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COASTAL 沿海
COASTAL GREENLAND LIMITED
沿海綠色家園有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 1124)

**VERY SUBSTANTIAL DISPOSAL
AND
RESUMPTION OF TRADING**

THE DISPOSAL

On 13 January 2018, the Company and the Purchaser entered into the Disposal Agreement, pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire equity interests in the Target Company at a total consideration of approximately RMB3.8 billion (equivalent to approximately HK\$4.58 billion). Completion shall be conditional, among other things, upon the approval of the Disposal Agreement and the transactions contemplated thereunder by the Shareholders at the SGM.

LISTING RULES IMPLICATIONS

As the relevant applicable percentage ratios set forth under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 75% or more, the Disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. The SGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Disposal.

* For identification purpose only

GENERAL

A circular containing, among other things, details of the Disposal Agreement, the Target Company, the financial information of the Group, the financial information of the Target Group, the notice convening the SGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 16 April 2018, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

Completion of the Disposal is conditional upon the satisfaction or, if applicable, waiver of the conditions set out in the section headed “Conditions Precedent” in this announcement, including the approval of the Disposal Agreement and the transactions contemplated thereunder by Shareholders at the SGM. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:00 a.m. on Monday, 15 January 2018 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on 24 January 2018.

INTRODUCTION

On 13 January 2018, the Company and the Purchaser entered into the Disposal Agreement, pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire equity interests in the Target Company at a total consideration of approximately RMB3.8 billion (equivalent to approximately HK\$4.58 billion).

INFORMATION ON THE TARGET GROUP

The Target Company is a limited company incorporated under the laws of the British Virgin Islands which is directly wholly-owned by the Company. According to the Disposal Agreement, the Company will carry out the Reorganisation to transfer (i) the equity interests in all project companies subject to the Disposal and (ii) the balance of receivable from a PRC local government amounting to RMB152 million to the Target Company. Following the completion of the Reorganisation, the Target Group will consist of seven project companies namely Beijing Tianlun, Coastal Wuhan, Foshan Harmonious, Shenyang Coastal, Shenyang Zhongguang, Tianjin Harmonious and Wuhan Zhisheng which are currently undertaking property projects for sale and under development.

Beijing Tianlun is a company established in the PRC with limited liability. The principal business of Beijing Tianlun is property investment. Beijing Tianlun is currently undertaking a project to develop office building in Chaoyang District.

Coastal Wuhan is a company established in the PRC with limited liability. The principal business of Coastal Wuhan is property development. Coastal Wuhan is currently undertaking a residential property project in Dongxihu District.

Foshan Harmonious is a company established in the PRC with limited liability. The principal business of Foshan Harmonious is property development. Foshan Harmonious is currently undertaking a commercial property project in Chancheng District.

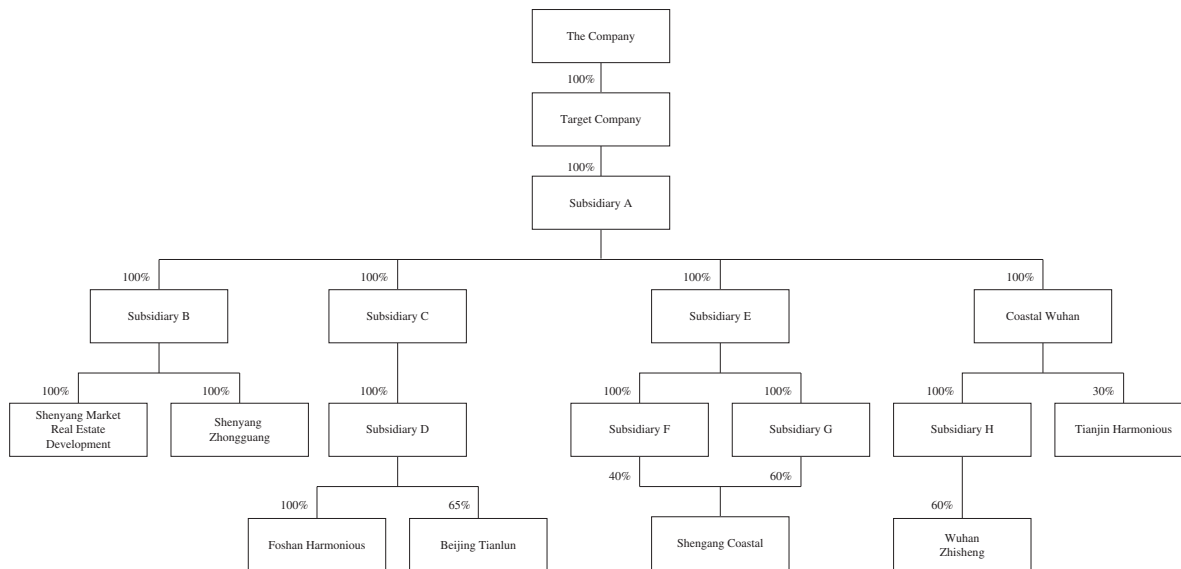
Shenyang Coastal is a company established in the PRC with limited liability. The principal business of Shenyang Coastal is property development. Shenyang Coastal is currently undertaking a hotel project in Hunnan New District.

Shenyang Zhongguang is a company established in the PRC with limited liability. The principal business of Shenyang Zhongguang is property development. Shenyang Zhongguang is currently undertaking a mixed use project in Sujiatun District.

Tianjin Harmonious is a company established in the PRC with limited liability. The principal business of Tianjin Harmonious is property development. Tianjin Harmonious is currently undertaking a primary land development project in Beichen District.

Wuhan Zhisheng is a company established in the PRC with limited liability. The principal business of Wuhan Zhisheng is property development. Wuhan Zhisheng is currently undertaking a commercial property project in Jiangnan District.

Shareholding structure of the Target Group and the Company after Reorganisation and immediately before Completion



Prior to the Reorganisation, the Group is expected to complete its buyout of Foshan Harmonious and Wuhan Zhisheng, being two of the project companies subject to the Disposal, from the respective project partners which are Independent Third Parties.

Reference is made to the Company’s announcement dated 10 January 2018 in relation to the exercise of put option by the project partner concerning the Foshan project. On 10 January 2018, the Group has increased its shareholding in Foshan Harmonious from 20% to 100%. Similar situation is expected to be replicated on Wuhan Zhisheng where the Group will complete its buyout of Wuhan Zhisheng and increase its shareholding in Wuhan Zhisheng from 30% to 90% before disposing of the company pursuant to the Disposal Agreement. As at the date of this announcement, the buyout of Wuhan Zhisheng is yet to be completed and the Company will make announcement in this regard when necessary.

Set out below is the unaudited proforma consolidated financial information of the Target Group as prepared in accordance with the HKFRSs for the years ended 31 March 2016 and 2017:

	For the year ended/ as at 31 March 2016 (unaudited) HK\$'000	For the year ended/ as at 31 March 2017 (unaudited) HK\$'000
Revenue	1,089,431	2,476,849
(Loss)/profit before tax	(134,005)	1,912,625
(Loss)/profit after tax	(178,675)	1,616,761
Total assets	15,630,547	13,044,182
Total liabilities	(12,170,448)	(8,188,233)
Net assets	3,460,099	4,855,949

The unaudited net asset value of the Target Group amounted to HK\$5,064 million as at 30 September 2017.

Subject to and upon Completion, the Company will cease to have any equity interest in the Target Group and the members of the Target Group will cease to be subsidiaries or associate of the Company.

DISPOSAL AGREEMENT

Date

13 January 2018

Parties

Vendor: Coastal Greenland Limited (沿海綠色家園有限公司*)

Purchaser: Affluent Ocean International Limited (裕海國際有限公司)

Target Company: Century East Group Limited (恒華集團有限公司)

The vendor is the Company which is incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1124). The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries comprise property development, property investment, provision of project management services and project investment services.

The Purchaser is a company incorporated in the British Virgin Islands with limited liability. The Purchaser is principally engaged in investment holding. It is a wholly-owned subsidiary of Yuzhou Properties. Yuzhou Properties is a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1628). To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and Yuzhou Properties, being its ultimate beneficial owner, are Independent Third Parties.

Assets to be disposed of

The principal assets of the Target Group are the project companies undertaking property projects for sale and/or under development. Details of such projects companies are set out below:

Project company	Project name	Location	Project type	Equity interests	Project status
Beijing Tianlun	Beijing Jian Guo Men Wai Project	Chaoyang District, Beijing	Office	65%	Under development
Coastal Wuhan	Wuhan Silo City	Dongxihu District, Wuhan	Residential	100%	Under development and for sale
Foshan Harmonious	Foshan Coastal Garden	Chancheng District, Foshan City	Commercial	100%	Completed for sale
Shenyang Coastal	Shenyang Coastal International Centre	Hunnan New District, Shenyang	Hotel	100%	Under development and for sale
Shenyang Zhongguang	Shenyang Sujiatun Project	Sujiatun District, Shenyang	Mixed use	100%	Under development
Tianjin Harmonious	Tianjin Project	Beichen District, Tianjin	Primary land development	30%	Under development
Wuhan Zhisheng	Wuhan Lingjiao Hu Project	Jiangnan District, Wuhan	Commercial	60%	Completed for sale

The Company also conditionally agreed to dispose of the balance of receivable from a PRC local government amounting to RMB152 million which is owned by Shengang Market Real Estate Development on a dollar-for-dollar basis.

Consideration

The Consideration is RMB3.8 billion (equivalent to approximately HK\$4.58 billion) which was determined after arm's length negotiation with reference to (i) the unaudited net asset value of the Target Group; (ii) the balance of receivable from a PRC local government on dollar-for-dollar basis; and (iii) waiver of debt owed to the Target Group. The Directors consider that the terms and conditions of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Payment of the Consideration

The Consideration shall be payable by the Purchaser to the Company in the following manner:

- (i) within two Business Days of the date of the Disposal Agreement, the Purchaser shall pay RMB700 million among which RMB400 million shall be regarded as deposit;
- (ii) within five Business Days of the passing of the Tianjin Harmonious Resolutions, the Purchaser shall pay RMB500 million;
- (iii) within ten days following the completion of due diligence exercise by the Purchaser and five Business Days of the Purchaser not having raised any material issues that will affect the fulfilment of the Disposal Agreement, the Purchaser shall pay RMB800 million;
- (iv) within three Business Days of the Completion, the Purchaser shall pay RMB1.6 billion;
and
- (v) within three months of the Completion, the Purchaser shall pay the remaining balance of the Consideration.

Conditions Precedent

Completion is conditional upon fulfilment of the following:

- (i) the due diligence exercise on the legal issues and financial situation of the Target Company and the Target Group to be carried out having been completed to the satisfaction of the Purchaser. If any potential issue and/or problem was found during the process of due diligence exercise, such issue and/or problem having been addressed within the period required by the Purchaser and to the satisfaction of the Purchaser;
- (ii) the transactions contemplated under the Disposal Agreement having obtained all the relevant and necessary approvals and consents, including but not limited to governmental approval, if applicable;
- (iii) approval of the Disposal Agreement and the transactions contemplated thereunder by Shareholders at the SGM;
- (iv) the Reorganisation having been completed to the satisfaction of the Purchaser; and
- (v) the declarations, warranties and undertakings given by the Company under the Disposal Agreement in relation to the Target Group remaining true and accurate in all material respects and not misleading in any material respect.

If any of the Conditions Precedent is not fulfilled within 120 days upon signing of the Disposal Agreement (or such later date as the parties may agree in writing), the Disposal Agreement shall be expired and terminated, and neither party to the Disposal Agreement shall have any obligations and liabilities towards each other save for any antecedent breaches of the terms of the Disposal Agreement.

Completion

Completion shall take place within 10 days of the fulfillment or waiver of all the Conditions Precedent.

Termination

The Disposal Agreement shall be terminated if (i) the Disposal Agreement and the transactions contemplated thereunder are not approved by the Stock Exchange; or (ii) the Conditions Precedent is not fulfilled within 120 days upon signing of the Disposal Agreement (or such later date as the parties may agree in writing).

REASONS FOR AND BENEFIT OF THE DISPOSAL

Having regard to the increasingly challenging business environment and the uncertainties of the prospect of the property market in the PRC, the Board considers that the Disposal will enable the Group to realise its investment in the project companies at the fair value as part of the Group's property portfolio, reduce its operational risk and for better utilisation of the Group's resources.

Taking into consideration of the aforesaid, the Directors consider that the terms and conditions of the Disposal are on normal commercial terms and are fair and reasonable and that the Disposal is in the interests of the Company and the Shareholders as a whole.

Upon Completion, the Company will retain a total of nine property projects completed for sale or under development in its portfolio which include residential and commercial projects located in Anshan, Dalian, Heilongjiang, Beijing, Chongqing, Wuhan and Shanghai. The Group will continue to seek opportunities to replenish its property portfolio as an on-going business exercise.

Details of the retained property projects are as below:

Project name	Location	Project type	Project status	Equity interests as at 30 September 2017
Anshan Wisdom New City	Lishan District, Anshan	Residential	Completed for sale	100%
Anshan Coastal Xintiandi Project	Lishan District, Anshan	Commercial	Under development	100%
Dalian Coastal International Centre	Shahekou District, Dalian	Mixed use	Completed for sale	100%
Dalian Jianzhu Project	Ganjingzi District, Dalian	Residential	Completed for sale	100%
Jixi Silo City	Jiguan District, Jixi, Heilongjiang	Residential	Under development	85%
Beijing Bay Project	Chang Ping District, Beijing	Residential	Under development	40%
Chongqing Silo City	Beipei Town, Chongqing	Residential	Completed for sale	30%
Wuhan Lingjiao Hu Project	Jiangnan District, Wuhan	Commercial	Completed for sale	30%
Shanghai Shui Du South Crest	Qingpu District, Shanghai	Residential	Under development	12%

As at 30 September 2017, the total asset values of the nine property projects are approximately HK\$2.3 billion.

FINANCIAL EFFECTS OF AND USE OF PROCEEDS FROM THE DISPOSAL

Based on the unaudited net asset value of the Target Group (being approximately HK\$4,856 million as reflected in the unaudited proforma consolidated financial statements of the Target Group prepared in accordance with HKFRSs as at 31 March 2017), it is estimated that the Company will realise an unaudited gain on the Disposal of approximately HK\$834 million, being the difference between the Consideration, the unaudited net asset value of the Target Group and the waiver of debt owed to the Target Group amounting to approximately HK\$768 million as at 31 March 2017. The estimated gain to be derived from the Disposal has not taken into account the potential tax impact upon completion of the Disposal and any adjustment to the accounts that may arise and be agreed upon based on the findings of the due diligence exercise conducted by the Purchaser and the actual gain on the Disposal to be recognised by the Group will be dependent on the net asset value and the amount of the waiver of debt owned to the Target Group as determined and agreed upon as at Completion.

It is currently intended that the net proceeds will be applied around 20% as general working capital of the Group, around 25% for repayment of bank borrowings, around 30% as projects development and construction costs of the retained projects and, if suitable opportunities arise, the remaining 25% for business development of the Group.

Among the proceeds intended to be used for business development, the Group plans to allocate approximately RMB950 million to a potential city redevelopment project of an old village in Shenzhen which is currently under negotiation.

LISTING RULES IMPLICATIONS

The entering into of the Disposal Agreement and the Disposal constitute a very substantial disposal of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders have any material interest in the Disposal or are required to abstain from voting at the SGM of the Company to approve the Disposal.

GENERAL

A circular containing, among other things, details of the Disposal Agreement and the Target Company, the financial information of the Group, the financial information of the Target Group, the notice convening the SGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 16 April 2018, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

Completion of the Disposal is conditional upon the satisfaction of the conditions set out in the section headed “Conditions Precedent” in this announcement, including the approval of the Disposal Agreement and the transactions contemplated thereunder by the Shareholders at the SGM. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:00 a.m. on Monday, 15 January 2018 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on 24 January 2018.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“Beijing Tianlun”	Beijing Tianlun Huanyu Investment Management Co., Ltd* (北京天倫寰宇投資管理有限公司), a company established in the PRC with limited liability
“Business Day(s)”	a day on which licensed banks in the PRC are generally open for business throughout their normal business hours

“Coastal Wuhan”	Coastal Greenland Development (Wuhan) Ltd* (沿海綠色家園發展(武漢)有限公司), a company incorporated in the PRC with limited liability
“Company”	Coastal Greenland Limited (沿海綠色家園有限公司*), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1124)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement
“Conditions Precedent”	the conditions precedent for Completion as set out under the Disposal Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration to be paid by the Purchaser to the Company of RMB3.8 billion (equivalent to approximately HK\$4.58 billion) for the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the entire equity interests in the Target Company pursuant to the terms and conditions of the Disposal Agreement
“Disposal Agreement”	the agreement dated 13 January 2018 entered into between the Company and the Purchaser in relation to the disposal of entire equity interests in the Target Company
“Foshan Harmonious”	Foshan Harmonious Realty Development Co., Ltd* (佛山和諧家園房地產有限公司), a company established in the PRC with limited liability
“Group”	the Company and its subsidiaries

“HKFRSs”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the 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 any of its connected persons (as defined in the Listing Rules) or their respective associates
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Affluent Ocean International Limited (裕海國際有限公司), a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of Yuzhou Properties
“Reorganisation”	the reorganisation of the Target Group which comprises the Target Company purchasing the entire issued share capital of the project companies subject to the Disposal
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Disposal Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s) of the Company
“Shenyang Coastal”	Shenyang Coastal Rongtian Real Estate Co., Ltd* (瀋陽沿海榮天置業有限公司), a company incorporated in the PRC with limited liability
“Shenyang Market Real Estate Development”	Shenyang Market Real Estate Development Co., Ltd.* (瀋陽市市場開發有限公司), a company established in the PRC with limited liability
“Shenyang Zhongguang”	Shenyang Zhong Guang Bei Fang Ying Shi Cheng Co., Ltd* (瀋陽中廣北方影視城有限公司), a company incorporated in the PRC with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Century East Group Limited (恒華集團有限公司), a company incorporated in the British Virgin Islands with limited liability and directly wholly-owned by the Company
“Target Group”	the Target Company and its subsidiaries following the completion of Reorganisation which shall include project companies namely Beijing Tianlun, Coastal Wuhan, Foshan Harmonious, Shenyang Coastal, Shenyang Zhongguang, Tianjin Harmonious and Wuhan Zhisheng
“Tianjin Harmonious”	Tianjin Harmonious Realty Development Co., Limited* (天津和諧家園建設開發有限公司), a company established in the PRC with limited liability
“Tianjin Harmonious Resolutions”	the shareholders’ resolutions or directors’ resolutions of Tianjin Harmonious or a memorandum confirming that in the event the Purchaser tenders a bid for the primary land held by Tianjin Harmonious, the other shareholders of Tianjin Harmonious will not tender any bid

“Wuhan Zhisheng”	Wuhan Zhisheng Group Co., Ltd* (武漢致盛集團有限公司), a company incorporated in the PRC with limited liability
“Yuzhou Properties”	Yuzhou Properties Company Limited (禹州地產股份有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 1628)
“%”	per cent.

By Order of the Board
Coastal Greenland Limited
Jiang Ming
Chairman

Hong Kong, 23 January 2018

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of HK\$1.00 to RMB0.82997. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

As at the date of this announcement, the Board comprises Mr. Jiang Ming, Mr. Tao Lin, Mr. Xia Xianglong and Dr. Li Ting as executive Directors, Mr. Lu Jiqiang and Mr. Zhu Guoqiang as non-executive Directors and Mr. Wong Kai Cheong, Mr. Yang Jiangan and Mr. Huang Xihua as independent non-executive Directors.

* *For identification purpose only*