the sole pledgee, and complete all registration procedures at the relevant administration for industry and commerce. Meanwhile, Project Company I shall pay an amount of RMB160,000,000 to Hebei Tonglue or any of its designated company as shareholder's pre-dividend, among which, RMB20,000,000 will be paid from the Joint Bank Account.

Within ten (10) days after passing the shareholder's resolution by Project Company I in respect of the aforesaid pre-dividend distribution to Hebei Tonglue, Hebei Tonglue shall, in accordance with the requirements and arrangements of Vision Hongye (or cooperate with external financial institutions), release the pledged 39% equity interest in Project Company I, transfer such 39% equity interest in Project Company I to Vision Hongye, and complete all registration procedures at the relevant administration for industry and commerce. Upon completion of the said equity transfers, Project Company I will be held by Hebei Tonglue and Vision Hongye as to 10% and 90%, respectively.

### **(iii) Huojian Benpao Cooperation Agreement**

**Date:** 21 October 2019

**Parties:** (1) Huojian Benpao; and  
(2) Hebei Tongfukang

To the best knowledge, information and belief of the Board after making all reasonable enquiries, each of Hebei Tongfukang and its ultimate beneficial owners is an Independent Third Party.

## **Subject matter**

The parties to the Huojian Benpao Cooperation Agreement agreed to set out specific rights and obligations of respective parties in joint development of the Project Land and management of Project Company II under the Huojian Benpao Cooperation Agreement.

### *Establishment of Project Company II*

Hebei Tongfukang will be responsible for completing all registration procedures at the relevant administration for industry and commerce in relation to the establishment of Project Company II. Project Company II will be 100% held by Hebei Tongfukang with a registered capital of RMB5,000,000 upon establishment.

### *Mode of cooperation*

Within three (3) days after the establishment of Project Company II, Hebei Tongfukang shall transfer 20% equity interest in Project Company II to Huojian Benpao while Huojian Benpao shall pay RMB1,000,000, representing 20% of the registered capital of Project Company II, to Hebei Tongfukang. Upon completion of the said equity transfer, Project Company II will be held by Hebei Tongfukang and Huojian Benpao as to 80% and 20%, respectively.

Project Company II is established for providing technology engineering and facilities services in accordance with customers' requirements.

### *Equity transfer and consideration*

Within fifteen (15) days after signing the transaction confirmation letter by Project Company I, the parties agreed that Hebei Tongfukang shall, in accordance with the requirements and arrangements of Huojian Benpao, pledge its 70% equity interest in Project Company II in favor of Huojian Benpao being the sole pledgee, and complete all registration procedures at the relevant administration for industry and commerce. Meanwhile, Project Company II shall pay an amount of RMB40,000,000 to Hebei Tongfukang or any of its designated company as shareholder's pre-dividend.

Within 135 days after signing the transaction confirmation letter by Project Company I, Project Company II shall pay an amount of RMB300,000,000 to Hebei Tongfukang or any of its designated company as shareholder's pre-dividend.

On or before 31 March 2020, Project Company II shall pay an amount of RMB30,000,000 to Hebei Tongfukang or any of its designated company as shareholder's pre-dividend.

Within ten (10) days after passing the shareholder's resolutions by Project Company II in respect of the aforesaid pre-dividend distributions to Hebei Tongfukang, Hebei Tongfukang shall, in accordance with the requirements and arrangements of Huojian Benpao (or cooperate with external financial institutions), release the pledged 70% equity interest in Project Company II, transfer such 70% equity interest in Project Company II to Huojian Benpao, and complete all registration procedures at the relevant administration for industry and commerce. Upon completion of the said equity transfer, Project Company II will be held by Hebei Tongfukang and Huojian Benpao as to 10% and 90%, respectively.

## **Maximum Consideration**

The maximum consideration payable by the Group under the Cooperation Agreements are RMB536,100,000 (equivalent to approximately HK\$595,071,000), comprising (i) the maximum consideration for acquiring 90% equity interest in Project Company I of RMB165,100,000 under the Vision Hongye Cooperation Agreement; and (ii) the maximum consideration for acquiring 90% equity interest in Project Company II of RMB371,000,000 under the Huojian Benpao Cooperation Agreement, which will be funded by the internal resources of the Group. The Group will also consider external sources of financing where appropriate.

The amount of the total consideration to be paid by the Group under the Cooperation Agreements was agreed after arm's length commercial negotiations among the parties on normal commercial terms and determined with reference to, among other things, the prevailing market price of land in the vicinity of the Project Land.

## **INFORMATION ABOUT THE GROUP, MODERN GREEN, VISION HONGYE AND HUOJIAN BENPAO**

The Company is 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 of green, energy-saving and eco-friendly residences in the PRC.

Modern Green is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in real estate development, and buildings and construction project management.

Vision Hongye is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in real estate development, and buildings and construction project management.

Huojian Benpao is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in real estate development, and buildings and construction project management.

## **INFORMATION ABOUT TONGFU GROUP, HEBEI TONGLUE AND HEBEI TONGFUKANG**

Tongfu Group is a limited liability company established in the PRC. It is a comprehensive health and functional nutrition and food enterprise principally engaged in construction of food base, food processing, research and development, production and sale and e-commerce. According to public information, as at the date hereof, it is controlled by Mr. Liu Shanguo who and all other ultimate beneficial owners of Tongfu Group are Independent Third Parties.

Hebei Tonglue is a limited liability company established in the PRC. It is principally engaged in provision of corporate management consulting services. According to public information, as at the date hereof, Hebei Tonglue is controlled by Mr. Liu Shanguo who and the other beneficial owner of Hebei Tonglue are Independent Third Parties.

Hebei Tongfukang is a limited liability company established in the PRC. It is principally engaged in research and development of food production technology, production of beverages, sales of own products, manufacturing and sale of plastic products for daily use. According to public information, as at the date hereof, Hebei Tongfukang is controlled by Mr. Liu Shanguo who and the other beneficial owner of Hebei Tonglue are Independent Third Parties.

## **INFORMATION ABOUT THE PROJECT COMPANIES**

Project Company I is a limited liability company newly established in the PRC. As at the date of this announcement, it has not commenced operation and has not generated any revenue or profit/loss. Project Company II is a limited liability company to be established in the PRC.

## **INFORMATION ABOUT THE PROJECT LAND**

The Project Land is situated in Luancheng District, Shijiazhuang City, Hebei Province, the PRC. The Project Land has a total site area of approximately 115.2 mu, which is planned for residential use.

## **REASONS FOR AND BENEFIT OF THE COOPERATION**

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

Cooperation with Tongfu Group to establish a stable cooperative relationship is conducive to obtaining projects in Shijiazhuang and other cities. Later, the Company can establish stable cooperative relations with it and cooperate in other property development projects.

Based on the aforesaid, the Board is of the view that the terms of the Cooperation Agreements are on normal commercial terms after arm's length negotiations between the relevant parties, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

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 Cooperation is/are more than 5% but less than 25%, the Cooperation 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.

## **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, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Cooperation”	the proposed cooperation between the Group and Tongfu Group in relation to Project in accordance with the terms of the Cooperation Agreements

“Cooperation Framework Agreement”	the cooperation framework agreement for the Cooperation in relation to the Project dated 21 October 2019 entered into between Modern Green and Tongfu Group
“Cooperation Agreements”	collectively, the Cooperation Framework Agreement, the Vision Hongye Cooperation Agreement and the Huojian Benpao Cooperation Agreement
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hebei Tongfukang”	Hebei Tongfukang Technology Co., Ltd., a company established in the PRC with limited liability, an affiliated company designated by Tongfu Group
“Hebei Tonglue”	Hebei Tonglue Enterprise Management Consulting Co., Ltd., a company established in the PRC with limited liability, an affiliated company designated by Tongfu Group
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huojian Benpao”	Huojian Benpao Zhiye (Beijing) Co., Ltd., a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Huojian Benpao Cooperation Agreement”	the cooperation agreement for the Cooperation in relation to the Project dated 21 October 2019 entered into between Huojian Benpao and Hebei Tongfukang
“Independent Third Party”	third party independent of the Company and are not connected persons (as defined under the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Modern Green”	Modern Green Development Co., Ltd., a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“PRC”	the People’s Republic of China
“Project”	a real estate development project of the Project Land
“Project Companies”	collectively, Project Company I and Project Company II
“Project Company I”	Hebei Tongfu Yuanlv Real Estate Development Co., Ltd. (河北同福原綠房地產開發有限公司), a company established in the PRC with limited liability for acquiring and developing the Project Land



“Project Company II”	a company to be established in the PRC with limited liability pursuant to the Huojian Benpao Cooperation Agreement
“Project Land”	a parcel of land located at Luancheng District, Shijiazhuang City, Hebei Province, the PRC with the total site area of approximately 115.2 mu
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tongfu Group”	Tongfu Group Company Limited, a company established in the PRC with limited liability
“Vision Hongye”	Vision Hongye Property (Beijing) Co., Ltd., a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Vision Hongye Cooperation Agreement”	the cooperation agreement for the Cooperation in relation to the Project dated 21 October 2019 entered into between Vision Hongye and Hebei Tonglue
“%”	per cent.

*In this announcement, amounts in RMB have been converted into HK\$ at the rate of HK\$1.00 = RMB0.90 for purpose of illustration only. Such exchange rate has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been or could have been converted at this or any other rates at all.*

*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, 21 October 2019

*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. Tian Jiong; and independent non-executive Directors: Mr. Qin Youguo, Mr. Cui Jian, Mr. Hui Chun Ho, Eric and Mr. Zhong Bin.*