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CGL
沿海綠色家園®

沿海綠色家園有限公司
COASTAL GREENLAND LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1124)

CONNECTED TRANSACTION

The Board refers to the announcement and the circular of the Company dated 10 July 2007 and 1 August 2007 respectively. The Board announced that on 29 June 2007, Coastal Realty Development, an indirect wholly owned subsidiary of the Company, AG Shenyang I and the Company entered into the Goldwide Agreement in relation to the sale of the Goldwide Sale Shares for an aggregate cash consideration of US\$ equivalent to approximately RMB288,000,000 (equivalent to approximately HK\$288,000,000). Completion of the Goldwide Agreement took place on 7 September 2007.

As at the date of this announcement, the registered and paid up capital of Project Co I was legally and beneficially owned by Goldwide, which, in turn, the entire issued share capital of which was legally and beneficially owned as to 80% and 20% by AG Shenyang I and Coastal Realty Development respectively.

The Board announces that on 28 September 2007, the Bank and Project Co I has entered into the Loan Agreement pursuant to which the Bank has agreed to grant the Loan in the principal sum of RMB 200,000,000 to Project Co I for the development of the Phase I Project. As one of the security for the Loan, Coastal Realty Investment has given the Guarantee in favour of the Bank to secure the obligations, liabilities and indebtedness of Project Co I under the Loan.

AG Shenyang I and AG Coastal are wholly owned by Angelo Gordon. Pursuant to Chapter 14A of the Listing Rules, AG Shenyang I is an associate of AG Coastal and AG Coastal is interested in 50% of the entire issued share capital of Super Investment, an indirectly non-wholly owned subsidiary of the Company. AG Shenyang I is therefore a connected person of the Company.

The Guarantee was given by Coastal Realty Investment in favour of the Bank to secure the obligations, liabilities and indebtedness of Project Co I, in which Coastal Realty Development has an equity interest of 20%. The provision of the Guarantee by Coastal Realty Investment would constitute provision of financial assistance to AG Shenyang I which is interested in 80% of the entire issued share capital of Goldwide and the Provision of Financial Assistance by the Group to AG Shenyang I would constitute a connected transaction under Rule 14A.13 of the Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirement.

Pursuant to Chapter 14A of the Listing Rules, AG Coastal and its associates are required to abstain from voting for the Resolution. As at the date of this announcement, AG Coastal and its associates were not interested in any Share. As such, no Shareholder is required to abstain from voting for the Resolution.

The Independent Board Committee comprising Mr. Tang Lap Yan, Mr. Law Kin Ho and Mr. Wong Kai Cheong, all being the independent non-executive Directors, will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the Provision of Financial Assistance. An independent financial adviser will be appointed to advise the Independent Board Committee in this regard.

A circular containing, among other matters, further information on the Provision of Financial Assistance, the letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, the letter from the Independent Board Committee to the Independent Shareholders, will be despatched to the Shareholders within 21 days after the publication of this announcement.

LOAN AGREEMENT

Date: 28 September 2007

Parties: (1) The Bank as the lender
(2) Project Co I as the borrower

The Bank is principally engaged in the provision of commercial banking products and services in the PRC. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) the Bank is a third party independent of the Company and its connected persons; and (ii) the Group has no previous lending transactions with the Bank.

Principal Amount of the Loan: RMB200,000,000

Purpose of the Loan: To finance the development of Phase I Project to be carried by Project Co I.

Interest: Interest is payable monthly in arrears at the base lending rate from time to time quoted by the People's Bank of China for loan with similar terms.

Repayment: The principal amount of the Loan shall be repaid by Project Co I to the Bank on the date falling 24 months from the date of the Loan Agreement.

Security: The Loan shall be secured by:

- (1) a mortgage over the land use rights of the Property; and
- (2) the Guarantee.

THE GUARANTEE

Date: 28 September 2007

Parties:

- (1) Coastal Realty Investment as the guarantor
- (2) The Bank as the guarantee

Subject matter: Under the Guarantee, Coastal Realty Investment has agreed to guarantee in favour of the Bank the obligations, liabilities and indebtedness of Project Co I under the Loan.

Cap: The maximum amount of the liabilities of Coastal Realty Investment under the Guarantee is limited to RMB200,000,000.

Term: The Guarantee shall be limited for a period of two years commencing from the date of the Loan Agreement.

Condition Precedent: The Guarantee is conditional upon the passing by the Shareholders who are allowed to vote under the Listing Rules at a special general meeting of the Company to be convened and held of an ordinary resolution to approve the Guarantee and the transactions contemplated thereunder. There is no long stop date for the fulfillment of such condition.

Fee or interest: No fee or interest is payable to Coastal Realty Investment by AG Shenyang I for the provision by Coastal Realty Investment of the Guarantee.

THE COUNTER INDEMNITY

Date: 3 October 2007

Parties:

- (1) Goldwide as the indemnifier
- (2) Coastal Realty Investment as the indemnitee

Subject matter: Under the Counter Indemnity, Goldwide has agreed to provide an indemnity to indemnify Coastal Realty Investment against all damages or costs which may be suffered or incurred by the Coastal Realty Investment pursuant to the Guarantee.

CONNECTED TRANSACTION

AG Shenyang I is principally engaged in investment holding. The holding company of AG Shenyang I is Angelo Gordon.

AG Shenyang I and AG Coastal are wholly owned by Angelo Gordon. As AG Shenyang I is an associate of AG Coastal and AG Coastal is interested in 50% of the entire issued share capital of Super Investment, an indirectly non-wholly owned subsidiary of the Company, AG Shenyang I is a connected person of the Company.

Coastal Realty Development is an indirect wholly owned subsidiary of the Company incorporated in Hong Kong and is principally engaged in investment holdings. Coastal Realty Investment is a direct wholly owned subsidiary of the Company established in the PRC and is principally engaged in investment holding.

Pursuant to the Goldwide Agreement, AG Shenyang I has agreed to acquire and Coastal Realty Development has agreed to sell the Goldwide Sale Shares, representing 80% of the entire issued share capital of Goldwide. Completion of the Goldwide Agreement took place on 7 September 2007.

As at the date of this announcement, the entire issued share capital of Goldwide was beneficially owned as to 20% by Coastal Realty Development and 80% by AG Shenyang I.

The Guarantee was given by Coastal Realty Investment in favour of the Bank to secure the obligations, liabilities and indebtedness of Project Co I, in which Coastal Realty Development has an equity interest of 20%. The provision of Guarantee by Coastal Realty Investment would constitute provision of financial assistance to AG Shenyang I which is interested in 80% of the entire issued share capital of Goldwide and the Provision of Financial Assistance by the Group to AG Shenyang I would constitute a connected transaction under Rule 14A.13 of the Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirement.

Pursuant to Chapter 14A of the Listing Rules, AG Coastal and its associates are required to abstain from voting for the Resolution. As at the date of this announcement, AG Coastal and its associates were not interested in any Share. As such, no Shareholder is required to abstain from voting for the Resolution.

REASONS FOR THE PROVISION OF FINANCIAL ASSISTANCE

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

It was the requirement of the Bank that a guarantee was to be provided by a PRC enterprise as oppose to a foreign enterprise. As such, Coastal Realty Investment was used as the PRC enterprise to provide the Guarantee. To guarantee that the interests of Coastal Realty Investment will not be affected as a result of the provision of the Guarantee, the Counter Indemnity was provided by Goldwide to Coastal Realty Investment, pursuant to which Goldwide will fully indemnify Coastal Realty Investment of the whole amount provided under the Guarantee.

Other than the Guarantee to be provided by Coastal Realty Investment, the Loan is further secured by a mortgage over the land use rights of the Property, the value of which is higher than the Loan. In other words, the Loan is fully collateralised and the Guarantee only acts as a form of further security to the Bank.

The directors of Project Co I have considered other alternative fund raising methods such as issue of new shares and shareholder's loans and consider that the Loan is in the best interests of Project Co I and its shareholder. The Loan will provide finance for the Project without requiring the shareholder of Project Co I to provide further funding in the form of subscription of new shares of Project Co I or shareholder's loans.

Taking into account the reasons for the Provision of Financial Assistance as described above, the Board is of the view that the terms of the Provision of Financial Assistance are (i) fair and reasonable and are in the interests of the Company and the Shareholders as a whole; and (ii) under normal commercial terms.

GENERAL

Pursuant to Chapter 14A of the Listing Rules, AG Coastal and its associates are required to abstain from voting for the Resolution. As at the date of this announcement, AG Coastal and its associates were not interested in any Share. As such, no Shareholder is required to abstain from voting for the Resolution.

The Independent Board Committee comprising Mr. Tang Lap Yan, Mr. Law Kin Ho and Mr. Wong Kai Cheong, all being the independent non-executive Directors, will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the provision of financial assistance. An independent financial adviser will be appointed to advise the Independent Board Committee in this regard.

A circular containing, among other matters, further information on the Provision of Financial Assistance, the letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, the letter from the Independent Board Committee to the Independent Shareholders, 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 Ltd.
“AG Shenyang I”	AG Shenyang I (BVI) Limited (previously known as Able Well Assets Limited), a company incorporated in the British Virgin Islands with limited liability and the purchaser under the Goldwide Agreement
“Angelo Gordon”	funds managed by or affiliates of Angelo, Gordon & Co., L.P.
“Bank”	Industrial Bank Co., Ltd. Shenyang Branch, being the lender of the Loan
“Board”	the board of Directors

“Business Days”	a day on which banks in Hong Kong are open for business other than a Saturday or a Sunday
“Coastal Realty Development”	Coastal Realty Development Co. Limited, a company incorporated in Hong Kong, an indirect wholly owned subsidiary of the Company
“Coastal Realty Investment”	Coastal Realty Investment (China) Limited, a company established in the PRC, a direct 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 Stock Exchange
“connected persons”	has the meaning ascribed to this term under the Listing Rules
“Counter Indemnity”	the deed of counter indemnity dated 3 October 2007 and given by Goldwide to indemnify Coastal Realty Investment all damages and costs which may be suffered or incurred by the Coastal Realty Investment pursuant to the Guarantee
“Directors”	the directors of the Company
“Goldwide”	Goldwide Group Limited, a company incorporated in the British Virgin Islands with limited liability
“Goldwide Agreement”	the sale and purchase agreement dated 29 June 2007 and entered into between AG Shenyang I, Coastal Realty Development and the Company for the sale and purchase of the Goldwide Sale Shares
“Goldwide Sale Shares”	eight shares of US\$1.00 each in the share capital of Goldwide, representing 80% of the entire issued share capital of Goldwide, which is legally and beneficially owned by Coastal Realty Development before completion of the Goldwide Agreement
“Group”	the Company and its subsidiaries
“Guarantee”	the conditional corporate guarantee dated 28 September 2007 and given by Coastal Realty Investment in favour of the Bank to secure the obligations, indebtedness and liabilities of Project Co I under the Loan
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board, comprising the independent non-executive Directors, formed for the purpose of advising Independent Shareholders in relation to the provision of financial assistance
“Independent Shareholders”	Shareholders which are not required to abstain from voting at the general meeting to approve a connected transaction

“Loan”	the loan in the principal sum of HK\$200,000,000 to be advanced by the Bank to Project Co I under the Loan Agreement
“Loan Agreement”	the loan agreement dated 28 September 2007 and entered into between the Bank and Project Co I pursuant to which the Bank has agreed to grant to Project Co I the Loan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Phase I Project”	phase I development of the Project which consists of above ground gross floor area of not less than 299,400 square metres of amongst other things communal facilities space of not more than 1,000 square metres, residential space and retail space, but excluding parking space and school and hospital space (if any)
“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
“Project”	the project for developing mixed-use property known as Shenyang Coastal International Plaza located at the Central Business Center of Hunnan New District, Shenyang, Liaoning Province, PRC
“Project Co I”	沈陽榮天房地產開發有限公司 (Shenyang Rong Tian Real Estate Development Ltd.), a company established in the PRC
“Property”	the land located at the Central Business Center of Hunnan New District, Shenyang, Liaoning Province, PRC
“Provision of Financial Assistance”	the provision of financial assistance by Coastal Realty Investment to AG Shenyang I as contemplated under the Guarantee
“Resolution”	the resolution to be passed by the Independent Shareholders at the special general meeting to be convened by the Company to approve the Provision of Financial Assistance
“Shareholders”	holders of the shares of HK\$0.10 each in the 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
“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 RMB into HK\$ are based on the approximate exchange rates of RMB1.00 to HK\$1.00.

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

Hong Kong, 3 October 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. 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.