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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
IN RESPECT OF THE DISPOSAL OF
SALE SHARES AND RESUMPTION OF TRADING**

THE AGREEMENT

The Board is pleased to announce that on 20 August 2012, Coastal Realty Investment, a wholly-owned subsidiary of the Company, entered into the Agreement pursuant to which Coastal Realty Investment agreed to sell and Loncin agreed to purchase the Sale Shares at the consideration of RMB452,400,000 (equivalent to approximately HK\$551,707,000).

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceed 25% but are less than 75%, the Disposal under the Agreement constitutes a major transaction on the part of the Company under the Listing Rules and is subject to notification, publication and Shareholders' approval requirements under the Listing Rules. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting at a special general meeting of the Shareholders 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 written approvals on the Disposal from CIH, GVI, CEG and SIL respectively, which are a closely allied group of Shareholders to dispense with such special general meeting requirement.

A circular containing, among other matters, further details of the Disposal will be despatched by the Company to the Shareholders in compliance with the Listing Rules on or before 10 September 2012. If a special general meeting of the Shareholders to approve the Disposal is required to be held, the said circular will also contain a notice convening such special general meeting.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended from 9:06 a.m. on 20 August 2012 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading of the Shares from 9:00 a.m. on 21 August 2012.

THE AGREEMENT

Date: 20 August 2012

Parties: (i) Coastal Realty Investment (as vendor); and
(ii) Loncin (as purchaser).

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

Loncin is a company established in the PRC and is an investment holding Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Loncin and its ultimate beneficial owners are Independent Third Parties.

Assets to be disposed

Pursuant to the terms of the Agreement, Coastal Realty Investment agreed to sell and Loncin agreed to purchase the Sale Shares.

Consideration

The consideration for the Sale Shares is RMB452,400,000 (equivalent to approximately HK\$551,707,000).

The consideration shall be paid in cash by Loncin in the following manner:

- (a) RMB28,000,000 (equivalent to approximately HK\$34,146,000) was paid by Loncin to the Escrow Account as a deposit on the date of the Agreement and will be released to Coastal Realty Investment as to RMB16,000,000 (equivalent to approximately HK\$19,512,000) within 20 Business Days after completion of the registration of the transfer of the Tranche 1 Sale Shares in the PRC and as to RMB12,000,000 (equivalent to approximately HK\$14,634,000) after completion of the registration of the transfer of the Tranche 2 Sale Shares in the PRC;
- (b) RMB200,000,000 (equivalent to approximately HK\$243,902,000) will be paid by Loncin to the Escrow Account within two Business Days after the transfer of the Sale Shares is approved by the relevant regulatory authorities and will be released to Coastal Realty Investment after completion of the registration of the transfer of the Tranche 1 Sale Shares in the PRC;
- (c) RMB12,000,000 (equivalent to approximately HK\$14,634,000) will be paid by Loncin to Coastal Realty Investment in cash before the registration of the transfer of the Tranche 2 Sale Shares in the PRC;
- (d) RMB48,000,000 (equivalent to approximately HK\$58,537,000) will be paid by Loncin to the Escrow Account before the registration of the transfer of the Tranche 2 Sale Shares in the PRC and will be released to Coastal Realty Investment after completion of the registration of the transfer of the Tranche 2 Sale Shares in the PRC; and

- (e) RMB164,400,000 (equivalent to approximately HK\$200,488,000) will be paid by Loncin to the Escrow Account before the registration of the transfer of the Tranche 3 Sale Shares in the PRC and will be released to Coastal Realty Investment after completion of the registration of the transfer of the Tranche 3 Sale Shares in the PRC.

The consideration was arrived at after arm's length negotiations between the parties to the Agreement with reference to the market price of the Sale Shares on the Shanghai Stock Exchange.

Conditions

Conditions precedent as set out under the Agreement include, but not limited to, compliance with the requirements under the Listing Rules by the Company and the obtaining of the approvals from the Shareholders and relevant PRC authorities in relation to the Disposal. The Agreement also includes a "force majeure" provision which frees both parties from liability or obligation in case of the happening of an extraordinary event or circumstance beyond the control of the parties.

Completion

Pursuant to the Agreement, (i) completion of the transfer of the Tranche 1 Sale Shares will take place after satisfaction of all conditions precedent as set out under the Agreement; (ii) completion of the transfer of the Tranche 2 Sale Shares will take place after completion of the registration of the transfer of the Tranche 1 Sale Shares in the PRC and upon Coastal Realty Investment has received from Loncin part of the consideration in the amount of RMB28,000,000 (equivalent to approximately HK\$34,146,000); (iii) completion of the transfer of the Tranche 3 Sale Shares will take place on a date to be further agreed between the parties to the Agreement; and (iv) Coastal Realty Investment will cooperate with Loncin to attend to the procedures for the registration of the transfer of the Sale Shares in the PRC.

Upon completion of the Disposal, Coastal Realty Investment will hold 2,019,503 Shanghai Fenghua Shares and Shanghai Fenghua will cease to be an associated company of the Company.

INFORMATION ON SHANGHAI FENGHWA

Shanghai Fenghua is a company established in the PRC. Shanghai Fenghua and its subsidiaries are principally engaged in property development and property investment.

According to the audited consolidated financial statements of Shanghai Fenghua for the year ended 31 December 2010, which is prepared in accordance with generally accepted accounting principles in the PRC, the turnover was approximately RMB281,289,000 and the net profit before and after tax and extraordinary items was approximately RMB35,614,000 and approximately RMB30,195,000 respectively. The audited consolidated net asset value of Shanghai Fenghua was approximately RMB506,366,000 as at 31 December 2010.

According to the audited consolidated financial statements of Shanghai Fenghua for the year ended 31 December 2011, which is prepared in accordance with generally accepted accounting principles in the PRC, the turnover was approximately RMB114,876,000 and the net loss before and after tax and extraordinary items was approximately RMB18,308,000 and approximately RMB15,087,000 respectively. The audited consolidated net asset value of Shanghai Fenghua was approximately RMB491,279,000 as at 31 December 2011.

REASONS FOR THE DISPOSAL

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

The Directors consider that the Disposal represents a good opportunity for the Group to realise its investment in Shanghai Fenghwa at a fair and reasonable price. In addition, the proceeds from the Disposal will bring an immediate cash inflow to the Group, which will improve the working capital position of the Group.

As a result of the Disposal, the Directors expect that the Group would record an unaudited gain on the Disposal of RMB230,000,000 (equivalent to approximately HK\$280,488,000). Such gain is estimated based on the gross proceeds from the Disposal of RMB452,400,000 (equivalent to approximately HK\$551,707,000) less the carrying value of Shanghai Fenghwa of RMB135,525,000 (equivalent to approximately HK\$165,275,000) as at 31 March 2012 in the accounts of the Group and taxes and all relevant fees and expenses.

The Directors intend to apply the net proceeds from the Disposal as general working capital of the Group.

Taking into account the benefits of the Disposal as described above, the Board is of the view that the terms of the Disposal are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceed 25% but are less than 75%, the Disposal under the Agreement constitutes a major transaction on the part of the Company under the Listing Rules and is subject to notification, publication and Shareholders' approval requirements under the Listing Rules. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting at a special general meeting of the Shareholders 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 written approvals on the Disposal from CIH, GVI, CEG and SIL respectively, 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 484,280,792 Shares. GVI and CEG, both being a wholly-owned subsidiary of CIH, beneficially own 52,350,000 Shares and 484,210,527 Shares respectively. CIH (including Shares held by its subsidiaries) beneficially owns an aggregate of 1,020,841,319 Shares, representing approximately 36.58% of the issued share capital of the Company. SIL is also a substantial Shareholder. As at the date hereof, SIL beneficially owns 631,092,857 Shares. 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 other matters, further details of the Disposal will be despatched by the Company to the Shareholders in compliance with the Listing Rules on or before 10 September 2012. If a special general meeting of the Shareholders to approve the Disposal is required to be held, the said circular will also contain a notice convening such special general meeting.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended from 9:06 a.m. on 20 August 2012 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading of the Shares from 9:00 a.m. on 21 August 2012.

DEFINITIONS

“Agreement”	the agreement dated 20 August 2012 and entered into between Coastal Realty Investment and Loncin in relation to the sale and purchase of the Sale Shares
“Board”	the board of Directors
“Business Day”	a day (other than Saturday, Sunday or public holiday) on which licensed banks in the PRC are generally open for business throughout their normal business hours
“BVI”	the British Virgin Islands
“CEG”	Coastal Enterprise Group Limited, a company incorporated in Hong Kong with limited liability
“CIH”	Coastal International Holdings Limited, a company incorporated in the BVI with limited liability
“Coastal Realty Investment”	Coastal Realty Investment (China) Limited, a wholly-owned foreign enterprise established in the PRC 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 main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal by Coastal Realty Investment of the Sale Shares subject to and upon the terms and conditions of the Agreement
“Escrow Account”	an escrow account with a licensed bank in the PRC designated by both Coastal Realty Investment and Loncin
“GVI”	Glory View Investments Limited, a company incorporated in the BVI with limited liability
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loncin”	隆鑫控股有限公司(for illustration purpose only, Loncin Holdings Limited), a company established in the PRC with limited liability

“PRC”	the People’s Republic of China but excluding, for the purposes of this Announcement, Hong Kong, the Macau Special Administrative Region and Taiwan
“Sale Shares”	37,700,000 Shanghai Fenghwa Shares
“Shanghai Fenghwa”	Shanghai Fenghwa Group Co., Ltd., a company established in the PRC and the Shanghai Fenghwa Shares of which are listed on the Shanghai Stock Exchange
“Shanghai Fenghwa Shares”	shares in the issued share capital of Shanghai Fenghwa
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company
“Shareholders”	holders of the Shares
“SIL”	Shenzhen Investment Limited, a company incorporated in Hong Kong with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tranche 1 Sale Shares”	20,000,000 Shanghai Fenghwa Shares
“Tranche 2 Sale Shares”	4,000,000 Shanghai Fenghwa Shares
“Tranche 3 Sale Shares”	13,700,000 Shanghai Fenghwa Shares
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“RMB”	Renminbi, the lawful currency for the time being of the PRC
“%”	per cent.

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

Hong Kong, 20 August 2012

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of RMB0.82 to HK\$1.00. 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. Chan Boon Teong, Mr. Jiang Ming, Mr. Tao Lin, Mr. Cheng Wing Bor, Mr. Lin Chen Hsin, Mr. Cai Shaobin, Mr. Zheng Hong Qing and Mr. Wang Jun as executive Directors and Mr. Lu Jiqiang and Dr. Dai Jingming as non-executive Directors and Mr. Tang Lap Yan, Mr. Law Kin Ho and Mr. Wong Kai Cheong as independent non-executive Directors.

* *For identification purpose only*