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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)

MAJOR TRANSACTION IN RELATION TO ACQUISITION OF 100% EQUITY INTEREST IN A PRC COMPANY HOLDING A LAND PARCEL IN NANJING

MAJOR TRANSACTION

The Board is pleased to announce that after successfully winning the bid in an open bidding process conducted on the Equity Exchange, on 20 June 2016, Yuedong Benpao (an indirect wholly-owned subsidiary of the Company) (as purchaser) and Nanjing Xinhe (as vendor) entered into the Equity Transfer Agreement whereby Nanjing Xinhe agreed to dispose of, and Yuedong Benpao agreed to acquire from Nanjing Xinhe, 100% equity interest in Nanjing Xinlei at the Consideration of RMB340,000,000 (equivalent to approximately HK\$404,600,000). In relation to the Acquisition and being one of the Acquisition conditions, on the same date, Yuedong Benpao, Nanjing Xinhe, Nanjing Steel, Wuhan Sanjing and Nanjing Xinlei entered into the Debt Settlement Agreement whereby Yuedong Benpao agreed to settle on behalf of Nanjing Xinlei the Debt in the aggregate amount of RMB680,503,958.31 (equivalent to approximately HK\$809,799,710.39) owed by Nanjing Xinlei to Nanjing Xinhe, Nanjing Steel and Wuhan Sanjing as at 29 February 2016.

Upon completion of the Acquisition, Nanjing Xinlei will become an indirect wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios set out in the Listing Rules in respect of the transactions as contemplated under the Equity Transfer Agreement and the Debt Settlement Agreement in aggregate is/are more than 25% but less than 100%, the entering into of the Equity Transfer Agreement and the Debt Settlement Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. As such, the Equity Transfer Agreement, the Debt Settlement Agreement and the transactions contemplated thereunder are subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Super Land owns 68.94% of the number of issued Shares of the Company. On 20 June 2016, the Company received Super Land's written consent to the Acquisition and the Debt Settlement and the entering into of the Equity Transfer Agreement and the Debt Settlement Agreement by Yuedong Benpao. As (i) no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition and the Debt Settlement; and (ii) Super Land holds more than 50% of the voting rights that would be exercisable at any such general meeting, Super Land's written consent is acceptable in lieu of holding a general meeting of the Company for approval of the Acquisition and the Debt Settlement pursuant to Rule 14.44 of the Listing Rules.

GENERAL

A circular containing, among others, (i) further details of the Equity Transfer Agreement and the Debt Settlement Agreement; (ii) the financial information of the Group; (iii) the financial information of Nanjing Xinlei; and (iv) the valuation report on the Nanjing Land will be despatched to the Shareholders no later than 15 business days after the date of this announcement in accordance with the Listing Rules.

INTRODUCTION

The Board is pleased to announce that Yuedong Benpao (an indirect wholly-owned subsidiary of the Company) participated in an open bidding process conducted by the Equity Exchange and on 15 June 2016, it was notified by the Equity Exchange that it is the successful bidder to acquire 100% equity interest of Nanjing Xinlei at the Consideration of RMB340,000,000 (equivalent to approximately HK\$404,600,000).

Pursuant to the terms of the open bidding process set by the Equity Exchange, on 20 June 2016, Yuedong Benpao (as purchaser) and Nanjing Xinhe (as vendor) entered into the Equity Transfer Agreement, the salient terms of which are set out as follows:

EQUITY TRANSFER AGREEMENT

Date

20 June 2016 (after trading hours)

Parties

- (1) Yuedong Benpao (an indirect wholly-owned subsidiary of the Company); and
- (2) Nanjing Xinhe

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Nanjing Xinhe and its ultimate beneficial owners are Independent Third Parties.

Subject assets to be acquired

As at the date of the Equity Transfer Agreement, Nanjing Xinlei had a registered capital of RMB50,000,000, which was fully paid up.

Pursuant to the terms of the Equity Transfer Agreement, Nanjing Xinhe agreed to dispose of, and Yuedong Benpao agreed to acquire from Nanjing Xinhe, 100% equity interest in Nanjing Xinlei.

Upon completion of the Acquisition, Nanjing Xinlei will become an indirect wholly-owned subsidiary of the Company.

Consideration and Service Fee

The Consideration for the Acquisition is RMB340,000,000 (equivalent to approximately HK\$404,600,000), payable in cash as described below. The Consideration, being the final bidding price put forward by Yuedong Benpao in order to successfully win the bid, was determined by the open bidding process conducted on the Equity Exchange.

In deciding to join the open bidding process and fix the final bidding price at RMB340,000,000, the Group took into account a number of factors including but not limited to (i) the reference price of RMB216,000,000 set by the Equity Exchange; (ii) the equity valuation of Nanjing Xinlei amounted to RMB214,291,600 as at 29 February 2016 prepared by an independent valuer; and (iii) the dynamic nature of the open bidding process and potentially fierce competition which made it necessary for the Group to advance a bidding price that was competitive enough to win the bid.

Yuedong Benpao already paid RMB50,000,000 into the designated bank account of the Equity Exchange when submitting the bid, which will be applied in and towards partial satisfaction of the same amount of the Consideration payable to Nanjing Xinhe within (3) working days after the Equity Transfer Agreement has become effective. The Equity Transfer Agreement shall become effective upon execution by both parties thereto and the Equity Exchange.

The balance of the Consideration is required to be paid in cash into the designated bank account of the Equity Exchange within nine (9) working days after the Equity Transfer Agreement has become effective.

Service Fee

Each of Yuedong Benpao and Nanjing Xinhe shall pay to the Equity Exchange the Service Fee in the sum of RMB3,400,000 within two (2) working days after the effective date of the Equity Transfer Agreement.

Completion

Pursuant to the terms of the Equity Transfer Agreement, Nanjing Xinhe and Yuedong Benpao shall enter into the property rights transfer confirmation* (產權移交書) after the full payment of the Consideration and Service Fee by Yuedong Benpao into the designated bank account of the Equity Exchange and the full settlement of the Debt (as detailed below) by Yuedong Benpao. Upon receipt of the property rights transfer confirmation* (產權移交書), the Equity Exchange shall issue the transfer certificate* (進場交易證明書). Nanjing Xinhe and Yuedong Benpao shall complete the registration of the equity transfer with the relevant administration for industry and commerce based on the Equity Transfer Agreement and the transfer certificate* (進場交易證明書). Completion shall take place upon completion of the said registration of equity transfer.

DEBT SETTLEMENT AGREEMENT

As agreed by the parties to the Equity Transfer Agreement therein, Yuedong Benpao shall enter into the Debt Settlement Agreement with Nanjing Xinlei and its creditors concurrently. The salient terms of the Debt Settlement Agreement are set out as follows:

Date

20 June 2016 (after trading hours)

Parties

- (1) Yuedong Benpao (an indirect wholly-owned subsidiary of the Company);
- (2) Nanjing Xinhe;
- (3) Nanjing Steel;
- (4) Wuhan Sanjing; and
- (5) Nanjing Xinlei

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, (i) Nanjing Xinlei is 100% owned by Nanjing Xinhe while both Nanjing Xinhe and Wuhan Sanjing are indirect wholly-owned subsidiaries of Nanjing Steel; and (ii) Nanjing Steel and its ultimate beneficial owners are Independent Third Parties.

Key terms of the Debt Settlement Agreement

As at 29 February 2016, the Debt owed by Nanjing Xinlei to Nanjing Steel, Nanjing Xinhe and Wuhan Sanjing amounted to RMB680,503,958.31 (equivalent to approximately HK\$809,799,710.39), a breakdown of which is set out as follows:

| | Principal amount <i>(RMB)</i> | Interest payable <i>(RMB)</i> | Total amount of Debt owed <i>(RMB)</i> |
|---------------|---|---|--|
| Nanjing Steel | 300,000,000 | 37,903,002.80 | 337,903,002.80 |
| Nanjing Xinhe | 296,000,000 | 15,328,626.74 | 311,328,626.74 |
| Wuhan Sanjing | 30,000,000 | 1,272,328.77 | <u>31,272,328.77</u> |
| Total: | | | <u><u>680,503,958.31</u></u> |

Yuedong Benpao agreed to settle the Debt in cash on behalf of Nanjing Xinlei in two instalments as follows:

- (i) 50% of the Debt shall be paid to the relevant creditors within nineteen (19) working days from the date of the Equity Transfer Agreement; and
- (ii) the remaining 50% of the Debt shall be paid to the relevant creditors within twenty-nine (29) working days from the date of the Equity Transfer Agreement.

INFORMATION ABOUT PARTIES TO THE EQUITY TRANSFER AGREEMENT AND THE DEBT SETTLEMENT AGREEMENT

The Company and Yuedong Benpao

The Company is 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.

Yuedong Benpao is a company established in the PRC with limited liability. It is an indirect wholly-owned subsidiary of the Company and has not commenced operation as at the date hereof.

Nanjing Xinhe, Nanjing Steel and Wuhan Sanjing

Each of Nanjing Xinhe, Nanjing Steel and Wuhan Sanjing is a company established in the PRC with limited liability. Each of Nanjing Xinhe and Wuhan Sanjing is an indirect wholly-owned subsidiary of Nanjing Steel. Nanjing Steel is a state-owned enterprise principally engaged in pressing and smelting of ferrous metals and sales of steel materials. Wuhan Sanjing is principally engaged in property development and sales in Wuhan, Hubei Province, the PRC. Nanjing Xinhe is principally engaged in property development and sales in Nanjing, Jiangsu Province, the PRC.

INFORMATION ABOUT NANJING XINLEI AND THE NANJING LAND

Nanjing Xinlei

Nanjing Xinlei was established in the PRC with limited liability on 16 October 2014. As at the date of this announcement, it had a registered capital of RMB50,000,000, which was fully paid up. It is the project company established by Nanjing Xinhe for development of the Nanjing Land.

Set out below is the audited financial information of Nanjing Xinlei for the year ended 31 December 2015 and the two months ended 29 February 2016 prepared according to the PRC accounting standards:

| | For the year ended 31 December 2015 (RMB) | For the two months ended 29 February 2016 (RMB) |
|-----------------|--|--|
| Loss before tax | (748,432.89) | (127,031.44) |
| Loss after tax | (748,432.89) | (127,031.44) |

The total and net asset values of Nanjing Xinlei as at 29 February 2016 are RMB729,863,331.97 and RMB48,996,739.22, respectively.

The Nanjing Land

Nanjing Xinhe acquired the land use rights of the Nanjing Land on 25 October 2013 by way of auction at the purchase price of RMB570,000,000. The land use rights of the Nanjing Land was transferred from Nanjing Xinhe to Nanjing Xinlei on 9 December 2014.

The Nanjing Land is situated at Rehe South Road, Gulou District, Nanjing, Jiangsu Province, the PRC. It has a site area of 16,164.86 square metres, with estimated gross floor area of approximately 41,220 square metres (by plot ratio) and is planned for urban mixed residential use. The term for the residential usage is 70 years while the commercial land usage is 40 years. As at the date hereof, the Nanjing Land is in initial planning stage.

REASONS FOR AND BENEFITS OF THE ACQUISITION AND DEBT SETTLEMENT

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

The Acquisition and the Debt Settlement (which is a pre-condition for the Acquisition imposed by the Equity Exchange) will enable the Group to acquire the entire registered capital of Nanjing Xinlei, which holds the land use rights of the Nanjing Land. In view of the location and the designated use of the Nanjing Land, the Board considers that the Acquisition offers a good opportunity for the Group to enhance its portfolio in the property market in the PRC with a view to bringing more investment return for the Shareholders. Currently, the Group is actively seeking partner(s) to jointly develop the Nanjing Land including but not limited to introduction of new shareholders at project level.

Based on the aforesaid and that the open bidding procedures were open to the public and regulated by applicable laws and regulations, the Directors (including independent non-executive Directors) consider that the terms of the Equity Transfer Agreement and the Debt Settlement Agreement are on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios set out in the Listing Rules in respect of the transactions as contemplated under the Equity Transfer Agreement and the Debt Settlement Agreement in aggregate is/are more than 25% but less than 100%, the entering into of the Equity Transfer Agreement and the Debt Settlement Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. As such, the Equity Transfer Agreement, the Debt Settlement Agreement and the transactions contemplated thereunder are subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Super Land owns 68.94% of the number of issued Shares of the Company. On 20 June 2016, the Company received Super Land's written consent to the Acquisition and the Debt Settlement and the entering into of the Equity Transfer Agreement and the Debt Settlement Agreement by Yuedong Benpao. As (i) no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition and the Debt Settlement; and (ii) Super Land holds more than 50% of the voting rights that would be exercisable at any such general meeting, Super Land's written consent is acceptable in lieu of holding a general meeting of the Company for approval of the Acquisition and the Debt Settlement pursuant to Rule 14.44 of the Listing Rules.

GENERAL

A circular containing, among others, (i) further details of the Equity Transfer Agreement and the Debt Settlement Agreement; (ii) the financial information of the Group; (iii) the financial information of Nanjing Xinlei; and (iv) the valuation report on the Nanjing Land will be despatched to the Shareholders no later than 15 business days after the date of this announcement in accordance with the Listing Rules.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

| | |
|-----------------------------|---|
| “Acquisition” | the proposed acquisition of the entire registered capital of Nanjing Xinlei in accordance with the terms of the Equity Transfer Agreement |
| “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 |
| “connected person” | has the meaning ascribed to it in the Listing Rules |
| “controlling shareholder” | has the meaning ascribed to it in the Listing Rules |
| “Consideration” | the consideration payable by Yuedong Benpao for the Acquisition in the amount of RMB340,000,000 |
| “Debt” | the loan and interest owed by Nanjing Xinlei to Nanjing Xinhe, Nanjing Steel and Wuhan Sanjing in the total amount of RMB680,503,958.31 |
| “Debt Settlement” | the proposed settlement of the Debt by Yuedong Benpao on behalf of Nanjing Xinlei in accordance with the terms of the Debt Settlement Agreement |
| “Debt Settlement Agreement” | the debt settlement agreement (債務清償合同) dated 20 June 2016 (as amended and supplemented by a supplemental agreement thereto of the same date) among Nanjing Xinhe, Yuedong Benpao, Nanjing Steel, Wuhan Sanjing and Nanjing Xinlei relating to the Debt Settlement |
| “Director(s)” | director(s) of the Company |
| “Equity Exchange” | Nanjing City Public Resources Exchange* (南京市公共資源交易中心) |
| “Equity Transfer Agreement” | the equity transfer agreement (產權交易合同) dated 20 June 2016 (as amended and supplemented by a supplemental agreement thereto of the same date) between Nanjing Xinhe and Yuedong Benpao relating to the Acquisition |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong |
| “Hong Kong” or “HK” | the Hong Kong Special Administrative Region of the PRC |

| | |
|---------------------------|---|
| “Independent Third Party” | a party that is independent of the Company and its connected persons |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Nanjing Land” | the land parcel located in Gulou District of Nanjing, Jiangsu Province, the PRC, with the land use rights of which held by Nanjing Xinlei |
| “Nanjing Steel” | Nanjing Iron & Steel Group Corporation* (南京鋼鐵集團有限公司), a company established in the PRC with limited liability |
| “Nanjing Xinhe” | Nanjing Xinhe Property Development Company Limited* (南京鑫和房地產開發有限公司), a company established in the PRC with limited liability |
| “Nanjing Xinlei” | Nanjing Xinlei Property Development Company Limited* (南京鑫磊房地產開發有限公司), a company established in the PRC with limited liability |
| “Wuhan Sanjing” | Wuhan Sanjing Property Development Company Limited* (武漢三金房地產開發有限公司), a company established in the PRC with limited liability |
| “PRC” | the People’s Republic of China |
| “Service Fee” | the service fee payable by each of the parties to the Equity Transfer Agreement in the amount of RMB3,400,000 to the Equity Exchange |
| “Shares” | the Shares of the Company |
| “Shareholder(s)” | holder(s) of the Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Super Land” | Super Land Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a controlling Shareholder |

“Yuedong Benpao”

Yuedong Benpao Real Estate (Beijing) Company Limited* (躍動奔跑置業(北京)有限公司), a company established in the PRC with limited liability

“%”

per cent.

By Order of the Board
MODERN LAND (CHINA) CO., LIMITED
當代置業(中國)有限公司
Zhang Peng
President and Executive Director

In this announcement, unless otherwise indicated, amounts in RMB have been converted into HK\$ at the rate of RMB1 = HK\$1.190 for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted.

* *For identification purpose only*

Hong Kong, 20 June 2016

As at the date of this announcement, the Board comprises eight Directors, namely executive directors: Mr. Zhang Lei, Mr. Zhang Peng and Mr. Chen Yin; non-executive directors: Mr. Fan Qingguo and Mr. Zhong Tianxiang; and independent non-executive directors: Mr. Qin Youguo, Mr. Cui Jian and Mr. Hui Chun Ho, Eric.