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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: 01124)

**MAJOR TRANSACTION:
DISPOSAL OF 100% EQUITY INTERESTS
IN A WHOLLY-OWNED SUBSIDIARY**

THE AGREEMENT

On 26 August 2014 (after trading hours of the Stock Exchange), Shanghai Coastal and Ms. Yang as vendors have entered into the Agreement with the Purchaser, an Independent Third Party, in relation to the Disposal for a consideration of RMB304,530,000 (equivalent to approximately HK\$380,663,000).

LISTING RULES IMPLICATIONS

The Disposal constitutes a major transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Under Rule 14.40 of the Listing Rules, a major transaction must be made conditional on approval by shareholders of an issuer. In this regard and in lieu of holding a special general meeting of the Shareholders to approve the Disposal, the Company will, according to the Listing Rules, obtain a written approval on the Disposal from CIH and SIL, which are a closely allied group of Shareholders to dispense with such special general meeting requirement.

A circular containing, among others, details of the Disposal, will be despatched to the Shareholders as soon as practicable and within 15 Business Days of the date of this announcement in accordance with the Listing Rules.

The Board announces that on 26 August 2014 (after trading hours of the Stock Exchange), Shanghai Coastal and Ms. Yang as vendors have entered into the Agreement with the Purchaser, an Independent Third Party, in relation to the Disposal for a consideration of RMB304,530,000 (equivalent to approximately HK\$380,663,000).

THE AGREEMENT

Date: 26 August 2014 (after trading hours of the Stock Exchange)

Parties: Vendors: Shanghai Coastal Commercial Investment Management Co., Ltd., a wholly-owned subsidiary of the Company

Ms. Yang Jiong Xuan

Purchaser: Shenzhen Qianhai Jianshengtai Engineering Services Co., Ltd.

Shanghai Coastal is a company established in the PRC with limited liability. It is a wholly-owned subsidiary of the Company and is principally engaged in investment holding. Shanghai Coastal is holding 90% equity interests in the Target Company.

Ms. Yang is the legal owner of 10% equity interests in the Target Company and is holding the 10% equity interests in the Target Company for Coastal Realty. Coastal Realty is a Company established in the PRC with limited liability. It is a wholly-owned subsidiary of the Company and is principally engaged in investment holding.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, (i) the Purchaser is a company established in the PRC with limited liability and is principally engaged in investment holding; and (ii) the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

Assets to be disposed

Pursuant to the Agreement, the Vendors shall dispose of the Sale Capital, representing 100% of the registered capital of the Target Company, upon Completion.

Consideration

The Consideration payable for the sale and purchase of the Sale Capital is RMB304,530,000 (equivalent to approximately HK\$380,663,000).

The Consideration shall be paid by the Purchaser to the Vendors in the following manner:

- (a) RMB30,453,000 (equivalent to approximately HK\$38,066,000) equivalent to 10% of the Consideration shall be paid to the Vendors (as to RMB27,408,000 (equivalent to approximately HK\$34,260,000) to Shanghai Coastal and RMB3,045,000 (equivalent to approximately HK\$3,806,000) to Ms. Yang) at Completion; and
- (b) balance of the Consideration shall be paid to the Vendors (as to RMB246,669,300 (equivalent to approximately HK\$308,337,000) to Shanghai Coastal and RMB27,407,700 (equivalent to approximately HK\$34,260,000) to Ms. Yang) within three months upon completion of the registration of the transfer of the Sale Capital with the relevant authorities in the PRC.

The Consideration was determined with reference to the unaudited net asset value of the Target Company of approximately RMB254,530,000 (equivalent to approximately HK\$318,165,000) as at 31 July 2014 and a premium of approximately HK\$62,500,000.

The Consideration for the Disposal was determined after arms' length negotiations with reference to, among others, the net asset value of the Target Company as at 31 July 2014. The Directors consider that the terms and conditions of the Disposal are fair and reasonable and are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Condition

Completion of the Agreement is conditional upon the passing by the Shareholders at a general meeting of the Company of the ordinary resolution(s) to approve the Agreement and the transactions contemplated thereunder or the obtaining of written Shareholders' approval in lieu of holding a general meeting of the Company in accordance with the Listing Rules.

In the event that the above condition is not fulfilled on or before 31 December 2014 (or such other date that may be agreed by the parties in writing), the Agreement shall lapse and none of the parties to the Agreement shall have any further obligations towards the other thereunder except for any antecedent breaches (if any).

Completion

Completion shall take place on the third Business Day upon fulfilment of the condition precedent under the Agreement.

USE OF PROCEEDS AND EXPECTED FINANCIAL EFFECTS OF THE DISPOSAL

The Board estimates that the net proceeds from the Disposal (after deduction of relevant costs and expenses) will amount to approximately HK\$380,000,000. It is intended that the net proceeds from the Disposal will be applied towards the general working capital and business development of the Group.

Based on the unaudited net asset value of the Target Company (being approximately RMB254,530,000 (equivalent to approximately HK\$318,163,000) as at 31 July 2014), it is expected that the Company will realise a gain from the Disposal of approximately HK\$62,500,000, being the difference between the Consideration and the net asset value of the Target Company, for the financial year during which the Disposal is completed and a corresponding increase in the net assets of the Group.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability and is principally engaged in construction.

As at the date of this announcement, the Target Company is an indirect wholly-owned subsidiary of the Company.

According to the unaudited management accounts of the Target Company prepared in accordance with Hong Kong Financial Reporting Standards, the turnover, net profit before taxation and net profit after taxation for the financial year ended 31 March 2013 was approximately HK\$385,457,000, HK\$15,585,000 and HK\$5,001,000 respectively. According to the unaudited management accounts of the Target Company prepared in accordance with Hong Kong Financial Reporting Standards, the turnover, net profit before taxation and net profit after taxation for the financial year ended 31 March 2014 was approximately HK\$749,830,000, HK\$18,132,000 and HK\$2,844,000 respectively. The unaudited total assets of the Target Company as at 31 March 2014 was approximately HK\$650,387,000 and the unaudited net assets of the Target Company was approximately HK\$348,622,000.

The Target Company will cease to be a subsidiary of the Group after completion of the Disposal.

REASONS FOR THE DISPOSAL

The Group is principally engaged in property development, property investment, provision of property management services, project management and construction and project investment service.

In light of the gain from the Disposal, the Board considers that the Disposal represents a good opportunity for the Group to dispose of its equity interests in the Target Company and the proceeds from the Disposal will be applied towards the general working capital of the Group.

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.

LISTING RULES IMPLICATIONS

The entering into of the Agreement and the Disposal constitute a major transaction on the part of the Company under Chapter 14 of the Listing Rules and are subject to the 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 a general meeting of the Company to approve the Disposal.

Under Rule 14.40 of the Listing Rules, a major transaction must be made conditional on approval by shareholders of an issuer. In this regard and in lieu of holding a special general meeting of the Shareholders to approve the Disposal, the Company will, according to the Listing Rules, obtain a written approval on the Disposal from CIH and SIL, which are a closely allied group of Shareholders to dispense with such special general meeting requirement.

As at the date of this announcement, CIH, a substantial Shareholder, beneficially owns 1,531,261,978 Shares, representing approximately 36.58% of the issued share capital of the Company. SIL is also a substantial Shareholder. As at the date of this announcement, SIL beneficially owns 631,092,857 Shares, representing approximately 15.08% of the issued share capital of the Company. SIL is a company incorporated in Hong Kong and the shares of which is listed on the main board of the Stock Exchange.

A circular containing, among others, details of the Disposal, will be despatched to the Shareholders as soon as practicable and within 15 Business Days of the date of this announcement.

DEFINITIONS

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

“Agreement”	the agreement dated 26 August 2014 entered into between the Vendors and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business in the PRC throughout their normal business hours
“CIH”	Coastal International Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Coastal Realty”	Coastal Realty Investment (China) Limited, a Company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“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 of the Agreement
“Consideration”	the total consideration for the sale and purchase of the Sale Capital under the Agreement
“Directors”	directors of the Company
“Disposal”	the disposal of the Sale Capital
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“Ms. Yang”	Ms. Yang Jiong Xuan, the legal owner of 10% equity interests in the Target Company holding the 10% equity interests in the Target Company for Coastal Realty

“PRC”	the People’s Republic of China
“Purchaser”	Shenzhen Qianhai Jianshengtai Engineering Services Co., Ltd., a company established in the PRC with limited liability
“Sale Capital”	100% of the registered capital of the Target Company
“Shareholder(s)”	holder(s) of the share(s) of HK\$0.10 each in the share capital of the Company
“Shanghai Coastal”	Shanghai Coastal Commercial Investment Management Co., Ltd., a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“SIL”	Shenzhen Investment Limited, a company incorporated in Hong Kong with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Jingdian Construction Co., Ltd., a company established in the PRC with limited liability
“Vendors”	both Shanghai Coastal and Ms. Yang
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

By order of the Board
Coastal Greenland Limited
Jiang Ming
Chairman

Hong Kong, 26 August 2014

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of HK\$1.25 to RMB1.00. 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. Cai Shaobin and Ms. Wang Hongmei as executive Directors, Mr. Lu Jiqiang and Dr. Dai Jingming as non-executive Directors and Mr. Chen Xiaotian, Mr. Wong Kai Cheong and Mr. Yang Jiangan as independent non-executive Directors.

* for identification purpose only