

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 16 December 2016 (after trading hours of the Stock Exchange), the Vendor, the Target LLP, the Purchaser, the Company and Yuzhou Properties, entered into the Disposal Agreement, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire equity interest in the Target LLP at a total consideration of approximately RMB3,589.1 million (equivalent to approximately HK\$4,005.7 million). 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.

The Vendor has also granted a Termination Option to the Purchaser under the Disposal Agreement, pursuant to which the Purchaser is entitled to unilaterally terminate the Disposal Agreement and request the Vendor to acquire all of its equity interests in the Target LLP and to return to the Purchaser the sum of Consideration paid and expense incurred in the development of the land, plus accrued interest at a rate of 15% per annum, upon happening of any of the Termination Events within two years.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios set forth under Rule 14.07 of the Listing Rules in respect of the Disposal is 75% or more, the Disposal constitute a very substantial disposal for the Company under Chapter 14 of the Listing Rules. Given that the exercise of the Termination Option by the Purchaser is not at the Company's discretion, pursuant to Rule 14.74 of the Listing Rules, the grant of the Termination Option under the Disposal Agreement will be classified as if they had been exercised. The exercise of the Termination Option by the Purchaser constitutes a possible very substantial acquisition for the Company. The Disposal and the grant of the Termination Option are 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 and the transactions contemplated thereunder, including the Termination Option under the Disposal Agreement.

GENERAL

A circular containing, among other things, details of the Disposal Agreement, the Target LLP, the financial information of the Group, the financial information of the Target LLP, 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 Friday, 31 March 2017, 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, 19 December 2016 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 Thursday, 29 December 2016.

INTRODUCTION

On 16 December 2016 (after trading hours of the Stock Exchange), the Vendor, the Target LLP, the Purchaser, the Company and Yuzhou Properties, entered into the Disposal Agreement, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire equity interest in the Target LLP at a total consideration of approximately RMB3,589.1 million (equivalent to approximately HK\$4,005.7 million).

INFORMATION ON THE TARGET LLP AND TARGET COMPANY

The Target LLP was established in the PRC in 2011 and owned as to 98.8% by Beijing Trust, 0.53% by Mr. Wu Qingbing and 0.67% by the Company. Beijing Trust and Mr. Wu Qingbing were both Independent Third Parties. The principal asset of the Target LLP was 97.63% equity interest in the Target Company. The remaining 2.37% equity interest in the Target Company was owned by Lan Kong Construction.

In 2013, the Target LLP, the Vendor, the Target Company, Lan Kong Construction and Beijing Trust entered into a cooperation agreement which consisted of a capital injection commitment (the “**Project Agreement**”), pursuant to which, among other terms, (i) the Vendor conditionally agreed to acquire 98.8% equity interest in the Target LLP owned by Beijing Trust and cooperate with Lan Kong Construction in the development of the Land Parcels owned by the Target Company; and (ii) Lan Kong Construction agreed to transfer the interest in resettlement buildings amounting to RMB600 million to the Target Company within 3 months upon entering into the Project Agreement. After the completion of the Vendor’s acquisition of 98.8% equity interest in the Target LLP from Beijing Trust under the Project Agreement, the Company would own an aggregate of 99.47% equity interest in the Target LLP. The shareholding structure of the Target Company remained unchanged and owned as to 97.63% by the Target LLP and 2.37% by Lan Kong Construction. According to the Project Agreement, the shareholding of Lan Kong Construction in the Target Company would increase from 2.37% to 60% after the capital injection which was one of the steps in the cooperation arrangement stipulated in the Project Agreement.

During the year ended 31 March 2015, the Vendor completed its acquisition of the Target LLP at a total consideration of approximately RMB522 million. Expecting Lan Kong Construction to honour its capital injection commitment followed by the corresponding increase in shareholding of Lan Kong Construction in the Target Company from 2.37% to 60% in accordance with the Project Agreement, the Company accounted for 40% interest in the Target Company accordingly and recognised the Target Company as an associate of the Company.

According to the Project Agreement, the capital injection by Lan Kong Construction amounting to RMB600 million should have been completed within 3 months upon entering into the Project Agreement. Nevertheless, Lan Kong Construction has failed to honour its obligation where the amount of RMB600 million has never been transferred to the Target Company. As such, Lan Kong Construction has breached the capital injection commitment and the aforementioned shareholding adjustment shall no longer be valid. Having considered that the Disposal is in progress, the Group currently reserves its right to take legal action against Lan Kong Construction in respect of its breach of capital injection commitment under the Project Agreement. In the event that Lan Kong Construction proceeds with the WLKC Claim, the Group will consider taking legal action accordingly.

Target LLP is a limited partnership established in the PRC with a partnership capital of RMB416.1 million, of which RMB411.1 million was contributed by the Vendor holding 98.8% of the equity interest, RMB2.8 million was contributed by Shanghai Yaxin holding 0.67% of the equity interest and RMB2.2 million was contributed by Mr. Wu Qingbing holding 0.53% of the equity interest.

Target LLP is principally engaged in equity investment, project investment, industrial investment and investment consulting services. The principal asset of Target LLP is 97.63% equity interest in the Target Company, of which 97% equity interest has been pledged to China Credit Trust for a loan obtained by the Target Company amounting to RMB450 million (equivalent to approximately HK\$502.2 million). The remaining 2.37% equity interest in the Target Company is owned by Lan Kong Construction which has been frozen by Wuhan Intermediate People's Court (武漢市中級人民法院) due to a litigation involving Lan Kong Construction and Chaojiang Trading.

The Target Company is a company established in the PRC with limited liability and is principally engaged in real estate development, property sale, property management and construction equipment lease. The principal assets of the Target Company are the land use rights of the Land Parcels located in Chaojiang Village, Hanyang District, Wuhan, the PRC, of a total site area of approximately 168,600 sq.m on which a total gross floor area of 598,179 sq.m. can be developed.

As at the date of this announcement, development of the Land Parcels has not yet commenced. Prior to the acquisition of Target LLP by the Vendor under the Project Agreement, the Target Company had provided guarantee to Lan Kong Construction in respect of loan obtained from Chaojiang Trading. As the outstanding loan owed by Lan Kong Construction to Chaojiang Trading is overdue, an application has been made by Chaojiang Trading to the People's Court for the seizure of the Land Parcels. As at the date of this announcement, the total amount of such outstanding loan is expected to be approximately RMB486.7 million. Since Lan Kong Construction failed to repay the outstanding loan, the Target Company, as the guarantor, is obliged to settle the debt in order to release the Land Parcels seized by Chaojiang Trading.

Since the ground for seizure of the Land Parcels by Chaojiang Trading is the outstanding loan amounting to RMB486.7 million, an equivalent amount has been provided for in the Consideration committed by the Purchaser to release the Land Parcels. It is expected that the seizure of Land Parcels will be withdrawn by Chaojiang Trading upon repayment of the loan. In the event that the seizure of Land Parcels is not withdrawn, due to any reasons, the Disposal may not proceed and the Disposal Agreement may be terminated by the Purchaser. In this case, whether the Disposal would be terminated and how the Disposal would proceed are subject to renegotiation between the Vendor and the Purchaser. The Company will re-comply with the relevant requirements under Chapter 14 of the Listing Rules if such termination takes place. For details of events that may trigger unilateral termination of the Disposal Agreement by the Purchaser, please refer to the paragraph headed "Termination" in this announcement.

Lan Kong Construction had been committed to the construction of resettlement buildings in return for the land use rights of the Land Parcels granted by the PRC local government to the Target Company. Since Lan Kong Construction was in financial difficulty and failed to settle the construction obligation, the Target Company is obliged to complete the remaining part of the resettlement buildings for the PRC local government. The construction cost arising therefrom has been provided for in the Consideration committed by the Purchaser. As at the date of this announcement, over 90% of the construction of resettlement buildings has been completed and the amount of such construction obligation has to be negotiated between the Purchaser and Chaojiang Trading upon Completion of the Disposal.

Set out below is the financial information of the Target LLP as extracted from its unaudited management accounts prepared in accordance with the PRC GAAP for the years ended 31 March 2015 and 2016:

	For the year ended/as at 31 March 2016 (unaudited) <i>RMB'000</i>	For the year ended/as at 31 March 2015 (unaudited) <i>RMB'000</i>
Revenue	–	–
Profit (loss) before tax	21	(22)
Profit (loss) after tax	21	(22)
Total assets	865,599	865,585
Total liabilities	(450,002)	(450,009)
Net assets	415,597	415,576

Set out below is the financial information of the Target Company as extracted from its unaudited management accounts prepared in accordance with the PRC GAAP for the years ended 31 March 2015 and 2016:

	For the year ended/as at 31 March 2016 (unaudited) <i>RMB'000</i>	For the year ended/as at 31 March 2015 (unaudited) <i>RMB'000</i>
Revenue	–	–
Profit (loss) before tax	2,295	(1,856)
Profit (loss) after tax	2,295	(1,856)
Total assets	947,292	894,945
Total liabilities	(528,957)	(513,471)
Net assets	418,335	381,474

DISPOSAL AGREEMENT

Date

16 December 2016 (after trading hours of the Stock Exchange)

Parties

Vendor:	Coastal Greenland Development (Wuhan) Ltd* (沿海綠色家園發展(武漢)有限公司)
Purchaser:	Shanghai Fengzhou Property Co. Ltd.* (上海豐洲房地產開發有限公司)
Target LLP:	Kunshan Fuzhi Dingxin Equity Investment Enterprise* (昆山富智鼎鑫股權投資企業(有限合夥))
Guarantors:	The Company Yuzhou Properties Company Limited

The Vendor is a company established in the PRC with limited liability. It is an indirect wholly-owned subsidiary of the Company and is principally engaged in property development. The Vendor is holding 98.8% equity interest in the Target LLP and will procure to acquire 0.53% equity interest in the Target LLP from Mr. Wu Qingbing who is an Independent Third Party, prior to completion of the Disposal. The amount of consideration for the acquisition of such 0.53% equity interest in the Target LLP owned by Mr. Wu Qingbing will be determined with reference to his effective interest in the Land Parcels based on his shareholding in the Target LLP. The Company will comply with the relevant requirement under Chapter 14 of the Listing Rules as and when the Company acquires such equity interest. As at the date of this announcement, the Group has not entered into any agreement with Mr. Wu Qingbing in relation to the acquisition of his equity interest in the Target LLP. The Vendor will dispose of the remaining 0.67% equity interest in the Target LLP on behalf of Shanghai Yaxin, an indirect wholly-owned subsidiary of the Company. Accordingly, the Vendor shall dispose of an aggregate of 100% equity interest in the Target LLP to the Purchaser, upon Completion.

Should the Group fail to acquire the 0.53% equity interest in the Target LLP owned by Mr. Wu Qingbing or fail to deliver 100% equity interest in the Target LLP to the Purchaser in accordance with the Disposal Agreement due to any reasons, the Disposal may not proceed and the Disposal Agreement may be terminated by the Purchaser. In this case, whether the Disposal would be terminated and how the Disposal would proceed are subject to renegotiation between the Vendor and the Purchaser. The Company will re-comply with the relevant requirements under Chapter 14 of the Listing Rules if such termination takes place. For details of events that may trigger unilateral termination of the Disposal Agreement by the Purchaser, please refer to the paragraph headed "Termination" in this announcement.

The Purchaser is a company established in the PRC with limited liability. It is an indirect wholly-owned subsidiary of Yuzhou Properties. The Purchaser is principally engaged in property development. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner, Yuzhou Properties, are Independent Third Parties.

The Company is the guarantor for the obligations of the Vendor and the Target LLP while Yuzhou Properties is the guarantor for the obligations of the Purchaser under the Disposal Agreement.

Assets to be disposed of

The principal asset of the Target LLP is 97.63% equity interest in the Target Company, of which 97% equity interest has been pledged to China Credit Trust for a loan obtained by the Target Company amounting to RMB450 million (equivalent to approximately HK\$502.2 million). The principal assets of the Target Company are the land use rights of the Land Parcels located in Chaojiang Village, Hanyang District, Wuhan, the PRC, of a total site area of approximately 168,600 sq.m. on which a total gross floor area of 598,179 sq.m. can be developed.

Adjustments to the Consideration

The maximum commitment of consideration borne by the Purchaser is RMB3,589.1 million, of which the amount of the following potential claim and adjustments cannot be ascertained as at the date of this announcement:

- (i) There is a protective clause for the Purchaser that if there arises any other debts and/or obligations of the Target LLP and/or the Target Company which are not disclosed in the Disposal Agreement (i.e. exclude repayment/settlement of various loans and construction obligations detailed in this announcement) before the date of completion of the Disposal, the Vendor shall be responsible for such debts and/or obligations and the losses suffered by the Purchaser (including debts, interests, penalties, legal fees, litigation expenses and other actually incurred expenses). If such debts and/or obligations are less than RMB100 million, such amount shall be deducted from the Retained Consideration (the “**Other Adjustment**”). If the amount exceeds RMB100 million, the amount in excess of RMB100 million shall be paid by the Vendor. The Target LLP, the Target Company and the Company shall be jointly and severally liable for the payment obligation of the Vendor for a period of two years;

- (ii) Lan Kong Construction has entered into the Project Agreement with the Target LLP, the Vendor and the Target Company and the Beijing Trust in 2013, pursuant to which, among other terms, Lan Kong Construction agreed to transfer the interest in resettlement buildings amounting to RMB600 million to the Target Company within 3 months upon entering into the Project Agreement. The shareholding of Lan Kong Construction in the Target Company would then be increased from 2.37% to 60% after the capital injection. Nevertheless, Lan Kong Construction has failed to honour its capital injection commitment where the amount of RMB600 million has never been transferred to the Target Company. As such, Lan Kong Construction has breached the capital injection commitment and the aforementioned shareholding adjustment shall no longer be valid.

Since the risk of potential claim by Lan Kong Construction in respect of the capital injection commitment is beyond the control of the parties involved in the Disposal Agreement, the Vendor, after arm's length negotiation with the Purchaser, has conditionally agreed that if Lan Kong Construction proceeds with the WLKC Claim, the Vendor shall be responsible for the handling of the WLKC Claim and the liabilities and losses (including without limitation, the losses suffered by the Purchaser as a result of the WLKC Claim on the development on the land owned by the Target Company and the reduced interest in the Target Company). The expenses for handling the WLKC Claim shall be paid out of the Retained Consideration. If such expenses exceed the Retained Consideration, the Vendor shall be responsible for the excess. If such expenses are less than the Retained Consideration, the unused Retained Consideration shall be distributed to the Vendor as to 55% and the Purchaser as to 45%. The Retained Consideration payable to the Vendor shall be net of the distribution of the said 45% of the unused Retained Consideration to the Purchaser (the "**WLKC Claim Adjustment**"). The Company shall be jointly and severally liable for the obligations of the Vendor in respect of WLKC Claim for a period of two years.

Consideration

The Consideration is RMB3,589.1 million (equivalent to HK\$4,005.7 million), which shall be settled as follows:

- (i) the capital injection in the Target LLP by the Purchaser amounting to RMB470 million which shall be used by the Target LLP for the repayment to China Credit Trust of the loan obtained by the Target Company such that the 97% equity interest in the Target Company pledged by the Target LLP is to be released from China Credit Trust. After completion of the capital injection by the Purchaser, the Vendor shall hold 46.956% of the equity interest in the Target LLP;
- (ii) the cash consideration amounting to RMB1,400 million paid to the Vendor for the transfer of 46.956% equity interest in the Target LLP to the Purchaser or its designated third party, which represents the entire equity interest in the Target LLP expected to be held by the Vendor and its related companies after the Vendor's acquisition of equity interest in the Target LLP from Mr. Wu Qingbing and upon completion of the aforementioned capital injection by the Purchaser;
- (iii) the consideration for the assignment of the outstanding loan owed by Lan Kong Construction to Chaojiang Trading (part of which is guaranteed by the Target Company) under the Repayment Agreement which shall be entered into between Chaojiang Trading, the Target Company and the Purchaser, pursuant to which the Purchaser shall provide an entrustment loan to the Target Company, and in turn the Target Company shall repay the debt to Chaojiang Trading (such consideration shall be inclusive of the consideration for the Purchaser's acquisition of 2.37% of the equity interest in the Target Company held by Lan Kong Construction, which is estimated to be approximately RMB85 million and is determined in proportion to the total Consideration of RMB3,589.1 million) in order to release the Land Parcels seized by Chaojiang Trading. As at the date of this announcement, the total amount of such outstanding loan is expected to be approximately RMB486.7 million;

- (iv) the payment to be made by the Target Company to Chaojiang Trading under the Waiver Agreement to be entered into between Chaojiang Trading, the Target Company and the Purchaser, pursuant to which the Purchaser shall provide an entrustment loan to the Target Company, and in turn the Target Company shall settle the construction obligations owed by Lan Kong Construction to Chaojiang Trading. The construction obligations are related to construction of resettlement buildings previously committed to the PRC local government for its granting of land use rights of the Land Parcels. Accordingly, the Target Company, being the owner of the Land Parcels, is obliged to settle the construction obligations;
- (v) the Retained Consideration (net of WLKC Claim Adjustment and Other Adjustment (if any)); and
- (vi) the consideration for the assignment to the Purchaser of the debt in the amount of RMB78.3 million owed by the Target Company to the Vendor.

The maximum commitment of consideration borne by the Purchaser is RMB3,589.1 million, of which RMB1,400 million is payable to the Vendor in cash and the remaining balance is used to settle the aforementioned debt owed or guaranteed by the Target Company to various parties including (i) China Credit Trust; and (ii) Chaojiang Trading. The Retained Consideration is calculated as below:

$$\begin{aligned}
 \text{Retained Consideration} &= \text{Total Consideration (A)} - \text{Cash consideration paid to the Vendor (B)} - \text{Capital injection in the Target LLP (C)} - \text{Consideration for the Purchaser's acquisition of 2.37\% of the equity interest in the Target Company held by Lan Kong Construction (D)} - \text{Debt owed by Lan Kong Construction to Chaojiang Trading (E)} - \text{construction obligations owed by Lan Kong Construction to Chaojiang Trading (F)} - \text{WLKC Claim Adjustment and Other Adjustment (G)} \\
 &= 3,589.1 \text{ (A)} - 1,400 \text{ (B)} - 470 \text{ (C)} - 85 \text{ (D)} - 486.7 \text{ (E)} - \text{(F)} - \text{(G)} \text{ (all in RMB' million)} \\
 &= 1,147.4 - \text{(F)} - \text{(G)} \text{ (all in RMB' million)}
 \end{aligned}$$

The amount of construction obligations owed by Lan Kong Construction to Chaojiang Trading cannot be ascertained as at the date of this announcement since the construction obligations has to be negotiated between the Purchaser and Chaojiang Trading upon completion of the Disposal where the Target Company will be 100% held by the Purchaser. The amount of WLKC Claim Adjustment and Other Adjustment are also not ascertained as at the date of this announcement due to the reasons discussed in the paragraph headed “Adjustments to the Consideration” above.

The Vendor is entitled to share 55% of the Retained Consideration which is determined after arm’s length negotiation with the Purchaser recognising the effort of the Vendor in handling the potential WLKC Claim before the Purchaser can successfully obtain the entire interest in the Land Parcels. Having considered that (i) the amount of Retained Consideration is provided by the Purchaser as an incentive payment to the Vendor for facilitating the completion of the Disposal; and (ii) the cash consideration of RMB1,400 million is considered to be fair and reasonable with reference to the preliminary valuation of the Land Parcels, the Directors are of the view that the sharing of Retained Consideration is justifiable.

The cash considerations of RMB1,400 million was determined after arms’ length negotiations with reference to (i) the preliminary valuation of the Land Parcels; and (ii) the debt owed or guaranteed by the Target Company to various parties which shall be settled before the development of the Land Parcels can be resumed. 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

Part of the Consideration shall be payable by the Purchaser to the Vendor in the following manner:

- (i) Within 3 Business Days of the date of the Disposal Agreement, the Purchaser shall pay to the Vendor a deposit of RMB200 million, which shall form part of the cash consideration of RMB1,400 million payable to the Vendor;
- (ii) Before 5 January 2017, the Purchaser shall prepay RMB50 million which shall form part of the cash consideration of RMB1,400 million payable to the Vendor;

- (iii) Within 2 Business Days of the fulfillment of the following conditions: (i) the Disposal Agreement having taken effect; (ii) the completion of the transfer of 46.956% of the entire equity interest in the Target LLP by the Vendor and its related companies to the Purchaser or its designated third party; and (iii) the handover of not less than RMB639 million worth of invoices of the Target Company by the Vendor to the Purchaser, the Purchaser shall pay RMB950 million out of the cash consideration of RMB1,400 million to the Vendor;
- (iv) Within 5 Business Days of the completion of the transfer of 2.37% of the equity interest in the Target Company held by Lan Kong Construction to the Purchaser or its designated third party and the fulfillment of the conditions set out in (iii) above, the Purchaser shall pay the remainder of the RMB1,400 million which is in the amount of RMB200 million to the Vendor; and
- (v) Within 5 Business Days after (i) the Target LLP and Lan Kong Construction has entered into a written agreement in relation to the waiver and discharge of the WLKC Claim by Lan Kong Construction; or (ii) if the WLKC Claim proceeds to litigation, and it is judicially determined by written judicial judgment that Lan Kong Construction does not own 60% equity interest in the Target Company, the Purchaser shall pay the Retained Consideration (net of WLKC Claim Adjustment and Other Adjustment (if any)) to the Vendor.

Conditions precedent

The Disposal Agreement shall only take effect upon the fulfillment of the following conditions:

- (i) each of the Repayment Agreement and the Waiver Agreement having taken effect;
- (ii) the Company having obtained the approval at the Shareholders' meeting for the Disposal Agreement and the transactions contemplated thereunder; and
- (iii) Yuzhou Properties having obtained the shareholders' approval for the Disposal Agreement and the transactions contemplated thereunder.

Guarantee

The Company shall be jointly and severally liable for the obligations of the Vendor under the Disposal Agreement for a period of two years.

Yuzhou Properties shall be jointly and severally liable for the obligations of the Purchaser under the Disposal Agreement for a period of two years.

The Vendor shall procure that the Target Company issues a written letter of guarantee in respect of its guarantee obligations under the Disposal Agreement to the Purchaser at the time of the transfer of 2.37% of the equity interest in the Target Company held by Lan Kong Construction to the Purchaser or its designated third party.

Termination

The Purchaser is granted the Termination Option under the Disposal Agreement and shall be entitled to unilaterally terminate the Disposal Agreement and request the Vendor to acquire all of its equity interests in the Target LLP and to return to the Purchaser the sum of Consideration paid and expense incurred in the development of the land, plus accrued interest at a rate of 15% per annum, upon any of the following Termination Events:

- (i) the Purchaser is unable to acquire 100% of the equity interest of the Target Company;
- (ii) it is judicially determined by written judicial judgment that Lan Kong Construction owns 60% equity interest in the Target Company;
- (iii) due to the Vendor or the Target Company, or any matters of the Target LLP or the Target Company before completion of the Disposal, the Land Parcels are judicially seized (save for the seizure applied by Chaojiang Trading for the guarantee provided by the Target Company in respect of an outstanding loan owed by Lan Kong Construction to Chaojiang Trading), or the Target Company loses the land use rights;
- (iv) due to litigations of the Vendor or the Target Company, or any matters of the Target LLP or the Target Company before completion of the Disposal, the parties fail to complete the grant of mortgage over the Land Parcels with the designated entrusted loan bank and obtaining of relevant certificates within the specified time under the Repayment Agreement (provided that the banks recommended by the Vendor were given priority); and

- (v) due to litigations of the Vendor or the Target Company, or any matters of the Target LLP or the Target Company before completion of the Disposal, the Purchaser is unable to achieve other matters relating to the purpose of the Disposal Agreement.

The Target LLP, the Target Company and the Company shall be jointly and severally liable for the obligations of the Vendor in respect of unilateral termination by the Purchaser above for a period of two years.

In case the abovementioned Termination Events take place, whether the Disposal would be terminated and how the Disposal would proceed are subject to renegotiation between the Vendor and the Purchaser. In the event the Purchaser terminates the Disposal Agreement after Completion, the Company would comply with the relevant requirements under Chapter 14 of the Listing Rules if the Company acquires the Target Company from the Purchaser which may constitute a possible very substantial acquisition.

Completion

Pursuant to the terms of the Disposal Agreement, provided that the Termination Option not having been exercised by the Purchaser, the Vendor shall hand over all items held under escrow of the Target LLP and the Target Company to the Purchaser the earlier of (i) the successful auction of 2.37% of the equity interests in the Target Company held by Lan Kong Construction; or (ii) the expiration of 30 day period after the payment of RMB1,200 million by the Purchaser. Completion of the Disposal shall deem to take place upon such handover.

REASONS FOR AND BENEFIT OF THE DISPOSAL

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries comprise property development, property investment, provision of property management services, project management and project investment services.

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 Target LLP and Target Company 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.

FINANCIAL EFFECTS OF AND USE OF PROCEEDS FROM THE DISPOSAL

Upon completion of the Disposal, the Target LLP will cease to be a subsidiary of the Group and the Target Company will cease to be an associate of the Company. The Company will cease to have any equity interest in the Target LLP and Target Company.

It is expected that the Company will realise an unaudited gain on the Disposal of approximately HK\$810 million, being the difference between the cash consideration paid to the Vendor for the Disposal, the unaudited net asset value of the Target LLP as at 30 September 2016, the estimated amount paid to Mr. Wu Qingbing for his 0.53% equity interest in the Target LLP, the waiver of debt owed by the Target Company to the Vendor and the estimated transaction cost. The above unaudited gain to be derived from the Disposal has not taken into account the potential tax impact upon completion of the Disposal and the share of the Retained Consideration.

It is currently intended that the net proceeds will be applied as general working capital of the Group, for repayment of bank borrowings and, if suitable opportunities arise, for business development of the Group.

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. Given that the exercise of the Termination Option by the Purchaser is not at the Company's discretion, pursuant to Rule 14.74 of the Listing Rules, the grant of the Termination Option under the Disposal Agreement will be classified as if they had been exercised. The exercise of the Termination Option by the Purchaser constitutes a possible very substantial acquisition for the Company. The Disposal and the grant of the Termination Option 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 Company, 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 Friday, 31 March 2017, 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 condition 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, 19 December 2016 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 Thursday, 29 December 2016.

DEFINITIONS

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

“Beijing Trust”	Beijing International Trust Co., Ltd.* (北京國際信託有限公司), a company established in the PRC
“Board”	the board of Directors
“Business Days”	a day other than a Saturday, Sunday or statutory holiday in the PRC

“Chaojiang Trading”	Wuhan Chaojiang Trading Development Co. Ltd.* (武漢潮江商貿發展有限公司), a company established in the PRC
“China Credit Trust”	China Credit Trust Co., Ltd.* (中誠信託有限責任公司), a company established in the PRC
“Company”	Coastal Greenland Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange with stock code 1124
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement
“connected person(s)”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“Consideration”	the maximum consideration of RMB3,589.1 million payable by the Purchaser under the Disposal Agreement, subject to certain adjustments
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the entire equity interest in the Target LLP by the Vendor to the Purchaser, on and subject to the terms and conditions of the Disposal Agreement
“Disposal Agreement”	the agreement entered into between the Purchaser; the Vendor; the Target LLP; the Company; and Yuzhou Properties in relation to the Disposal dated 16 December 2016, as supplemented by a first supplemental agreement dated 16 December 2016 and a second supplemental agreement dated 18 December 2016 between the same parties
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) who are third parties independent of the Company and its connected persons
“Lan Kong Construction”	Wuhan Lan Kong Real Estate Development Construction Company Limited* (武漢藍空房地產開發建築有限公司), a company established in the PRC
“Land Parcels”	the land parcels held by the Target Company located at Chaojiang Village, Hangang District, Wuhan, the PRC with a total site area of approximately 168,600 sq.m
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Other Adjustment”	has the meaning ascribed to it under the paragraph headed “Adjustments to the Consideration” in this announcement
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, shall exclude Hong Kong, Macau and Taiwan
“PRC GAAP”	the Generally Accepted Accounting Principles in the PRC
“Purchaser”	Shanghai Fengzhou Property Co. Ltd.* (上海豐洲房地產開發有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of Yuzhou Properties

“Repayment Agreement”	a repayment agreement proposed to be entered into among the Purchaser; the Target Company; and Chaojiang Trading in relation to the repayment of the debt owed to Chaojiang Trading by Lan Kong Construction (part of which is guaranteed by the Target Company)
“Retained Consideration”	the remaining balance of the Consideration to be shared to the Vendor, the calculation of which is set out in the paragraph headed “Consideration” in this announcement
“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
“Shanghai Yaxin”	Shanghai Yaxin Enterprise Management Consulting Co. Ltd.* (上海亞昕企業管理諮詢有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Wuhan Lan Kong Real Estate Development Company Limited* (武漢藍空房地產開發有限公司), a limited company established in the PRC with limited liability and an associate of the Company

“Target LLP”	Kunshan Fuzhi Dingxin Equity Investment Enterprise* (昆山富智鼎鑫股權投資企業), a limited partnership established in the PRC with limited liability and of which the Vendor is a limited partner, Shanghai Yaxin being a general partner and partner implementing matters and Mr. Wu Qingbing being a general partner
“Termination Events”	the events set out in the Disposal Agreement that may trigger unilateral termination of the Disposal Agreement by the Purchaser within two years
“Termination Option”	the termination option granted by the Vendor to the Purchaser under the Disposal Agreement to unilaterally terminate the Disposal Agreement within two years upon happening of any of the Termination Events
“Vendor”	Coastal Greenland Development (Wuhan) Ltd., a company established in the PRC with limited liability and an indirectly wholly owned subsidiary of the Company
“Waiver Agreement”	an agreement proposed to be entered into among the Purchaser; the Target Company; and Chaojiang Trading in relation to the payment by the Target Company to Chaojiang Trading in respect of certain construction obligations owed by Lan Kong Construction to Chaojiang Trading
“WLKC Claim”	a potential claim by Lan Kong Construction for ownership of 60% equity interest in the Target Company in dispute
“WLKC Claim Adjustment”	has the meaning ascribed to it under the paragraph headed “Adjustments to the Consideration”

“Yuzhou Properties”	Yuzhou Properties Company Limited (禹州地產股份有限公司), a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the main board of the Stock Exchange with stock code 1628
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square metres
“%”	per cent.

By Order of the Board
Coastal Greenland Limited
Jiang Ming
Chairman

Hong Kong, 28 December 2016

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 RMB0.896. 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 (1) Mr. Jiang Ming, Mr. Tao Lin, Mr. Cai Shaobin and Mr. Xia Xianglong as executive Directors; (2) Mr. Lu Jiqiang and Dr. Dai Jingming as non-executive Directors; and (3) Mr. Wong Kai Cheong, Mr. Yang Jiangan and Mr. Huang Xihua as independent non-executive Directors.

* *For identification purpose only*