

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: 01124)

MAJOR AND CONNECTED TRANSACTION

THE AGREEMENT

On 4 January 2010, AG Coastal Dalian, Coastal Realty Investment, Coastal Riviera, Super Investment and the Company entered into the Agreement pursuant to which Coastal Realty Investment has agreed to purchase and AG Coastal Dalian has agreed to sell the Sale Share for a total consideration of RMB650,000,000 (equivalent to approximately HK\$738,595,000).

The Acquisition constitutes a major transaction on the part of the Company under the Listing Rules. As AG Coastal Dalian is interested in 50% of the entire issued share capital of Super Investment, AG Coastal Dalian is a connected person of the Company. The Acquisition also constitutes a non-exempted connected transaction on the part of the Company under the Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements. A circular containing, among other matters, further details of the Acquisition, the letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee to the Independent Shareholders, the valuation report on the Land and a notice to convene the SGM will be despatched to the Shareholders in compliance with the Listing Rules.

THE AGREEMENT

Date: 4 January 2010 (after trading hours)

Parties:

- (1) AG Coastal Dalian
- (2) Coastal Realty Investment
- (3) Coastal Riviera
- (4) The Company
- (5) Super Investment

AG Coastal Dalian is principally engaged in investment holding. The holding company of AG Coastal Dalian is Angelo Gordon.

As AG Coastal Dalian is interested in 50% of the entire issued share capital of Super Investment, AG Coastal Dalian is a connected person of the Company.

Coastal Realty Investment is a wholly owned subsidiary of the Company established in the PRC and is principally engaged in investment holding.

Coastal Riviera is an indirect wholly owned subsidiary of the Company established in the PRC and is principally engaged in investment holding. Coastal Riviera is interested in 50% of the entire issued share capital of Super Investment.

Asset to be acquired

Pursuant to the Agreement, AG Coastal Dalian has agreed to sell and Coastal Realty Investment has agreed to acquire the Sale Share, representing 50% of the issued share capital of Super Investment as at the date of this announcement.

Consideration

The Consideration for the Sale Share is RMB650,000,000 (equivalent to approximately HK\$738,595,000) payable in US\$ and shall be satisfied by Coastal Realty Investment in the following manner:

- (a) RMB72,979,541 (equivalent to approximately HK\$82,926,652), as the Deposit, shall be satisfied by Coastal Realty Investment by transferring the obligation for AG Coastal Dalian to repay the Advance to Coastal Realty Development on the third Business Day after the date of the SGM at which the Independent Shareholders' Approval is obtained;
- (b) RMB200,000,000 (equivalent to approximately HK\$227,260,000) or such equivalent amount in US\$, as the Second Payment, shall be paid by Coastal Realty Investment to AG Coastal Dalian on the third Business Day after the date of the SGM at which the Independent Shareholders' Approval is obtained; and
- (c) RMB377,020,459 (equivalent to approximately HK\$428,408,348) or such equivalent amount in US\$, shall be paid by Coastal Realty Investment to AG Coastal Dalian on the date of Completion.

The Consideration was determined with reference to the unaudited net asset value of Super Investment of approximately HK\$824,897,000 as at 30 September 2009 and the cumulative pre-sales of property units as at 30 November 2009. The Consideration was arrived at after arm's length negotiations between the parties to the Agreement. The Directors consider that the terms and conditions of the Acquisition to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

The Consideration will be paid by the Group by its internal resources and/or external financing.

Conditions

Completion shall be conditional upon:

- (a) warranties of Coastal Realty Investment remaining true and accurate and not misleading in any material respects at Completion as if repeated at Completion and at all times between the date of the Agreement and Completion;

- (b) warranties of AG Coastal Dalian remaining true and accurate and not misleading in any material respects at Completion as if repeated at Completion and at all times between the date of the Agreement and Completion;
- (c) the Company having obtained the approval of the Board for the giving of guarantee in favour of Coastal Realty Investment on the terms of the Agreement and authorising the execution of the Agreement;
- (d) the Independent Shareholders' Approval having been obtained at the SGM; and
- (e) Coastal Realty Investment having obtained all necessary governmental and regulatory authority approvals for or in respect of the transactions contemplated by the Agreement and such approvals remaining in force and effect including, without limitation, any local municipal and/or state approval as is necessary in the PRC.

Coastal Realty Investment may waive condition (a) above and AG Coastal Dalian may waive condition (b) above. Conditions (c) to (e) are incapable of being waived. If the conditions have not been fulfilled (or waived by Coastal Realty Investment or AG Coastal Dalian as the case may be) on or before the Completion Date subject to the terms as set out in the paragraph headed "Termination" below, all rights and obligations of the parties to the Agreement shall cease and determine and neither party shall have any obligations and liabilities towards each other save for any antecedent breaches and accrued rights and obligations of the parties of the Agreement applicable or accrued prior to termination.

Completion

Completion shall take place on the Completion Date. The Completion Date shall be on 29 January 2010 (or such other date as Coastal Realty Investment may postpone by issuing a written notice to AG Coastal Dalian, the date of Completion shall not be later than 31 March 2010 (or such other date as agreed by the parties to the Agreement in writing)). If the condition (e) above has not been satisfied on 31 March 2010, AG Coastal Dalian shall have the sole discretion to further extend the date of Completion to such later date as AG Coastal Dalian shall unilaterally determine.

Termination

If the Agreement is terminated prior to Completion and the Deposit and/or the Second Payment have/has been paid by Coastal Realty Investment to AG Coastal Dalian (as the case may be), AG Coastal Dalian shall set off the amount of the Deposit and/or the Second Payment, which it has received, against:

- (a) future dividend payments of Super Investment to AG Coastal Dalian; and
- (b) the consideration payable to AG Coastal Dalian upon the exercise of the Early Recoupment Right,

until the aggregate amount of the Deposit and/or the Second Payment have/has been set off in full.

Guarantee

The Company has agreed to guarantee the performance of the obligations of Coastal Realty Investment of all its obligations pursuant to the terms of the Agreement.

INFORMATION ON SUPER INVESTMENT

Super Investment is 50% indirect non-wholly owned subsidiary of the Company incorporated in Hong Kong and is principally engaged in investment holding. Liaoning Baocheng, the only subsidiary of Super Investment, is principally engaged in property development in Dalian, the PRC. The development of the Dalian Project is divided into two phases. As at the date of this announcement, Phase I of the Dalian Project was under construction and a number of its property units were being pre-sold to customers. Phase II of the Dalian Project has not yet commenced construction.

According to the unaudited consolidated financial statements of Super Investment for the year ended 31 March 2008, which is prepared in accordance with generally accepted accounting principles in Hong Kong, Super Investment has no turnover and the net loss before and after tax and extraordinary items was approximately HK\$16,538,000 and approximately HK\$13,432,000 respectively. The unaudited net asset value of Super Investment Group was approximately HK\$849,344,000 as at 31 March 2008.

According to the unaudited consolidated financial statements of Super Investment for the year ended 31 March 2009, which is prepared in accordance with generally accepted accounting principles in Hong Kong, Super Investment has no turnover and the net loss before and after tax and extraordinary items was approximately HK\$23,946,000 and approximately HK\$17,960,000 respectively. The unaudited net asset value of Super Investment Group was approximately HK\$843,443,000 as at 31 March 2009.

According to the unaudited consolidated management accounts of Super Investment for the six months ended 30 September 2009, which is prepared in accordance with generally accepted accounting principles in Hong Kong, Super Investment has no turnover and the net loss before and after tax and extraordinary items was approximately HK\$23,185,000 and approximately HK\$19,652,000 respectively. The unaudited net asset value of Super Investment Group was approximately HK\$824,897,000 as at 30 September 2009.

According to the Group's revenue recognition accounting policy, revenue and profit from sales of properties are recognised upon delivery of the properties to the customers. Therefore, no revenue and profit were recognised from the pre-sales of properties.

REASON FOR THE ACQUISITION

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

Upon Completion, the Group will be interested in the entire issued share capital of Super Investment. The Directors consider that the Acquisition will provide the Group with full access of fund from the pre-sales of the property units and the 100% profit from the development of Dalian Project. Taking into account of the prospects of the Dalian Project, the Directors believe that the Acquisition will allow the Group to have an additional and steady income source in the coming years.

Based on the above, the Board is of the view that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a major transaction on the part of the Company under the Listing Rules. As AG Coastal Dalian is a connected person of the Company, the Acquisition also constitutes a non-exempted connected transaction on the part of the Company under the Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements. A circular containing, among other matters, further details of the Acquisition, the letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee to the Independent Shareholders, the valuation report on the Land and a notice to convene the SGM will be despatched to the Shareholders in compliance with the Listing Rules.

The Acquisition is subject to, among others, the approval by the Independent Shareholders at the SGM. Each of AG Coastal Dalian and its associates is required to abstain from voting at the SGM to approve the Acquisition. To the best of the Directors' knowledge, each of AG Coastal Dalian and its associates is not interested in any Share as at the date of this announcement.

Independent Board Committee comprising all the independent non-executive Directors will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the Acquisition. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

DEFINITIONS

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

“Advance”	an advance in the sum of US\$10,669,524 equivalent to the amount of the Deposit advanced by Super Investment to AG Coastal Dalian on or around 6 May 2009
“AG Coastal Dalian”	AG Coastal Dalian Ltd., a company incorporated in the British Virgin Islands with limited liability, is interested in 50% of the entire issued share capital of Super Investment and the vendor under the Agreement
“Agreement”	the agreement dated 4 January 2010 and entered into among AG Coastal Dalian, Coastal Realty Investment, Coastal Riviera, Super Investment and the Company in relation to the sale and purchase of the Sale Share
“Acquisition”	the acquisition by Coastal Realty Investment of the Sale Share subject to and upon the terms and conditions of the Agreement
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or a Sunday) on which banks are open for business in Hong Kong and the PRC

“Coastal Realty Development”	Coastal Realty Development Co. Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company
“Coastal Realty Investment”	沿海地產投資(中國)有限公司(Coastal Realty Investment (China) Limited), a company established in the PRC, a wholly owned subsidiary of the Company and the purchaser under the Agreement
“Coastal Riviera”	沿海麗園(鞍山)置業有限公司(Coastal Riviera Garden (Anshan) Development Co., Ltd.), a company established in the PRC, an indirect wholly owned subsidiary of the Company and is interested in 50% of the entire issued share capital of Super Investment
“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 sale and purchase of the Sale Share in accordance with the terms and conditions of the Agreement
“Completion Date”	the date of Completion
“connected person”	has the meaning ascribed to this term under the Listing Rules
“Consideration”	the consideration of RMB650,000,000 to be satisfied by Coastal Realty Investment for the Acquisition
“Dalian Project”	the project for developing mixed-use property including luxurious residential, office, service apartments, hotels, retail shops and car park by Liaoning Baocheng on the Land
“Deposit”	the deposit in the sum of RMB72,979,541 to be satisfied by Coastal Realty Investment
“Directors”	directors of the Company
“Early Recoupment Right”	the right of AG Coastal Dalian to early recoup its investment and to give up its future dividend rights in respect of Phase II of the Dalian Project
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, which will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the Acquisition

“Independent Shareholders”	Shareholders which are not required to abstain from voting at the general meeting to approve a connected transaction
“Independent Shareholders’ Approval”	such approval from the Independent Shareholders to be obtained at the SGM
“Land”	area A, lot 3, 6, 7 and 8, Xinghaiwan, Shahekou, Dalian, the PRC
“Liaoning Baocheng”	遼寧寶城房地產開發有限公司 (Liaoning Baocheng Real Estate Development Co., Ltd.), a company established in the PRC and a wholly owned subsidiary of Super Investment
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Novation Deed”	the deed of novation to be entered into on the third Business Day after the date of the SGM at which the Independent Shareholders’ Approval is obtained and among AG Coastal Dalian, Super Investment and Coastal Realty Development in respect of the transfer by AG Coastal Dalian to Coastal Realty Development of its obligation to repay the Advance to Super Investment
“PRC”	the People’s Republic of China but excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan
“Sale Share”	one share of HK\$1.00 in the share capital of Super Investment, representing 50% of the entire issued share capital of Super Investment, which is legally and beneficially owned by AG Coastal Dalian
“Second Payment”	the sum of RMB200,000,000, or such equivalent amount in US\$, payable by Coastal Realty Investment to AG Coastal Dalian
“SGM”	a special general meeting of the Company to be convened and held of at which relevant resolution(s) to approve the Agreement and the transactions contemplated hereunder, including but not limited to the entering into of the Novation Deed
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Super Investment”	Super Investment Development Limited, a company incorporated in Hong Kong with limited liability and a 50% indirect non-wholly owned subsidiary of the Company

“Super Investment Group”	Super Investment and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States of America dollars, the lawful currency of the United States of America

By order of the Board
Coastal Greenland Limited
Chan Boon Teong
Chairman

Hong Kong, 4 January 2010

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of RMB1.00 to HK\$1.1363. 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 13 Directors. The executive Directors are Mr. Chan Boon Teong, Mr. Jiang Ming, Mr. Tao Lin, Mr. Cheng Wing Bor, Mr. Lin Chen Hsin, Mr. Wu Xin and Mr. Cai Shaobin. The non-executive Directors are Mr. Zheng Hong Qing, Mr. Guo Limin and Mr. Xu Ruxin. The independent non-executive Directors are Mr. Tang Lap Yan, Mr. Law Kin Ho and Mr. Wong Kai Cheong.

* *For identification purpose only*