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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 AND CONNECTED TRANSACTION

SET-OFF OF OUTSTANDING PAYABLES

SET-OFF AGREEMENTS

The Board announces that on 23 December 2024, members of the Company and members of First Service entered into the Set-Off Agreements, pursuant to which, members of First Service agreed to offset the Outstanding Payables owed by members of the Company primarily by way of transfer of Properties.

LISTING RULES IMPLICATIONS

Mr. Zhang Peng, the chairman of the Board and an executive Director, and Mr. Zhang Lei, an executive Director and a controlling Shareholder, being parties acting in concert in First Service, were interested in 513,929,000 shares of First Service, representing approximately 40.66% of issued shares of First Service. Accordingly, First Service is an associate of Mr. Zhang Lei and Mr. Zhang Peng and thus a connected person of the Company under Rule 14A.07(4) of the Listing Rules. As such, the transactions contemplated under Set-Off Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rules 14.22 and 14A.81 of the Listing Rules, a series of transactions or connected transactions (as the case may be) will be aggregated and treated as if they were one transaction if they are all entered into within a 12-month period or are otherwise related. The aggregated amount of the Set-Off Agreements is RMB8,933,161.40. As the highest of the applicable percentage ratios exceeds 5% but are less than 25%, the Set-Off Agreements in aggregate constitute a discloseable transaction under Chapter 14 of the Listing Rules and a connected transaction exempt from circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

SET-OFF AGREEMENTS

The Board announces that on 23 December 2024, members of the Company and members of First Service entered into the Set-Off Agreements, pursuant to which, members of First Service agreed to offset the Outstanding Payables owed by members of the Company primarily by way of transfer of Properties. The major terms of the Set-Off Agreements are set out below.

1. Set-off Agreement A

- Date : 23 December 2024
- Parties : (1) Hunan First Property;
(2) Hunan Modern Green;
(3) Hunan Contemporary Green Building;
(4) Hunan Modern MOMA;
(5) Hunan Green Development; and
(6) Changsha Pengyue.
- Subject Matter : Hunan First Property agreed to offset the Outstanding Payable A owed by Hunan Modern Green, Hunan Contemporary Green Building, Hunan Modern MOMA, Hunan Green Development, and Changsha Pengyue in the aggregate sum of RMB5,320,027.82 by way of transfer of Properties A from Hunan Contemporary Green Building and Changsha Pengyue to Hunan First Property at a purchase price of RMB5,320,027.82.
- Outstanding Payables : Outstanding Payables A in the total sum of RMB5,320,027.82 represent the aggregate amount remained outstanding and payable by Hunan Modern Green (RMB882,444.62), Hunan Contemporary Green Building (RMB961,627.48), Hunan Modern MOMA (RMB2,156,677.38), Hunan Green Development (RMB192,994.70), and Changsha Pengyue (RMB1,126,283.64) to Hunan First Property pursuant to the property management service agreements entered into separately between Hunan First Property and each of Hunan Modern Green, Hunan Contemporary Green Building, Hunan Modern MOMA, Hunan Green Development, and Changsha Pengyue.

Upon the reorganization of the Outstanding Payables A on a dollar-for-dollar basis, the total sum of RMB5,320,027.82 remained outstanding and payable by Hunan Contemporary Green Building (RMB2,037,066.80) and Changsha Pengyue (RMB3,282,961.02) to Hunan First Property.

Properties : Properties A consist of 49 and 62 underground parking spaces which are located in Yuelu District, Changsha and Furong District, Changsha, the PRC, respectively.

Properties A will be delivered in vacant possession to Hunan First Property. The total net book value of the Properties A is RMB5,320,027.82.

Consideration and payment terms : The purchase price of Properties A was determined after arm's length negotiation with reference to the prevailing market prices of parking spaces at nearby locations and the prevailing market prices offered by the developer to other Independent Third Parties in respect of the same parking spaces.

The original acquisition costs of Properties A are unavailable since they were developed by the Company.

2. Set-off Agreement B

Date : 23 December 2024

Parties : (1) First Property Hubei (Dongxihu); and
(2) Hubei Zhengtian.

Subject Matter : First Property Hubei (Dongxihu) agreed to offset the Outstanding Payables B in the sum of RMB1,941,162.27 owed by Hubei Zhengtian by way of transfer of Properties B from Hubei Zhengtian to First Property Hubei (Dongxihu) at a purchase price of RMB1,920,000.00, with the remaining amount to be settled as payables.

Outstanding Payables : Outstanding Payables B in the total sum of RMB1,941,162.27 represent the amount remained outstanding and payable by Hubei Zhengtian to First Property Hubei (Dongxihu) pursuant to a property management service agreement entered into between First Property Hubei (Dongxihu) and Hubei Zhengtian.

Properties : Properties B consist of 64 parking spaces which are located in Xiaonan District, Hubei, the PRC.

Properties B will be delivered in vacant possession to First Property Hubei (Dongxihu). The total net book value of the Properties B is RMB1,920,000.00.

Consideration and payment terms : The purchase price of Properties B was determined after arm's length negotiation with reference to the prevailing market prices of parking spaces at nearby locations and the prevailing market prices offered by the developer to other Independent Third Parties in respect of the same parking spaces.

The original acquisition costs of Properties B are unavailable since they were developed by the Company.

3. Set-off Agreement C

Date : 23 December 2024

Parties : (1) Jiangxi First Property (Jiujiang); and
(2) Jiujiang Modern Green.

Subject Matter : Jiangxi First Property (Jiujiang) agreed to offset the Outstanding Payables C in the sum of RMB157,469.00 owed by Jiujiang Modern Green (i) by way of transfer of Properties C from Jiujiang Modern Green to Jiangxi First Property (Jiujiang) at a purchase price of RMB133,468.80, and (ii) the grant of usage rights of a shop located at in Xunyang District, Jiujiang City, the PRC for two years, which offsets the remaining RMB24,000 in payables through rent.

Outstanding Payables : Outstanding Payables C in the total sum of RMB157,469.00 represent the amount remained outstanding and payable by Jiujiang Modern Green to Jiangxi First Property (Jiujiang) pursuant to property management service agreements entered into between Jiangxi First Property (Jiujiang) and Jiujiang Modern Green.

Properties : Properties C consist of 6 parking spaces which are located in Xunyang District, Jiujiang City, the PRC.

Properties C will be delivered in vacant possession to Jiangxi First Property (Jiujiang). The total net book value of the Properties C is RMB133,468.80.

Consideration and payment terms : The purchase price of Properties C was determined after arm's length negotiation with reference to the prevailing market prices of parking spaces at nearby locations and the prevailing market prices offered by the developer to other Independent Third Parties in respect of the same parking spaces.

The original acquisition costs of Properties C are unavailable since they were developed by the Company.

4. Set-off Agreement D

- Date : 23 December 2024
- Parties : (1) First Property (Xiaogan); and
(2) Hubei Zhengtian.
- Subject Matter : First Property (Xiaogan) agreed to offset the Outstanding Payables D in the sum of RMB1,455,664.58 owed by Hubei Zhengtian by way of transfer of Properties D from Hubei Zhengtian to First Property (Xiaogan) at a purchase price of RMB1,455,664.58.
- Outstanding Payables : Outstanding Payables D in the total sum of RMB1,455,664.58 represent the amount remained outstanding and payable by Hubei Zhengtian to First Property (Xiaogan) pursuant to property management service agreements entered into between First Property (Xiaogan) and Hubei Zhengtian.
- Properties : Properties D consist of 58 parking spaces which are located in Xiaonan District, Xiaogan City, the PRC.
- Properties D will be delivered in vacant possession to First Property (Xiaogan). The total net book value of the Properties D is RMB1,455,664.58.
- Consideration and payment terms : The purchase price of Properties D was determined after arm's length negotiation with reference to the prevailing market prices of parking spaces at nearby locations and the prevailing market prices offered by the developer to other Independent Third Parties in respect of the same parking spaces.
- The original acquisition costs of Properties D are unavailable since they were developed by the Company.

5. Set-off Agreement E

- Date : 23 December 2024
- Parties : (1) Wuhan Julv; and
(2) Qianjiang Mantingchun.
- Subject Matter : Wuhan Julv agreed to offset part of the Outstanding Payables E in the sum of RMB182,300.00 owed by Qianjiang Mantingchun (i) by way of transfer of Properties E from Qianjiang Mantingchun to Wuhan Julv at a purchase price of RMB80,000.00, (ii) a cash payment of RMB60,000.00, and (iii) the remaining amount to remain as payables.
- Outstanding Payables : Outstanding Payables E in the total sum of RMB182,300.00 represent the amount remained outstanding and payable by Qianjiang Mantingchun to Wuhan Julv pursuant to property management service agreements entered into between Wuhan Julv and Qianjiang Mantingchun.
- Properties : Properties E consist of 2 parking spaces which are located in Taifeng Subdistrict Office, Qianjiang City, the PRC.
- Properties E will be delivered in vacant possession to Wuhan Julv. The total net book value of the Properties E is RMB80,000.00.
- Consideration and payment terms : The purchase price of Properties E was determined after arm's length negotiation with reference to the prevailing market prices of parking spaces at nearby locations and the prevailing market prices offered by the developer to other Independent Third Parties in respect of the same parking spaces.
- The original acquisition costs of Properties E are unavailable since they were developed by the Company.

FINANCIAL EFFECTS OF THE TRANSACTIONS UNDER THE SET-OFF AGREEMENTS AND USE OF PROCEEDS

As at the date of this announcement, the audit of the Group's consolidated financial statements for the year ended 31 December 2023 is still ongoing. Consequently, the development costs of the Properties are currently unavailable, and the Company is unable to ascertain the gain or loss arising from the transfer of the Properties pursuant to the Set-off Agreements. The Company will issue a further announcement once the relevant figure has been determined.

In any event, the Board considers that there will be no material adverse impact on (a) the financial position and earnings, and (b) the business and operation, of the Group associated with the transactions contemplated under the Set-Off Agreements.

Proceeds arising from the purchase price under the Set-Off Agreements shall directly offset the Outstanding Payables.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SET-OFF AGREEMENTS

In view of the prevailing market conditions and the increasingly challenging operating environment of the property industry in the PRC, the Directors (including the independent non-executive Directors) consider that the entering into of the Set-off Agreements is beneficial to the Company and the Shareholders as a whole as this could allow the Group to dispose of the Properties which are currently vacant, reduce its indebtedness, optimize resource allocation and enhance liquidity, which is conducive to the Group's ability to manage risks and achieve long-term stable and healthy development.

Taking into consideration of the above, the Directors (including the independent non-executive Directors) consider that the transactions under the Set-Off Agreements are on normal commercial terms and the terms thereunder are fair and reasonable and that although the transactions under the Set-Off Agreements are not in the ordinary and usual course of business of the Group, it is in the interests of the Group and the Shareholders as a whole.

INFORMATION OF THE PARTIES

First Property (Xiaogan), First Property Hubei (Dongxihu), Hunan First Property, Jiangxi First Property (Jiujiang) and Wuhan Julv

First Property (Xiaogan), First Property Hubei (Dongxihu), Hunan First Property, Jiangxi First Property (Jiujiang) and Wuhan Julv are limited liability companies established under the laws of the PRC and wholly-owned subsidiaries of First Service and principally engaged in providing property management services in the PRC.

First Service was incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange with Stock Code 2107. It is principally engaged in providing property management services and green living solutions that cover the full property life-cycle in the PRC.

Changsha Pengyue, Hubei Zhengtian, Hunan Contemporary Green Building, Hunan Green Development, Hunan Modern Green, Hunan Modern MOMA, Jiujiang Modern Green, Qianjiang Mantingchun and the Company

Changsha Pengyue, Hubei Zhengtian, Hunan Contemporary Green Building, Hunan Green Development, Hunan Modern Green, Hunan Modern MOMA, Jiujiang Modern Green and Qianjiang Mantingchun are limited liability companies established under the laws of the PRC and subsidiaries of the Company and principally engaged in property development in the PRC.

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.

FINANCIAL INFORMATION OF THE PROPERTIES

Since the Properties are currently vacant, no profit is attributable to the Properties for the two financial years immediately preceding the entering into of the Set-off Agreements.

LISTING RULES IMPLICATIONS

Mr. Zhang Peng, the chairman of the Board and an executive Director, and Mr. Zhang Lei, an executive Director and a controlling Shareholder, being parties acting in concert in First Service, were interested in 513,929,000 shares of First Service, representing approximately 40.66% of issued shares of First Service. Accordingly, First Service is an associate of Mr. Zhang Lei and Mr. Zhang Peng and thus a connected person of the Company under Rule 14A.07(4) of the Listing Rules. As such, the transactions contemplated under Set-Off Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rules 14.22 and 14A.81 of the Listing Rules, a series of transactions or connected transactions (as the case may be) will be aggregated and treated as if they were one transaction if they are all entered into within a 12-month period or are otherwise related. The aggregated amount of the Set-Off Agreements is RMB8,933,161.40. As the highest of the applicable percentage ratios exceeds 5% but are less than 25%, the Set-Off Agreements in aggregate constitute a discloseable transaction under Chapter 14 of the Listing Rules and a connected transaction exempt from circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Changsha Pengyue”	Changsha Pengyue Real Estate Development Co., Ltd.* (長沙市鵬躍房地產開發有限公司), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the director(s) of the Company
“First Property”	First Property Service (Beijing) Co., Ltd. (第一物業服務(北京)有限公司), a limited liability company established under the laws of the PRC on December 6, 1999 and an indirect wholly-owned subsidiary of First Service
“First Property (Xiaogan)”	Xiaogan branch office (孝感分公司) of First Property
“First Property Hubei”	First Property Services Hubei Co., Ltd* (第一物業服務湖北有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of First Property
“First Property Hubei (Dongxihu)”	Dongxihu branch office (東西湖分公司) of First Property Hubei
“First Service”	First Service Holding Limited (第一服務控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange with stock code 2107
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hubei Zhengtian”	Hubei Zhengtian Development Co., Ltd.* (湖北正天置業有限公司), a limited liability company established under the laws of the PRC and an indirect non wholly-owned subsidiary of the Company

“Hunan Contemporary Green Building”	Hunan Contemporary Green Building Real Estate Co., Ltd.* (湖南當代綠建置業有限公司), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Hunan First Property”	Hunan First Property Services Co., Ltd.* (湖南第一物業服務有限公司), a limited liability company established under the laws of the PRC and a wholly-owned subsidiary of First Property
“Hunan Green Development”	Hunan Green Development Co., Ltd.* (湖南原綠置業有限公司), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Hunan Modern Green”	Hunan Modern Green Development Co., Ltd.* (當代置業(湖南)有限公司), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Hunan Modern MOMA”	Hunan Modern MOMA Development Co., Ltd.* (湖南當代摩碼置業有限公司), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not connected person(s) of the Company
“Jiangxi First Property”	Jiangxi First Property Services Co., Ltd. (江西第一物業服務有限公司), a limited liability company established under the laws of the PRC and a wholly-owned subsidiary of First Property
“Jiangxi First Property (Jiujiang)”	Jiujiang branch office (九江分公司) of Jiangxi First Property
“Jiujiang Modern Green”	Jiujiang Modern Green Development Co., Ltd.* (九江當代綠建置業有限公司), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Outstanding Payables”	collectively, Outstanding Payables A, Outstanding Payables B, Outstanding Payables C, Outstanding Payables D and Outstanding Payables E

“Outstanding Payables A”	the outstanding payables which remained outstanding and payable by members of the Company to members of First Service subject to and on the terms set out in the Set-Off Agreement A, the details of which are set out in the section headed “SET-OFF AGREEMENTS — 1. Set-off Agreement A” of this announcement
“Outstanding Payables B”	the outstanding payables which remained outstanding and payable by members of the Company to members of First Service subject to and on the terms set out in the Set-Off Agreement B, the details of which are set out in the section headed “SET-OFF AGREEMENTS — 2. Set-off Agreement B” of this announcement
“Outstanding Payables C”	the outstanding payables which remained outstanding and payable by members of the Company to members of First Service subject to and on the terms set out in the Set-Off Agreement C, the details of which are set out in the section headed “SET-OFF AGREEMENTS — 3. Set-off Agreement C” of this announcement
“Outstanding Payables D”	the outstanding payables which remained outstanding and payable by members of the Company to members of First Service subject to and on the terms set out in the Set-Off Agreement D, the details of which are set out in the section headed “SET-OFF AGREEMENTS — 4. Set-off Agreement D” of this announcement
“Outstanding Payables E”	the outstanding payables which remained outstanding and payable by members of the Company to members of First Service subject to and on the terms set out in the Set-Off Agreement E, the details of which are set out in the section headed “SET-OFF AGREEMENTS — 5. Set-off Agreement E” of this announcement
“PRC”	the People’s Republic of China
“Properties”	collectively, Properties A, Properties B, Properties C, Properties D and Properties E
“Properties A”	the properties to be transferred to members of First Service subject to and on the terms set out in the Set-Off Agreement A, the details of which are set out in the section headed “SET-OFF AGREEMENTS — 1. Set-off Agreement A” of this announcement

“Properties B”	the properties to be transferred to members of First Service subject to and on the terms set out in the Set-Off Agreement B, the details of which are set out in the section headed “SET-OFF AGREEMENTS — 2. Set-off Agreement B” of this announcement
“Properties C”	the properties to be transferred to members of First Service subject to and on the terms set out in the Set-Off Agreement C, the details of which are set out in the section headed “SET-OFF AGREEMENTS — 3 Set-off Agreement C” of this announcement
“Properties D”	the properties to be transferred to members of First Service subject to and on the terms set out in the Set-Off Agreement D, the details of which are set out in the section headed “SET-OFF AGREEMENTS — 4. Set-off Agreement D” of this announcement
“Properties E”	the properties to be transferred to members of First Service subject to and on the terms set out in the Set-Off Agreement E, the details of which are set out in the section headed “SET-OFF AGREEMENTS — 5. Set-off Agreement E” of this announcement
“Qianjiang Mantingchun”	Qianjiang Mantingchun Development Co., Ltd.* (潛江滿庭春置業有限公司), a limited liability company established under the laws of the PRC and an indirect non wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Set-Off Agreement A”	the set-off agreement dated 23 December 2024, the details of which are set out in the section headed “SET-OFF AGREEMENTS — 1. Set-off Agreement A” of this announcement
“Set-Off Agreement B”	the set-off agreement dated 23 December 2024, the details of which are set out in the section headed “SET-OFF AGREEMENTS — 2. Set-off Agreement B” of this announcement
“Set-Off Agreement C”	the set-off agreement dated 23 December 2024, the details of which are set out in the section headed “SET-OFF AGREEMENTS — 3. Set-off Agreement C” of this announcement
“Set-Off Agreement D”	the set-off agreement dated 23 December 2024, the details of which are set out in the section headed “SET-OFF AGREEMENTS — 4. Set-off Agreement D” of this announcement

“Set-Off Agreement E”	the set-off agreement dated 23 December 2024, the details of which are set out in the section headed “SET-OFF AGREEMENTS — 5. Set-off Agreement E” of this announcement
“Set-Off Agreements”	collectively, the Set-Off Agreement A, the Set-Off Agreement B, the Set-Off Agreement C, the Set-Off Agreement D and the Set-Off Agreement E
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wuhan Julv”	Wuhan Julv Property Services Co., Ltd.* (武漢聚綠物業服務有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of First Property Hubei
“%”	per cent

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

Hong Kong, 23 December 2024

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 purposes only*