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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: 1124)

**(1) MAJOR AND CONNECTED TRANSACTION;
(2) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION;
AND
(3) RESUMPTION OF TRADING**

Independent Financial Adviser



大有融資有限公司
MESSIS CAPITAL LIMITED

MASTER AGREEMENT

On 28 September 2012, the Company entered into the Master Agreement with SIL pursuant to which (i) the Company will procure the Disposal Vendors to enter into the Disposal Agreement; (ii) the Company will procure the Acquisition Purchaser to enter into the Acquisition Agreement; (iii) SIL will procure the Disposal Purchaser to enter into the Disposal Agreement; and (iv) SIL will procure the Acquisition Vendor to enter into the Acquisition Agreement.

Pursuant to the Acquisition Agreement to be entered into between the Acquisition Purchaser and the Acquisition Vendor, the Acquisition Purchaser will acquire and the Acquisition Vendor will sell the Huizhou Sale Shares and the Huizhou Sale Loan at a total consideration of RMB214,780,300 (equivalent to approximately HK\$261,927,000).

Pursuant to the Disposal Agreement to be entered into between the Disposal Purchaser and the Disposal Vendors, the Disposal Vendors will sell and the Disposal Purchaser will acquire the Suzhou Sale Shares and the Suzhou Sale Loan at a total consideration of RMB550,000,000 (equivalent to approximately HK\$670,732,000).

LISTING RULES IMPLICATION

As at the date of this announcement, SIL holds 631,092,857 Shares, representing approximately 22.62% of the entire equity interest of the Company, and is therefore a connected person of the Company by virtue of being a substantial Shareholder. Each of the Acquisition Vendor and the Disposal Purchaser, being a wholly-owned subsidiary of SIL, is an associate of the substantial Shareholder and therefore a connected person of the Company. Accordingly, the Acquisition and the Disposal will constitute connected transactions on the part of the Company under Chapter 14A of the Listing Rules.

The Acquisition and the Disposal will also constitute a major transaction and a very substantial disposal on the part of the Company under Chapter 14 of the Listing Rules, which are subject to the approval of the Independent Shareholders at the SGM by way of poll.

As at the date of this announcement, the SIL Concert Group is interested in a total of 631,092,857 Shares, representing approximately 22.62% of the entire equity interest of the Company. By virtue of the requirements of the Listing Rules, the SIL Concert Group will abstain from voting on the resolutions approving the Transactions at the SGM.

The Independent Board Committee has been established and the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the Transactions are fair and reasonable and how to vote on the resolutions in relation to the Transactions to be proposed at the SGM.

The Circular containing, among other things, (i) further information on the Transactions; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee; and (iv) a notice of the SGM will be despatched to the Shareholders on or before 26 October 2012.

Further announcement will be made by the Company in compliance with the Listing Rules as and when the Acquisition Agreement and the Disposal Agreement have been entered into.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 1:00 p.m. on 28 September 2012 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 1:00 p.m. on 4 October 2012.

As the Transactions are subject to the satisfaction of a number of conditions, the Transactions may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

THE MASTER AGREEMENT

Date

28 September 2012

Parties

- (1) The Company; and
- (2) SIL.

As at the date of this announcement, SIL holds 631,092,857 Shares, representing approximately 22.62% of the entire equity interest of the Company, and is therefore a connected person of the Company by virtue of being a substantial Shareholder. SIL is principally engaged in property development, property investment, property management, transportation services and manufacturing.

Pursuant to the Master Agreement and subject to the fulfillment of the conditions precedent thereunder, it was agreed between the Company and SIL that (i) the Company will procure the Acquisition Purchaser and the Disposal Vendors to enter into the Acquisition Agreement and the Disposal Agreement respectively; and (ii) SIL will procure the Acquisition Vendor and the Disposal Purchaser to enter into the Acquisition Agreement and the Disposal Agreement respectively.

The Master Agreement further specifies that in the event that the Suzhou Sale Shares and the Suzhou Sale Loan are bidden successfully by a third party in the Suzhou Open Tender, the Acquisition Agreement and the Disposal Agreement will lapse with effect from the date of such successful bid made by the third party and neither parties shall have any obligations or liabilities under the Acquisition Agreement and the Disposal Agreement.

Conditions precedent of the Master Agreement

The Master Agreement is conditional upon (i) completion of the filing of the valuation reports of the Huizhou Assets and the Suzhou Assets with the Shenzhen State-owned Assets Supervision and Administration Commission (深圳市人民政府國有資產監督管理委員會); and (ii) such filed valuation reports not affecting the consideration with respect to the Transactions.

If the above conditions precedent have not been fulfilled, the Master Agreement shall lapse and neither parties shall have any obligations or liabilities under the Master Agreement.

THE ACQUISITION AGREEMENT

Parties

Purchaser: Shenzhen Coastal, a wholly-owned subsidiary of the Company and an investment holding company

Vendor: Shum Yip Investment, a wholly-owned subsidiary of SIL

Shum Yip Investment is an investment holding company. As at the date of this announcement, SIL holds 631,092,857 Shares, representing approximately 22.62% of the entire equity interest of the Company, and is therefore a connected person of the Company by virtue of being a substantial Shareholder. Shum Yip Investment, being a wholly-owned subsidiary of SIL, is an associate of the substantial Shareholder and therefore a connected person of the Company.

Assets to be acquired

- (1) the Huizhou Sale Shares, being 30% equity interest of the Huizhou Target Company; and
- (2) the Huizhou Sale Loan.

The Huizhou Target Company was established on 5 April 2007 in the PRC as a limited liability company with registered capital of RMB50,000,000 and is principally engaged in property development. As at the date of this announcement, the Huizhou Target Company is held as to 51% by Shum Yip Southern Land and as to 49% by Shum Yip Investment and its principal assets are the Huizhou Assets comprising of (a) the Huizhou Project with two parcels of land at Huizhou City, Guangdong Province, the PRC with a total site area of approximately 153,240.6 sq. m. for a term of 70 years expiring on 12 October 2077 for residential use or 40 years expiring on 12 October 2047 for commercial use; and (b) two residential units at Jinhui Hujin Garden, Huicheng District, Huizhou City, Guangdong Province, the PRC with GFA of approximately 325.66 sq. m..

The Huizhou Project is situated at Huicheng District Huizhou City, Guangdong Province, the PRC which is near to the Huizhou West Railway Station and is proposed to be developed into a residential development in three phases with a total GFA of approximately 372,077 sq. m.. The first phase with site area of approximately 38,993.5 sq. m. and GFA of approximately 103,723 sq. m. is expected to be available for pre-sale in early 2013 and the whole development is expected to be completed in 2016. The total construction cost of the Huizhou Project is estimated to be approximately RMB1.6 billion (equivalent to approximately HK\$2.0 billion) and is expected to be financed by bank borrowings and proceeds from pre-sale of residential units. Furthermore, the Huizhou Target Company has signed an agreement to construct affordable houses with a site area of approximately 20,018 sq. m. and GFA of approximately 62,532 sq. m. on a parcel of land adjacent to the Huizhou Project on behalf of 惠州市住房和城鄉建設規劃局 (Huizhou City Construction Bureau of Housing and Urban Planning). The total development cost for the affordable houses is estimated to be approximately RMB150,000,000 and will be reimbursed by the government authority with certain profit margin to the Huizhou Target Company. The whole affordable houses development is expected to be completed in 2013.

Set out below is a summary of the audited financial information of the Huizhou Target Company as extracted from its audited financial statements prepared under the generally accepted accounting principles in the PRC for the years ended 31 December 2010 and 2011.

	For the year ended 31 December 2010 RMB'000 (audited)	For the year ended 31 December 2011 RMB'000 (audited) (Note)
Turnover	0	0
(Loss) before tax	(2,810)	0
(Loss) after tax	(2,810)	0

Note: All the expenses were capitalised in the audited financial statement of the Huizhou Target Company for the year ended 31 December 2011.

Acquisition Consideration

Within five days after the date of the Acquisition Agreement, the Huizhou Sale Shares and the Huizhou Sale Loan will be put on Shenzhen United Property and Share Rights Exchange (深圳聯合產權交易所) for the Huizhou Open Tender.

The Acquisition Consideration is RMB214,780,300 (equivalent to approximately HK\$261,927,000), of which the consideration for the Huizhou Sale Shares is RMB19,949,400 (equivalent to approximately HK\$24,329,000) and the consideration for the Huizhou Sale Loan is RMB194,830,900 (equivalent to approximately HK\$237,599,000). The Acquisition Consideration has been arrived at after arm's length negotiations between the parties with reference to (a) 30% of the unaudited net liabilities value of the Huizhou Target Company as at 30 June 2012 amounting to approximately RMB4,106,600 (equivalent to approximately HK\$5,008,000) (including the Huizhou Sale Loan); (b) 30% of the valuation surplus amounting to RMB24,056,000 (equivalent to approximately HK\$29,337,000) resulted from the difference between the preliminary valuation of the Huizhou Assets as at 30 June 2012 (conducted by the Valuer) and the unaudited net book value of the Huizhou Assets of RMB608,476,000 (equivalent to approximately HK\$742,044,000) as at 30 June 2012; and (c) the face amount of the Huizhou Sale Loan as at 30 June 2012 of RMB194,830,900 (equivalent to approximately HK\$237,599,000). The abovementioned unaudited financial information is prepared in accordance with Hong Kong Financial Reporting Standards.

The Acquisition Consideration shall be satisfied by way of set off against the Phase II Disposal Consideration.

Conditions precedent of the Acquisition Agreement

Acquisition Completion is conditional upon the satisfaction of the following conditions:

- (a) there being no third party bade successfully (i) in the Huizhou Open Tender for the Huizhou Sale Shares and the Huizhou Sale Loan; and (ii) in the Suzhou Open Tender for the Suzhou Sale Shares and the Suzhou Sale Loan;
- (b) the Company having satisfied all the required disclosure and approval procedures (including but not limited to the passing by the Independent Shareholders at the SGM of all necessary resolutions to approve the Acquisition Agreement and the transactions contemplated thereunder) under all applicable laws and the Listing Rules in respect of the transactions contemplated under the Acquisition Agreement;
- (c) the warranties given by the Acquisition Vendor under the Acquisition Agreement remaining true, complete and accurate in all respects;
- (d) all necessary consents and approvals for or in connection with the Acquisition Agreement having been obtained by the Acquisition Vendor and a copy of such consents and approvals documents (save as those which have been publicly announced) having been passed to the Acquisition Purchaser;
- (e) there being no events, facts, conditions, changes or any other circumstances from the date of the Acquisition Agreement to the Acquisition Completion which will have material adverse effect on the Huizhou Target Company;
- (f) the warranties given by the Acquisition Purchaser under the Acquisition Agreement remaining true, complete and accurate in all respects;
- (g) all necessary consents and approvals for or in connection with the Acquisition Agreement having been obtained by the Acquisition Purchaser and a copy of such consents and approvals documents (save as those which have been publicly announced) having been passed to the Acquisition Vendor;
- (h) the Disposal Agreement having been completed;

- (i) the Acquisition Agreement being in compliance and not in breach of the relevant requirements under the Senior Loan Note and other relevant agreement; and
- (j) holders of the Senior Loan Note (other than SIL) having been repaid the outstanding principal and interest amount of US\$79,000,000 (equivalent to approximately HK\$616,200,000) under the Senior Loan Note on or before the maturity date of the Senior Loan Note.

All the conditions mentioned above are not waivable. If the conditions mentioned above have not been fulfilled in full on 8 November 2012 or such later date as the Acquisition Purchaser and the Acquisition Vendor may agree in writing, the Acquisition Agreement shall cease and neither parties shall have any obligations or liabilities under the Acquisition Agreement save for any antecedent breaches of the terms thereof.

Acquisition Completion

Subject to the fulfillment of all conditions precedent as set out in the paragraph headed “Conditions precedent of the Acquisition Agreement”, Acquisition Completion shall take place within 30 Business Days after the expiry of the Huizhou Open Tender and the Suzhou Open Tender.

Upon the Acquisition Completion, the Huizhou Target Company will become an associated company of the Company.

THE DISPOSAL AGREEMENT

Parties

Vendors: Suzhou Gaotong and Coastal Realty Investment, both wholly-owned subsidiaries of the Company and investment holding companies

Purchaser: Shum Yip Land

The Disposal Purchaser is principally engaged in property development and a wholly-owned subsidiary of SIL.

As at the date of this announcement, SIL holds 631,092,857 Shares, representing approximately 22.62% of the entire equity interest of the Company, and is therefore a connected person of the Company by virtue of being a substantial Shareholder. The Disposal Purchaser, being a wholly-owned subsidiary of SIL, is an associate of the substantial Shareholder and therefore a connected person of the Company.

Assets to be dispose of

- (1) the Suzhou Sale Shares, being 100% equity interest of the Suzhou Target Company; and
- (2) the Suzhou Sale Loan.

The Suzhou Target Company was established on 24 May 1995 in the PRC as a limited liability company with registered capital of RMB350,000,000 and is principally engaged in property development, property investment, hotel operation, property management, property leasing and convention business.

As at the date of this announcement, the principal assets of the Suzhou Target Company are the Suzhou Assets comprising: (a) the Suzhou Project with Suzhou Coastal International Centre located at the heart of Jinchang District, Suzhou City, Jiangsu Province, the PRC with a total GFA of about 115,700 sq. m. with a composite commercial development of a hotel managed by Marriott International Management Company Limited, offices, serviced apartments and retail shops; and (b) five units in an office building located at Suzhou City, Jiangsu Province, the PRC with a GFA of about 1,865 sq. m.. The Suzhou Project was a half-developed commercial project at the time of acquisition by the Group in 2007 and the development of which is to be completed in two phases. The Group has completed the development of Phase 1 which consists of a 49-storey building comprising offices and a hotel with the GFA of about 33,990 sq. m. and 47,790 sq. m. respectively and a 9-storey building of serviced apartment and retail shops with the GFA of about 15,360 sq. m. and 2,940 sq. m. respectively. The hotel has commenced its business operation since December 2009.

Set out below is a summary of the unaudited consolidated financial information of the Suzhou Target Group for the year ended 31 March 2011 and 2012 prepared in accordance with Hong Kong Financial Reporting Standards.

	For the year ended 31 March 2011 HK\$'000	For the year ended 31 March 2012 HK\$'000
Turnover	63,053	91,724
(Loss) before tax	(126,294)	(105,474)
(Loss) after tax	(116,576)	(93,615)

Disposal Consideration

Within five days after the date of the Disposal Agreement, the Suzhou Sale Shares and the Suzhou Sale Loan will be put on Shenzhen United Property and Share Rights Exchange (深圳聯合產權交易所) for the Suzhou Open Tender.

The Disposal Consideration is RMB550,000,000 (equivalent to approximately HK\$670,732,000), of which the consideration for the Suzhou Sale Shares is RMB157,931,900 (equivalent to approximately HK\$192,600,000) and the consideration for the Suzhou Sale Loan is RMB392,068,100 (equivalent to approximately HK\$478,132,000). The Disposal Consideration has been arrived at after arm's length negotiations between the parties with reference to (a) the unaudited net assets value (before capitalisation of the borrowing costs mentioned in (c) below) of the Suzhou Target Group as at 30 June 2012 of approximately RMB214,348,000 (equivalent to approximately HK\$261,400,000) (including the Suzhou Sale Loan); (b) the valuation surplus of RMB33,994,000 (equivalent to approximately HK\$41,456,000) resulted from the difference between the preliminary valuation of the Suzhou Assets as at 30 June 2012 (conducted by the Valuer) and the unaudited net book value of the Suzhou Assets of RMB1,486,006,000 (equivalent to approximately HK\$1,812,202,000) as at 30 June 2012; (c) borrowing costs capitalised by the Group as at 30 June 2012 of RMB51,236,000 (equivalent to approximately HK\$62,483,000); (d) approximately 9.3% discount to the preliminary valuation of the Suzhou Assets amounting to RMB141,646,100 (equivalent to approximately HK\$172,739,000); and (e) the face amount of the Suzhou Sale Loan as at 30 June 2012 of RMB392,068,100 (equivalent to approximately HK\$478,132,000). The abovementioned unaudited financial information is prepared in accordance with Hong Kong Financial Reporting Standards.

The Directors considered that it is fair and reasonable to set the Disposal Consideration at a discount to the valuation of the Suzhou assets (which is different from the basis in determining the Acquisition Consideration) for the following reasons:

- (1) hotel operation may tie up the funds and investment in hotel operation may not be recouped as efficient as investment in residential property development such as the Huizhou Project; and
- (2) to use a discount to the valuation of the Suzhou Assets in determining the Disposal Consideration is a result after arm's length negotiation between the parties of the Transactions.

The Disposal Consideration shall be satisfied in the following manners:

- (1) the Phase I Disposal Consideration will be payable by the Disposal Purchaser to the Disposal Vendors within five days after (i) SIL having been repaid the outstanding principal of US\$50,000,000 and interest amount of US\$3,000,000 of the Senior Loan Note held by SIL; (ii) the Suzhou Sale Shares having been transferred to the Disposal Purchaser and registered with the relevant government authority in the PRC under the name of the Disposal Purchaser; and (iii) the Huizhou Sale Shares having been charged by Shenzhen Coastal to the Disposal Purchaser; and
- (2) (a) in the event that there being no third party bade successfully in the Huizhou Open Tender for the Huizhou Sale Shares and the Huizhou Sale Loan, the Phase II Disposal Consideration will be satisfied by way of set off against the Acquisition Consideration; and

(b) in the event that there being a third party bade successfully in the Huizhou Open Tender for the Huizhou Sale Shares and the Huizhou Sale Loan, the Phase II Disposal Consideration will be payable by the Disposal Purchaser to the Disposal Vendors on the same date as and when the Phase I Disposal Consideration is paid by the Disposal Purchaser to the Disposal Vendors.

Conditions precedent of the Disposal Agreement

Disposal Completion is conditional upon the satisfaction of the following conditions:

- (a) there being no third party bade successfully in the Suzhou Open Tender for the Suzhou Sale Shares and the Suzhou Sale Loan;
- (b) the Company having satisfied all the required disclosure and approval procedures (including but not limited to the passing by the Independent Shareholders at the SGM of all necessary resolutions to approve the Disposal Agreement and the transactions contemplated thereunder) under all applicable laws and the Listing Rules in respect of the transactions contemplated under the Disposal Agreement;
- (c) the warranties given by the Disposal Vendors under the Disposal Agreement remaining true, complete and accurate in all respects;

- (d) all necessary consents and approvals for or in connection with the Disposal Agreement having been obtained by the Disposal Vendors and a copy of such consents and approvals documents (save as those which have been publicly announced) having been passed to the Disposal Purchaser;
- (e) there being no events, facts, conditions, changes or any other circumstances from the date of the Disposal Agreement to the Disposal Completion which will have material adverse effect on the Suzhou Target Company;
- (f) the warranties given by the Disposal Purchaser under the Disposal Agreement remaining true, complete and accurate in all respects;
- (g) all necessary consents and approvals for or in connection with the Disposal Agreement having been obtained by the Disposal Purchaser and a copy of such consents and approvals documents (save as those which have been publicly announced) having been passed to the Disposal Vendors;
- (h) the Disposal Agreement being in compliance and not in breach of the relevant requirements under the Senior Loan Note and other relevant agreement;
- (i) holders of the Senior Loan Note (other than SIL) having been repaid the outstanding principal and interest amount of US\$79,000,000 (equivalent to approximately HK\$616,200,000) under the Senior Loan Note on or before the maturity date of the Senior Loan Note; and
- (j) SIL having complied with all necessary requirements and obtained all necessary approvals with respect to the Disposal Agreement under all applicable laws and the Listing Rules.

All the conditions mentioned above are not waivable. If the conditions mentioned above have not been fulfilled in full on 8 November 2012 or such later date as the Disposal Purchaser and the Disposal Vendors may agree in writing, the Disposal Agreement shall cease and neither parties shall have any obligations or liabilities under the Disposal Agreement save for any antecedent breaches of the terms thereof.

Disposal Completion

Subject to the fulfillment of all conditions precedent as set out in the paragraph headed “Conditions precedent of the Disposal Agreement”, Disposal Completion shall take place within 30 Business Days after the expiry of the Suzhou Open Tender.

Upon the Disposal Completion, the Suzhou Target Company will no longer be a subsidiary of the Company and the Company will not have any interest in the Suzhou Target Company.

GUARANTEE

Pursuant to the Master Agreement:

- (a) each of Mr. Jiang and the Company as guarantor will enter into a guarantee agreement respectively, pursuant to which each of Mr. Jiang and the Company will guarantee to Shum Yip Investment and Shum Yip Land the performance of Suzhou Gaotong and Coastal Realty Investment of their obligations under the Disposal Agreement and the performance of Shenzhen Coastal of its obligation under the Acquisition Agreement;

- (b) Shenzhen Coastal as guarantor will enter into a guarantee agreement, pursuant to which Shenzhen Coastal will guarantee to Shum Yip Investment and Shum Yip Land the performance of Suzhou Gaotong and Coastal Realty Investment of their obligations under the Disposal Agreement;
- (c) Shenzhen Coastal will enter into a share pledge agreement with Shum Yip Land, pursuant to which upon completion of the Acquisition Agreement, Shenzhen Coastal will charge the Huizhou Sale Shares to Shum Yip Land to secure the performance of Suzhou Gaotong and Coastal Realty Investment of their obligations under the Disposal Agreement; and
- (d) SIL as guarantor will enter into a guarantee agreement, pursuant to which SIL will guarantee to Suzhou Gaotong, Coastal Realty Investment and Shenzhen Coastal the performance of Shum Yip Land of its obligation under the Disposal Agreement and the performance of Shum Yip Investment of its obligation under the Acquisition Agreement.

REASONS FOR THE TRANSACTIONS

The Group is principally engaged in property development, property investment and provision of property management services. In recent years, the PRC government has implemented a series of austerity measures such as home purchase restriction, price control and tightened monetary policy, resulting in a slowdown in the volume of transactions in the property market and downward adjustments in housing price in general. The Group expects that those regulatory measures, as well as the tightening credit policy for property sector, will not be loosen in the short run, which makes the PRC property market continuously being subject to challenging and volatile operating environment. Hence, the Group has endeavored to adopt prudent business and financial strategies and closely monitor the development of PRC property market to identify suitable opportunities for optimising its land reserve portfolio and strengthening its product competitiveness.

In 2007, the Group completed the acquisition of Suzhou Coastal International Centre which was then a half-developed commercial project. Thereafter, the Group has financed the development of the commercial project by bank and other borrowings and the hotel has commenced business operation since December 2009. Since significant finance costs and depreciation charges were incurred for the Suzhou Project, the Group has been facing with the financial pressure from funds being tied up in the commercial property development/investment for leasing out and hotel operation which may not be recouped as efficient as the residential property development of which returns can be generated within a shorter time span upon the pre-sale of residential properties. Hence, the Group has been actively seeking opportunity to dispose of the Suzhou Project so as to relieve the funds locked up in this investment property for working capital of the Company.

The Group in recent years is looking for co-investment opportunities in property development projects so that on the one hand it can expand its property development portfolio and on the other hand it does not cause too much debt burden.

The Huizhou Project is situated near to Huizhou West Railway Station and Gaobangshan, a national park in the city with pleasant scenery. It is proposed to be developed into a residential development in three phases, the first of which is expected to be available for pre-sale in 2013. Through the Acquisition, the Group can enrich its land portfolio in Pearl River Delta Region, which is in line with its strategy to maintain geographically well-diversified land portfolio for quality residential development without causing too much debt burden by means of co-investment. After completion of the Transactions, the residential developments of the Group are located in Anshan, Beijing, Chengdu, Dalian, Dongguan, Foshan, Jiangxi, Huizhou, Shanghai, Shenyang and Wuhan.

Through the Disposal, the Group can recoup its investment in commercial investment projects and hence alleviate the Group's continuous burden of the payment of financing charges and repayment of outstanding borrowings incurred for the Suzhou Project resulting in an improvement in the Group's gearing ratio.

As a result of the Acquisition, the interests in associates would increase by RMB214,780,300 (equivalent to approximately HK\$261,927,000). As a result of the Disposal, the Directors expect that the Group would record an unaudited loss on the Disposal of RMB107,652,000 (equivalent to approximately HK\$131,283,000). Such loss is estimated based on the gross proceeds from the Disposal of RMB550,000,000 (equivalent to approximately HK\$670,732,000) less the aggregate carrying values of Suzhou Sale Shares. Suzhou Sale Loan and borrowing costs capitalised by the Group of RMB657,652,000 (equivalent to approximately HK\$802,015,000) as at 30 June 2012 in the accounts of the Group and taxes and all relevant fees and expenses. Nevertheless, the Disposal will have a positive effect on its liabilities as the bank and other borrowings of the Group would decrease by RMB590,000,000 (equivalent to approximately HK\$719,512,000). Besides, the Group would receive the net proceeds of approximately RMB335,000,000 (equivalent to approximately HK\$408,537,000) as a result of the Transactions. The Directors intend to apply the net proceeds from the Transactions as general working capital of the Group.

Given the foregoing, the Directors (other than the members of the Independent Board Committee whose views will be included in the Circular after considering the advice from the Independent Financial Adviser) consider that the Transactions are in the interests of the Company and the Shareholders as a whole and the terms thereof are fair and reasonable.

LISTING RULES IMPLICATION

As at the date of this announcement, SIL holds 631,092,857 Shares, representing approximately 22.62% of the entire equity interest of the Company, and is therefore a connected person of the Company by virtue of being a substantial Shareholder. Each of the Acquisition Vendor and the Disposal Purchaser, being a wholly-owned subsidiary of SIL, is an associate of the substantial Shareholder and therefore a connected person of the Company. Accordingly, the Acquisition and the Disposal will constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

The Acquisition and the Disposal will also constitute a major transaction and a very substantial disposal for the Company under Chapter 14 of the Listing Rules, which are subject to the approval of the Independent Shareholders at the SGM by way of poll.

As at the date of this announcement, the SIL Concert Group is interested in a total of 631,092,857 Shares, representing approximately 22.62% of the entire equity interest of the Company. By virtue of the requirements of the Listing Rules, the SIL Concert Group will abstain from voting on the resolutions approving the Transactions at the SGM.

The Independent Board Committee has been established and the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the Transactions are fair and reasonable and how to vote on the resolutions in relation to the Transactions to be proposed at the SGM.

The Circular containing, among other things, (i) further information on the Transactions; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee; and (iv) a notice of the SGM will be despatched to the Shareholders on or before 26 October 2012.

Further announcement will be made by the Company in compliance with the Listing Rules as and when the Acquisition Agreement and the Disposal Agreement have been entered into.

As the Transactions are subject to the satisfaction of a number of conditions, the Transactions may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 1:00 p.m. on 28 September 2012 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 1:00 p.m. on 4 October 2012.

DEFINITIONS

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

“Acquisition”	the acquisition of the Huizhou Sale Shares and the Huizhou Sale Loan from the Acquisition Vendor by the Acquisition Purchaser pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the conditional sale and purchase agreement to be entered into between the Acquisition Purchaser and the Acquisition Vendor in relation to the Acquisition (subject to the fulfillment of the conditions precedent under the Master Agreement)
“Acquisition Completion”	completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
“Acquisition Consideration”	the total consideration for the acquisition of the Huizhou Sale Shares and the Huizhou Sale Loan
“Acquisition Purchaser”	Shenzhen Coastal
“Acquisition Vendor”	Shum Yip Investment
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	board of Directors
“Business Day”	a day (other than Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m. in Hong Kong) on which licensed banks in Hong Kong are generally open for business

“Circular”	the circular to be despatched to the Shareholders containing, among other things, (i) further information on the Transactions; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee; and (iv) a notice of the SGM
“Coastal Realty Investment”	Coastal Realty Investment (China) Limited (沿海地產投資(中國)有限公司), 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 (stock code: 1124)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Suzhou Sale Shares and the Suzhou Sale Loan by the Disposal Vendors to the Disposal Purchaser pursuant to the terms and conditions of the Disposal Agreement
“Disposal Agreement”	the conditional sale and purchase agreement to be entered into among the the Disposal Vendors and the Disposal Purchaser in relation to the Disposal (subject to the fulfillment of the conditions precedent under the Master Agreement)
“Disposal Completion”	completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement
“Disposal Consideration”	Phase I Disposal Consideration and Phase II Disposal Consideration
“Disposal Purchaser”	Shum Yip Land
“Disposal Vendors”	Suzhou Gaotong and Coastal Realty Investment
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huizhou Assets”	the Huizhou Project and two residential units at Jinhui Hujin Garden, Huicheng District, Huizhou City, Guangdong Province, the PRC with aggregate GFA of approximately 325.66 sq. m.
“Huizhou Open Tender”	the open tender process in relation to the sale and purchase of the Huizhou Sale Shares and the Huizhou Sale Loan on Shenzhen United Property and Share Rights Exchange (深圳聯合產權交易所)

“Huizhou Project”	two parcels of land at Huizhou City, Guangdong Province, the PRC with a total site area of approximately 153,240.6 sq. m. for a term of 40 years expiring on 12 October 2047 for commercial use and 70 years expiring on 12 October 2077 for residential use, which are proposed to be developed into a residential development in three phases with a total GFA of approximately 372,077 sq. m.
“Huizhou Sale Loan”	the shareholder’s loan in the principal amount of RMB194,830,900 (equivalent to approximately HK\$237,599,000), which represents 30% of the aggregate shareholder’s loan due by the Huizhou Target Company to the Acquisition Vendor on the date of the Acquisition Agreement
“Huizhou Sale Shares”	30% equity interest of the Huizhou Target Company
“Huizhou Target Company”	惠州深業南方地產有限公司 (Huizhou Shum Yip Southern Land Company Limited), a company established in the PRC and is held as to 51% by Shum Yip Southern Land and as to 49% by Shum Yip Investment as at the date of this announcement
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, established by the Board to advise the Independent Shareholders regarding the Transactions
“Independent Financial Adviser”	Messis Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) of the regulated activity under the SFO and the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Transactions
“Independent Shareholder(s)”	Shareholder(s) other than (i) the SIL Concert Group, and (ii) all parties involved in or interested in the Transactions
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreement”	the master agreement dated 28 September 2012 and entered into between the Company and SIL in relation to the Transactions
“Mr. Jiang”	Mr. Jiang Ming, an executive Director and a substantial Shareholder
“Phase I Disposal Consideration”	RMB335,219,700 (equivalent to approximately HK\$408,805,000), being part of the consideration for the disposal of the Suzhou Sale Shares and the Suzhou Sale Loan
“Phase II Disposal Consideration”	RMB214,780,300 (equivalent to approximately HK\$261,927,000), being part of the consideration for the disposal of the Suzhou Sale Shares and the Suzhou Sale Loan

“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Senior Loan Note”	the senior loan note in the aggregate principal amount of US\$129,000,000 (equivalent to HK\$1,006,200,000) issued by the Company with maturity date of 8 November 2012
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Transactions by the Independent Shareholders
“Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Coastal”	Shenzhen Coastal Property Investment Limited (深圳沿海國投置業有限公司), a wholly-owned subsidiary of the Company and an investment holding company
“Shum Yip Investment”	Shum Yip Investment (Shenzhen) Co., Ltd. (深業控股(深圳)有限公司), a wholly-owned subsidiary of SIL
“Shum Yip Land”	Shum Yip Land Co., Ltd. (深業置地有限公司), a wholly-owned subsidiary of SIL
“Shum Yip Southern Land”	Shum Yip Southern Land (Holdings) Co., Ltd (深業南方地產(集團)有限公司), a wholly-owned subsidiary of SIL
“SIL”	Shenzhen Investment Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 604), being a substantial Shareholder
“SIL Concert Group”	SIL and its associates
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Suzhou Assets”	the Suzhou Project and five units in an office building located at Suzhou City, Jiangsu Province, the PRC with a GFA of about 1,865 sq. m.

“Suzhou Gaotong”	Suzhou Gaotong Information Services and Consultation Ltd. (蘇州高通信息諮詢有限公司), a wholly-owned subsidiary of the Company
“Suzhou Open Tender”	the open tender process in relation to the sale and purchase of the Suzhou Sale Shares and the Suzhou Sale Loan on Shenzhen United Property and Share Rights Exchange (深圳聯合產權交易所)
“Suzhou Project”	Suzhou Coastal International Centre located at the heart of Jinchang District, Suzhou City, Jiangsu Province, the PRC with a total GFA of about 115,700 sq. m. with a composite commercial development of a hotel managed by Marriott International Management Company Limited, offices, serviced apartments and retail shops
“Suzhou Sale Loan”	the entire shareholder’s loan due by the Suzhou Target Company to Coastal Realty Investment in the principal amount of RMB392,068,100 (equivalent to approximately HK\$478,132,000) on the date of the Disposal Agreement
“Suzhou Sale Shares”	the entire equity interest of the Suzhou Target Company
“Suzhou Target Company”	Suzhou New Development Investment Co., Ltd. (蘇州新發展投資有限公司), a wholly-owned subsidiary of the Company
“Suzhou Target Group”	Suzhou Target Company and its subsidiaries
“Transactions”	the Acquisition and the Disposal
“Valuer”	RHL Appraisal Limited, an independent professional property valuer
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq. m.”	square meter(s)
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 4 October 2012

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. Cai Shaobin, Mr. Zheng Hong Qing and Mr. Wang Jun as executive Directors, Mr. Lu Jiqiang and Mr. 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 illustration purposes only and unless otherwise stated, all amounts denominated in RMB in this announcement has been translated into HK\$ at the exchange rate of HK\$1 = RMB0.82.

For illustration purposes only and unless otherwise stated, all amounts denominated in US\$ in this announcement has been translated into HK\$ at the exchange rate of US\$1 = HK\$7.8.

For reference purposes only, the Chinese names of the PRC entities, departments or facilities have been translated into English in this announcement. In the event of any discrepancies between the Chinese names of these PRC entities, departments or facilities and their respective English translations, the Chinese version shall prevail.

* *For identification purposes only*