

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 20% EQUITY INTEREST IN THE TARGET COMPANY**

THE DISPOSAL

The Board announces that on 19 October 2023, the Vendor (an indirect wholly-owned subsidiary of the Group) entered into the Equity Transfer Agreement with the Purchaser and the Target Company whereby the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Equity, representing 20% of the equity interest of the Target Company, at nil consideration.

As at the date of this announcement, the Shareholder Loan owed by the Target Company to the Vendor amounted to RMB29,600,000. Pursuant to the Equity Transfer Agreement, the Vendor agreed to waive RMB23,800,000 of the Shareholder Loan, and the Target Company agreed to repay the remainder of the Shareholder Loan of RMB5,800,000 to the Vendor.

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

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.

THE DISPOSAL

The Board announces that on 19 October 2023, the Vendor (an indirect wholly-owned subsidiary of the Group) entered into the Equity Transfer Agreement with the Purchaser and the Target Company whereby (1) the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Equity, representing 20% of the equity interest of the Target Company, at nil consideration and (2) the Parties agreed to make the necessary arrangements to waive and settle the Shareholder's Loan owed by the Target Company to the Vendor.

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

Date

19 October 2023

Parties

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

Subject assets to be disposed

The Sale Equity representing 20% of the equity interest of the Target Company.

Consideration

Sale Equity

According to the statement of financial position of the Target Company as at 31 August 2023, the equity attributable to owners of the parent company amounted to a loss of RMB48,219,412.58. As such, after arm's length negotiations among the Parties, taking into account, among the others, the financial position of the Target Company, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Equity, representing 20% of the equity interest of the Target Company, at nil consideration.

Shareholder's Loan

As at the date of this announcement, the Shareholder Loan owed by the Target Company to the Vendor amounted to RMB29,600,000. Pursuant to the Equity Transfer Agreement, the Vendor agreed to waive RMB23,800,000 of the Shareholder Loan, and the Target Company agreed to repay the remainder of the Shareholder Loan of RMB5,800,000 (the "**Loan Consideration**") to the Vendor.

The Loan Consideration shall be payable by the Target Company in the following manner:

- (i) within one day from the date of Completion, the Target Company shall repay RMB1,000,000 of the Loan Consideration to an account designated by the Vendor; and
- (ii) the remaining RMB4,800,000 shall be paid to an account designated by the Vendor no later than 10 November 2023.

Completion

The Vendor shall provide all documents relating to the transfer of the Sale Equity for registration with the administration for industry and commerce to the Purchaser within the day following the date of the Equity Transfer Agreement and proceed to complete the registration procedures together with the Purchaser. Completion shall take place upon completion of registration of the transfer of the Sale Equity with the administration for industry and commerce.

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

INFORMATION ON THE PURCHASER

The Purchaser is a company established in the PRC with limited liability and principally engaged in business management services, real estate development and operation.

Based on public information, the Purchaser is ultimately held by Times China as to 99% and Guangdong People's Government as to 1%. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

INFORMATION ON THE TARGET COMPANY

As at the date of this announcement, the Target Company is a company established in the PRC with limited liability and owned as to 80% by the Purchaser and 20% by the Vendor, respectively. The Target Company is principally engaged in real estate development and operation.

The Target Company holds the land use rights of the residential land parcel located in Changsha with a total gross floor area of approximately 68,600 square metres. As at the date of this announcement, the construction of the residential properties erected on the land parcel has been completed.

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

	Year ended 31 December 2022 RMB	Year ended 31 December 2021 RMB
Revenue	716,282.21	30,000
Net loss before taxation	40,818,527.74	50,533,219.93
Net loss after taxation	31,899,914.72	37,899,914.95

As at 31 August 2023, the unaudited net liabilities of the Target Company was approximately RMB48 million.

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 indirectly wholly-owned by the Company. It is principally engaged in property investment and development in the PRC.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Target Company is the project company of the residential property development project in Changsha. The Group currently holds 20% equity interest in the Target Company and has no control over the project. As at the date of this announcement, the 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. Moreover, the Target Company is still in a loss position and its accumulated book loss amounted to approximately RMB48 million as at 31 August 2023.

The Disposal will allow the Group to avoid incurring further loss, realise cash from its investment in the Target Company and provide an immediate exit from the project. On this basis, the Directors (including the independent non-executive Directors) are of the view that the Disposal 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 DISPOSAL

It is expected that the Group will record an unaudited loss before taxation and after transaction cost on the Disposal of approximately RMB26 million, which is calculated based on the total repayment of Shareholder Loan less the related costs and expenses of the Group for the Disposal.

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

USE OF PROCEEDS

The Directors expect that the net proceeds from the repayment of Shareholder Loan of RMB5,800,000 will be used as operating funds of the Group.

LISTING RULES IMPLICATION

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.

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 Disposal in accordance with the terms and conditions of the Equity Transfer Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the 20% equity interest of the Target Company by the Vendor to the Purchaser pursuant to the terms and conditions of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 19 October 2023 entered into among the Vendor, the Purchaser and the Target Company in relation to the Disposal
“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
“Parties”	the Vendor, the Purchaser and the Target Company collectively
“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”	Changsha Junchi Enterprise Management Co. Limited* (長沙駿馳企業管理有限公司), a limited liability company established under the laws of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equity”	the 20% equity interest of the Target Company owned by the Vendor
“Share(s)”	the ordinary shares of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shareholder Loan”	the shareholder loan owed by the Target Company to the Vendor amounting to RMB29,600,000 as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Changsha Taixi Real Estate Development Co. Limited* (長沙泰熙房地產開發有限公司), a company established in the PRC with limited liability and owned as to 80% by the Purchaser and 20% by the Vendor
“Times China”	Times China Holdings Limited 時代中國控股有限公司, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange with stock code 1233

“Vendor”

Hunan Contemporary Jiuyuan Enterprise Management Co. Limited* (湖南當代久遠企業管理有限公司), an indirect wholly-owned subsidiary of the Company established in the PRC

“%”

per cent.

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

Hong Kong, 19 October 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.

* *For identification purpose only*