
THE 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 stockbroker or other registered dealer in securities, 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 together with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance on the whole or any part of the contents of this circular.



DISCLOSEABLE AND CONNECTED TRANSACTION

**Independent financial adviser to the
Independent Board Committee and the Independent Shareholders**



A letter from the independent board committee is set out on page 17 of this circular. A letter from Optima Capital Limited, the independent financial adviser, containing its advice to the independent board committee and the independent shareholders of the Company is set out on pages 18 to 28 of this circular.

A notice convening a special general meeting of the Company to be held at Suite 1708, 17th Floor, One Exchange Square, 8 Connaught Place, Central, Hong Kong on Monday, 7 April 2008 at 11:00 a.m. is set out on pages 40 to 41 of this circular. Whether or not you are able to attend the special general meeting, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the offices of the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the special 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 special general meeting or any adjournment thereof should you so wish.

20 March 2008

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DEFINITIONS

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

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| “AG Coastal” | AG Coastal Ltd., a company incorporated in the British Virgin Islands with limited liability and the holding company of AG Coastal Dalian Ltd. |
| “AG Hong Kong” | AG Shenyang II Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of AG Shenyang II |
| “AG Hong Kong Interest” | the entire issued share capital of AG Hong Kong and all shareholder’s loans owed by AG Hong Kong to AG Shenyang II, if any |
| “AG Shenyang I” | AG Shenyang I (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability |
| “AG Shenyang II” | AG Shenyang II (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability |
| “Amended Articles” | the proposed amended articles of association of Project Co II reflecting the terms contemplated under the Joint Investment Agreement |
| “Amendment Agreement” | the amendment agreement dated 26 February 2008 and entered into between AG Shenyang II, Coastal Realty and the Company to amend certain terms of the Kenco Agreement |
| “Angelo Gordon” | funds managed by or affiliates of Angelo, Gordon & Co., L.P. |
| “Board” | the board of Directors |
| “Business Days” | a day on which banks in Hong Kong are open for business other than a Saturday or a Sunday |

DEFINITIONS

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| “Call Option” | the call option for Coastal Realty (i) to procure Smooth Land to purchase the equity interests of AG Hong Kong in Project Co II and all shareholder’s loans owed by Project Co II to AG Hong Kong, if any; or (ii) to purchase the AG Hong Kong Interest from AG Shenyang II within one year of the effective date of the Joint Investment Agreement |
| “Coastal Realty” | Coastal Realty Development Co. Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly owned subsidiary of the Company |
| “Company” | Coastal Greenland Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange |
| “Completion” | completion in accordance with the New Agreement |
| “connected persons” | has the meaning ascribed to this term under the Listing Rules |
| “Directors” | the directors of the Company |
| “Goldwide” | Goldwide Group Limited, a company incorporated in the British Virgin Islands with limited liability |
| “Goldwide Agreement” | the sale and purchase agreement dated 29 June 2007 and entered into between AG Shenyang I, Coastal Realty and the Company for the sale and purchase of 80% of the entire issued share capital of Goldwide |
| “Goldwide Disposal” | the proposed disposal by Coastal Realty of 80% of the entire issued share capital of Goldwide subject to and upon the terms and conditions of the Goldwide Agreement |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |

DEFINITIONS

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| “Increase in Registered Capital” | the increase in the registered capital of Project Co II by US\$8 million (equivalent to approximately HK\$62.24 million) from US\$10 million (equivalent to approximately HK\$77.8 million) to US\$18 million (equivalent to approximately HK\$140.04 million) |
| “Independent Board Committee” | the independent committee of the Board, comprising the independent non-executive Directors, formed for the purpose of advising Independent Shareholders in relation to the Amendment Agreement, the Revised Kenco Disposal and the Put Option |
| “Independent Shareholders” | Shareholders which are not required to abstain from voting at the general meeting to approve a connected transaction |
| “Initial Procurement Fee” | the amount in US\$ being equivalent to RMB2,846,758 (equivalent to approximately HK\$3,131,434) paid under the Kenco Agreement and deemed to be transferred from the Kenco Agreement to the New Agreement |
| “Innovative Marketing” | Innovative Marketing and Strategy (Shenzhen) Ltd., a company established in the PRC and a wholly owned subsidiary of the Company |
| “Joint Investment Agreement” | joint investment agreement in relation to the rights and obligations of AG Shenyang II, Coastal Realty, the Company and shareholders of Project Co II to be entered into between AG Shenyang II, Coastal Realty, Project Co II and the Company on Completion |
| “Kenco” | Kenco Group Limited, a company incorporated in the British Virgin Islands with limited liability |
| “Kenco Agreement” | the sale and purchase agreement dated 29 June 2007 and entered into between AG Shenyang II, Coastal Realty and the Company for the sale and purchase of 20% of the entire issued share capital of Kenco |
| “Latest Practicable Date” | 18 March 2008, being the latest practicable date prior to printing of this circular for ascertaining certain information in this circular |

DEFINITIONS

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| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “New Agreement” | the agreement in relation to the procurement of the Increase in Registered Capital and the Subscription to be entered into between Coastal Realty, AG Shenyang II and the Company on completion of the Amendment Agreement |
| “Optima Capital” | Optima Capital Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Amendment Agreement, the Revised Kenco Disposal and the granting of the Put Option |
| “Phase I Project” | phase I development of the Project which consists of above ground gross floor area of not less than 299,400 square metres of amongst other things communal facilities space of not more than 1,000 square metres, residential space and retail space, but excluding parking space and school and hospital space, if any |
| “Phase II Project” | phase II development of the Project which consists of above ground gross floor area of not less than 178,000 square metres of amongst other things communal facilities space of not more than 500 square metres, office space, SOHO, retail space and hotel, but excluding parking space and school and hospital space, if any |
| “PRC” | the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “Project” | the project for developing mixed-use property known as Shenyang Coastal International Plaza located at the Central Business Center of Hunnan New District, Shenyang, Liaoning Province, PRC |
| “Project Co I” | 瀋陽榮天房地產開發有限公司 (Shenyang Rong Tian Real Estate Development Ltd.), a company established in the PRC |

DEFINITIONS

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| “Project Co II” | 瀋陽沿海榮天置業有限公司 (Shenyang Coastal Rong Tian Realty Ltd.), a company established in the PRC |
| “Project II Management Agreement” | project management agreement in relation to the services to be provided by Innovative Marketing to Project Co II to be entered into among Project Co II, Innovative Marketing and the Company on Completion |
| “Put Option” | the put option for AG Shenyang II (i) to procure AG Hong Kong to sell its equity interests in Project Co II and all shareholder’s loans owed by Project Co II to AG Hong Kong, if any; or (ii) to sell the AG Hong Kong Interest to Smooth Land within one year of the effective date of the Joint Investment Agreement |
| “Resolution” | the resolution to be passed by the Independent Shareholders at the special general meeting to be convened by the Company to approve the Amendment Agreement, the Revised Kenco Disposal and the granting of the Put Option |
| “Revised Kenco Disposal” | the proposed deemed disposal by Smooth Land of 20% of registered capital of Project Co II subject to and upon the terms and conditions of the Amendment Agreement, the New Agreement and the Subscription Agreement |
| “SFO” | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “SGM” | the special general meeting of the Company which will be held on Monday, 7 April 2008 at 11:00 a.m. to consider and approve the Amendment Agreement, the Revised Kenco Disposal and the granting of Put Option |
| “Shareholders” | holders of any Shares |
| “Share Option Scheme” | the share option scheme adopted by the Company on 24 September 2002 |
| “Shares” | ordinary shares of HK\$0.10 each in the share capital of the Company |

DEFINITIONS

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| “Smooth Land” | Smooth Land Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of Kenco |
| “Subscription” | subscription by AG Hong Kong and Smooth Land for US\$3.6 million (equivalent to approximately HK\$28.01 million) and US\$4.4 million (equivalent to approximately HK\$34.23 million) respectively of the part of the Increase in Registered Capital |
| “Subscription Agreement” | the subscription agreement in relation to the Increase in the Registered Capital and the Subscription to be entered into between Smooth Land and AG Hong Kong |
| “Super Investment” | Super Investment Development Limited, a company incorporated in Hong Kong with limited liability |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “HK\$” | Hong Kong dollars, the lawful currency for the time being of Hong Kong |
| “RMB” | Renminbi, the lawful currency for the time being of the PRC |
| “US\$” | United States dollars, the lawful currency for the time being of the United States of America |
| “%” | per cent. |

For the purpose of this circular, unless otherwise specified, conversions of US\$ and RMB into HK\$ are based on the approximate exchange rates of US\$1.00 to HK\$7.78 and RMB1.00 to HK\$1.10.

LETTER FROM THE BOARD



CGI
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*)

Mr. Tao Lin

Mr. Cheng Wing Bor

Mr. Lin Chen Hsin

Mr. Wu Xin (*Managing Director*)

Mr. Xin Xiangdong

Non-executive Directors:

Mr. Zheng Hong Qing

Mr. Oliver P. Weisberg

Mr. Hu Aimin

Mr. Zhang Yijun

Mr. Zhang Huaqiao

Independent non-executive Directors:

Mr. Tang Lap Yan

Mr. Law Kin Ho

Mr. Wong Kai Cheong

Registered office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

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

Suite 1708, 17th Floor

One Exchange Square

8 Connaught Place

Central

Hong Kong

20 March 2008

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

Reference is made to the announcement of the Company dated 10 July 2007 and the circular of the Company dated 1 August 2007 in relation to, among other matters, the disposal by Coastal Realty of the shares in the capital of Kenco to AG Shenyang II.

On 10 July 2007, the Board announced that on 29 June 2007, Coastal Realty, AG Shenyang II and the Company entered into the Kenco Agreement in relation to the sale of 20% of the entire issued share capital of Kenco for an aggregate cash consideration of US\$ equivalent to approximately RMB42,720,000 (equivalent to approximately HK\$46,992,000).

LETTER FROM THE BOARD

On 28 February 2008, the Board announced that on 26 February 2008, Coastal Realty, AG Shenyang II and the Company entered into the Amendment Agreement to amend certain terms of the Kenco Agreement.

The purpose of this circular is to provide you with details of the Revised Kenco Disposal and the Put Option, the recommendation of the Independent Board Committee, the advice from Optima Capital to the Independent Board Committee and the Independent Shareholders in relation to the Amendment Agreement, the Revised Kenco Disposal, the granting of the Put Option and to give you the notice of the SGM to be convened for the purpose of considering and, if thought fit, approving the Amendment Agreement, the Revised Kenco Disposal and the granting of the Put Option by way of poll.

AMENDMENT AGREEMENT

Date: 26 February 2008

Parties: (1) Coastal Realty
(2) AG Shenyang II
(3) The Company

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

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

Condition

Completion of the Amendment Agreement is conditional upon the passing by the Independent Shareholders at the special general meeting of the Company to be convened and held of an ordinary resolution to approve the Amendment Agreement and the transactions contemplated thereunder, including, but not limited to, the entering into of the New Agreement and the transactions contemplated thereunder.

If the condition is not fulfilled on or before 30 May 2008 or such later date as the parties thereto may agree, the Amendment Agreement shall cease and determine.

Completion

Completion of the Amendment Agreement will take place within three days from the date on which the condition set out in the Amendment Agreement is fulfilled, or such later date as the parties thereto may agree.

LETTER FROM THE BOARD

Upon completion of the Amendment Agreement, (i) the parties to the Amendment Agreement shall execute the New Agreement and the Kenco Agreement shall cease to be in force and be replaced in all respects by the New Agreement; (ii) Smooth Land and AG Hong Kong will enter into the Subscription Agreement; (iii) Coastal Realty, AG Shenyang II, Project Co II and the Company will enter into the Joint Investment Agreement which sets out the operation and management of Project Co II and the rights and obligations of Coastal Realty, AG Shenyang II, the Company and the shareholders of Project Co II, in particular, the Put Option, the Call Option and a right of exit exercisable by AG Shenyang II, either (a) to procure AG Hong Kong to sell its interests in Project Co II together with all shareholder's loans owed by Project Co II to AG Hong Kong, if any; or (b) to sell the AG Hong Kong Interest to Smooth Land if 95% of the total saleable gross floor area of the Phase II Project has been sold; and (iv) Smooth Land and AG Hong Kong shall execute the Amended Articles which will be submitted to the relevant authority of PRC for approval. For further details in relation to the Put Option and the Call Option, please refer to the sections headed "Put Option" and "Call Option" below respectively.

NEW AGREEMENT

- Parties:**
- (1) Coastal Realty
 - (2) AG Shenyang II
 - (3) The Company

Procurement of the Increase in Registered Capital and the Subscription

Pursuant to the New Agreement, Coastal Realty shall procure Project Co II to increase its registered capital by US\$8 million (equivalent to approximately HK\$62.24 million) to US\$18 million (equivalent to approximately HK\$140.04 million), after which AG Shenyang II shall procure AG Hong Kong to subscribe for US\$3.6 million (equivalent to approximately HK\$28.01 million) of that part of the Increase in Registered Capital, and Coastal Realty shall procure Smooth Land to subscribe for US\$4.4 million (equivalent to approximately HK\$34.23 million) of that part of the Increase in Registered Capital.

As at the Latest Practicable Date, the entire registered capital of Project Co II is beneficially owned by Smooth Land, the entire issued share capital of Smooth Land is beneficially owned by Kenco and the entire issued share capital of Kenco is beneficially owned by Coastal Realty.

Smooth Land and AG Hong Kong are principally engaged in investment holding.

Immediately upon satisfying the PRC legal requirements, the equity interests in Project Co II will be beneficially owned as to 80% by Smooth Land and 20% by AG Hong Kong.

Consideration

The consideration payable by AG Shenyang II to Coastal Realty for Coastal Realty's procurement of Project Co II to Increase the Registered Capital and for Smooth Land to make

LETTER FROM THE BOARD

contribution to the registered capital of Project Co II and both of Project Co II and Smooth Land to complete all the transactions contemplated under the New Agreement and other related documents shall be US\$ equivalent to RMB42,720,000 (equivalent to approximately HK\$46,992,000) less US\$3.6 million (equivalent to approximately HK\$28.01 million), being the money to be paid by AG Hong Kong to Project Co II for the Subscription in accordance with the Subscription Agreement.

The sum of money paid as deposit pursuant to the Kenco Agreement shall be deemed to be transferred from the Kenco Agreement to the New Agreement and paid by AG Shenyang II to Coastal Realty immediately following execution of the New Agreement as the Initial Procurement Fee.

The subscription fee of US\$3.6 million (equivalent to approximately HK\$28.01 million) shall be payable by AG Shenyang II to Project Co II within 30 days after the obtaining of the approval from the relevant PRC governmental authority to increase the registered capital of Project Co II.

The balance of the procurement fee shall be payable by AG Shenyang II to Coastal Realty on Completion.

The original cost of the Group for the assets held by Project Co II was approximately HK\$183.26 million.

The consideration, including the procurement fee and the subscription fee, was determined with reference to the 20% equity interests of Project Co II, the unaudited net asset value of approximately HK\$121.02 million as at 31 December 2007 together with US\$8 million (equivalent to approximately HK\$62.24 million) for the Increase in Registered Capital of Project Co II and a premium of approximately HK\$10 million.

The consideration for the Revised Kenco Disposal, including the procurement fee and the subscription fee, and the payment terms were arrived at after arm's length negotiations between the parties to the New Agreement by taking into account, among other matters, the net asset value of Project Co II as at 31 December 2007 and the US\$8 million (equivalent to approximately HK\$62.24 million) for the Increase in Registered Capital of Project Co II. The Directors (including the independent non-executive Directors) consider the payment terms and other terms and conditions of the Revised Kenco Disposal to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Conditions

Completion is conditional upon, among other things, the obtaining of all necessary approval from the relevant authorities in the PRC in respect of the Increase in Registered Capital, the Subscription and the Amended Articles.

As at the Latest Practicable Date, none of the conditions have been fulfilled or waived. If the conditions are not fulfilled or waived, as the case may be, on or before 90 days from the

LETTER FROM THE BOARD

date of the New Agreement or such other date as may be agreed by the parties to the New Agreement, the New Agreement shall cease and determine.

Completion

Completion will take place on the third Business Days after the fulfillment or waiver, as the case may be, of the conditions in the New Agreement, or such other date as may be agreed by Coastal Realty and AG Shenyang II.

On Completion, Project Co II, Innovative Marketing and the Company will enter into the Project II Management Agreement. For further details in relation to the Project II Management Agreement, please refer to the section headed “Project II Management Agreement” below.

Upon Completion, Project Co II will continue to be a subsidiary of the Company and the accounts of Project Co II will be consolidated to the consolidated financial statements of the Company.

PUT OPTION

AG Shenyang II shall have the option (i) to procure AG Hong Kong to sell its equity interests in Project Co II and all shareholder’s loans owed by Project Co II to AG Hong Kong, if any; or (ii) to sell the AG Hong Kong Interest to Smooth Land within one year of the effective date of the Joint Investment Agreement.

The exercise price of the Put Option shall be determined as the total investment amount of AG Shenyang II in Project Co II, being the subscription fee of US\$3.6 million (equivalent to approximately HK\$28.01 million) paid by AG Hong Kong to Project Co II and the procurement fee paid by AG Shenyang II to Coastal Realty and all outstanding shareholder’s loans owed by Project Co II to AG Hong Kong, if any, plus a 6.5% annual compound rate interest calculated from the date of the Joint Investment Agreement.

The Company and Coastal Realty shall not within five years (after having acquired all of the equity interests of AG Shenyang II in Project Co II) procure Project Co II to engage in any business directly or indirectly in competition with Project Co I without the prior written consent of AG Shenyang I, unless AG Shenyang I ceases to be an investor in the Phase I Project.

CALL OPTION

Coastal Realty shall have the option (i) to procure Smooth Land to purchase the equity interests of AG Hong Kong in Project Co II and all shareholder’s loans owed by Project Co II to AG Hong Kong from AG Hong Kong, if any; or (ii) to purchase the AG Hong Kong Interest from AG Shenyang II within one year of the effective date of the Joint Investment Agreement.

The exercise price of the Call Option shall be determined as the total investment amount of AG Shenyang II in Project Co II, being the subscription fee of US\$3.6 million (equivalent

LETTER FROM THE BOARD

to approximately HK\$28.01 million) paid by AG Hong Kong to Project Co II and the procurement fee paid by AG Shenyang II to Coastal Realty and all outstanding shareholder's loan owed by Project Co II to AG Hong Kong, if any, plus a 6.5% annual compound rate interest calculated from the date of the Joint Investment Agreement.

Upon the exercise, the non-exercise or the transfer of the Call Option, the Company will comply with the relevant provisions of the Listing Rules and make further announcement as and when appropriate.

The Company and Coastal Realty shall not within five years (after having acquired all of the equity interests of AG Shenyang II in Project Co II) procure Project Co II to engage in any business directly or indirectly in competition with Project Co I without the prior written consent of AG Shenyang I, unless AG Shenyang I ceases to be an investor in the Phase I Project.

As AG Hong Kong will become a minority shareholder of Project Co II and AG Shenyang II will not be responsible for the management of the Phase II Project, it was a requirement of AG Shenyang II for the Put Option to be included in the Joint Investment Agreement. In return for Coastal Realty to provide the Put Option to AG Shenyang II, Coastal Realty required the Call Option to be included in the Joint Investment Agreement.

PROJECT II MANAGEMENT AGREEMENT

- Parties:**
- (1) Project Co II
 - (2) Innovative Marketing
 - (3) The Company

Obligation to perform services

Innovative Marketing shall perform the services relating to the planning, design, permitting, contract letting, contract administration and post-completion of the Phase II Project and to Project Co II's reasonable satisfaction.

Term

The Project II Management Agreement does not have any fixed term. Innovative Marketing will perform its duties under the Project II Management Agreement until the completion of the Phase II Project.

Fees

Innovative Marketing shall be entitled to receive service fees equal to (1) 4% of the total costs and expenses incurred by Project Co II, for development, design, construction, fit-out, statutory construction supervision, marketing, sales, leasing and property management of the

LETTER FROM THE BOARD

Phase II Project, but excluding, among other things, all expenses relating to land acquisition for the Phase II Project, tax and finance costs for shareholders' loans minus (2) the payroll cost.

INFORMATION ON PROJECT CO II

Project Co II is principally engaged in property development in Shenyang, the PRC. Project Co II holds the assets of the Phase II Project.

According to the unaudited management accounts of Project Co II as at 31 December 2007, which is prepared in accordance with generally accepted accounting principles in Hong Kong, Project Co II had no turnover, no net profit before taxation and extraordinary items and no net profit after taxation and extraordinary items.

As at 31 December 2007, the principal assets of Project Co II was land for development of approximately HK\$183.26 million and there were no material liabilities of Project Co II after the repayment of a loan owing to a wholly owned subsidiary of the Company by the funds from the Increase in Registered Capital. The unaudited net assets of Project Co II amounted to approximately HK\$121.02 million as at 31 December 2007.

FINANCIAL EFFECT OF THE REVISED KENCO DISPOSAL

Based on the above unaudited net assets of approximately HK\$121.02 million, the US\$8 million (equivalent to approximately HK\$62.24 million) for the Increase in Registered Capital of Project Co II and the consideration for the Revised Kenco Disposal of RMB42.7 million (equivalent to approximately HK\$47.0 million), it is estimated that the assets of the Group will be increased by approximately HK\$10 million, the liabilities of the Group will not be affected and the gain on the Revised Kenco Disposal is approximately HK\$10 million.

REASONS FOR THE REVISED KENCO DISPOSAL

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

The estimated net proceeds receivable by the Group for the Revised Kenco Disposal will amount to approximately HK\$45.8 million. The Directors intend to utilise the net proceeds from the Revised Kenco Disposal as general working capital of the Group.

As set out in the announcement of the Company dated 1 November 2007 the Company issued 12% guaranteed senior notes in the principal amount of US\$150 million. As a term under the senior notes, certain subsidiaries of the Company provided a subsidiary guarantee to secure the obligations of the Company under the senior notes. Pursuant to the subsidiary guarantee, the shares in the capital of Kenco cannot be disposed of. As such, the parties to the Kenco Agreement agreed to the amendment of the terms of the Kenco Agreement. The change in substance under the New Agreement is that AG Shenyang II will procure AG Hong Kong to hold direct interests in Project Co II upon Completion instead of AG Shenyang II holding indirect interests in Project Co II through the acquisition of the shares of Kenco as contemplated under the Kenco Agreement.

LETTER FROM THE BOARD

The Directors believe that the Revised Kenco Disposal will provide the Group with (i) an opportunity to co-operate with an international fund management company such as Angelo Gordon, which have international experience in the international capital markets for real estate; and (ii) the proceeds from the Revised Kenco Disposal can be used to finance the general working capital of the Group.

Taking into account the benefits of the Revised Kenco Disposal as described above, the Board is of the view that the terms of the Revised Kenco Disposal are fair and reasonable and the Revised Kenco Disposal is in the interests of the Company and the Shareholders as a whole.

The Company has no current intention to dispose of the remaining 80% interests in Project Co II.

LISTING RULES IMPLICATION

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

The Goldwide Agreement and the Amendment Agreement were entered into by the Company with parties connected and associated with one another. As such, the Revised Kenco Disposal when aggregated with the Goldwide Disposal constitute non-exempted connected transactions on the part of the Company under the Listing Rules and are subject to reporting, announcement and Independent Shareholders' approval requirement. The Revised Kenco Disposal when aggregated with the Goldwide Disposal also constitutes a discloseable transaction on the part of the Company under Rule 14.06 of the Listing Rules.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. Tang Lap Yan, Mr. Law Kin Ho and Mr. Wong Kai Cheong, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the Amendment Agreement, the Revised Kenco Disposal and the granting of the Put Option. Optima Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Amendment Agreement, the Revised Kenco Disposal and the Put Option.

SGM

A notice convening the SGM to be held at Suite 1708, 17th Floor, One Exchange Square, 8 Connaught Place, Central, Hong Kong on Monday, 7 April 2008 at 11:00 a.m. is set out on pages 40 to 41 on this circular.

LETTER FROM THE BOARD

An ordinary resolution will be proposed at the SGM to approve the Amendment Agreement, the Revised Kenco Disposal and the granting of the Put Option by the Independent Shareholders by way of poll. The Amendment Agreement, the Revised Kenco Disposal and the granting of the Put Option are subject to, among others, the approval by the Independent Shareholders at the SGM to be taken by way of a poll.

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

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the offices of the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

PROCEDURES FOR DEMANDING A POLL AT GENERAL MEETING

According to bye-law 66 of the bye-laws of the Company, 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 in the Company 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 shares conferring that right; or
- (e) if required by the Listing Rules, any Directors holding proxies if such aggregate proxies held individually or collectively by the Directors account for 5% or more of the total voting rights at that meeting, and if on a show of hands in respect of any resolution, the meeting votes in the opposition manner to that instructed in those proxies.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers that the terms of the Amendment Agreement, the Revised Kenco Disposal and the Put Option are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution as set out in the notice of SGM.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 17 of this circular which contains its recommendation to the Independent Shareholders as to voting at the SGM in relation to the Amendment Agreement, the Revised Kenco Disposal and the granting of the Put Option; and (ii) the letter from Optima Capital, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Amendment Agreement, the Revised Kenco Disposal and the granting of the Put Option and the principal factors and reasons considered by it in arriving at its opinions. The text of the letter from Optima Capital is set out on pages 18 to 28 of this circular.

The Independent Board Committee, having taken into account the advice of Optima Capital, considers that the Amendment Agreement, the Revised Kenco Disposal and the granting of the Put Option were entered into on normal commercial terms, and that the terms of the Amendment Agreement, the Revised Kenco Disposal and the Put Option are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM in relation to the Amendment Agreement, the Revised Kenco Disposal and the granting of the Put Option.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
On behalf of the Board
Coastal Greenland Limited
Chan Boon Teong
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



20 March 2008

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

We refer to the circular of the Company dated 20 March 2008 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee and to advise you the terms of the Amendment Agreement, the Revised Kenco Disposal and the Put Option whether such terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole and how to vote on the resolution regarding the Amendment Agreement, the Revised Kenco Disposal and the granting of the Put Option.

Optima Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Amendment Agreement, the Revised Kenco Disposal and the Put Option are fair and reasonable so far as the Independent Shareholders are concerned, whether such terms are in the interests of the Company and the Shareholders as a whole. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, is set out on pages 18 to 28 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 7 to 16 of the Circular and the additional information set out in the appendices of the Circular.

Having considered the terms of the Amendment Agreement, the Revised Kenco Disposal and the Put Option and the advice of Optima Capital, we are of the opinion that the Amendment Agreement, the Revised Kenco Disposal and the granting of the Put Option were on normal commercial terms and the terms of the Amendment Agreement, the Revised Kenco Disposal and the Put Option are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Amendment Agreement, the Revised Kenco Disposal and the granting of the Put Option.

Yours faithfully,
Independent Board Committee of
Coastal Greenland Limited

Tang Lap Yan
Independent
non-executive Director

Law Kin Ho
Independent
non-executive Director

Wong Kai Cheong
Independent
non-executive Director

LETTER FROM OPTIMA CAPITAL

The following is the text of a letter of advice from Optima Capital to the Independent Board Committee and the Independent Shareholders in respect of the Amendment Agreement, the Revised Kenco Disposal and the granting of the Put Option prepared for incorporation in this circular.



Unit 3618, 36th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

20 March 2008

*To: the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders on the terms in relation to the Amendment Agreement, the Revised Kenco Disposal and the granting of the Put Option, for which the Independent Shareholders' approval is being sought. Details of the Amendment Agreement, the Revised Kenco Disposal and the Put Option are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 20 March 2008 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 26 February 2008, Coastal Realty, AG Shenyang II and the Company entered into the Amendment Agreement to amend certain terms of the Kenco Agreement. As AG Coastal is interested in 50% of the entire issued share capital of Super Investment, an indirectly non-wholly owned subsidiary of the Company, AG Coastal is a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, AG Shenyang II is an associate of AG Coastal and therefore, is also a connected person of the Company. As such, the Revised Kenco Disposal, when aggregated with the Goldwide Disposal, constitutes a non-exempted connected transaction of the Company under the Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval. Pursuant to the Listing Rules, AG Coastal and its associates are required to abstain from voting for the resolution. As at the Latest Practicable Date, AG Coastal and its associates were not interested in any Share. Should they become interested in the Shares at the SGM, AG Coastal and its associates are required to abstain from voting for the Resolution. The Revised Kenco Disposal when aggregated with the Goldwide Disposal also constitutes a discloseable transaction of the Company under the Listing Rules.

The Independent Board Committee, comprising all of the three independent non-executive Directors, namely Mr. Tang Lap Yan, Mr. Law Kin Ho and Mr. Wong Kai Cheong, has been established to make a recommendation to the Independent Shareholders as to the

LETTER FROM OPTIMA CAPITAL

terms of the Amendment Agreement, the Revised Kenco Disposal and the Put Option. We, Optima Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the executive Directors and management of the Company and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and up to the date of the SGM. We have also sought and received confirmation from the executive Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information have been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of the Amendment Agreement, the Revised Kenco Disposal and the Put Option are fair and reasonable in so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

1. The Kenco Agreement approved by Shareholders

On 29 June, 2007, Coastal Realty, AG Shenyang II and the Company entered into the Kenco Agreement in which AG Shenyang II agreed to purchase and Coastal Realty agreed to sell the Kenco Sales Shares, representing 20% of the entire share capital of Kenco, for an aggregate cash consideration of US\$ equivalent to approximately RMB42,720,000 (equivalent to approximately HK\$46,992,000).

We were appointed as the independent financial adviser to the then independent board committee and the Independent Shareholders in respect of the Kenco Agreement. As set out in the circular of the Company dated 1 August 2007, the terms of Kenco Agreement were considered fair and reasonable by the then independent board committee and us. In fact, the Kenco Agreement and the transactions contemplated thereunder were approved by the then Independent Shareholders at the special general meeting of the Company held on 17 August 2007.

Principal terms of the Kenco Agreement are set out as below.

Date: 29 June 2007

Parties:

- (1) Coastal Realty
- (2) AG Shenyang II

LETTER FROM OPTIMA CAPITAL

(3) The Company

Asset to be disposed of

Kenco Sale Shares, being 20% of the entire share capital of Kenco, which is legally and beneficially owned by Coastal Realty. Upon completion of the Kenco Agreement, Kenco would continue to be a subsidiary of the Company and the entire share capital of Kenco would be beneficially owned as to 80% by Coastal Realty and 20% by AG Shenyang II.

Consideration

The aggregate cash consideration for the disposal of Kenco Sale Shares was US\$ equivalent to RMB42,720,000 (equivalent to approximately HK\$46,992,000). The consideration was determined with reference to the 20% equity interests of Kenco, the net asset value of Kenco of approximately HK\$185,585,000 as at 31 March 2007 and a premium of approximately HK\$9,875,000.

Payment terms

- (i) US\$ equivalent to approximately RMB2,846,758 (equivalent to approximately HK\$3,131,434) as deposit within 24 hours of the signing of the Kenco Agreement; and
- (ii) the balance of US\$ equivalent to approximately RMB39,873,242 (equivalent to approximately HK\$43,860,566) on the date of completion of the Kenco Agreement.

Completion

Upon completion of the Kenco Agreement, Coastal Realty, AG Shenyang II, Kenco and the Company would enter into the agreement which sets out the operation and management of Kenco and its subsidiaries and the rights and obligations of Coastal Realty and AG Shenyang II (the “Kenco Shareholders Deed”), in particular, the put option, the call option and a right of exit exercisable by AG Shenyang II to sell its interests in Kenco to Coastal Realty if 95% of the total saleable gross floor area of Phase II Project has been sold; and (ii) Project Co II, Innovative Marketing and the Company would enter into a management agreement for Phase II Project.

Put option

Under the put option pursuant to the Kenco Agreement, AG Shenyang II had the option to sell its equity interests in Project Co II to Coastal Realty within one year of the date of the Kenco Shareholders Deed. The exercise price of the put option would be determined as the investment amount of AG Shenyang II in Project Co II plus a 6.5% annual compound rate interest calculated from the date of the Kenco Shareholders Deed.

Call option

Under the call option pursuant to the Kenco Agreement, Coastal Realty had the option to purchase its equity interests of AG Shenyang II in Project Co II from AG Shenyang II within

LETTER FROM OPTIMA CAPITAL

one year of the date of the Kenco Shareholders Deed. The exercise price of the call option would be determined as the investment amount of AG Shenyang II in Project Co II plus a 6.5% annual compound rate interest calculated from the date of the Kenco Shareholders Deed.

Under the terms of the put option and the call option, Coastal Realty shall not within five years (after having acquired all the equity interests of AG Shenyang II in Project Co II) procure Project Co II to engage in any business directly or indirectly in competition with Project Co I without the prior written consent of AG Shenyang I, unless AG Shenyang I ceases to be an investor in Phase I Project.

2. Covenant under the senior notes

As set out in the announcement of the Company dated 1 November 2007, the Company proposed to issue 12% guaranteed senior notes in the principal amount of US\$150 million. The issue of the senior notes was completed in December 2007. Under the terms of the senior notes, the Company agreed for the benefit of the holders of the senior notes, to charge or cause the initial subsidiary guarantor pledgors to pledge the capital stock of certain initial subsidiary guarantors including but not limited to Smooth Land and Kenco, in order to secure the obligations of the Company under the senior notes and the indenture and of the subsidiary guarantor pledgors under their subsidiary guarantees. Under the subsidiary guarantees, each of the subsidiary guarantors will jointly and severally guarantee the due and punctual payment of the principal of premium, if any, and interest on, and all other amounts payable under, the senior notes. Accordingly, the shares in the capital of Kenco cannot be disposed of as contemplated under the Kenco Agreement.

As such, the parties to the Kenco Agreement agreed to amend the terms of the Kenco Agreement by signing the Amendment Agreement pursuant to which the New Agreement will supersede the Kenco Agreement upon Completion. The change in substance under the New Agreement is that AG Shenyang II will procure AG Hong Kong to hold direct interests in Project Co II upon Completion instead of AG Shenyang II holding indirect interests in Project Co II through acquisition of the shares of Kenco as contemplated under the Kenco Agreement. Save for the aforesaid, there is no material change in the original terms of the transaction. Further details of the Amendment Agreement and the New Agreement are set out as below.

3. Principal terms of the Amendment Agreement and the New Agreement

(a) Amendment Agreement

Date: 26 February 2008

Parties:

- (1) Coastal Realty
- (2) AG Shenyang II

LETTER FROM OPTIMA CAPITAL

(3) The Company

Condition

Completion of the Amendment Agreement is conditional upon the passing by the Independent Shareholders at the SGM to be convened and held of an ordinary resolution to approve the Amendment Agreement and the transactions contemplated thereunder.

Completion

Upon completion of the Amendment Agreement,

- (i) the parties to the Amendment Agreement shall execute the New Agreement and the Kenco Agreement shall cease to be in force and be replaced in all respects by the New Agreement;
- (ii) Smooth Land and AG Hong Kong will enter into the Subscription Agreement;
- (iii) Coastal Realty, AG Shenyang II, Project Co II and the Company will enter into the Joint Investment Agreement which sets out the operation and management of Project Co II and the rights and obligations of Coastal Realty, AG Shenyang II, the Company and the shareholders of Project Co II, in particular, the Put Option, the Call Option and a right of exit exercisable by AG Shenyang II, either (a) to procure AG Hong Kong to sell its interests in Project Co II together with all shareholder's loans owed by the Project Co II to AG Hong Kong, if any; or (b) to sell the AG Hong Kong Interest to Smooth Land if 95% of the total saleable gross floor area of the Phase II Project has been sold; and
- (iv) Smooth Land and AG Hong Kong shall execute the Amended Articles which will be submitted to the relevant authority of PRC for approval.

(b) Principal terms of the New Agreement

Parties:

- (1) Coastal Realty
- (2) AG Shenyang II
- (3) The Company

Procurement of the Increase in Registered Capital and the Subscription

Pursuant to the New Agreement, Coastal Realty shall procure Project Co II to increase its registered capital by US\$8 million (equivalent to approximately HK\$62.24 million) to US\$18 million (equivalent to approximately HK\$140.04 million), after which AG Shenyang II shall

LETTER FROM OPTIMA CAPITAL

procure AG Hong Kong to subscribe for US\$3.6 million (equivalent to approximately HK\$28.01 million) of that part of the Increase in Registered Capital, and Coastal Realty shall procure Smooth Land to subscribe for US\$4.4 million (equivalent to approximately HK\$34.23 million) of that part of the Increase in Registered Capital.

Consideration

RMB42,720,000 (equivalent to approximately HK\$46,992,000) less US\$3.6 million (equivalent to approximately HK\$28.01 million), being the money to be paid by AG Hong Kong to Project Co II for the Subscription as mentioned above.

Payment terms

- (i) the sum of money paid as deposit pursuant to the Kenco Agreement in the amount of RMB2,846,758 shall be deemed to be transferred from the Kenco Agreement to the New Agreement and paid by AG Shenyang II to Coastal Realty immediately following execution of the New Agreement as the Initial Procurement Fee;
- (ii) the subscription fee of US\$3.6 million (equivalent to approximately HK\$28.01 million) shall be payable by AG Shenyang II to Project Co II within 30 days after the obtaining of the approval from the relevant PRC government authority to increase the registered capital of Project Co II; and
- (iii) the balance of the procurement fee shall be payable by AG Shenyang II to Coastal Realty on Completion.

Upon Completion, the equity interests in Project Co II will be beneficially owned as to 80% by Smooth Land and 20% by AG Hong Kong. The resulting shareholding interest of the Company in the Project Co II will be the same as that of the Kenco Agreement. Please see below the illustrative shareholding structure. We also note that the consideration, including the procurement fee and the subscription fee, was determined on the basis of the 20% equity interest of Project Co II and with reference to (i) the unaudited net asset value of approximately HK\$121.02 million as at 31 December 2007; (ii) US\$8 million (equivalent to approximately HK\$62.24 million) for the Increase in Registered Capital of Project Co II; and (iii) a premium of approximately HK\$10 million. The consideration effectively reflects the proportionate interest of AG Shenyang II in the Project Co II. The consideration basis and the payment terms are also in line with that of the Kenco Agreement.

The principal asset of Project Co II is a piece of land (the “Property”) located in Hunnan New District, Shenyang, the PRC. The book value of the Property as at 31 December 2007 is HK\$183.3 million. As set out in the valuation report contained in Appendix I to the Circular, the Property was valued at RMB210 million (equivalent to HK\$231 million) as at 29 February 2008 by DTZ Debenham Tie Leung Limited (the “Valuer”), an independent professional valuer. We have discussed with the Valuer the principal bases and assumptions of the valuation. We understand the Valuer has adopted a direct comparison approach by making reference to the comparable sale evidence on the market to value the Property. We consider that the valuation methodology adopted by the Valuer is in line with common market practice.

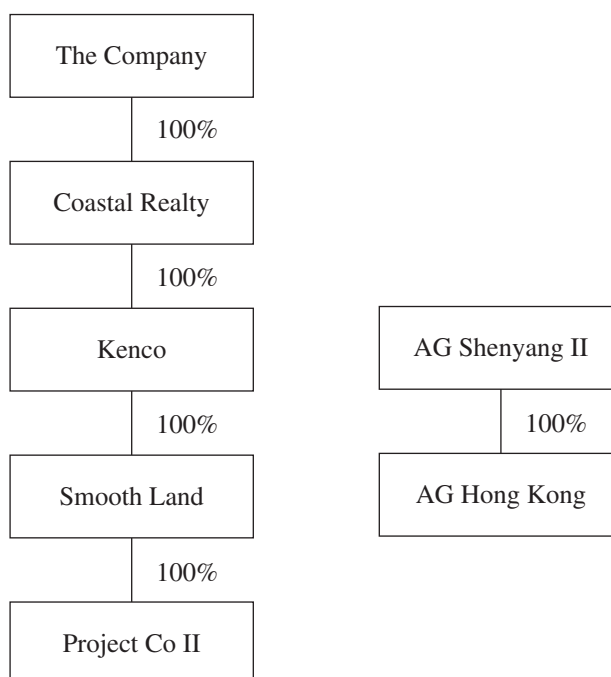
LETTER FROM OPTIMA CAPITAL

Taking into account the revaluation surplus of approximately HK\$47.7 million, the consideration of RMB42,720,000 (equivalent to approximately HK\$46,992,000) represents a premium of approximately 1.7% over the net asset value of Project Co II (after the Increase in Registered Capital) attributable to the 20% equity interests of Project Co II. We consider the consideration is fair and reasonable.

Based on the above, we concur with the Directors that the terms of the Revised Kenco Disposal contemplated under the Amendment Agreement and the New Agreement are on normal commercial terms and fair and reasonable as far as the Independent Shareholders are concerned and the Revised Kenco Disposal is in the interests of the Company and the Shareholders as a whole.

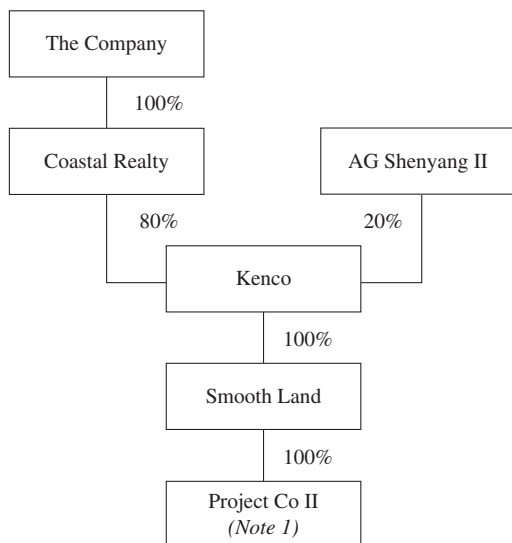
Set out below is the effect on the shareholding structure of Project Co II as a result of the Revised Kenco Disposal:

As at the Latest Practicable Date



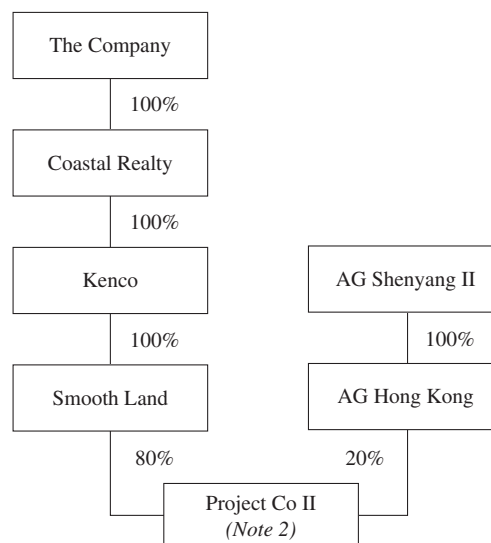
LETTER FROM OPTIMA CAPITAL

Disposal of Kenco under Kenco Agreement



Note 1: the entire issued share capital of Project Co II was US\$10 million

Revised Kenco Disposal under New Agreement



Note 2: the entire issued share capital of Project Co II will be US\$18 million

4. Principal terms of the Put Option and Call Option

(a) Put Option

AG Shenyang II shall have the option (i) to procure AG Hong Kong to sell its equity interests in Project Co II and all shareholder's loans (if any) owed by Project Co II to AG Hong Kong; or (ii) to sell the AG Hong Kong Interest to Smooth Land within one year of the effective date of the Joint Investment Agreement.

The exercise price of the Put Option shall be determined as the total investment amount of AG Shenyang II in Project Co II, being the subscription fee of US\$3.6 million (equivalent to approximately HK\$28.01 million) paid by AG Hong Kong to Project Co II and the procurement fee paid by AG Shenyang II to Coastal Realty and all outstanding shareholder's loans (if any) owed by Project Co II to AG Hong Kong, plus a 6.5% annual compound rate interest calculated from the date of the Joint Investment Agreement.

The Company and Coastal Realty shall not within five years (after having acquired all of the equity interests of AG Shenyang II in Project Co II) procure Project Co II to engage in any business directly or indirectly in competition with Project Co I without the prior written consent of AG Shenyang I, unless AG Shenyang I ceases to be an investor in the Phase I Project.

(b) Call Option

Coastal Realty shall have the option (i) to procure Smooth Land to purchase the equity interests of AG Hong Kong in Project Co II and all shareholder's loans (if any) owed by Project

LETTER FROM OPTIMA CAPITAL

Co II to AG Hong Kong from AG Hong Kong; or (ii) to purchase the AG Hong Kong Interest from AG Shenyang II within one year of the effective date of the Joint Investment Agreement.

The exercise price of the Call Option shall be determined as the total investment amount of AG Shenyang II in Project Co II, being the subscription fee of US\$3.6 million (equivalent to approximately HK\$28.01 million) paid by AG Hong Kong to Project Co II and the procurement fee paid by the AG Shenyang II to Coastal Realty and all outstanding shareholder's loan (if any) owed by Project Co II to AG Hong Kong, plus a 6.5% annual compound rate interest calculated from the date of the Joint Investment Agreement.

The Company and Coastal Realty shall not within five years (after having acquired all of the equity interests of AG Shenyang II in Project Co II) procure Project Co II to engage in any business directly or indirectly in competition with Project Co I without the prior written consent of AG Shenyang I, unless AG Shenyang I ceases to be an investor in the Phase I Project.

We note that with the Call Option, the Company is provided with reciprocal option as that offered to AG Shenyang II. The Put Option and Call Option are granted on equal basis with the same exercise price and exercise period and the terms are in line with those under the Kenco Agreement. The annual compound interest rate used for the outstanding shareholder's loan approximates the one year benchmark lending rate announced by the People's Bank of China of 7.47% which represents the level of general borrowing cost of the companies in the PRC. We consider the interest rate reasonable. It is also believed that the Put Option and the Call Option can provide flexibility for AG Shenyang II and Coastal Realty to sell and purchase the 20% equity interest in Project Co II respectively with regard to the performance of the property market and their respective business strategies. Having considered the above factors, we are of the view that the terms of the Put Option and the Call Option are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

5. Financial effects of Revised Kenco Disposal

(i) Profit and loss account

As set out in the letter from the Board of the Circular, based on the unaudited net assets of approximately HK\$121.02 million, the US\$8 million (equivalent to approximately HK\$62.24 million) for the Increase in Registered Capital of Project Co II and the consideration for the Revised Kenco Disposal of RMB42.72 million (equivalent to approximately HK\$46.99 million), it is estimated that the gain on the Revised Kenco Disposal is approximately HK\$10 million. Such gain on disposal represents the difference between the unaudited net asset value of Project Co II as at 31 December 2007 (and assuming after the Increase in Registered Capital) attributable to 20% equity interests of approximately HK\$36.7 million and the consideration of approximately HK\$46.99 million.

(ii) Net assets

Upon Completion, the net assets of the Group are expected to be increased by approximately HK\$10 million, being the estimated gain resulting from the Revised Kenco Disposal.

LETTER FROM OPTIMA CAPITAL

(iii) Working capital

The Group's working capital position will be strengthened as a result of the Increase in Registered Capital and the Subscription. The estimated net proceeds receivable by the Group for the Revised Kenco Disposal will amount to approximately HK\$45.8 million. As stated in the letter from the Board, the Directors intend to utilize the net proceeds as general working capital of the Group.

6. Strengthening cooperation with international fund management company

The Directors believe that the Revised Kenco Disposal will strengthen the Group's cooperation with Angelo Gordon, which has international experience in the international capital markets for real estate. A greater exposure to the international capital market can provide additional financial resources to the Group for furtherance of its operation and strengthening of the Group's position in the real estate industry in the PRC. The Group is principally engaged in the property development, property investment and provision of property management services. The Group has geographically-diverse properties and development projects in the major cities of the PRC such as Beijing, Shanghai and Wuhan.

RECOMMENDATION

Having taken into account the principal factors and reasons as discussed above, and in particular,

- (i) that the Kenco Agreement was approved by the then Independent Shareholders at the SGM held on 17 August 2007;
- (ii) that the Amendment Agreement is purely a result of the covenant under the senior notes;
- (iii) that the terms of the Revised Kenco Disposal, the Put Option and the Call Option are in line with the terms under the Kenco Agreement;
- (iv) that the Company will be granted a reciprocal option as that is offered to AG Shenyang II, and that the Call Option can provide flexibility for the Group to purchase the equity interest in Project Co II with regard to the performance of the property market and its business strategy;
- (v) that the Revised Kenco Disposal is expected to realise a gain on disposal, and to increase net assets and working capital of the Group; and
- (vi) that the Revised Kenco Disposal will strengthen the Group's cooperation with Angelo Gordon, an international fund management company with experience in the international capital markets,

we consider that the terms of the Amendment Agreement, the Revised Kenco Disposal and the Put Option are on normal commercial terms and fair and reasonable so far as the Independent

LETTER FROM OPTIMA CAPITAL

Shareholders are concerned and that the Revised Kenco Disposal and the granting of the Put Option, being made in the ordinary and usual course of business of the Company, are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Amendment Agreement, the Revised Kenco Disposal and the granting of the Put Option.

Yours faithfully,
for and on behalf of
OPTIMA CAPITAL LIMITED
Mei H. Leung
Chairman

The following is the text of the letter and valuation certificate received from DTZ Debenham Tie Leung Limited and addressed to the Company in connection with its valuation as at 29 February 2008 of the captioned property for the purpose of inclusion in this circular.



10th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

20 March 2008

The Directors
Coastal Greenland Limited
Room 1708
One Exchange Square
8 Connaught Place
Central
Hong Kong

Dear Sirs,

Re: Lot No. D44-1-1, No. 8 Tiantan South Street, Hunnan New District, Shenyang, Liaoning Province, the People's Republic of China
(中華人民共和國遼寧省瀋陽市渾南新區天壇南街8號地號D44-1-1)

**Instructions,
Purpose and Date
of Valuation**

In accordance with the instructions of Coastal Greenland Limited (the "Company") for us to value the captioned properties held by the Company and/or its subsidiaries (hereinafter together referred to as the "Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of values of the properties as at 29 February 2008 (the "date of valuation").

**Definition of
Market Value**

Our valuation of each of the properties represents its Market Value which in accordance with The HKIS Valuation Standards on Properties (First Edition 2005) of The Hong Kong Institute of Surveyors is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Valuation Bases and Assumptions

Our valuation of each of the properties excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

We have relied on the information given by the Group and the opinion of its PRC legal advisor, Guangdong Allied Law Firm, regarding the title of the property and the interest of the property. The status of title and grants of major approvals and licences, in accordance with the information provided by the Group and the PRC legal opinion, are set out in the notes in the valuation certificate.

In undertaking our valuation of the properties which are situated in the PRC, we have, unless otherwise stated, valued them on the bases that transferable land use rights in respect of the properties for respective specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have also assumed that the grantees or the users of the respective properties have free and uninterrupted rights to use or to assign the properties for the whole of the unexpired term as granted.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors.

Method of Valuation

In forming our opinion of the market values of the properties, we have valued them by Direct Comparison Approach by making reference to the comparable sale evidence as available on the market.

Source of Information

We have relied to a very considerable extent on the information given by the Group and its PRC legal advisor and have accepted advice given to us on such matters as planning approval or statutory notices, easements, tenure, identification of properties, dates of completion, particulars of occupancy, development schemes, construction costs, site and floor areas and all other relevant matters.

Dimension, measurements and areas included in the valuation certificates attached are based on information provided to us and are therefore only approximation. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information provided.

Title Investigation

We have been provided with copies of documents in relation to the titles to the respective properties. However, we have not been able to carry out searches to verify the ownership of the properties or to ascertain any amendment which may not appear on the copies supplied to us.

Site Inspection

We have inspected the property. However, we have not carried out investigation on site to determine the suitability of the ground conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Unless otherwise stated, we have not been able to carry out detailed on-site measurement to verify the site areas of the property and we have assumed that the areas shown on the documents handed to us are correct.

Currency

Unless otherwise stated, all sums stated in our valuation are in Renminbi, the official currency of the PRC.

We enclose herewith our valuation certificate for your attention.

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited
Andrew K. F. Chan
China Real Estate Appraiser
R.P.S. (GP), MSc, M.H.K.I.S., M.R.I.C.S.
Director

Note: Mr. Andrew K. F. Chan is a Registered Professional Surveyor who has over 20 years of experience in valuation of properties in Hong Kong and the PRC.

VALUATION CERTIFICATE

| Property | Description and tenure | Particulars of occupancy | Capital value in existing state as at 29 February 2008 |
|--|--|--|--|
| Lot No. D44-1-1, No. 8 Tiantan South Street, Hunnan New District, Shenyang, Liaoning Province, the PRC | The property comprises a piece of land with a site area of approximately 31,756.70 sq.m. (341,829 sq.ft.). The property is planned to be developed into a retail/hotel/office development with the following gross floor area: | The property is a vacant site pending for development. | RMB210,000,000 |

| Property | Approximate Gross Floor Area | |
|----------|------------------------------|------------------|
| | sq.m. | sq.ft. |
| Retail | 14,903 | 160,416 |
| Office | 129,250 | 1,391,247 |
| Hotel | 34,000 | 365,976 |
| | <u>178,153</u> | <u>1,917,639</u> |

In addition, the property is planned to provide about 660 car parking spaces in basement with total gross floor area of approximately 31,690 sq.m. (341,111 sq.ft.).

The land use rights of the property have been granted for a term due to expire on 10 April 2046 for commercial use.

Notes:

- (1) According to Certificate for the Use of State-owned Land No. (2007) 019 issued by Shenyang Land Resources Bureau on 14 February 2007, the land use rights of the property, comprising a site area of 31,756.70 sq.m., were vested in Shenyang Rongtian Real Estate Development Co., Ltd. (瀋陽榮天房地產開發有限公司), an indirect wholly owned subsidiary of the Company, for a term due to expire on 10 April 2046 for commercial use.
- (2) According to Certificates for the Use of State-owned Land No. (2007) 078 issued by Shenyang Land Resources Bureau on 29 August 2007, the grantee of the land use rights of the property, comprising a total site area of 31,756.70 sq.m., have been changed to Shenyang Coastal Rongtian Real Estate Co., Ltd. (瀋陽沿海榮天置業有限公司) for a term due to expire on 10 April 2046 for commercial use.
- (3) According to Grant Contract of Land Use Rights No. (2004) 10 dated 2 June 2004 entered into between Shenyang Hunnan New District Management Committee (瀋陽市渾南新區管理委員會) (Party A) and Liaoning Rongtian Real Estate Development Co., Ltd. (遼寧榮天房地產開發有限公司) (Party B), both are independent third parties (see Note 4 below), Party A has agreed to grant the land use rights of the property, comprising a usable site area of 89,400.23 sq.m., to Party B for a term of 40 years for commercial use.

- (4) According to 2 Supplementary Letters dated 26 December 2005 and 13 February 2007 respectively, Party A has agreed to change the grantee of the property from Party B to Shenyang Rongtian Real Estate Development Co., Ltd. (瀋陽榮天房地產開發有限公司), an indirect wholly-owned subsidiary of the Company (see Note 6 below). The consideration has been revised to RMB42,226,410.63. The details of the Supplementary Letters are as follows:

| | | |
|------------------|---|---|
| Site Area | : | 57,643.53 sq.m. (residential use) 31,756.70 sq.m. (commercial use) |
| Plot Ratio | : | Not over 5.61 |
| Building Density | : | Not over 50% |
| Land Use Term | : | 40 years from 11 April 2006 to 10 April 2046 (commercial use) 50 years from 11 April 2006 to 10 April 2056 (residential use) |

- (5) According to a Capital Increment and Shares Transfer Agreement dated 22 January 2007 and the Supplementary Agreement, entered among Liaoning Rongtian Real Estate Development Co., Ltd. (遼寧榮天房地產開發有限公司), Shenyang Rongtian Enterprise Co., Ltd. (瀋陽榮天實業有限公司) and Fu Yin Tian (付英天) (together the “Transferor”) and Anshan Haijian Business Trading Co., Ltd. (鞍山海建商貿有限公司) (an independent third party) and Coastal Greenland Development (Shenyang) Co., Ltd. (沿海綠色家園發展(瀋陽)有限公司) (an indirect wholly-owned subsidiary of the Company) (together the “Transferee”), the Transferor has agreed to transfer the 100% share interests in Shenyang Rongtian Real Estate Development Co., Ltd. (瀋陽榮天房地產開發有限公司) to the Transferee at a total transfer fee of RMB485,000,000.
- (6) According to a Share Transfer Agreement dated 8 March 2007, entered between Anshan Haijian Business Trading Co., Ltd. (鞍山海建商貿有限公司) (an independent third party) (Party A) and Coastal Greenland Development (Shenyang) Co., Ltd. (沿海綠色家園發展(瀋陽)有限公司) (an indirect wholly-owned subsidiary of the Company) (Party B), Party A has agreed to transfer its 50% share interest in Shenyang Rongtian Real Estate Development Co., Ltd. (瀋陽榮天房地產開發有限公司) to Party B.
- (7) According to a Planning Permit for Construction Land No. (2007) 010 dated 13 February 2007 issued by Hunnan New District Branch of Shenyang Planning and Land Resources Bureau, the construction work for site area of 31,756.70 sq.m. has been permitted.
- (8) According to a Notice of Planning Permit for Construction Works issued by Hunnan New District Branch of Shenyang Planning and Land Resources Bureau, the following construction scale of the property has been approved:

| Name of Construction | Development | Construction Scale (sq.m.) |
|---|------------------------------------|--|
| Composite Commercial District Zone A | Hotels, office buildings, car park | 209,921.34 (including 31,690 sq.m. underground) |

- (9) Shenyang Coastal Rongtian Real Estate Co., Ltd. (瀋陽沿海榮天置業有限公司), an indirect wholly-owned subsidiary of the Company, has been incorporated as a limited company with a registered capital of RMB8,000,000 for a valid operation period from 5 June 2007 to 4 June 2022.
- (10) In the course of our valuation, we have assumed that the proposed development scheme provided by the Company has been approved by the relevant government authorities.
- (11) We have been provided with a legal opinion on the property prepared by the Group’s legal advisor, which contains, inter alia that:
- (i) The land use rights of the property are vested in Shenyang Coastal Rongtian Real Estate Co., Ltd. (瀋陽沿海榮天置業有限公司);
 - (ii) The land premium of the property has been fully settled;
 - (iii) Shenyang Coastal Rongtian Real Estate Co., Ltd. (瀋陽沿海榮天置業有限公司) has the right to freely occupy, use, lease, transfer, mortgage and dispose of the property;

- (iv) The relevant Planning Permits for Construction Land and Notice of Planning Permit for Construction Works for the development of the property have been obtained; and
- (v) The property is not subject to any mortgage.
- (12) The status of the title and grant of major approvals and licenses in accordance with the information provided by the Company are as follows:

| | |
|---|-----|
| Certificate for the Use of State-owned Land | Yes |
| Grant Contract of Land Use Rights | Yes |
| Planning Permit for Construction Land | Yes |
| Planning Permit for Construction Works | Yes |
| Business Licence | Yes |

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. 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.

2. DISCLOSURE OF INTERESTS

Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

| Name of director | Number or attributable number of shares held or short positions | Number or attributable number of underlying shares held or short positions | Capacity | | Approximate percentage or attributable percentage of shareholding (%) |
|------------------------|---|---|---------------------|--|--|
| | | | Beneficial owner | Interest of controlled corporation | |
| Chan Boon Teong | 140,000,000 (S) | – | – | 140,000,000 (S) | 5.02 |
| (Notes 1, 2, 3, 4 & 5) | 1,040,560,527 (L) | 10,000,000 (L) | 16,400,000 (L) | 1,034,160,527 (L) | 37.65 |
| Jiang Ming | 140,000,000 (S) | – | – | 140,000,000 (S) | 5.02 |
| (Notes 1, 2, 3, 4 & 6) | 1,040,560,527 (L) | 10,000,000 (L) | 16,400,000 (L) | 1,034,160,527 (L) | 37.65 |
| Tao Lin | 140,000,000 (S) | – | – | 140,000,000 (S) | 5.02 |
| (Notes 1, 2, 3, 4 & 7) | 1,034,160,527 (L) | 10,000,000 (L) | 10,000,000 (L) | 1,034,160,527 (L) | 37.42 |
| Cheng Wing Bor | 140,000,000 (S) | – | – | 140,000,000 (S) | 5.02 |
| (Notes 1, 2, 3, 4 & 8) | 1,040,560,527 (L) | 10,000,000 (L) | 16,400,000 (L) | 1,034,160,527 (L) | 37.65 |
| Lin Chen Hsin | 140,000,000 (S) | – | – | 140,000,000 (S) | 5.02 |
| (Notes 1, 2, 3, 4 & 9) | 1,036,240,527 (L) | 2,500,000 (L) | 4,580,000 (L) | 1,034,160,527 (L) | 37.22 |
| Wu Xin | – | 6,000,000 (L) | 6,000,000 (L) | – | 0.22 |

APPENDIX II

GENERAL INFORMATION

| Name of director | Number or attributable number of shares held or short positions | Number or attributable number of underlying shares held or short positions | Capacity | | Approximate percentage or attributable percentage of shareholding (%) |
|------------------|---|---|---------------------|--|--|
| | | | Beneficial owner | Interest of controlled corporation | |
| Xin Xiangdong | – | 4,000,000 (L) | 4,000,000 (L) | – | 0.14 |
| Hu Aimin | – | 6,000,000 (L) | 6,000,000 (L) | – | 0.22 |
| Zhang Yijun | – | 6,000,000 (L) | 6,000,000 (L) | – | 0.22 |
| Zhang Huaqiao | – | 6,000,000 (L) | 6,000,000 (L) | – | 0.22 |
| Tang Lap Yan | – | 2,500,000 (L) | 2,500,000 (L) | – | 0.09 |
| Law Kin Ho | – | 2,000,000 (L) | 2,000,000 (L) | – | 0.07 |
| Wong Kai Cheong | – | 2,000,000 (L) | 2,000,000 (L) | – | 0.07 |

L: Long Position

S: Short Position

Notes:

- 497,600,000 Shares are beneficially owned by Coastal International Holdings Limited (“CIH”), of which the entire issued voting share capital is held as to 20% by Chan Boon Teong, 35% by Jiang Ming, 12% by Tao Lin, 5% by Cheng Wing Bor, 3% by Lin Chen Hsin and 25% by Great Scope Investments Limited (the entire issued voting share capital of which is held by Jiang Ming). These 497,600,000 Shares represent an aggregate of 17.83% of the issued share capital of the Company.
- CIH has a short position in 140,000,000 Shares pursuant to the issue of 140,000,000 warrants to acquire 140,000,000 Shares held by CIH in the Company to an independent third party on 14 November 2007.
- 52,350,000 Shares are beneficially owned by Glory View Investments Limited, of which the entire issued voting share capital is held by CIH. The issued voting share capital of CIH is held in the manner as stated in the foregoing note 1. These 52,350,000 Shares represent an aggregate of 1.88% of the issued share capital of the Company.
- 484,210,527 Shares are beneficially owned by Coastal Enterprise Group Limited, of which the entire issued voting share capital is held by CIH. The issued voting share capital of CIH is held in the manner as stated in the foregoing note 1. These 484,210,527 Shares represent an aggregate of 17.35% of the issued share capital of the Company.
- The interests in 16,400,000 Shares represent 6,400,000 Shares beneficially owned by Chan Boon Teong and 10,000,000 Shares to be allotted and issued upon the exercise of the share options granted to Chan Boon Teong under the Share Option Scheme.
- The interests in 16,400,000 Shares represent 6,400,000 Shares beneficially owned by Jiang Ming and 10,000,000 Shares to be allotted and issued upon the exercise of the share options granted to Jiang Ming under the Share Option Scheme.
- The interests in 10,000,000 Shares represent 10,000,000 Shares to be allotted and issued upon the exercise of the share options granted to Tao Lin under the Share Option Scheme.
- The interests in 16,400,000 Shares represent 6,400,000 Shares beneficially owned by Cheng Wing Bor and 10,000,000 Shares to be allotted and issued upon the exercise of the share options granted to Cheng Wing Bor under the Share Option Scheme.
- The interests in 4,580,000 Shares represent 2,080,000 Shares beneficially owned by Lin Chen Hsin and 2,500,000 Shares to be allotted and issued upon the exercise of the share options granted to Lin Chen Hsin under the Share Option Scheme.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

4. EXPERTS

The following are the qualification of the experts who have given opinions or advices which are contained in this circular:

| Name | Qualification |
|--------------------------------|---|
| Optima Capital | A licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO |
| DTZ Debenham Tie Leung Limited | Professional surveyor |

Each of Optima Capital and DTZ Debenham Tie Leung Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of Optima Capital and DTZ Debenham Tie Leung Limited did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor their respective associates had any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 March 2007, being the date to which the latest published audited financial statements of the Group was made up.

8. MISCELLANEOUS

- (a) There is no contract or arrangement entered into by any member of the Group subsisting at the date of this circular in which any Director is materially interested and which is significant to the business of the Group.
- (b) As at the Latest Practicable Date, none of Optima Capital, DTZ Debenham Tie Leung Limited and any Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since 31 March 2007, the date to which the latest published audited consolidated financial statements of the Group were made up.
- (c) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The head office and principal place of business of the Company in Hong Kong is located at Suite 1708, 17th Floor, One Exchange Square, 8 Connaught Place, Central, Hong Kong. The branch share registrar and transfer office in Hong Kong of the Company is Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong.
- (d) The company secretary of the Company is Mr. Cheng Wing Bor. Mr. Cheng has over 20 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.
- (e) The qualified accountant of the Company is Mr. Fung See Man. Mr. Fung is an associate member of the Hong Kong Institute of Certified Public Accountants.
- (f) In the event of inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at the head office and principal place of business in Hong Kong of the Company at Suite 1708, 17th Floor, One Exchange Square, 8 Connaught Place, Central, Hong Kong from the date of this circular up to and including 7 April 2008 and at the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the Goldwide Agreement;
- (c) the Kenco Agreement;
- (d) the Amendment Agreement;
- (e) the Joint Investment Agreement;
- (f) the New Agreement;
- (g) the Project II Management Agreement;
- (h) the Subscription Agreement;
- (i) the sale and purchase agreement dated 27 January 2007 and entered into among Coastal Realty, AG Coastal Dalian and the Company in relation to the sale and purchase of 50% of the entire issued share capital of Super Investment;
- (j) the letter from the Independent Board Committee, the text of which is set out on page 17 in this circular;
- (k) the written consents of the experts referred to in the paragraph headed “Experts” in this appendix;
- (l) the letter of advice from Optima Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 18 to 28 in this circular; and
- (m) the valuation report, the text of which is set out in Appendix I to this circular.

NOTICE OF SGM



NOTICE IS HEREBY GIVEN that a special general meeting of Coastal Greenland Limited (the “**Company**”) to be held at Suite 1708, 17th Floor, One Exchange Square, 8 Connaught Place, Central, Hong Kong on Monday, 7 April 2008 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

“THAT

- (a) the amendment agreement (the “**Amendment Agreement**”, a copy of which is marked “A” and produced at the meeting and signed by the chairman of the meeting for the purpose of identification) dated 26 February 2008 and entered into between Coastal Realty Development Limited (“**Coastal Realty**”), AG Shenyang II (BVI) Limited (“**AG Shenyang II**”) and the Company to amend certain terms of the agreement (a copy of which is marked “B” and produced at the meeting and signed by the chairman of the meeting for the purpose of identification) dated 29 June 2007 and entered into between Coastal Realty, AG Shenyang II and the Company in relation to the sale and purchase of two shares of US\$1.00 each in the capital of Kenco Group Limited and the transactions contemplated thereunder (including, but not limited to, the agreement (the “**New Agreement**”, a copy of which is marked “C” and produced at the meeting and signed by the chairman of the meeting for the purpose of identification) in relation to (i) the procurement by Coastal Realty of the increase in the registered capital of 瀋陽沿海榮天置業有限公司 (Shenyang Coastal Rong Tian Realty Ltd.) (“**Project Co II**”) by US\$8 million from US\$10 million to US\$18 million; (ii) procurement by Coastal Realty for subscription of increased registered capital of Project Co II of US\$4.4 million by Smooth Land Limited and (iii) procurement by AG Shenyang II for subscription of increased registered capital of Project Co II of US\$3.6 million by AG Shenyang II Limited (“**AG Hong Kong**”) and the transactions contemplated thereunder), be and are hereby ratified, confirmed and approved;
- (b) the granting of the put option (the “**Put Option**”) by Coastal Realty to AG Shenyang II (i) to procure AG Hong Kong to sell its equity interests in Project Co II and all the shareholder’s loans owed by Project Co II to AG Hong Kong, if any; or (ii) to sell the entire issued share capital of AG Hong Kong and all the shareholder’s loans owned by AG Hong Kong to AG Shenyang II, if any, within one year of the effective date of the joint investment agreement (a copy of which is marked “D” and produced at the meeting and signed by the chairman of the meeting for the purpose of identification) to be entered into between AG Shenyang II, Coastal Realty, the Company and Project Co II in relation to the rights and obligations of AG Shenyang II, Coastal Realty, the Company and Project Co II be and is hereby approved; and

NOTICE OF SGM

- (c) the directors of the Company be and are hereby authorised to do all other acts and things and execute all documents which they consider necessary or expedient for the implementation of and giving effect to the Amendment Agreement, the granting of the Put Option and the transaction contemplated thereunder, including, but not limited to, to the entering of the New Agreement and transaction contemplated thereunder.”

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

Hong Kong, 20 March 2008

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

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

Notes:

1. A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the meeting 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.
2. A form of proxy for use at the meeting is enclosed. 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 notarially certified copy of such power or authority, at the offices of the Company's branch share registrar in Hong Kong, Tricor 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 holding the meeting 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 above meeting or any adjournment thereof, should he so wish.
3. In the case of joint holders of shares, any one of such holders may vote at the meeting, either personally or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the meeting personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.