
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Coastal Greenland Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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- (1) PROPOSED AMENDMENTS TO THE BYE-LAWS;**
- (2) PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT OF THE EXISTING SHARE OPTION SCHEME;**
- (3) PROPOSED GRANT OF GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES;**
- (4) PROPOSED RE-ELECTION OF DIRECTORS;**
- (5) PROPOSED APPOINTMENT OF ADDITIONAL DIRECTORS;**
- AND**
- (6) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of the Company to be held at Tien Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong at 10:00 a.m. on Monday, 11 September 2006 is set out on pages 20 to 25 of this circular. A form of proxy for use at the annual general meeting is enclosed with this circular.

If you are not able to attend the annual general meeting of the Company, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the office of the Company's branch share registrar and transfer office in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the commencement of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish.

* For identification purposes only

18 August 2006

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Tien Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong at 10:00 a.m. on Monday, 11 September 2006 to consider and, if thought fit, to approve, among other things, the proposed amendments to the Bye-laws; the proposed refreshment of the Scheme Mandate Limit of the Existing Share Option Scheme; the proposed grant of the General Mandate and the Repurchase Mandate; the re-election of Directors and the proposed appointment of additional Directors
“associate”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“CG Code”	the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules
“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
“Directors”	the directors of the Company
“Eligible Grantees”	persons who are eligible to accept the offer of the grant of an option under the Scheme 1997
“Existing Share Option Scheme”	the existing share option scheme of the Company adopted on 24 September 2002
“General Mandate”	the general mandate proposed to be granted to the Directors at the AGM to issue further new Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the relevant resolution granting such mandate
“Group”	the Company and its subsidiaries

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	14 August 2006, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Option(s)”	rights granted to subscribe for shares pursuant to the Scheme 1997 or Existing Share Option Scheme, as the case may be
“Participant(s)”	any person(s) belonging to any of the classes of participants as set out in the Existing Share Option Scheme, which include executive Directors, non-executive Directors and independent non-executive Directors
“PRC”	the People’s Republic of China
“Repurchase Mandate”	the repurchase mandate proposed to be granted to the Directors at the AGM to repurchase up to 10% of the issued share capital of the Company as at the date of passing the relevant resolution granting such mandate
“Scheme 1997”	the share option scheme of the Company which was adopted on 20 September 1997 and terminated on 30 August 2002
“Scheme Mandate Limit”	the scheme mandate limit under the Existing Share Option Scheme which set out the maximum number of share options to be granted by the Company at the time of the adoption of the Existing Share Option Scheme, being 10% of the issued share capital of the Company as at 24 September 2002
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Chan Boon Teong (*Chairman*)
Mr. Jiang Ming
(*Vice Chairman & Managing Director*)
Mr. Tao Lin
Mr. Cheng Wing Bor
Mr. Lin Chen Hsin

Non-executive Director:

Mr. Zheng Hong Qing

Independent non-executive Directors:

Mr. Tang Lap Yan
Mr. Law Kin Ho
Mr. Wong Kai Cheong

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place
of business in Hong Kong:*

Suite 1708, 17th Floor
One Exchange Square
8 Connaught Place
Central
Hong Kong

18 August 2006

To Shareholders

Dear Sir or Madam,

- (1) PROPOSED AMENDMENTS TO THE BYE-LAWS;**
- (2) PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT
OF THE EXISTING SHARE OPTION SCHEME;**
- (3) PROPOSED GRANT OF GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES;**
- (4) PROPOSED RE-ELECTION OF DIRECTORS;**
- (5) PROPOSED APPOINTMENT OF ADDITIONAL DIRECTORS;
AND**
- (6) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

At the AGM, resolutions will be proposed to seek Shareholders' approval for, among other things, (i) the amendments to the Bye-laws; (ii) the refreshment of the scheme mandate limit of the Existing Share Option Scheme; (iii) the granting of the General Mandate and the Repurchase Mandate to the Directors; (iv) the re-election of Directors; and (v) the appointment of additional Directors.

* For identification purposes only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with further information relating to the resolutions to be proposed at the AGM in respect of the matters as set out in the foregoing paragraph and the notice of the AGM.

AMENDMENTS TO THE BYE-LAWS

The Listing Rules have been amended by the Stock Exchange by replacing the Code of Best Practice in Appendix 14 by a new CG Code and adding a new Appendix 23 on the requirements for a Corporate Governance Report to be included in annual reports of listed issuers.

The Directors therefore propose to put forward to the Shareholders for approval of a special resolution to amend the Bye-laws at the AGM. The amendments are to bring the current Bye-laws in line with, including but not limited to, paragraph A.4.2 of the CG Code which provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years and all directors appointed to fill a casual vacancy should be subject to election by the shareholders at the first general meeting after their appointment.

Apart from the above, the Company would like to take this opportunity to amend the Bye-laws in respect of the demand of a poll in the circumstances as required by Rule 13.39(3) of the Listing Rules which provides that if the chairman of the meeting and/or the directors individually or collectively hold proxies in respect of shares representing 5% or more of the total voting rights at a particular meeting, and if on a show of hands a meeting votes in the opposite manner to that instructed in those proxies, the chairman and/or the directors holding the proxies as aforesaid collectively shall demand a poll.

The proposed amendment to the Bye-laws is stated in the proposed special resolution set out in item 6 of the notice convening the AGM as contained in pages 20 to 25 of this circular. A copy of the Bye-laws will be available for inspection at the Company's principal place of business in Hong Kong at Suite 1708, 17th Floor, One Exchange Square, 8 Connaught Place, Central, Hong Kong during normal business hours from the date hereof up to and including the date of the AGM.

REFRESHMENT OF THE SCHEME MANDATE LIMIT OF THE EXISTING SHARE OPTION SCHEME

On 20 September 1997, the Company adopted the Scheme 1997 pursuant to which options to subscribe for an aggregate of up to 10% of the issued share capital of the Company from time to time can be granted to Eligible Grantees. The Scheme 1997 was terminated on 30 August 2002. As at 30 August 2002, the Company had granted to Eligible Grantees under the Scheme 1997 87,360,000 Options, of which 24,640,000 Options had lapsed and the balance of 62,720,000 Options were outstanding. From 30 August 2002 till the Latest Practicable Date, 26,400,000 Options were exercised and the balance of 36,320,000 Options were outstanding under the Scheme 1997.

LETTER FROM THE BOARD

Pursuant to the ordinary resolution of the Shareholders passed on 24 September 2002, the Existing Share Option Scheme was adopted. The purpose of the Existing Share Option Scheme is to enable the Company to grant Options to the Participants as incentives and / or rewards for their contributions to the Group.

Pursuant to Chapter 17 of the Listing Rules, the total number of securities which may be issued upon exercise of all options to be granted under a share option scheme and any other schemes of a listed issuer must not in aggregate exceed 10% of the relevant class of securities of the listed issuer in issue as at the date of approval of the scheme. The listed issuer may seek approval by its shareholders in general meeting to refresh the 10% limit under the share option scheme. However, the total number of securities which may be issued upon exercise of all options to be granted under all of the share option schemes of the listed issuer under the limit as refreshed must not exceed 10% of the relevant class of securities in issue as at the date of approval of the refreshed limit. Options previously granted under the schemes (including those outstanding, cancelled, lapsed in accordance with the scheme or exercised options) will not be counted for the purpose of calculating the limit as “refreshed”. The Listing Rules also provide that the limit on the number of securities which may be issued upon exercise of all outstanding options granted and yet to the exercised under the scheme and any other schemes must not exceed 30% of the relevant class of securities of the listed issuer in issue from time to time.

On the date of adoption of the Existing Share Option Scheme, the Scheme Mandate Limit was approved. Pursuant to the Scheme Mandate Limit, the Company may under the Existing Share Option Scheme and any other share option scheme of the Company grant options up to 10% of the issued share capital of the Company as at 24 September 2002, which was 102,400,000 Shares.

As the Company has increased the issued share capital during the period from the date of adoption of the Existing Share Option Scheme to the Latest Practicable Date, which were mainly due to the allotment and issue of the consideration Shares for the acquisition of a Sino-foreign joint venture company established in the PRC (please refer to the announcement of the Company dated 23 April 2003 for further details) and the allotment and issue of Shares pursuant to the conversion of certain convertible bonds issued by the Company and the exercise of certain share options granted by the Company, the Directors consider that the Company should refresh the Scheme Mandate Limit so that the Company could have more flexibility to provide incentives to those Participants of the Existing Share Option Scheme by way of granting share options to them. If the refreshment of the Scheme Mandate Limit is approved at the AGM based on the 2,212,900,000 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued or repurchased prior to the date of the AGM, the Company will be allowed to grant further options pursuant to the Existing Share Option Scheme under the refreshed limit for subscription of up to a total of 221,290,000 Shares, representing 10% of the issued share capital of the Company as at the date of the AGM (calculated on the above basis and assumptions).

LETTER FROM THE BOARD

Apart from the Existing Share Option Scheme, the Company has no other share option scheme currently in force. No Options have been granted under the Existing Share Option Scheme since its adoption. The following table shows the details of the Options granted/exercised/lapsed/outstanding under the Scheme 1997 up to the Latest Practicable Date:

Class of Eligible Grantees	Number of Options granted	Number of Options exercised	Number of Options lapsed	Number of outstanding Options
Directors				
Chan Boon Teong	6,400,000	–	–	6,400,000
Jiang Ming	6,400,000	–	–	6,400,000
Tao Lin	6,400,000	–	–	6,400,000
Cheng Wing Bor	6,400,000	–	–	6,400,000
Lin Chen Hsin	1,600,000	–	–	1,600,000
Employees	<u>60,160,000</u>	<u>26,400,000</u>	<u>24,640,000</u>	<u>9,120,000</u>
	<u>87,360,000</u>	<u>26,400,000</u>	<u>24,640,000</u>	<u>36,320,000</u>

None of the grantees has been granted with Options which exceed the limit of 1% of the issued share capital of the Company as set out in Rule 17.03(4) of the Listing Rules. Other than the Directors, none of the grantees of the Options is a connected person of the Company within the meaning of the Listing Rules.

The Directors consider that the refreshment of the Scheme Mandate Limit is in the interests of the Group and the Shareholders as a whole because it provides more flexibility to the Company to reward and motivate its employees and other Participants under the Existing Share Option Scheme.

The refreshment of the Scheme Mandate Limit is conditional upon:

- (i) the passing of an ordinary resolution at the AGM to approve the said refreshment; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in any new Shares which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the options that may be granted under the refreshed limit of the Existing Share Option Scheme up to 10% of the issued share capital of the Company as at the date of passing of the relevant ordinary resolution at the AGM.

Application will be made to the Listing Committee of the Stock Exchange for granting the listing of, and permission to deal in any new Shares which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the options that may be granted under the refreshed limit of the Existing Share Option Scheme up to 10% of the issued share capital of the Company as at the date of passing of the relevant ordinary resolution at the AGM.

LETTER FROM THE BOARD

GENERAL MANDATE AND REPURCHASE MANDATE

The Directors propose to seek the approval of Shareholders to grant to the Directors the General Mandate and the Repurchase Mandate at the AGM.

At the AGM, an ordinary resolution will be proposed that the Directors be given an unconditional general mandate to allot, issue and deal with additional Shares (other than by way of rights issue or an issue of Shares pursuant to a share option scheme for employees or directors of the Company and/or any of its subsidiaries and/or participants of any invested entity in which the Group holds an equity interest or pursuant to any scrip dividend scheme or similar arrangements providing for the allotment and issue of Shares in lieu of whole or part of the dividend on Shares in accordance with the Bye-laws) or make or grant offers, agreements, options and warrants which might require the exercise of such power of an aggregate nominal amount of up to 20% of the aggregate nominal amount of the issued Shares as at the date of passing such resolution. In addition, an ordinary resolution will also be proposed to authorise an extension of the General Mandate to be granted to the Directors to issue new Shares during the period up to the next annual general meeting of the Company or such earlier period as stated in the relevant resolution by adding to it the number of Shares repurchased under the Repurchase Mandate, if granted.

As at the Latest Practicable Date, the Company had an aggregate of 2,212,900,000 Shares in issue. Subject to the passing of the resolution for the approval of the General Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the General Mandate to allot, issue and deal with a maximum of 442,580,000 Shares.

At the AGM, an ordinary resolution will also be proposed that the Directors be given an unconditional general mandate to repurchase Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange of an aggregate nominal amount of up to 10% of the aggregate nominal amount of the issued Shares as at the date of passing such resolution.

Subject to the passing of the resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 221,290,000 Shares.

The General Mandate and the Repurchase Mandate shall continue to be in force during the period from the date of passing of the resolutions for the approval of the General Mandate and the Repurchase Mandate respectively up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws, the Companies Act 1981 of Bermuda or any applicable laws of Bermuda to be held; or (iii) the revocation or variation of the General Mandate or the Repurchase Mandate (as the case may be) by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

LETTER FROM THE BOARD

An explanatory statement in connection with the Repurchase Mandate is set out in Appendix I to this circular. The explanatory statement contains all the information required under the Listing Rules to be given to Shareholders to enable them to make an informed decision on whether to vote for or against the resolution approving the Repurchase Mandate.

RE-ELECTION OF DIRECTORS

According to Bye-Law 87(1), one-third of the Directors for the time being, or, if their number is not three or a multiple of three then the number nearest to but not exceeding one-third, shall retire from office by rotation at every annual general meeting of the Company, provided that notwithstanding anything therein, the chairman of the Board and/or the managing Director shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. A retiring Director shall be eligible for re-election.

In accordance with Bye-Law 87(1), Mr. Cheng Wing Bor and Mr. Zheng Hong Qing shall retire from office by rotation at the AGM. Being eligible, Mr. Cheng Wing Bor and Mr. Zheng Hong Qing will offer themselves for re-election as executive Director and non-executive Director respectively.

At the AGM, an ordinary resolution will be proposed to re-elect Mr. Cheng Wing Bor as executive Director and Mr. Zheng Hong Qing as non-executive Director.

Particulars relating to Mr. Cheng Wing Bor and Mr. Zheng Hong Qing are set out in Appendix III to this circular.

APPOINTMENT OF ADDITIONAL DIRECTORS

In accordance with Bye-law 86(2), that the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorisation by the members in general meeting, as an addition to the existing Board but so the number of Directors so appointed shall not exceed any maximum number determined from time to time by the members in general meeting.

The purpose of ordinary resolution item 4 set out in the notice convening AGM is to seek Shareholders' approval to appoint Mr. Oliver P. Weisberg, Mr. Christopher Chung-Yi Hsu and Mr. William F. Harley III (alias Mickey Harley) as additional Directors, all of them as non-executive Directors. Particulars relating to Mr. Oliver P. Weisberg, Mr. Christopher Chung-Yi Hsu and Mr. William F. Harley III (alias Mickey Harley) are set out in Appendix IV to this circular.

AGM

A notice convening the AGM to be held at 10:00 a.m. on Monday, 11 September 2006 at Tien Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong is set out on pages 20 to 25 of this circular. Resolutions will be proposed at the AGM

LETTER FROM THE BOARD

to approve, among other things, the amendments to the Bye-laws; the refreshment of the Scheme Mandate Limit of the Existing Share Option Scheme; the grant of the General Mandate and the Repurchase Mandate; the re-election of Directors and the appointment of additional Directors.

A form of proxy for use at the AGM is enclosed with this circular and such form of proxy is also published on the website of the Stock Exchange at *www.hkex.com.hk*. If you are not able to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the office of the Company's branch share registrar and transfer office in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the commencement of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

PROCEDURES FOR DEMANDING A POLL AT GENERAL MEETING

The procedures by which the Shareholders may demand a poll at general meeting of the Company are set out in Appendix II to this circular.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

RECOMMENDATION

The Directors consider that the proposed amendments to the Bye-laws; the proposed refreshment of the Scheme Mandate Limit of the Existing Share Option Scheme; the proposed grant of the General Mandate and the Repurchase Mandate; the proposed re-election of Directors and the proposed appointment of additional Directors are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that Shareholders vote in favour of the relevant resolutions to be proposed at the AGM.

Yours faithfully,
For and on behalf of the Board of
Coastal Greenland Limited
Chan Boon Teong
Chairman

This Appendix provides an explanatory statement containing all the information required under the Listing Rules to be given to the Shareholders to enable them to make an informed decision as to whether to vote for or against the ordinary resolution to be proposed at the AGM to approve the Repurchase Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,212,900,000 Shares.

Subject to the passing of the relevant ordinary resolution approving the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 221,290,000 Shares, representing 10% of the issued share capital of the Company as at the date of passing the relevant ordinary resolution approving the Repurchase Mandate.

SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months prior to the Latest Practicable Date were as follows:

	Trading Share prices	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2005		
August	0.280	0.240
September	0.280	0.230
October	0.305	0.230
November	0.300	0.260
December	0.350	0.275
2006		
January	0.370	0.315
February	0.385	0.350
March	1.050	0.345
April	0.960	0.570
May	0.810	0.580
June	0.720	0.510
July	0.720	0.550
August (up to the Latest Practicable Date)	0.630	0.570

REASONS FOR REPURCHASES

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders. Repurchases of Shares made under the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement in the value of the Shares and/or the earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders as a whole.

FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and Bye-laws, the Listing Rules and the applicable laws of Bermuda.

Under Bermuda law, any repurchases by a company may be made out of capital paid up on the shares to be repurchased or out of funds of the company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a purchase over the par value of the shares to be purchased must be provided out of funds of the company otherwise available for dividend or distribution or out of the company's share premium account.

In repurchasing Shares, the Directors will only apply funds legally available for repurchase of Shares as stated in the foregoing paragraphs.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the latest published audited consolidated financial statements of the Company for the year ended 31 March 2006 as contained in the Company's 2005-2006 annual report) in the event that the Repurchase Mandate were to be exercised in full at any time during the repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

GENERAL

The Directors have undertaken to the Stock Exchange that it will exercise the powers of the Company to repurchase Shares in accordance with the Listing Rules and the laws of Bermuda so far as the same may be applicable.

If as a result of a Share repurchase by the Company, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase may be treated as an acquisition for the purpose of Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code. Except for the controlling Shareholder, Coastal International Holdings Limited, the Directors are not aware of any Shareholder, or group of Shareholders acting in concert, who/which may become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code in the event that the Directors exercised the power to repurchase Shares pursuant to the Repurchase Mandate in full. As at the Latest Practicable Date, Coastal International Holdings Limited has a beneficial interest in 1,027,890,527 Shares or in approximately 46.45% of the issued share capital of the Company and if the power to repurchase Shares pursuant to the Repurchase Mandate were exercised in full such interest of Coastal International Holdings Limited would be increased to approximately 51.61%. The Directors consider that such an increase would give rise to an obligation on the part of Coastal International Holdings Limited to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors, however, have no intention to exercise the Repurchase Mandate to such an extent that Coastal International Holdings Limited and its associates would become obliged to make a mandatory offer under the Takeovers Code. The Directors believe that the shareholding of Shares in public hands would not fall to a level below 25% of the issued share capital of the Company should the Repurchase Mandate be exercised in full.

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their associates have notified the Company of any present intention to sell Shares to the Company or its subsidiaries under the Repurchase Mandate, if such is approved by the Shareholders.

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Company is authorised to make purchases of its own Shares.

There have been no repurchases of Shares made by the Company (whether on the Stock Exchange or otherwise) during the six months immediately prior to the Latest Practicable Date.

The procedures by which the Shareholders may demand a poll at general meeting of the Company are set out in this Appendix.

According to Bye-law 66, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

The details of the Directors who will retire from office by rotation and being eligible will offer themselves for re-election at the AGM are set out below:

Mr. Cheng Wing Bor (“Mr. Cheng”), an executive Director, aged 46, is the financial controller and the company secretary of the Group. He is responsible for the financial and accounting management of the Group. He has over 19 years’ experience in accounting and auditing. He holds a professional diploma in accountancy from the Hong Kong Polytechnic and is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants, United Kingdom. Before joining the Group in 1994, he worked in an international accounting firm in Hong Kong for 8 years. Save as disclosed above and apart from being the directors in Coastal Realty (BVI) Limited, Coastal Realty Development Co. Limited, Coastal Realty (China) Company Limited, Coastal Realty Investment (China) Limited, Gold Vision Investment Limited, Grand Team Development Limited and Super Investment Development Limited, all being wholly-owned subsidiaries of the Company, Mr. Cheng did not hold any directorships in other listed companies in the last three years and did not hold any position in the Company or any subsidiary of the Company. Mr. Cheng has renewed his service contract with the Company for a further term of three years upon expiry of the service contract on 20 September 2003. His salary for the year ended 31 March 2006 is HK\$1,312,000 which is determined with reference to his duties and responsibilities with the Company, the Company’s performance and the prevailing market situation. Under the service contract, as from the first day of April of each year covered by the service period of his service contract, the salary of Mr. Cheng shall be determined by the Board whereby the salary so determined shall not be more than 125% of his salary for the preceding year. In addition, the Company may in its sole and unfettered discretion pay to Mr. Cheng a performance bonus not exceeding 5% of the net profit of the Group for each financial year. No bonus is paid or payable to Mr. Cheng for the year ended 31 March 2006. Mr. Cheng holds a 5% interest in the issued voting share capital of Coastal International Holdings Limited (“CIH”), the controlling Shareholder, which has a beneficial interest in 1,027,890,527 Shares (which is the aggregate number of Shares that CIH and its wholly owned subsidiaries, Glory View Investments Limited and Coastal Enterprise Group Limited are interested in the issue share capital of the Company). In addition, Mr. Cheng holds 6,400,000 outstanding share options granted to him under the share option scheme adopted by the Company on 20 September 1997. The exercise price of the outstanding share options is HK\$0.2 per Share. Save as disclosed in the foregoing, Mr. Cheng does not have, and is not deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO). Apart from the foregoing, Mr. Cheng does not have any relationship with any other Directors, senior management of the Company, substantial Shareholders or the controlling Shareholder.

Mr. Zheng Hong Qing (“**Mr. Zheng**”), Mr. Zheng aged 58, is a non-executive Director appointed in 1997. He graduated from the Chinese People’s University (中國人民大學) with a Master degree in Economics. He has held senior positions in various major corporations in the PRC and has extensive business management experience. He is also an executive director of China Travel International Investment Hong Kong Limited, a listed company in Hong Kong. Save as disclosed above, Mr. Zheng did not hold any directorships in other listed companies in the last three years and did not hold any position in the Company or any subsidiary of the Company. There is no formal service contract for specific terms for Mr. Zheng’s service as a non-executive Director. In accordance with the Bye-laws, Mr. Zheng is subject to retirement by rotation and re-election at the Company’s annual general meeting. The director’s fee for the year ended 31 March 2006 for Mr. Zheng is HK\$10,000 which is determined with reference to his duties and responsibilities with the Company, the Company’s performance and the prevailing market situation. The director’s fee for Mr. Zheng is reviewed annually by the Board with reference to his duties and responsibilities with the Company, the Company’s performance and the prevailing market situation. There is no service contract with Mr. Zheng that will entitle him to receive any bonus payment from the Company. Mr. Zheng does not have, and is not deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO). Mr. Zheng does not have any relationship with any other Directors, senior management of the Company, substantial Shareholders or the controlling Shareholder. Apart from being a non-executive Director, Mr. Zheng does not hold any other position in the Company or any subsidiaries of the Company.

The service arrangements with Mr. Cheng and Mr. Zheng as stated in the foregoing paragraphs shall not require prior approval of the Shareholders under the Listing Rules as the arrangements are not for a term with a duration exceeding three years and are determinable with a period of notice of less than one year and without having to pay compensation or make other payment equivalent to more than one year’s emoluments.

There is no information relating to Mr. Cheng and Mr. Zheng that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed herein, there are no other matters that need to be brought to the attention of the Shareholders in relation to the retirement and the re-election of Mr. Cheng as executive Director and Mr. Zheng as a non-executive Director.

The details of the candidates who are proposed to be appointed as additional non-executive Directors at the AGM are set out below:

Mr. Oliver P. Weisberg (“**Mr. Weisberg**”), aged 33, will be appointed as a non-executive Director. Mr. Weisberg is based in Hong Kong and is currently a managing director and head of the Special Situations – Citadel Investment Group (Hong Kong) Limited. He is responsible for all high yield, convertible, private, and special situation investments across Asia, including Japan. Prior to his role at Citadel Investment Group (Hong Kong) Limited, Mr. Weisberg was the head of the distressed investment business at Deutsche Bank in Hong Kong. Prior to his role at Deutsche Bank, Mr. Weisberg was an executive director at Goldman Sachs & Co. in the Asian Special Situations Group in Hong Kong. Mr. Weisberg graduated with a Bachelor of Arts from Harvard College. He also spent one year doing advanced Chinese language work at the Stanford Center at Taiwan National University. Mr. Weisberg is active in several charitable organizations including the Asia Society and has been assisting in the founding of a summer camp in China for children with pediatric cancer.

Mr. Weisberg will enter into a service contract with the Company for a term of one year for his service as a non-executive Director, which shall be automatically extended for another one year upon expiration of the term of the service contract unless terminated by either party to the service contract, which requires not less than one month’s length of notice. In accordance with the Bye-laws, Mr. Weisberg is subject to retirement by rotation and re-election at the Company’s annual general meeting. Mr. Weisberg will receive a Director’s fee of HK\$10,000 per annum which is determined with reference to his duties and responsibilities with the Company, the Company’s performance and the prevailing market situation. The Director’s fee for Mr. Weisberg will be reviewed annually by the Board with reference to his duties and responsibilities with the Company, the Company’s performance and the prevailing market situation. There is no service contract with Mr. Weisberg that will entitle him to receive any bonus payment from the Company. On 30 June 2006, Citadel Equity Fund Ltd., an affiliate of Citadel Investment Group (Hong Kong) Limited has subscribed unlisted senior secured convertible bonds issued by the Company with an aggregate principal amount of US\$40 million at an initial conversion price of HK\$0.7 per Share due 2009 which remain outstanding. As at the Latest Practicable Date, certain affiliates of Citadel Investment Group (Hong Kong) Limited have beneficial interest in 27,856,000 Shares. Mr. Weisberg does not have, and is not deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO). Mr. Weisberg does not have any relationship with any existing Directors, senior management of the Company, substantial Shareholders or the controlling Shareholder. Mr. Weisberg does not hold any other position in the Company or any subsidiaries of the Company nor any other directorship in listed public companies in the last three years.

There is no information relating to Mr. Weisberg that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed herein, there are no other matters that need to be brought to the attention of the Shareholders in relation to the appointment of Mr. Weisberg as additional Director for the capacity of non-executive Director.

Mr. Christopher Chung-Yi Hsu (“**Mr. Hsu**”), aged 25, will be appointed as a non-executive Director. Mr. Hsu is currently a Hong Kong-based director in the Special Situations – Citadel Investment Group (Hong Kong) Limited. Mr. Hsu is responsible for special situation and private investments across Asia, including Japan. As a graduate of the School of Engineering at Stanford University with a Bachelor’s of Science in Management Science Engineering. Mr. Hsu began his career as an engineer including positions at Hewlett-Packard Co. and Lockheed Martin Corp. Mr. Hsu later held corporate finance and mergers & acquisitions positions in technology investment banking at Salomon Smith Barney and Morgan Stanley. Mr. Hsu transitioned his career to investment management and has served as a senior analyst at Aristeia Capital in New York and vice president and principal at JMB Capital Partners in Los Angeles. He has sat on the steering and restructuring committees of Delta Air Lines, Silicon Graphics, and Independence Air. He is also a philanthropic director of Stanford Undergraduate Admissions Alumni Relations.

Mr. Hsu will enter into a service contract with the Company for a term of one year for his service as a non-executive Director, which shall be automatically extended for another one year upon expiration of the term of the service contract unless terminated by either party to the service contract, which requires not less than one month’s length of notice. In accordance with the Bye-laws, Mr. Hsu is subject to retirement by rotation and re-election at the Company’s annual general meeting. Mr. Hsu will receive a Director’s fee of HK\$10,000 per annum which is determined with reference to his duties and responsibilities with the Company, the Company’s performance and the prevailing market situation. The Director’s fee for Mr. Hsu will be reviewed annually by the Board with reference to his duties and responsibilities with the Company, the Company’s performance and the prevailing market situation. There is no service contract with Mr. Hsu that will entitle him to receive any bonus payment from the Company. On 30 June 2006, Citadel Equity Fund Ltd., an affiliate of Citadel Investment Group (Hong Kong) Limited has subscribed unlisted senior secured convertible bonds issued by the Company with an aggregate principal amount of US\$40 million at an initial conversion price of HK\$0.7 per Share due 2009 which remain outstanding. As at the Latest Practicable Date, certain affiliates of Citadel Investment Group (Hong Kong) Limited have beneficial interest in 27,856,000 Shares. Mr. Hsu does not have, and is not deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO). Mr. Hsu does not have any relationship with any existing Directors, senior management of the Company, substantial Shareholders or the controlling Shareholder. Mr. Hsu does not hold any other position in the Company or any subsidiaries of the Company nor any other directorship in listed public companies in the last three years.

There is no information relating to Mr. Hsu that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed herein, there are no other matters that need to be brought to the attention of the Shareholders in relation to the appointment of Mr. Hsu as additional Director for the capacity of non-executive Director.

Mr. William F. Harley III (alias Mickey Harley) (“Mr. Harley”), aged 42, will be appointed as a non-executive Director. Mr. Harley is the chief investment officer for HBV Capital Management LLC and senior portfolio manager for the HBV Rediscovery Funds. Before forming HBV Capital Management LLC, Mr. Harley was the head of research at Milton Partners, L.P from 1996 through 1999, where he concentrated on analyzing investment opportunities, developing new investment strategies and managing the overall direction of the risk arbitrage portfolio. At the same time, he managed a propriety event-driven distressed fund for Milton Partners, L.P. Before joining Milton Partners, L.P, Mr. Harley was a vice president and director of Allen & Company Incorporated (1990-1996). Mr. Harley graduated with a master degree in public and private management from Yale University’s (“**Yale**”) School of Management in 1990 and with a Bachelor of Science degree in chemical engineering and a Bachelor of Arts degree in economics from Yale in 1986.

Mr. Harley will enter into a service contract with the Company for a term of one year for his service as a non-executive Director, which shall be automatically extended for another one year upon expiration of the term of the service contract unless terminated by either party to the service contract, which requires not less than one month’s length of notice. In accordance with the Bye-laws, Mr. Harley is subject to retirement by rotation and re-election at the Company’s annual general meeting. Mr. Harley will receive a Director’s fee of HK\$10,000 per annum which is determined with reference to his duties and responsibilities with the Company, the Company’s performance and the prevailing market situation. The Director’s fee for Mr. Harley will be reviewed annually by the Board with reference to his duties and responsibilities with the Company, the Company’s performance and the prevailing market situation. There is no service contract with Mr. Harley that will entitle him to receive any bonus payment from the Company. On 7 July 2005, Mellon HBV Master Global Event Driven Fund LLP, an affiliate of HBV Capital Management LLC has subscribed convertible bonds issued by the Company with an aggregate principal amount of US\$12.5 million of which US\$6.25 million is at a conversion price of HK\$0.3 per Share and US\$6.25 million is at a conversion price of HK\$0.5 per Share. Of these convertible bonds, US\$6.25 million remains outstanding. Mr. Harley does not have, and is not deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO). Mr. Harley does not have any relationship with any existing Directors, senior management of the Company, substantial Shareholders or the controlling Shareholder. Mr. Harley does not hold any other position in the Company or any subsidiaries of the Company nor any other directorship in listed public companies in the last three years.

There is no information relating to Mr. Harley that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed herein, there are no other matters that need to be brought to the attention of the Shareholders in relation to the appointment of Mr. Harley as additional Director for the capacity of non-executive Director.

NOTICE OF THE AGM



NOTICE IS HEREBY GIVEN that an annual general meeting of Coastal Greenland Limited (the “**Company**”) will be held at 10:00 a.m. on Monday, 11 September 2006 at Tien Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the directors (the “**Directors**”) and auditors of the Company for the year ended 31 March 2006.
2. To declare a final dividend of HK1 cent per share and approve the dividends for the year ended 31 March 2006.
3. To re-elect Directors and authorise the board (the “**Board**”) of Directors to fix the remuneration of Directors.
4. (a) To appoint Mr. Oliver P. Weisberg as an additional Director;
(b) To appoint Mr. Christopher Chung-Yi Hsu as an additional Director; and
(c) To appoint Mr. William F. Harley III (alias Mickey Harley) as an additional Director.
5. To re-appoint Ernst & Young as auditors of the Company and authorise the Board to fix their remuneration.
6. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as a special resolution:

“**THAT** the bye-laws (the “**Bye-laws**”) of the Company be and are hereby amended in the following manner:

- (a) Bye-law 66

By inserting the words “voting by way of a poll is required by the rules of the Designated Stock Exchange or” after the words “a show of hands unless” in the third sentence of Bye-law 66; and by deleting the full stop at the end of Bye-law 66(d) and replacing it with a semi-colon and inserting the word “or” after the semi-colon.

* For identification purposes only

NOTICE OF THE AGM

Then by inserting the following new Bye-law 66(e):

“(e) if required by the rules of the Designated Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.”

(b) Bye-law 68

By deleting the words “There shall be no requirement for the chairman to disclose the voting figures on a poll.” in Bye-law 68 and substituting therefor the sentence “The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.”.

(c) Bye-law 86(2)

By deleting the existing Bye-law 86(2) in its entirety and substituting therefor the following new Bye-law 86(2):

“(2) The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorization by the Members in general meeting, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Members in general meeting. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to their number) and shall then be eligible for re-election at that meeting.”

(d) Bye-law 86(5)

By deleting the existing Bye-law 86(5) in its entirety and substituting therefor the following new Bye-law 86(5):

“86.(5)A vacancy on the Board created by the removal of a Director under the provisions of subparagraph (4) above may be filled by the election or appointment by the Members at the meeting at which such Director is removed to hold office until the following general meeting of the Company.”

NOTICE OF THE AGM

(e) Bye-law 87(1)

By deleting the existing Bye-law 87(1) in its entirety and substituting therefor the following new Bye-law 87(1):

“87.(1) Notwithstanding any other provisions in the Bye-laws, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years.”

7. To consider as special business and, if though fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of and permission to deal in the shares (each a “**Share**”) of HK\$0.10 each in the share capital of the Company to be issued upon exercise of any options to be granted under the Refreshed Limit (as defined below) pursuant to the existing share option scheme of the Company adopted on 24 September 2002 (the “**Existing Share Option Scheme**”), the existing scheme mandate limit under the Existing Share Option Scheme be refreshed so that the aggregate nominal amount of the Shares to be allotted and issued upon exercise of any options to be granted under the Existing Share Option Scheme and any other schemes of the Company (excluding options previously granted, outstanding, cancelled, lapsed or exercised under the Existing Share Option Scheme and any other schemes of the Company) shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution (the “**Refreshed Limit**”) and that the Directors be and are hereby authorised to grant options up to the Refreshed Limit and to exercise all the powers of the Company to allot, issue and deal with Shares pursuant to the exercise of such options.”

8. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

(I) “**THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase Shares on the Stock Exchange or on any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

NOTICE OF THE AGM

- (b) the aggregate nominal amount of Shares to be purchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of this Resolution and the said approval shall be limited accordingly; and
 - (c) for the purpose of this Resolution, “**Relevant Period**” means the period from the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable law of Bermuda to be held; and
 - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting of the Company.”
- (II) “**THAT:**
- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional Shares and to make or grant offers, agreements and options which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
 - (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) above, otherwise than (i) a Rights Issue (as hereinafter defined); (ii) an issue of Shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to participants of the Company and/or any of its subsidiaries and/or any invested entity in which the Group holds an equity interest, of Shares or rights to acquire Shares; or (iii) an issue of Shares as scrip dividends pursuant to the Bye-laws from time to time, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing this Resolution and the said approval shall be limited accordingly; and

NOTICE OF THE AGM

- (d) for the purpose of this Resolution, “**Relevant Period**” means the period from the passing of this Resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable law of Bermuda to be held; and
 - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting of the Company.

“**Rights Issue**” means an offer of shares open for a period fixed by the Directors to the Shareholders on the register on a fixed record date in proportion to their then holdings of such Shares as at that date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong applicable to the Company).”

- (III) “**THAT** subject to the passing of the Resolutions 8(I) and 8(II) set out in the foregoing, the general mandate granted to the Directors to allot, issue and deal with additional Shares pursuant to Resolution 8(II) set out in the foregoing be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of Shares repurchased by the Company under the authority granted pursuant to Resolution 8(I) set out in the foregoing, provided that such amount of Shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the said Resolution.”

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

Hong Kong, 18 August 2006

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place
of business in Hong Kong:*
Suite 1708, 17th Floor
One Exchange Square
8 Connaught Place
Central
Hong Kong

NOTICE OF THE AGM

Notes:

1. The register of members of the Company will be closed from Thursday, 7 September 2006 to Monday, 11 September 2006 (both days inclusive) during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend (which is expected to be paid on or around 25 September 2006) and voting at the AGM, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 6 September 2006.
2. A member entitled to attend and vote at the AGM is entitled to appoint one or more proxy or proxies to attend and, subject to the provisions of the Bye-laws, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the AGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
3. A form of proxy for use at the AGM is enclosed with this circular and such form of proxy is also published on the website of the Stock Exchange at www.hkex.com.hk. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, at the office of the Company's branch share registrar and transfer office in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for the commencement of the AGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the AGM or any adjournment thereof, should he so wish.
4. In the case of joint holders of shares, any one of such holders may vote at the AGM, either personally or by proxy, in respect of such Share as if he was solely entitled thereto, but if more than one of such joint holders are present at the AGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
5. In respect of the proposed Resolution 3 stated above, Mr. Cheng Wing Bor and Mr. Zheng Hong Qing will retire from their offices by rotation at the AGM pursuant to Bye-Law 87(1) and being eligible will offer themselves for re-election at the AGM. Details of the Directors proposed to be re-elected at the AGM are set out in Appendix III to this circular.
6. In respect of the proposed Resolution 4 stated above, Mr. Oliver P. Weisberg, Mr. Christopher Chung-Yi Hsu and Mr. William F. Harley III (alias Mickey Harley) are proposed to be appointed as additional Directors for the capacity of non-executive Directors pursuant to Bye-Law 86(2). Details of the candidates proposed to be appointed as additional Directors are set out in Appendix IV to this circular.
7. In respect of the proposed Resolution 8(I) stated above, the Directors wish to state that they will exercise the power conferred thereby to repurchase Shares in circumstances which they deem appropriate for the benefits of the Shareholders. An explanatory statement containing the information necessary to enable the Shareholders to make an informed decision to vote on this Resolution as required by the Listing Rules is included in Appendix I to this circular.
8. In respect of the proposed Resolution 8(II) stated above, the Directors wish to state that they have no immediate plans to issue new Shares other than the new Shares to be issued upon the exercise of subscription rights of options granted under the share option scheme of the Company or the convertible bonds of the Company in issue, if any.