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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)

**EXERCISE OF THE PUT OPTION
BY THE PROJECT PARTNER CONCERNING
THE FOSHAN PROJECT**

EXERCISE OF THE PUT OPTION

This announcement is made under Rule 14.74(2) of the Listing Rules. Reference is made to the annual report of the Company for the year ended 31 March 2012 (the “**Annual Report 2012**”) in relation to (i) the disposal of 80% equity interests in Foshan Harmonious Realty which was principally engaged in the development of the Foshan Project; and (ii) the grant of the Put Option, by the Group as the then seller to the Project Partner as the then purchaser in the relevant transaction. Pursuant to the shareholders’ agreement entered into between the Group and the Project Partner on 7 September 2011, the Put Option gives the Project Partner a right to sell and the Group an obligation to purchase the 80% equity interests in Foshan Harmonious Realty at a buy-out-price, exercisable at any time after not less than 90% of the saleable area of the developed properties held by Foshan Harmonious Realty had been sold or on or after 31 December 2013.

On 10 January 2018 (after trading hours of the Stock Exchange), the Project Partner exercised the Put Option whereby the Group is required to acquire the 80% equity interests in Foshan Harmonious Realty at a buy-out-price of RMB272 million which is determined with reference to the current market price and arrived after arm’s length negotiation. After Completion, Foshan Harmonious Realty will become a wholly-owned subsidiary of the Group.

* For identification purpose only

BACKGROUND OF THE PUT OPTION

On 7 September 2011, the Group entered into a sale and purchase agreement with the Project Partner to dispose of 80% equity interests in Foshan Harmonious Realty. After the disposal, the Group holds 21.4% equity interests while the Project Partner holds 78.6% equity interests in Richon Investment. Richon Investment is the sole shareholder of Unico Development, the investment vehicle holding 93.42% equity interests in Foshan Harmonious Realty. The Project Partner also directly holds 6.58% equity interests in Foshan Harmonious Realty, which together with its indirect shareholding through Richon Investment, has an effective equity interests of 80% in Foshan Harmonious Realty. The Group holds an effective equity interests of 20% in Foshan Harmonious Realty through Richon Investment. The Put Option was simultaneously granted to the Project Partner, pursuant to which the Project Partner is given a right to sell and the Group is obligated to purchase the 80% equity interests in Foshan Harmonious Realty at a buy-out-price, exercisable at any time after not less than 90% of the saleable area of the developed properties held by Foshan Harmonious Realty had been sold or on or after 31 December 2013.

Foshan Harmonious Realty is a property development company established in the PRC and is developing the Foshan Project which is located at Chancheng District, Foshan City, Guangdong Province, the PRC. As at the date of this announcement, 93% of the saleable area of the Foshan Project had been sold.

EXERCISE OF THE PUT OPTION

On 10 January 2018 (after trading hours of the Stock Exchange), the Project Partner exercised the Put Option whereby the Group is required to acquire the 80% equity interests in Foshan Harmonious Realty at a buy-out-price of RMB272 million. The exercise of the Put Option resulted in the entering into of the following two agreements: (i) pursuant to the Sale and Purchase Agreement, Shenzhen Chuangzhixin, a wholly-owned subsidiary of the Company agreed to purchase and Unico Development and the Project Partner agreed to sell 93.42% and 6.58% equity interests in Foshan Harmonious Realty respectively at an aggregate Consideration of RMB272 million which is determined with reference to the current market price and arrived after arm's length negotiation and essentially represents the consideration for the 80% effective equity interests in Foshan Harmonious Realty held by the Project Partner; and (ii) pursuant to the Share Transfer Agreement, the Group's 21.4% equity interests in Richon Investment will be transferred to the Project Partner at nominal value of US\$1 and the outstanding shareholder's loan (without interest) owed by Richon Investment to Coastal Green Investment in the approximate sum of HK\$13,293,000 will be assigned to the Project Partner at nominal value of US\$1 by way of a deed of assignment to be entered into among the Project Partner as the assignee, Coastal Green Investment as the assignor and Richon Investment on the date of Completion.

Following the Completion, the effective equity interests of the Group in Foshan Harmonious Realty will increase from 20% to 100%. Foshan Harmonious Realty will become a wholly-owned subsidiary of the Company and the assets, liabilities and results of which will be consolidated to the financial statements of the Group.

Principle terms of the agreements

Date: 10 January 2018 (after trading hours of the Stock Exchange)

(A) The Sale and Purchase Agreement:

Parties

Purchaser: (1) Shenzhen Chuangzhixin
Seller: (2) Unico Development (93.42%)
(3) The Project Partner (6.58%)
Target: (4) Foshan Harmonious Realty
Guarantor: (5) the Company

Shenzhen Chuangzhixin will acquire 80% equity interests in Foshan Harmonious Realty at the consideration of RMB272 million.

(B) The Share Transfer Agreement:

Parties

Purchaser: (1) The Project Partner
Seller: (2) Coastal Green Investment
Target: (3) Richon Investment
Guarantor: (4) the Company

Coastal Green Investment will dispose of 21.4% equity interests in Richon Investment at nominal value of US\$1 and assign the entire outstanding shareholder's loan owed by Richon Investment to Coastal Green Investment at nominal value of US\$1.

Shenzhen Chuangzhixin is a limited liability company established in the PRC and is a wholly-owned subsidiary of the Company.

Unico Development is a limited liability company established in Hong Kong and is the investment vehicle holding 93.42% equity interests in Foshan Harmonious Realty. As at the date of this announcement, Unico Development is wholly-owned by Richon Investment.

Richon Investment is a limited liability company established in British Virgin Islands and is the investment vehicle holding 100% equity interests in Unico Development. As at the date of this announcement, Richon Investment is owned as to 21.4% by Coastal Green Investment and 78.6% by the Project Partner.

Coastal Green Investment is a limited liability company established in Hong Kong and is a wholly-owned subsidiary of the Company.

The Project Partner is a limited liability company established in the British Virgin Islands and is an Independent Third Party.

FINANCIAL INFORMATION OF FOSHAN HARMONIOUS REALTY

Set out below is the audited financial information of Foshan Harmonious Realty as extracted from its audited financial statements prepared under the International Financial Reporting Standards for the two years ended 31 December 2016:

	For the year ended	
	31 December	
	2015	2016
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Revenue	826,123	249,432
Gross profits	100,955	66,368
Net profits	31,865	43,495
Net assets	204,825	248,320

DEFINITIONS

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

“Coastal Green Investment”	Coastal Green Investment Management Limited, 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 main board of the Stock Exchange with stock code 1124
“Completion”	completion of the acquisition of 80% equity interests in Foshan Harmonious Realty arising from the exercise of the Put Option which shall take place on the date of the State Administration of Industry and Commerce of the PRC issuing new business license reflecting change in ownership (or such other date that may be agreed by the parties in writing)
“connected person(s)”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“Consideration”	the buy-out-price of RMB272 million for the acquisition of 80% equity interests in Foshan Harmonious Realty
“Director(s)”	director(s) of the Company
“Foshan Harmonious Realty”	佛山和諧家園房地產有限公司 (Foshan Harmonious Realty Development Co., Ltd.**), a limited liability company established in the PRC and is principally engaged in the development of the Foshan Project

“Foshan Project”	a property development project located at Chancheng District, Foshan City, Guangdong Province, the PRC. As at the date of this announcement, 93% of the saleable area had been sold
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Project Partner”	As the context so requires, AG Acquisition D (BVI) Limited holding 78.6% equity interests in Richon Investment or AG Acquisition B (BVI) L.P. holding 6.58% equity interests in Foshan Harmonious Realty
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Put Option”	The put option granted by the Group to the Project Partner who is given the right to sell to the Group 80% equity interests in Foshan Harmonious Realty at a buy-out-price, exercisable at any time after not less than 90% of the saleable area of the Foshan Project had been sold or on or after 31 December 2013
“Richon Investment”	Richon Investment Development Limited

“Sale and Purchase Agreement”	the sale and purchase agreement dated 10 January 2018 entered into among Unico Development and Project Partner as the sellers, Shenzhen Chuangzhixin as the purchaser and the Company as the guarantor in respect of, among others, the acquisition of the entire equity interests in Foshan Harmonious Realty resulted from the exercise of the Put Option by the Project Partner
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Share Transfer Agreement”	the share transfer agreement dated 10 January 2018 entered into among Coastal Green Investment as the seller, Project Partner as the purchaser, Richon Investment and the Company as the guarantor in respect of, among others, the disposal of 21.4% of the equity interests in Richon Investment
“Shareholder(s)”	the holder(s) of the Shares
“Shenzhen Chuangzhixin”	深圳創智信投資管理有限公司 (Shenzhen Chuangzhixin Investment Management Co., Ltd.**), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Unico Development”	Unico Development Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

“US\$” United States dollars, the lawful currency of the United States

“%” per cent.

** *The English translation of Chinese names or words in this announcement, where indicated, are included for information purpose only and should not be regarded as the official English translation of such Chinese names or words.*

By the order of the Board
Coastal Greenland Limited
Jiang Ming
Chairman

Hong Kong, 10 January 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 Jiengang and Mr. Huang Xihua as independent non-executive Directors.