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## ISSUE OF NOTES AND CONVERTIBLE BONDS

The Company announced in the Announcement that the Firm Bonds would be issued to Mellon HBV.

Pursuant to the Subscription Agreement, the Company will issue the Firm Bonds to Mellon HBV or its nominee on the First Completion Date. The Subscriber has nominated the Funds as its nominees for the Firm Bonds in the proportion as set out below.

Reference is made to the announcement (the “**Announcement**”) of the Company in relation to the issue of Notes and Convertible Bonds dated 12 July 2005. Capitalised terms used herein shall have the same meanings as defined in the Announcement unless defined otherwise.

The Company announced in the Announcement that the Senior Notes and the Convertible Bonds (the “**Firm Bonds**”) would be issued to Mellon HBV.

Pursuant to the Subscription Agreement, the Company will issue the Firm Bonds to Mellon HBV or nominee of Mellon HBV on the First Completion Date. Mellon HBV has nominated Mellon HBV Master Global Event Driven Fund LP (“**Mellon HBV Master Fund**”) and Mellon HBV Master Leveraged Global Event Driven Fund LP (“**Mellon HBV Master Leveraged Fund**”, together with Mellon HBV Master Fund, the “**Funds**”) as its nominees for the Firm Bonds in the following proportion:

	Senior Notes	Tranche 1 Convertible Bonds	Tranche 2 Convertible Bonds
Mellon HBV Master Fund	US\$14.5 million (equivalent to approximately HK\$113.1 million)	US\$5.15 million (equivalent to approximately HK\$40.17 million)	US\$5.15 million (equivalent to approximately HK\$40.17 million)
Mellon HBV Master Leveraged Fund	US\$3 million (equivalent to approximately HK\$23.4 million)	US\$1.1 million (equivalent to approximately HK\$8.58 million)	US\$1.1 million (equivalent to approximately HK\$8.58 million)

To the best of the Directors' knowledge, the Funds are not connected persons of the Company as defined in the Listing Rules and are independent of and not connected with the Company and its connected persons. The Funds are alternative investment funds and Mellon HBV is the investment adviser of the Funds. The connected persons of the Company as defined in the Listing Rules are independent of, not connected with, have not invested in and do not have any interests in the Funds.

## CHANGES OF SHAREHOLDING

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

	As at the date of this announcement		Assuming full conversion of the Tranche 1 Convertible Bonds only		Assuming full conversion of the Tranche 2 Convertible Bonds only		Assuming full conversion of the Convertible Bonds	
	Approximate %	Number of Shares held	Approximate %	Number of Shares held	Approximate %	Number of Shares held	Approximate %	Number of Shares held
Coastal International Holdings Limited ( <i>Note 1</i> )	24.59	497,600,000	22.76	497,600,000	23.46	497,600,000	21.79	497,600,000
Coastal Enterprise Group Limited ( <i>Note 2</i> )	23.92	484,210,527	22.15	484,210,527	22.82	484,210,527	21.20	484,210,527
Glory View Investments Limited ( <i>Note 3</i> )	2.28	46,080,000	2.11	46,080,000	2.17	46,080,000	2.02	46,080,000
Success Essence Investments Limited ( <i>Note 4</i> )	9.10	184,210,526	8.42	184,210,526	8.68	184,210,526	8.07	184,210,526
Mellon HBV Master Fund	-	-	6.12	133,900,000	3.79	80,340,000	9.38	214,240,000
Mellon HBV Master Leveraged Fund	-	-	1.31	28,600,000	0.81	17,160,000	2.00	45,760,000
Public	40.11	811,898,947	37.13	811,898,947	38.27	811,898,947	35.54	811,898,947
Total	<u>100.00</u>	<u>2,024,000,000</u>	<u>100.00</u>	<u>2,186,500,000</u>	<u>100.00</u>	<u>2,121,500,000</u>	<u>100.00</u>	<u>2,284,000,000</u>

### Notes:

1. 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).
2. The Shares are beneficially owned by Coastal Enterprise Group Limited, the entire issued share capital of which is beneficially owned by CIH.
3. The Shares are beneficially owned by Glory View Investments Limited, the entire issued share capital of which is beneficially owned by CIH.

4. The Shares are beneficially owned by Success Essence Investments Limited, the entire issued share capital of which is beneficially owned by Huang Bin.

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

Hong Kong, 2 August 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.*