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## AMENDMENTS TO TERMS OF CONVERTIBLE BONDS

The Board announces that on 10 November 2005, the Company executed a Supplemental Deed Poll to amend certain provisions of the Deed Poll.

The Directors confirms that the amendments to the terms of the Convertible Bonds are on normal commercial terms and based on negotiations on an arm's length basis. The Directors consider that the terms of the Supplemental Deed Poll are fair and reasonable and in the interests of the Company and Shareholders as a whole.

As set out in the Announcements, Mellon HBV may subscribe for up to US\$30 million (equivalent to approximately HK\$234 million) of the Additional Notes. As at the date of this announcement, no Additional Notes have been issued.

Trading in Shares on the Stock Exchange was suspended at the request of the Company from 9:30 a.m. on 7 November 2005 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in Shares at 9:30 a.m. on 11 November 2005.

Reference is made to the announcements of the Company in relation to the issue of Notes and Convertible Bonds dated 12 July 2005 (the "**Announcement**"), 2 August 2005 and 3 August 2005 (together, the "**Announcements**"). Pursuant to the Announcements, Convertible Bonds in the aggregate principal amount of US\$12.5 million (equivalent to approximately HK\$97.5 million) were issued by the Company on 5 August 2005. Capitalised terms used herein shall have the same meanings as defined in the Announcements, unless defined otherwise.

### THE SUPPLEMENTAL DEED POLL

The Board announces that on 10 November 2005, the Company executed a supplemental deed poll (the "**Supplemental Deed Poll**") to amend certain provisions of the Convertible Bonds.

The principal amendments to the terms and conditions of the Convertible Bonds issued by the Company on 8 August 2005 can be summarised in as follows: i) the Convertible Bonds will be issued in four tranches instead of two tranches; ii) the extension to the conversion period and the maturity date of the Convertible Bonds of one of the tranches of the Convertible Bonds; and iii) the changes to the exchange rights, including but not limited to the extension of the time for Mellon HBV or other subscribers to subscribe for a minimum of HK\$20 million of Additional Notes.

The Directors confirms that the amendments to the terms of the Convertible Bonds are on normal commercial terms and based on negotiations on an arm's length basis. The Directors consider that the terms of the Supplemental Deed Poll are fair and reasonable and in the interests of the Company and Shareholders as a whole.

The Supplemental Deed Poll is conditional upon the following conditions:

- (1) obtaining the approval from the holder(s) of the Bonds for the changes made pursuant to the Supplemental Deed Poll; and
- (2) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Conversion Shares.

## **TERMS OF THE CONVERTIBLE BONDS AS AMENDED PURSUANT TO THE SUPPLEMENTAL DEED POLL**

Pursuant to the terms of the Convertible Bonds, the Company created an aggregate principal amount of US\$12.5 million (equivalent to approximately HK\$97.5 million) floating rate secured convertible bonds which were in the denomination of US\$250,000 (equivalent to approximately HK\$1,950,000) and issued in two tranches, each in the amount of US\$6.25 million (equivalent to approximately HK\$48.75 million). Upon the Supplemental Deed Poll becoming effective, the Convertible Bonds shall be in the denomination of US\$125,000 (equivalent to approximately HK\$975,000) each and shall comprise four tranches, Tranche 1 (the “**New Tranche 1 Convertible Bonds**”), Tranche 2 (the “**New Tranche 2 Convertible Bonds**”), Tranche 3 (the “**New Tranche 3 Convertible Bonds**”) and Tranche 4 (the “**New Tranche 4 Convertible Bonds**”) in the amount of US\$3,125,000 (equivalent to approximately HK\$24,375,000) each.

### **Conversion prices**

The conversion prices were HK\$0.30 per Share for the Tranche 1 Convertible Bonds and HK\$0.50 per Share for the Tranche 2 Convertible Bonds. Upon the Supplemental Deed Poll becoming effective, the conversion prices of the New Tranche 1 Convertible Bonds (the “**New Tranche 1 Conversion Price**”) and the New Tranche 2 Convertible Bonds (the “**New Tranche 2 Conversion Price**”) are HK\$0.30 per Share and the conversion prices of the New Tranche 3 Convertible Bonds (the “**New Tranche 3 Conversion Price**”) and the New Tranche 4 Convertible Bonds (the “**New Tranche 4 Conversion Price**”, together with the New Tranche 1 Conversion Price, New Tranche 2 Conversion Price and New Tranche 3 Conversion Price, the “**New Conversion Prices**”) are HK\$0.50 per Share, subject to adjustment as set out in the Deed Poll.

The New Tranche 1 Conversion Price and the New Tranche 2 Conversion Price represent:

- (i) a premium of approximately 7.1% over the closing price per Share as quoted on the Stock Exchange of HK\$0.280 on 4 November 2005, being the last trading day before the suspension of trading of the Shares prior to the issue of this announcement;
- (ii) a premium of approximately 7.5% over the average closing price per Share for the last five trading days ended on 4 November 2005 of approximately HK\$0.279; and
- (iii) a premium of approximately 6.8% over the average closing price per Share for the last ten trading days ended on 4 November 2005 of approximately HK\$0.281.

The New Tranche 3 Conversion Price and the New Tranche 4 Conversion Price represent:

- (i) a premium of approximately 78.6% over the closing price per Share as quoted on the Stock Exchange of HK\$0.280 on 4 November 2005, being the last trading day before the suspension of trading of the Shares prior to the issue of this announcement;
- (ii) a premium of approximately 79.2% over the average closing price per Share for the last five trading days ended on 4 November 2005 of approximately HK\$0.279; and
- (iii) a premium of approximately 77.9% over the average closing price per Share for the last ten trading days ended on 4 November 2005 of approximately HK\$0.281.

## Conversion Period and Maturity Date

Pursuant to the terms of the Convertible Bonds, the Conversion Period at the option of holder(s) of Convertible Bonds shall commence on the earlier of:

- (i) the date on which Mellon HBV's subscription amount of Additional Notes reaches US\$20 million (equivalent to approximately HK\$156 million);
- (ii) the date on which the Company reduces the principal amount of the Convertible Bonds as referred to under the paragraph headed "Exchange Right" in the Announcement; or
- (iii) the expiration of one month after the Back Stop Date,

and shall continue until the close of business on 16 December 2005 (in the case of Tranche 1 Convertible Bonds) or 16 December 2006 (in the case of Tranche 2 Convertible Bonds) unless such period is extended if the closing price of the Shares over the last 10 consecutive trading days immediately prior to and including the last day of the applicable Conversion Period does not exceed the Conversion Price, then the holder(s) of the Convertible Bonds, at its option may give notice to the Company that the Conversion Period be extended by six months.

Unless previously converted or exchanged (as referred to under the paragraph headed "Exchange Right" in the Announcement) or unless the maturity of such Bonds is extended (as referred to under the paragraph headed "Conversion Period" in the Announcement), the Company will redeem all of the Convertible Bonds by paying 100% of their principal amount to the holder(s) of the Convertible Bonds on 31 December 2005, in the case of Tranche 1 Bonds, and 31 December 2006, in the case of Tranche 2 Convertible Bonds.

Upon the Supplemental Deed Poll becoming effective, the conversion period (the "New Conversion Period") and the maturity date (the "Maturity Date") of the Convertible Bonds shall be as follows:

	Commencement of New Conversion Period	Expiration of New Conversion Period	Maturity Date
<b>New Tranche 1 Convertible Bonds</b>	The later of: i) the date of the Supplemental Deed Poll; and  ii) the date on which the provisions of the Supplemental Deed Poll are approved by all of the holders of the Convertible Bonds (the " <b>Effective Date</b> ").	Up to and including the 11th business day prior to the applicable Maturity Date	31 December 2005
<b>New Tranche 2 Convertible Bonds</b>	The date on which the aggregate principal amount of Additional Notes issued reaches US\$20 million (equivalent to approximately HK\$156 million) (the " <b>Top Up Date</b> ").	Up to and including the 11th business day prior to the applicable Maturity Date	30 June 2006
<b>New Tranche 3 Convertible Bonds</b>	Effective Date	Up to and including the 11th business day prior to the applicable Maturity Date	31 December 2006
<b>New Tranche 4 Convertible Bonds</b>	Top Up Date	Up to and including the 11th business day prior to the applicable Maturity Date	31 December 2006

If the closing price of the Shares over the last 10 consecutive trading days immediately prior to and including the last day of the applicable New Conversion Period does not exceed the respective Conversion Price, then the holder(s) of the Convertible Bonds, at its option, may give notice to the Company that the New Conversion Period and the Maturity Date in respect of that tranche of Convertible Bonds be extended by six months. A further announcement will be made by the Company, if the New Conversion Period is extended by six months.

The holder(s) of the New Tranche 3 Convertible Bonds and the New Tranche 4 Convertible Bonds can convert the New Tranche 3 Convertible Bonds and the New Tranche 4 Convertible Bonds respectively even if the New Tranche 1 Convertible Bonds and the New Tranche 2 Convertible Bonds have not been fully converted.

### **Exchange right**

Under the terms of the Convertible Bonds, if Mellon HBV does not subscribe for a minimum of US\$20 million (equivalent to approximately HK\$156 million) of Additional Notes on or before 8 November 2005, the Back Stop Date, the Company may at any time within the period of one month after the Back Stop Date, cancel part of the principal amount outstanding of the Convertible Bonds held by the holder(s) of the Convertible Bonds on a pro rata basis and issue to the holder(s) of the Convertible Bonds on a pro rata basis further Senior Notes in the same amount as the cancelled Convertible Bonds, so that the ratio between the aggregate principal amount of the Convertible Bonds outstanding (after such reduction) and the aggregate principal amount of the Senior Notes outstanding (inclusive of such further Senior Notes) is as close as practicable (after taking into account that any such further Senior Notes must be in the denomination of US\$250,000 (equivalent to approximately HK\$1.95 million) each) to 12.5 : 47.5, which represents the intended ratio between the Convertible Bonds and the Senior Notes (assuming all of the Additional Notes have been subscribed by Mellon HBV).

Upon the Supplemental Deed Poll becoming effective, if Mellon HBV does not subscribe, or if other subscribers do not subscribe, for at least US\$20 million (equivalent to approximately HK\$156 million) of Additional Notes on or before 31 March 2006 (the “**New Back Stop Date**”), the Company may, at its option, at any time within the period of one month (the “**Exchange Right Period**”) after the New Back Stop Date, cancel each of the New Tranche 2 Convertible Bonds and New Tranche 4 Convertible Bonds provided that, in consideration thereof, the Company shall concurrently issue, and deliver to or to the order of Mellon HBV or other subscribers the Senior Notes (and certificates in respect of such Senior Notes), which shall rank pari passu with the already issued and outstanding Senior Notes and in particular shall entitle holder(s) to the full amount of interest on the next interest payment date in respect of the Senior Notes, in an aggregate principal amount equal to the aggregate principal amount of such cancelled tranches together with evidence that the register of holder(s) of such Senior Notes has been amended to reflect such further issuance.

Subject to the above amendments, the other terms of the Deed Poll remain the same.

### **GENERAL MANDATE**

Upon the Supplemental Deed Poll becoming effective, assuming the full conversion of the New Tranche 1 Convertible Bonds and the New Tranche 2 Convertible Bonds at a conversion price of HK0.30 and the full conversion of the New Tranche 3 Convertible Bonds and the New Tranche 4 Convertible Bonds at a conversion price of HK0.50, the total number of Shares to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds is 260,000,000 Shares, which will be issued under the general mandate (the “**New General Mandate**”) given to the Directors to allot, issue and deal with the Shares by a resolution approved by the Shareholders at the annual general meeting of the Company held on 5 September 2005. No new Shares have been issued under the New General Mandate from its date of grant up to and including the date of this announcement. The maximum number of Shares that can be issued under the New General Mandate is 404,800,000 Shares.

The Conversion Shares will be issued under the New General Mandate. If any adjustment of the New Conversion Prices has led to an increase in the number of the Conversion Shares in excess of the maximum number of Shares issueable under the New General Mandate and the Company fails to obtain approval from the Shareholders for the specific mandate to issue additional Conversion Shares, the Company will not issue additional Conversion Shares.

## **REASONS FOR THE AMENDMENTS TO THE TERMS OF THE BONDS**

As set out in the Announcements, if the Company has not issued at least US\$20 million (equivalent to approximately HK\$156 million) of Additional Notes on or before the Back Stop Date, the Company may at any time within the period of one month after the Back Stop Date, cancel part of the principal amount outstanding of the Convertible Bonds held by the holder(s) of the Convertible Bonds on a pro rata basis and issue to the holder(s) of the Convertible Bonds on a pro rata basis further Senior Notes in the same amount as the cancelled Convertible Bonds, for further details of the arrangement please refer to the paragraph headed “Exchange right” in this announcement. As the Company has not issued any Additional Notes, the Company can cancel, pursuant to the deed poll, part of the principal amount outstanding of the Convertible Bonds held by holder(s) of the Convertible Bonds. As at the date of this announcement, no Convertible Bonds has been cancelled or converted into Shares.

The Directors also consider that the issue of Convertible Bonds in four tranches by the Company pursuant to the Supplemental Deed Poll will simplify the mechanism for the cancellation of Convertible Bonds and conversion to Senior Notes upon the Company exercising the exchange right, as the number of Convertible Bonds to be cancelled and converted to Senior Notes will not be calculated in the ratio of 12.5 to 47.5 for the aggregate principal amount of the Convertible Bonds outstanding and the aggregate principal amount of the Senior Notes outstanding under the Supplemental Deed. If the Company has not issued US\$20 million (equivalent to approximately HK\$156 million) of Additional Notes, the Company has the option to cancel the New Tranche 2 Convertible Bonds and the New Tranche 4 Convertible Bonds and convert them to Senior Notes pursuant to the Supplemental Deed Poll, as referred to in the paragraph headed “Exchange right” in this announcement.

As the issue of the Additional Notes is an appropriate means of raising additional fund for the operations of the Company, upon the request of Mellon HBV, the Company agreed to extend the time for the subscription of the Additional Notes from the Back Stop Date to the New Back Stop Date and accordingly to extend the Maturity Date of the New Tranche 2 Convertible Bonds to 30 June 2005. The Directors consider that the execution of the Supplemental Deed Poll is in the interests of the Company and the Shareholders as a whole.

## **APPLICATION FOR LISTING**

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

## CHANGES OF SHAREHOLDINGS

The approximate shareholdings of the substantial shareholders of the Company as at the date of this announcement, assuming full conversion of the New Tranche 1 Convertible Bonds only, assuming full conversion of the New Tranche 2 Convertible Bonds only, assuming full conversion of the New Tranche 3 Convertible Bonds only, assuming full conversion of the New Tranche 4 Convertible Bonds only and immediately after full conversion of the Convertible Bonds are as follows:

	As at the date of this announcement		Assuming full conversion of New Tranche 1 Convertible Bonds only		Assuming full conversion of New Tranche 2 Convertible Bonds only		Assuming full conversion of New Tranche 3 Convertible Bonds only		Assuming full conversion of New Tranche 4 Convertible Bonds only		Immediately after full conversion of the Convertible Bonds	
	%	Number of Shares held	%	Number of Shares held	%	Number of Shares held	%	Number of Shares held	%	Number of Shares held	%	Number of Shares held
Coastal International Holdings Limited ( <i>Note 1</i> )	24.59	497,600,000	23.64	497,600,000	23.64	497,600,000	24.01	497,600,000	24.01	497,600,000	21.79	497,600,000
Coastal Enterprise Group Limited ( <i>Note 2</i> )	23.92	484,210,527	23.00	484,210,527	23.00	484,210,527	23.36	484,210,527	23.36	484,210,527	21.20	484,210,527
Glory View Investments Limited ( <i>Note 3</i> )	2.28	46,080,000	2.19	46,080,000	2.19	46,080,000	2.22	46,080,000	2.22	46,080,000	2.02	46,080,000
Success Essence Investments Limited ( <i>Note 4</i> )	9.10	184,210,526	8.75	184,210,526	8.75	184,210,526	8.89	184,210,526	8.89	184,210,526	8.07	184,210,526
Mellon HBV Master Fund	-	-	3.86	81,250,000	3.86	81,250,000	2.35	48,750,000	2.35	48,750,000	11.38	260,000,000
Public	40.11	811,898,947	38.56	811,898,947	38.56	811,898,947	39.17	811,898,947	39.17	811,898,947	35.54	811,898,947
Total	<u>100.00</u>	<u>2,024,000,000</u>	<u>100.00</u>	<u>2,105,250,000</u>	<u>100.00</u>	<u>2,105,250,000</u>	<u>100.00</u>	<u>2,072,750,000</u>	<u>100.00</u>	<u>2,072,750,000</u>	<u>100.00</u>	<u>2,284,000,000</u>

### Notes:

- The Shares are beneficially owned by Coastal International Holdings Limited (“CIH”), the entire issued share capital of which is beneficially owned as to 24% by Chan Boon Teong, 32% by Jiang Ming, 5% by Tao Lin, 1% by Cheng Wing Bor, 3% by Lin Chen Hsin and 25% by Great Scope Investments Limited (the entire issued share capital of which is beneficially owned by Jiang Ming) and 10% by Roseford Resources Limited (the entire issued share capital of which is beneficially owned by CIH).
- The Shares are beneficially owned by Coastal Enterprise Group Limited, the entire issued share capital of which is beneficially owned by CIH.
- The Shares are beneficially owned by Glory View Investments Limited, the entire issued share capital of which is beneficially owned by CIH.
- The Shares are beneficially owned by Success Essence Investments Limited, the entire issued share capital of which is beneficially owned by Huang Bin.

To the best of the Directors’ knowledge, prior to the subscription of Convertible Bonds by Mellon HBV Master Fund, Mellon HBV Master Fund is not a connected person of the Company as defined in the Listing Rules and is independent of and not connected with the Company and its connected persons.

## SUBSCRIPTION OF ADDITIONAL NOTES

As set out in the Announcements, Mellon HBV may subscribe for up to US\$30 million (equivalent to approximately HK\$234 million) of the Additional Notes. As at the date of this announcement, no Additional Notes have been issued.

## **RESUMPTION OF TRADING**

Trading in Shares on the Stock Exchange was suspended at the request of the Company from 9:30 a.m. on 7 November 2005 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in Shares at 9:30 a.m. on 11 November 2005.

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

Hong Kong, 10 November 2005

*\* For identification purpose only*

*As at the date of this announcement, the Board comprises Mr. Chan Boon Teong, Mr. Jiang Ming, Mr. Tao Lin, Mr. Cheng Wing Bor and Mr. Lin Chen Hsin, as executive directors, Mr. Zheng Hong Qing, as non-executive director and Mr. Tang Lap Yan, Mr. Law Kin Ho and Mr. Wong Kai Cheong as independent non-executive directors.*