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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 TRANSACTIONS: RESTRUCTURING OF U.S. PROJECT COMPANIES**

#### **MGCW RESTRUCTURING**

The Board announces that on 9 December 2016 (U.S. Eastern Time), Modern Land Seattle (an indirect wholly-owned subsidiary of the Company) (as vendor) and AGWMLG (Seattle) (as purchaser) entered into the Interest Purchase Agreement, pursuant to which, among other things, Modern Land Seattle agreed to sell and AGWMLG (Seattle) agreed to purchase 76% ownership interest in MGCW for the consideration of US\$18,785,806.25 (equivalent to approximately HK\$145,590,000).

Before the MGCW Closing, MGCW is held as to 76% and 24% by Modern Land Seattle and MGL Bellevue, respectively and is accounted for as a joint venture of the Company. Immediately after the MGCW Closing, MGCW will be held as to 76% and 24% by AGWMLG (Seattle) and MGL Bellevue, respectively. The Group will have a 57% attributable interest in MGCW which will continue to be accounted for as a joint venture of the Company.

#### **ML REDMOND RESTRUCTURING**

The Board announces that on 9 December 2016 (U.S. Eastern Time), Modern Land (America) (an indirect wholly-owned subsidiary of the Company) (as vendor) and GWML Fund (as purchaser) entered into the Stock Purchase Agreement, pursuant to which, among other things, Modern Land (America) agreed to sell and GWML Fund agreed to purchase 100% of the shares in ML Redmond for the consideration of US\$29,558,436.65 (equivalent to approximately HK\$229,077,884.04).

Before the ML Redmond Closing, ML Redmond is held as to 100% by Modern Land (America) and is accounted for as a subsidiary of the Company. Immediately after the ML Redmond Closing, ML Redmond will be held as to 100% by GWML Fund and cease to be a subsidiary of the Company. The Group will have a 75% attributable interest in ML Redmond which will be accounted for as a joint venture of the Company.

The counterparty of each of the Interest Purchase Agreement and the Stock Purchase Agreement is GWML Fund (or its subsidiary) which was founded by the Company and Great Wall, whereby enjoying a part of the disposal premium as well as fully capitalising the investment management capabilities of GWML Fund. As such, the Board is of the view that the MGCW Restructuring and the ML Redmond Restructuring are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of each of the MGCW Restructuring and the ML Redmond Restructuring is/are more than 5% but less than 25%, each of the MGCW Restructuring and the ML Redmond Restructuring constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **MGCW RESTRUCTURING**

The Board announces that on 9 December 2016 (U.S. Eastern Time), Modern Land Seattle (an indirect wholly-owned subsidiary of the Company) (as vendor) and AGWMLG (Seattle) (as purchaser) entered into the Interest Purchase Agreement, pursuant to which, among other things, Modern Land Seattle agreed to sell and AGWMLG (Seattle) agreed to purchase 76% ownership interest in MGCW for the consideration of US\$18,785,806.25 (equivalent to approximately HK\$145,590,000).

The salient terms of the Interest Purchase Agreement are set out as follows:

### **Date**

9 December 2016

### **Parties**

- (1) Modern Land Seattle (an indirect wholly-owned subsidiary of the Company); and
- (2) AGWMLG (Seattle)

### **Subject matter of the MGCW Restructuring**

Modern Land Seattle agreed to sell, and AGWMLG (Seattle) agreed to purchase, 76% ownership interest in MGCW in accordance with the terms and conditions of the Interest Purchase Agreement.

### **Consideration**

The consideration for the sale and purchase of 76% ownership interest in MGCW is US\$18,785,806.25 (equivalent to approximately HK\$145,590,000).

The consideration under the Interest Purchase Agreement was determined after arm's length negotiations among the parties to the Interest Purchase Agreement after taking into account various factors, including but not limited to, the underlying asset value of Project No. 9 Street held by MGCW as at 30 November 2016 of approximately US\$16,260,000 and the development plan of Project No. 9 Street.

## **Conditions precedent**

The obligation of AGWMLG (Seattle) to consummate the transactions under the Interest Purchase Agreement is subject to the satisfaction of all the following conditions (any of which may be waived by AGWMLG (Seattle) in writing):

- (a) each of the representations and warranties made by Modern Land Seattle contained in the Interest Purchase Agreement shall be true on and as of the MGCW Closing Date with the same effect as though such representations and warranties had been made on and as of such date;
- (b) each of the covenants and agreements of Modern Land Seattle to be performed on or before the MGCW Closing Date shall have been duly performed;
- (c) the assignment and assumption of limited liability company interests shall have been duly and validly executed by Modern Land Seattle and delivered to MGCW; and
- (d) Modern Land Seattle (or the Company to the extent that Modern Land Seattle is disregarded as an entity for federal tax purposes as provided in Treasury Regulation Section 301.7701-3(b)(1)) will have delivered an affidavit that meets the requirements of Section 1445 of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

The obligation of Modern Land Seattle to consummate the transactions under the Interest Purchase Agreement is subject to the satisfaction of all the following conditions (any of which may be waived by Modern Land Seattle in writing):

- (a) each of the representations and warranties made by AGWMLG (Seattle) contained in the Interest Purchase Agreement shall be true on and as of the MGCW Closing Date with the same effect as though such representations and warranties had been made on and as of such date;
- (b) each of the covenants and agreements of AGWMLG (Seattle) to be performed on or before the MGCW Closing Date shall have been duly performed; and
- (c) AGWMLG (Seattle) shall have delivered to Modern Land Seattle the consideration under the Interest Purchase Agreement in full.

## **MGCW Closing**

The MGCW Closing will take place on the MGCW Closing Date, at the offices of Polsinelli PC, 161 N. Clark Street, Suite 4200, Chicago, Illinois 60601 via the electronic exchange of documents, unless another date or place is agreed in writing by Modern Land Seattle and AGWMLG (Seattle), provided that the conditions precedent set forth above shall have been satisfied or waived as of the MGCW Closing.

Before the MGCW Closing, MGCW is held as to 76% and 24% by Modern Land Seattle and MGL Bellevue. As disclosed in the announcement of the Company dated 9 October 2016, MGCW will be accounted for as a subsidiary of the Company upon completion of the transactions under the limited liability interest purchase agreement dated 6 October 2016 in relation to the Group's acquisition of 25% ownership interest in MGCW. Subsequently, the Company confirmed with its reporting accountants that MGCW will be accounted for as a joint venture instead of a subsidiary as relevant activities of MGCW require unanimous consent of all of its members. Immediately after the MGCW Closing, the Group will have a 57% attributable interest in MGCW which will continue to be accounted for a joint venture of the Company.

### **Information of MGCW**

MGCW is a joint venture formed in May 2016 in the State of Washington, the United States. It is principally engaged in acquisition, holding, management and sale of real estate investments in the United States. It was formed by the joint venture partners for the purpose of acquisition and development of Project No.9 Street. For more details of MGCW, please refer to the announcements of the Company dated 30 May 2016 and 7 October 2016.

As at the date of this announcement, MGCW has not generated any revenue or profit since its formation. The total and net asset values of MGCW as at 30 November 2016 were approximately US\$16,460,000 and US\$16,260,000, respectively.

### **Information of the Company, the Group, Modern Land Seattle and AGWMLG (Seattle)**

#### ***The Company and the Group***

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 on green, energy-saving and eco-friendly residences in the PRC.

#### ***Modern Land Seattle***

Modern Land Seattle is a company incorporated in the State of Washington, the United States, with limited liability. It is an indirect wholly-owned subsidiary of the Company and is an investment holding company.

#### ***AGWMLG (Seattle)***

AGWMLG (Seattle) is a company incorporated in the State of Delaware, the United States, with limited liability. It is held as to 100% by GWML Fund, and is an investment holding company.

### **ML REDMOND RESTRUCTURING**

The Board announces that on 9 December 2016 (U.S. Eastern Time), Modern Land (America) (an indirect wholly-owned subsidiary of the Company) (as vendor) and GWML Fund (as purchaser) entered into the Stock Purchase Agreement, pursuant to which, among other things, Modern Land (America) agreed to sell and GWML Fund agreed to purchase 100% of the shares in ML Redmond for the consideration of US\$29,558,436.65 (equivalent to approximately HK\$229,077,884.04).

The salient terms of the Stock Purchase Agreement are set out as follows:

**Date**

9 December 2016

**Parties**

- (1) Modern Land (America) (an indirect wholly-owned subsidiary of the Company); and
- (2) GWML Fund

**Subject matter of the ML Redmond Restructuring**

Modern Land (America) agreed to sell, and GWML Fund agreed to purchase, 100% of the shares in ML Redmond in accordance with the terms and conditions of the Stock Purchase Agreement.

**Consideration**

The consideration for the sale and purchase of 100% of the shares in ML Redmond is US\$29,558,436.65 (equivalent to approximately HK\$229,077,884.04).

The consideration under the Stock Purchase Agreement was determined after arm's length negotiations among the parties to the Stock Purchase Agreement after taking into account various factors, including but not limited to, the underlying asset value of Project Redmond held by MGRM as at 30 November 2016 of approximately US\$31,060,000 and the development plan of Project Redmond.

**Conditions precedent**

The obligation of GWML Fund to consummate the transactions under the Stock Purchase Agreement is subject to the satisfaction of all the following conditions (any of which may be waived by GWML Fund in writing):

- (a) each of the representations and warranties made by Modern Land (America) contained in the Stock Purchase Agreement shall be true on and as of the ML Redmond Closing Date with the same effect as though such representations and warranties had been made on and as of such date;
- (b) each of the covenants and agreements of Modern Land (America) to be performed on or before the ML Redmond Closing Date shall have been duly performed;
- (c) the assignment separate from certificate with respect to the shares of ML Redmond shall have been duly and validly executed by Modern Land (America) and delivered to ML Redmond; and
- (d) Modern Land (America) will have delivered an affidavit that meets the requirements of Section 1445 of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

The obligation of Modern Land (America) to consummate the transactions under the Stock Purchase Agreement is subject to the satisfaction of all the following conditions (any of which may be waived by Modern Land (America) in writing):

- (a) each of the representations and warranties made by GWML Fund contained in the Stock Purchase Agreement shall be true on and as of the ML Redmond Closing Date with the same effect as though such representations and warranties had been made on and as of such date;
- (b) each of the covenants and agreements of GWML Fund to be performed on or before the ML Redmond Closing Date shall have been duly performed; and
- (c) GWML Fund shall have delivered to Modern Land (America) the consideration under the Stock Purchase Agreement in full.

## **ML Redmond Closing**

The ML Redmond Closing will take place on the ML Redmond Closing Date, at the offices of Polsinelli PC, 161 N. Clark Street, Suite 4200, Chicago, Illinois 60601 via the electronic exchange of documents, unless another date or place is agreed in writing by Modern Land (America) and GWML Fund, provided that the conditions precedent set forth above shall have been satisfied or waived as of the ML Redmond Closing.

Before the ML Redmond Closing, ML Redmond is held as to 100% by Modern Land (America) and is accounted for as a subsidiary of the Company. Immediately after the ML Redmond Closing, ML Redmond will be held as to 100% by GWML Fund and cease to be a subsidiary of the Company. The Group will have a 75% attributable interest in ML Redmond which will be accounted for as a joint venture of the Group.

## **Information of ML Redmond and MGRM**

ML Redmond is a corporation incorporated in the State of Washington, the United States and the sole member of Modern Land Redmond LLC, which holds 95% ownership interest in MGRM. It is an investment holding company.

MGRM is a joint venture formed in October 2016 in the State of Washington, the United States. It is principally engaged in acquisition, holding, management and sale of real estate investments in the United States. It was formed by the joint venture partners for the purpose of acquisition and development of Project Redmond. As at the date of this announcement, MGRM has not generated any revenue or profit since its formation. The total and net asset values of MGRM as at 30 November 2016 were approximately US\$31,060,000 and US\$31,060,000, respectively.

## **Information of Modern Land (America) and GWML Fund**

### ***The Company and the Group***

#### ***Modern Land (America)***

Modern Land (America) is a company incorporated in the State of Washington, the United States, with limited liability. It is an indirect wholly-owned subsidiary of the Company and is an investment holding company.

## *GWML Fund*

GWML Fund is an exempted limited partnership established on 17 October 2016 in the Cayman Islands. The Group is a limited partner of the GWML Fund and committed to invest US\$67.5 million therein, representing 75% of the total capital commitment of GWML Fund (US\$90 million). The main purpose of GWML Fund is to carry on the business of investing in the project companies in respect of real estate development project(s) in the United States, by way of, without limitation, the purchase, subscription, acquisition, sale and disposal of shares, debentures, convertible loan stocks and other securities and the making of loans whether secured or unsecured to such companies in connection with equity or equity related investments. For more details of GWML Fund, please refer to the announcement of the Company dated 24 November 2016.

### **REASONS FOR AND BENEFIT OF ENTERING INTO THE INTEREST PURCHASE AGREEMENT AND THE STOCK PURCHASE AGREEMENT**

The Group is a property developer focused on the development on green, energy-saving and eco-friendly residences in the PRC. The counterparty of each of the Interest Purchase Agreement and the Stock Purchase Agreement is GWML Fund (or its subsidiary) which was founded by the Company and Great Wall, whereby enjoying a part of the disposal premium as well as fully capitalising the investment management capabilities of GWML Fund.

The Board is of the view that the terms of the Interest Purchase Agreement and the Stock Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms after arm's length negotiations among the parties, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Group expects to record no gain nor loss as a result of the ML Redmond Restructuring and a gain of approximately US\$700,000 as a result of the MGCW Restructuring, which represents the difference between the consideration under the Interest Purchase Agreement and the original purchase cost paid by the Group. The aforesaid figure is however subject to audit and will be assessed after the MGCW Closing. The Group intends to utilise the proceeds from the two transactions for investment in real estate development projects in North America when opportunities arise.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of each of the MGCW Restructuring and the ML Redmond Restructuring is/are more than 5% but less than 25%, each of the MGCW Restructuring and the ML Redmond Restructuring constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“AGWMLG (Seattle)”	America Great Wall Modern Land Green (Seattle) Holding LLC, a limited liability company formed in the State of Delaware, the United States
“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
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Great Wall”	Great Wall Pan Asia International Investment Co., Limited (長城環亞國際投資有限公司), a company incorporated in Hong Kong with limited liability
“GWML Fund”	Great Wall Modern Land Fund L.P., an exempted limited partnership established in the Cayman Islands
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“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
“Interest Purchase Agreement”	the Limited Liability Interest Purchase Agreement dated 9 December 2016 between Modern Land Seattle and AGWMLG (Seattle) in relation to the MGCW Restructuring
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MGCW”	MGCW, LLC, a limited liability company formed in the State of Washington, the United States
“MGCW Closing”	the consummation of the sale and purchase of the 76% ownership interest in MGCW
“MGCW Closing Date”	the date of the MGCW Closing

“MGCW Restructuring”	the transfer by Modern Land Seattle of 76% ownership interest in MGCW to AGWMLG (Seattle) under the Interest Purchase Agreement
“MGL Bellevue”	Modern Green Land Bellevue LLC, a company incorporated in the State of Washington, the United States
“MGRM”	MGRM, LLC, a limited liability company formed in the State of Washington, the United States
“ML Redmond”	Modern Land Redmond No. 1 Corp., a corporation incorporated in the State of Washington, the United States, being the sole member of Modern Land Redmond LLC
“ML Redmond Closing”	the consummation of the sale and purchase of the 100% of the shares in ML Redmond
“ML Redmond Closing Date”	the date of the ML Redmond Closing
“ML Redmond Restructuring”	the transfer by Modern Land (America) of 100% of the shares in ML Redmond to GWML Fund under the Stock Purchase Agreement
“Modern Land (America)”	Modern Land (America) Co. Limited, a limited liability company formed in the State of Delaware, the United States, and is an indirect wholly-owned subsidiary of the Company
“Modern Land Seattle”	Modern Land Seattle, LLC, a company incorporated in the State of Washington, the United States, and is an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China
“Project No. 9 Street”	the real estate development project located at 427 9th Ave N, Seattle, WA98109, County of King, State of Washington, U.S. currently held by MGCW
“Project Redmond”	the real estate development project located at 16425 Cleveland St. Redmond, County of King, State of Washington, U.S. currently held by MGRM
“Shareholders”	holders of the Shares
“Shares”	the shares of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Stock Purchase Agreement”	the Stock Purchase Agreement dated 9 December 2016 between Modern Land (America) and GWML Fund in relation to the ML Redmond Restructuring
“US\$”	US dollar, the lawful currency of the United States
“U.S.” or “United States”	the United States of America
“%”	per cent.

*The figures in US\$ are converted into HK\$ at the rate of US\$1: HK\$7.75 throughout this announcement for indicative purpose only.*

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

Hong Kong, 9 December 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.*