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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)

**DISCLOSEABLE TRANSACTION IN RELATION TO THE
DISPOSAL OF THE ENTIRE EQUITY INTERESTS
IN A WHOLLY-OWNED SUBSIDIARY**

DISPOSAL AGREEMENT

On 5 September 2018, the Purchaser and the Vendor, being a wholly-owned subsidiary of the Company, entered into the Disposal Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Share at a total consideration of RMB194,430,000 (equivalent to approximately HK\$220,834,000).

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

* For identification purpose only

BACKGROUND

On 13 January 2018, the Company and the Purchaser entered into a disposal agreement, pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire equity interests in Century East, at a total consideration of approximately RMB3.8 billion. Century East owns as to 66.67% of the issued shares in Wise Top and Wise Top owns as to 90% of the registered capital of Wuhan Zhisheng. The Disposal Company owns as to approximately 33.33% of the issued shares in Wise Top.

On 5 September 2018, the Purchaser and the Vendor, being a wholly-owned subsidiary of the Company, entered into the Disposal Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Share at a total consideration of RMB194,430,000 (equivalent to approximately HK\$220,834,000). Details of the Disposal Agreement are set out below:

DISPOSAL AGREEMENT

Date: 5 September 2018 (after trading hours of the Stock Exchange)

Parties: (1) Affluent Ocean International Limited (裕海國際有限公司),
as the purchaser

(2) Coastal Green Investment Management Limited (沿海綠色
投資管理有限公司), as the vendor

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser is a company incorporated in the British Virgin Islands with limited liability and 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.

The Vendor is a company incorporated in Hong Kong with limited liability. It is a wholly-owned subsidiary of the Company and is principally engaged in investment holding.

Assets to be disposed of

Pursuant to the Disposal Agreement, the Vendor agreed to sell and the Purchaser agreed to acquire the entire issued share capital of the Disposal Company. Prior to Completion, the Vendor held the entire issued share capital of the Disposal Company.

Consideration

The total consideration for the sale and purchase of the entire issued share capital of the Disposal Company is RMB194,430,000 (equivalent to approximately HK\$220,834,000), which shall be payable by the Purchaser to the Vendor within 90 days after the signing of the Disposal Agreement.

The Consideration was determined with reference to the net asset value of the Disposal Company as at 30 June 2018 of approximately HK\$220,855,000 and arrived after arms' length negotiations between the parties to the Disposal Agreement.

In view of the above, the Directors consider that the terms and conditions of the Disposal, including the Consideration, are on normal commercial terms, fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

Completion

Completion shall take place on the date the Purchaser has settled the Consideration and after completion of the registration procedures for the transfer of the Sale Share.

Upon Completion, the Disposal Company will cease to be a subsidiary of the Company.

INFORMATION ON THE DISPOSAL COMPANY

The Disposal Company is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company. The Disposal Company is principally engaged in investment holding. The Disposal Company owns as to approximately 33.33% of the issued shares in Wise Top. Wise Top owns as to 90% of the registered capital of Wuhan Zhisheng.

Set out below is the unaudited financial information of the Disposal Company as prepared in accordance with the HKFRSs for the two years ended 31 March 2018 and the three months ended 30 June 2018:

	For the three months ended 30 June 2018	For the year ended 31 March 2018	For the year ended 31 March 2017
	(unaudited)	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss) profit before taxation	(931)	115,805	(9,405)
(Loss) profit after taxation	(931)	115,805	(9,405)
Net assets	220,855	221,786	105,981

Upon Completion, the Group is expected to record an unaudited loss on the Disposal of approximately HK\$21,000. Such unaudited loss is estimated based on the Consideration of RMB194,430,000 (equivalent to approximately HK\$220,834,000) less the unaudited net asset value of the Disposal Company of approximately HK\$220,855,000 as at 30 June 2018. The actual loss on the Disposal may be different from the above and will be determined based on the final financial position of the Disposal Company on the date of Completion. The Board intends to apply the net proceeds from the Disposal as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the property development, property investment, project management and project investment services.

Having regard to the increasingly challenging business environment and the uncertainties of the prospect of the market in the PRC, the Board considered that the Disposal will enable the Group to realise its investment in the Disposal Company at fair value, reduce its operational risk and better utilise its resources.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is therefore 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:

“Board”	the board of Directors
“Century East”	Century East Group Limited (恒華集團有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Purchaser
“Company”	Coastal Greenland Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement
“Consideration”	the total consideration for the Disposal

“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Share in accordance with the terms and conditions of the Disposal Agreement
“Disposal Agreement”	the agreement dated 5 September 2018 and entered into between the Purchaser and Vendor and in relation to, among others, the sale and purchase of the Sale Share
“Disposal Company”	World Fair Development Limited (華豐發展有限公司), a company incorporated in the British Virgin Island with limited liability and a wholly-owned subsidiary of the Company
“Group”	the Company and/or its subsidiaries
“HKFRSs”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, 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 a wholly-owned subsidiary of Yuzhou Properties
“Sale Share”	one issued share in the Disposal Company, representing the entire issued share capital of the Disposal Company, which is beneficially owned by the Vendor as at the date of the Disposal Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Coastal Green Investment Management Limited (沿海綠色投資管理有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Wise Top”	Wise Top Investment (Group) Ltd. (智達投資(集團)有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are currently owned as to 33.33% by the Disposal Company and 66.67% by Century East as at the date of the Disposal Agreement
“Wuhan Zhisheng”	Wuhan Zhisheng Group Co., Ltd* (武漢致盛集團有限公司), a company established in the PRC with limited liability, the registered capital of which is currently owned as to 90% by Wise Top
“Yuzhou Properties”	Yuzhou Properties Company Limited (禹洲地產股份有限公司), a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 1628)
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

“RMB” Renminbi, the lawful currency of the PRC

“%” per cent.

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 RMB0.88. 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.

By order of the Board
Coastal Greenland Limited
Jiang Ming
Chairman

Hong Kong, 5 September 2018

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 Jiangang and Mr. Huang Xihua as independent non-executive Directors.

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