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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 SUZHOU CITY WITH SUZHOU PINGWANG URBANIZATION CONSTRUCTION DEVELOPMENT CO., LTD.

DISCLOSEABLE TRANSACTION

The Board is pleased to announce that on 10 September 2018, Su Kun Green (an indirect wholly-owned subsidiary of the Company) entered into the Joint Development Agreement with Suzhou Pingwang, pursuant to which Su Kun Green agreed to (among other things) cooperate with Suzhou Pingwang in joint development of the Wujiang Project and contribute an aggregate sum of RMB477,748,353, which shall be used for the subscription of registered capital of the Project Company, the repayment of the Shareholder's Loan with interest, the payment of land premium of the Project Land and the payment of the fixed earning of Suzhou Pingwang.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios 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 10 September 2018, Su Kun Green (an indirect wholly-owned subsidiary of the Company) entered into the Joint Development Agreement with Suzhou Pingwang, pursuant to which Su Kun Green agreed to (among other things) cooperate with Suzhou Pingwang in joint development of the Wujiang Project and contribute an aggregate sum of RMB477,748,353, which shall be used for the subscription of registered capital of the Project Company, the repayment of the Shareholder's Loan with interest, the payment of land premium of the Project Land and the payment of the fixed earning of Suzhou Pingwang.

JOINT DEVELOPMENT AGREEMENT

The salient terms of the Joint Development Agreement are set out as follows:

Date: 10 September 2018

Parties: (1) Suzhou Pingwang
(2) Su Kun Green

To the best knowledge, information and belief of the Board after making all reasonable enquiries, Suzhou Pingwang and its ultimate beneficial owner(s) are Independent Third Parties.

Cooperation Manner

Suzhou Pingwang has obtained the land use rights of the Project Land through public tender. The Project Company has been established on 15 August 2018 by Suzhou Pingwang with the initial registered capital of RMB10,000,000. Pursuant to the Joint Development Agreement, it is proposed that the land use rights of the Project Land will be transferred to the Project Company.

Pursuant to the terms of the contract for assignment of land use rights of State-owned construction land, Suzhou Pingwang already paid RMB130,200,000 and RMB130,050,000 on 2 June 2018 and 12 July 2018, respectively, totaling RMB260,250,000 and representing 60% of the land premium of the Project Land.

As agreed between the parties to the Joint Development Agreement, Suzhou Pingwang shall liaise with the Land and Resources Bureau of Wujiang District, Suzhou City to sign a supplemental contract to the contract for the assignment of land use rights of State-owned construction land (the “**Supplemental Contract**”) with it and the Project Company on or before 11 September 2018 to confirm that the Project Company shall be the holder of the land use rights and the project company for development of the Project Land, and obtain relevant document to prove that the land premium of the Project Land already paid by Suzhou Pingwang to the government can be confirmed as the development cost of the Project Company.

Total Consideration

The total consideration to be paid by Su Kun Green under the Joint Development Agreement is RMB477,748,353 (equivalent to approximately HK\$549,136,038), comprising (among others) (i) the subscription of the increased registered capital of the Project Company in the amount of RMB40,000,000 (equivalent to approximately HK\$45,977,011); (ii) the advance to the Project Company for its repayment of the Shareholder’s Loan already provided by Suzhou Pingwang in the amount of RMB260,250,000 (equivalent to approximately HK\$299,137,931) with relevant interest; (iii) the payment of 40% of the land premium of the Project Land in the amount of RMB173,498,353 (equivalent to approximately HK\$199,423,394); and (iv) the payment of the fixed earning of Suzhou Pingwang in the amount of RMB4,000,000 (equivalent to approximately HK\$4,597,701).

The consideration shall be paid in the following manner:

- (i) RMB40,000,000 (equivalent to approximately HK\$45,977,011) for the increased registered capital of the Project Company shall be paid by Su Kun Green within 10 Business Days after signing of the Supplemental Contract and obtaining the document confirming the land premium paid as the development cost of the Project Land. The registered capital of the Project Company will be increased to RMB50,000,000, which will be held as to 20% and 80% by Suzhou Pingwang and Su Kun Green, respectively. The legal representative and the director(s) of the Project Company will be appointed by Su Kun Green. Suzhou Pingwang shall provide necessary assistance to the other parties in the registration of the increase of registered capital and the change of the legal representative, directors, supervisors and other senior management of the Project Company with the relevant governmental authorities.
- (ii) RMB260,250,000 (equivalent to approximately HK\$299,137,931) shall be advanced by Su Kun Green to the Project Company for its repayment of the Shareholder's Loan, together with interest at the rate of 6% per annum calculated from 2 June 2018 as to RMB130,200,000 and 12 July 2018 as to RMB130,050,000 (being the dates on which the relevant amounts were paid by Suzhou Pingwang as land premium) (the aggregate interest payable as at the date of this announcement amounted to approximately RMB3,465,740), which shall be repaid by the Project Company to Suzhou Pingwang as follows:
 - a. RMB90,000,000 (equivalent to approximately HK\$103,448,276), shall be repaid by the Project Company to Suzhou Pingwang on or before 15 January 2019 with relevant interest to be calculated for the period between 2 June 2018 and the payment date;
 - b. RMB83,500,329 (equivalent to approximately HK\$95,977,390) shall be repaid by the Project Company to Suzhou Pingwang on or before 15 February 2019 with interest to be calculated for the period between 12 July 2018 and the payment date; and
 - c. upon reaching the Exit Date (that is, either (i) the date falling on the second anniversary of the date of the land use rights certificate of the Project Land or (ii) the date on which the sales of the saleable area of the Wujiang Project has reached 90% and 90% of the properties sales has been collected (whichever is earlier)), the remaining RMB86,749,671 (equivalent to approximately HK\$99,712,266) shall be repaid by the Project Company to Suzhou Pingwang with relevant interest to be calculated for the period between 12 July 2018 and the payment date.
- (iii) After obtaining 80% equity interest in the Project Company, Su Kun Green shall pay RMB173,498,353 (equivalent to approximately HK\$199,423,394) to the Project Company as shareholder's loan on or before 13 September 2018 for the purpose of payment of 40% of the land premium of the Project Land. The Group already paid RMB10,000,000 to a bank account of the Project Company jointly controlled by Su Kun Green and Suzhou Pingwang. Such amount shall be released from the jointly controlled account for payment of the said remaining land premium of the Project Land.
- (iv) On or before the Exit Date, Suzhou Pingwang shall be paid RMB4,000,000 (equivalent to approximately HK\$4,597,701) as fixed earning. Suzhou Pingwang shall not be entitled to other earning, dividend or distribution of the Project Company.

The amount of the total consideration to be paid by Su Kun Green under the Joint Development Agreement was agreed after arm's length commercial negotiations between the parties on common commercial terms and represents the sum of the acquisition cost of the Project Land (approximately RMB433,740,000), the subscription amount of the registered capital of the Project Company (RMB40,000,000) and the fixed earning payable to Suzhou Pingwang (RMB4,000,000) and will be funded by the Group's internal resources.

INFORMATION ABOUT THE GROUP AND SU KUN GREEN

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.

Su Kun Green is a company established in the PRC 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 SUZHOU PINGWANG

Suzhou Pingwang is a limited liability company established in the PRC, and it is principally engaged in the construction, upgrade and modification of urban infrastructure.

INFORMATION ABOUT THE PROJECT COMPANY

The Project Company 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.

INFORMATION ABOUT THE PROJECT LAND

The Project Land is situated in Pingwang Town, Wujiang District, Suzhou City, Jiangsu Province, the PRC. The Project Land has a total site area of 38,371.4 square metres, 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 ecofriendly residences in the PRC.

The Group has been focusing on its development strategies on stepping up development in existing cities and expanding into new first-tier cities and their surrounding cities as well as increasing its land bank to maintain its sustained development. Wujiang District, Suzhou City has been accelerating its urbanization construction process in the past few years. Development in industrial cities such as Taihu Xincheng, Shengze, Tongli and Pingwang is stepping up, turning them into the most popular areas for property investment in Suzhou. The potential future value of those areas is enormous. The Board is of the view that the Cooperation with Suzhou Pingwang could provide an opportunity for the Group to take part in the development of the Wujian Project. The Company could also manage its operation independently and boost the margin of the Wujian Project.

In addition, Suzhou Pingwang agreed to transfer the land use rights of the Project Land to the Project Company at the land premium and the Group is not required to acquire land parcels by way of public tender.

Based on the aforesaid, the Board is of the view that the terms of the Joint Development 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

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DEFINITIONS

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

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| “Board” | the board of Directors |
| “Business Day” | a day on which banks in Hong Kong and PRC are open for normal business (excluding Saturday, Sunday, public holidays in Hong Kong or PRC or days on which a tropical cyclone signal number 8 or above or black rain storm warning is hoisted at any time between 9:00 a.m. to 12:00 noon and which has not been lowered by 12:00 noon on the same day) |
| “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 Suzhou Pingwang and Su Kun Green in relation to Wujiang Project in accordance with the terms of the Joint Development Agreement |
| “Directors” | the directors of the Company |
| “Exit Date” | either (i) the date falling on the second anniversary of the date of the land use rights certificate of the Project Land or (ii) the date on which the sales of the saleable area of the Wujiang Project has reached 90% and 90% of the properties sales has been collected (whichever is earlier) |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |

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| “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 |
| “Joint Development Agreement” | the joint development agreement for the Cooperation in relation to the Wujiang Project dated 10 September 2018 entered into between Suzhou Pingwang and Su Kun Green |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China |
| “Project Company” | Suzhou Modern Original Green Real Estate Co., Ltd. (蘇州當代原綠置業有限公司), a company established in the PRC with limited liability |
| “Project Land” | a parcel of land located at Pingwang Town, Wujiang District, Suzhou City, Jiangsu Province, the PRC with the total site area of approximately 38,371.4 square metres |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shares” | the shares of the Company |
| “Shareholder(s)” | holders of the Shares |
| “Shareholder’s Loan” | 60% of the land premium of the Project Land in the amount of RMB260,250,000, which has been paid by Suzhou Pingwang and regarded as a shareholder’s loan to the Project Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Suzhou Pingwang” | Suzhou Pingwang Urbanization Construction Development Co., Ltd. (蘇州平望城鎮化建設發展有限公司), a company established in the PRC with limited liability |

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| “Su Kun Green” | Su Kun Green (Beijing) Real Estate Co., Ltd. (蘇昆綠色(北京)置業有限公司), 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 |
| “Wujiang Project” | a real estate development project located at Pingwang Town, Wujiang District, Suzhou City, Jiangsu Province, the PRC |
| “%” | per cent. |

In this announcement, amounts in RMB have been converted into HK\$ at the rate of RMB0.87 = HK\$1.00 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, 10 September 2018

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