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## DISCLOSEABLE TRANSACTION

The Board announces that on 27 January 2007, Coastal Realty, AG Coastal Dalian and the Company entered into the Agreement in relation to the sale of the Sale Share of Super Investment for an aggregate cash consideration of US\$51,420,000 (equivalent to approximately HK\$400,048,000). The Disposal is subject to the satisfaction of the condition as set out in the paragraph headed “Condition” below.

The Disposal constitutes a discloseable transaction on the part of the Company under Rule 14.06 of the Listing Rules.

A circular containing, among other matters, further details of the Disposal, will be despatched to the Shareholders within 21 days after the publication of this announcement.

## AGREEMENT

**Date:** 27 January 2007

**Parties:** (1) Vendor : Coastal Realty  
(2) Purchaser : AG Coastal Dalian  
(3) Guarantor : the Company

AG Coastal Dalian is principally engaged in investment holding. The holding company of AG Coastal Dalian is AG Coastal. AG Coastal Dalian and AG Coastal are ultimately owned by Angelo Gordon.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of AG Coastal Dalian and its ultimate beneficial owners is a third party independent of the Company and its connected persons.

Coastal Realty is an indirect wholly owned subsidiary of the Company incorporated in Hong Kong and is principally engaged in investment holdings.

## **Asset to be disposed**

Pursuant to the Agreement, AG Coastal Dalian has agreed to acquire and Coastal Realty has agreed to sell the Sale Share, being one share of HK\$1.00 in the share capital of Super Investment, representing 50% of the entire issued share capital of Super Investment.

As at the date of this announcement and prior to Completion, the entire issued share capital of Super Investment is beneficially owned by Coastal Realty.

Immediately upon Completion, the entire issued share capital of Super Investment will be beneficially owned as to 50% by Coastal Realty and 50% by AG Coastal Dalian.

## **Consideration**

The aggregate cash consideration for the Disposal is US\$51,420,000 (equivalent to approximately HK\$400,048,000) and shall be payable in cash by AG Coastal Dalian on the date of Completion.

The consideration was determined with reference to the 50% equity interests of Super Investment, the net asset value of Super Investment of approximately HK\$685,192,000 as at 30 November 2006 and a premium of approximately HK\$57,452,000.

The Directors (including the independent non-executive Directors) consider that the payment terms of the Disposal to be fair and reasonable and on normal commercial terms.

The consideration for the Disposal and the payment terms were arrived at after arm's length negotiations between the parties to the Agreement by taking into account, among other matters, the net asset value of Super Investment as at 30 November 2006. The Directors (including the independent non-executive Directors) consider the terms and conditions of the Disposal to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

## **Condition**

The Disposal is conditional upon the warranties (including warranties concerning the issued share capital, corporate power, accounts, taxation, litigation and other business matters of the Super Investment Group) given by Coastal Realty under the Agreement remaining true, accurate and not misleading in any material respects at Completion.

The condition is waivable by AG Coastal Dalian under the Agreement. If the conditions are not fulfilled (or waived by AG Coastal Dalian) on 6 February 2007 (or such later date as the parties may agree), the Agreement shall cease and determine.

## **Completion**

Completion has taken place on 6 February 2007.

On Completion, (i) AG Coastal Dalian, Coastal Realty, Super Investment, AG Coastal and the Company entered into the Shareholders Deed which sets out the operation and management of Super Investment Group and the rights and obligations of AG Coastal Dalian, AG Coastal and Coastal Realty, in particular, a right of exit exercisable by AG Coastal to sell its interests in 50% of the entire issued share capital of Super Investment to the Group; and (ii) Liaoning Baocheng, Innovative Marketing, a wholly owned subsidiary of the Company and the Company entered into a project management agreement, in which Innovative Marketing is responsible to manage the development of the Dalian Project at a fee of 4% of

the total costs and expenses incurred by Liaoning Baocheng in the Dalian Project, which excludes, inter alia, all costs and expense relating to land acquisition for the Dalian Project, finance costs associated with shareholder loans advanced to Liaoning Baocheng by its shareholders and payroll costs.

Upon Completion, Super Investment will remain as a subsidiary of the Company or become a jointly controlled entity held by the Group. The preliminary views of the Directors are that Super Investment will be consolidated into the consolidated financial statements of the Company. However, the Directors cannot confirm their preliminary views and are currently seeking advices from internal and external sources. Further announcement will be made by the Company upon receiving confirmation on the accounting treatment for Super Investment.

As at the date of this announcement, the Company is not aware of any continuing connected transactions between the Group and AG Coastal Dalian which will happen upon Completion.

### **Guarantee**

Under the Agreement, the Company has agreed to guarantee the performance of the obligations of Coastal Realty pursuant to the terms of the Agreement.

## **SHAREHOLDERS DEED**

### **Directors**

Upon Completion, the board of directors of each of the companies of Super Investment Group will comprise of six directors and Coastal Realty and AG Coastal Dalian will have the right to appoint four directors and two directors to the board of each of the companies of Super Investment Group respectively.

### **Initial Shareholder Loan**

Each of AG Coastal Dalian and Coastal Realty shall advance to Super Investment in equal amount of up to RMB50,000,000 (equivalent to approximately HK\$50,000,000) in equivalent amount of United States dollars or Hong Kong dollars (which shall be applied by the Company as funding injection to Liaoning Baocheng) as and when the board of Super Investment determines from time to time.

The Initial Shareholder Loan shall be unsecured and is interest bearing at a compound rate representing the highest rate payable thereon as if such loan were advanced to Liaoning Baocheng directly pursuant to the relevant laws and regulations in the PRC enforceable from time to time calculated from the date of draw down to the date of repayment. As at the date of this announcement, such interest rate is approximately 6.2%.

## **INFORMATION ON SUPER INVESTMENT**

Super Investment is principally engaged in investment holding. As at the date of this announcement, its only subsidiary, Liaoning Baocheng, is principally engaged in property development in Dalian, the PRC.

According to the unaudited consolidated management accounts of Super Investment for the period from 20 April 2006 (being its date of incorporation) to 30 November 2006, which is prepared in accordance with generally accepted accounting principles in Hong Kong, Super Investment has no turnover, the net loss before taxation and extraordinary items and the net loss after taxation and extraordinary items of Super Investment were approximately HK\$1,312,000 and approximately HK\$9,738,000 respectively. The significant difference between the net loss before and after tax and extraordinary items was caused by deferred tax of approximately HK\$8,426,000.

As at 30 November 2006, the principal assets of Super Investment Group was land for development of approximately HK\$724,084,000 and the principal liabilities of Super Investment Group was accruals and other payables of approximately HK\$52,478,000. The unaudited net assets of Super Investment Group amounted to approximately HK\$685,192,000 as at 30 November 2006.

The Group conducted a valuation on the Land. The Land (net of deferred taxation) was valued at approximately HK\$678,000,000 as at 31 August 2006.

## **FINANCIAL EFFECT OF THE DISPOSAL**

Based on the above unaudited net assets of approximately HK\$685,192,000 and the consideration for the Disposal of US\$51,420,000 (equivalent to approximately HK\$400,048,000), it is estimated that the gain on Disposal is approximately HK\$57,452,000.

## **REASONS FOR THE DISPOSAL**

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

The estimated net proceeds, including the Initial Shareholders Loan, receivable by the Group for the Disposal will amount to approximately HK\$448,000,000. The Directors intend to utilise the net proceeds from the Disposal as to approximately HK\$300,000,000 to repay the US Dollar Loan and discharge the Renminbi Loan and as to approximately HK\$148,000,000 as general working capital of the Group.

The principal amount of the US Dollar Loan is US\$30,000,000 (equivalent to approximately HK\$233,400,000). It has an interest rate of 3% per quarter and was intended to be used to the discharge of Liaoning Baocheng's obligations under the security or guarantee provided by it and as general working capital of Liaoning Baocheng.

Liaoning Baocheng acted as the guarantor of the Renminbi Loan to guarantee the repayment by 沈陽海鳥裝飾工程有限公司 (transliterated as Shenyang Hainiao Renovation Co. Ltd.), the borrower of the Renminbi Loan and a third party independent of the Company and its connected persons, of up to RMB60,000,000 (equivalent to approximately HK\$60,000,000), which the borrower defaulted to make repayment.

The Directors believe that the Disposal will provide the Group with (i) an opportunity to co-operate with an international fund management company such as Angelo Gordon, which have international experience in the international capital markets for real state; (ii) the proceeds from the Disposal can be used to finance the Dalian Project; and (iii) the proceeds from the Disposal can be used to reduce the debt level 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.

The Company has no current intention to dispose the remaining 50% interests in Super Investment.

## **LISTING RULES IMPLICATION**

Subsequent to the signing of the Agreement, AG Coastal Dalian informed the Company that to solve certain US taxation issues relating to the Disposal, AG Coastal Dalian may need to amend certain terms of the Agreement. To avoid confusion, the Company intended to submit this announcement after all the relevant amendments have been made. On 1 February 2007, AG Coastal Dalian confirmed that there would not be any changes to the terms of the Agreement. The Company submitted this announcement to the Stock Exchange on the same day.

The Disposal constitutes a discloseable transaction on the part of the Company under Rule 14.06 of the Listing Rules.

## **GENERAL**

A circular containing, among other matters, further details of the Disposal will be despatched to the Shareholders within 21 days after the publication of this announcement.

## **DEFINITIONS**

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

“AG Coastal”	AG Coastal Ltd., a company incorporated in the British Virgin Islands with limited liability and the holding company of AG Coastal Dalian
“AG Coastal Dalian”	AG Coastal Dalian Ltd., a company incorporated in the British Virgin Islands with limited liability and the purchaser to the Agreement
“Agreement”	the sale and purchase agreement dated 27 January 2007 and entered into among Coastal Realty, AG Coastal Dalian and the Company in relation to the sale and purchase of the Sale Share
“Angelo Gordon”	funds managed by or affiliates of Angelo, Gordon & Co., L.P.
“Board”	the board of Directors
“Coastal Realty”	Coastal Realty Development Co. Limited, a company incorporated in Hong Kong, an indirect wholly owned subsidiary of the Company and the vendor to the Agreement
“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 Agreement
“connected persons”	has the meaning ascribed to this term under the Listing Rules
“Dalian Project”	the project for developing mixed-use property including luxurious residential, office, service apartments, hotels, retail shops and car park on the Land

“Directors”	the directors of the Company
“Disposal”	the proposed disposal by Coastal Realty of the Sale Share subject to and upon the terms and conditions of the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Initial Shareholder Loan”	the initial shareholder loan to be advanced by each of AG Coastal Dalian and Coastal Realty to Super Investment in an amount of up to RMB50,000,000 (equivalent to approximately HK\$50,000,000) each in equivalent amount of United States dollars or Hong Kong dollars
“Innovative Marketing”	海創營銷策劃(深圳)有限公司 (Innovative Marketing and Strategy (Shenzhen) Ltd.), a company established in the PRC and a wholly owned subsidiary of the Company
“Land”	Area A, lot 3, 6, 7 and 8, Xinhaiwan, 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
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Renminbi Loan”	the loan with a principal amount of RMB60,000,000 (equivalent to approximately HK\$60,000,000)
“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 Coastal Realty
“Shareholders”	holders of the shares of HK\$0.10 each in the capital of the Company
“Shareholders Deed”	Shareholders’ deed in relation to the rights and obligations of shareholders of Super Investment entered into among AG Coastal Dalian, Coastal Realty, Super Investment, AG Coastal and the Company on Completion
“Super Investment”	Super Investment Development Limited, a company incorporated in Hong Kong with limited liability
“Super Investment Group”	Super Investment and its subsidiary(ies)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“US Dollar Loan”	the loan with a principal amount of US\$30,000,000 (equivalent to approximately HK\$233,400,000)
“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
“US\$”	United States dollars, the lawful currency for the time being of the United States of America
“%”	per cent.

*For the purpose of this announcement, unless otherwise specified, conversions of US\$ and RMB into HK\$ are based on the approximate exchange rates of US\$1.00 to HK\$7.78 and RMB1.00 to HK\$1.00.*

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

Hong Kong, 6 February 2007

*As at the date of this announcement, the board of Directors comprises Mr. Chan Boon Teong, Mr. Jiang Ming, Mr. Tao Lin, Mr. Cheng Wing Bor, Mr. Lin Chen Hsin, Mr. Wu Xin and Mr. Xin Xiangdong as executive Directors, Mr. Zheng Hong Qing, Mr. Oliver P. Weisberg, Mr. William F. Harley III (alias Mickey Harley), Mr. Hu Aimin, Mr. Zhang Yijun and Mr. Zhang Huaqiao as non-executive Directors and Mr. Tang Lap Yan, Mr. Law Kin Ho and Mr. Wong Kai Cheong as independent non-executive Directors.*

*Please also refer to the published version of this announcement in  
The Standard and Sing Tao Daily.*