
IMPORTANT

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in Coastal Greenland Limited; you should at once hand this circular to the purchaser or the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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沿海绿色家园有限公司
COASTAL GREENLAND LIMITED

(formerly known as Coastal Realty Group Limited)
(incorporated in Bermuda with limited liability)

Directors:

Executive:

CHAN Boon Teong
JIANG Ming
TAO Lin
CHENG Wing Bor
LIN Chen Hsin

Non-executive:

ZHENG Hong Qing
Mr. LIN Bao Sheng*
Mr. WEI Xiang Di*

Independent non-executive:

TANG Lap Yan
LAW Kin Ho, Kevin**
Wong Ying Ho, Kennedy***

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of

business in Hong Kong:
Room 502 Bank of East Asia
Harbour View Centre
56 Gloucester Road
Hong Kong

* Resigned on 2nd December, 2002

** Appointed on 29 July 2003

*** Resigned on 29 July 2003

31st July, 2003

To the Shareholders

Dear Sir or Madam,

**EXPLANATORY STATEMENT AND MEMORANDUM IN RELATION TO
GENERAL MANDATE TO REPURCHASE SHARES**

This is an explanatory statement and memorandum of the terms of the proposed share repurchase mandate given to all shareholders of Coastal Greenland Limited (the "Company")

relating to an ordinary resolution to grant to the directors of the Company (the “Directors”) a general mandate to repurchase the Company’s own shares (the “Repurchase Mandate”) to be proposed at the annual general meeting of the Company to be held on 22nd September, 2003 (“Annual General Meeting”).

In accordance with the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) regulating the repurchase by companies with a primary listing on the Stock Exchange of their own securities on the Stock Exchange (“Share Buy Back Rules”), the Company is required to send to its shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision as to whether to vote for or against the ordinary resolution to be proposed at the Annual General Meeting to approve the Repurchase Mandate. The purpose of this circular is to provide such information.

SHARE CAPITAL

As at 28th July, 2003, being the latest practicable date prior to the printing of this document (the “Latest Practicable Date”), the issued share capital of the Company comprised 2,024,000,000 shares of HK\$0.10 each (the “Shares”).

Subject to the passing of the relevant ordinary resolution approving the Repurchase Mandate and on the basis that no further Shares are issued prior to the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 202,400,000 Shares.

SHARE PRICES

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

	Trading Share Prices	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2002		
July	0.120	0.082
August	0.081	0.051
September	0.085	0.056
October	0.126	0.072
November	0.122	0.100
December	0.130	0.095
2003		
January	0.119	0.088
February	0.120	0.076
March	0.100	0.061
April	0.111	0.090
May	0.150	0.106
June	0.140	0.128
July (up to the Latest Practicable Date)	0.181	0.100

REASONS FOR REPURCHASE

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

FUNDING OF REPURCHASES

In repurchasing shares of the Company, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and bye-laws of the Company and the applicable laws of Bermuda. Under Bermuda law, any repurchases by a company may be made out of capital paid up on the shares to be repurchased or out of funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a purchase over the par value of the shares to be purchased must be provided out of funds of the Company otherwise available for dividend or distribution or out of the Company's share premium account.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the interim accounts of the Company published on 20th December, 2002) in the event that the Repurchase Mandate were to be exercised in full at any time during the repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

GENERAL

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

If as a result of a share repurchase by the Company, a shareholder's proportionate interest in the voting rights of the Company increases, such increase may be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Code"). Accordingly, a shareholder, or group of shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Code. The Directors are not aware of any shareholder, or a group of shareholders acting in concert, who may become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Code in the event that the Directors exercised the power to repurchase Shares pursuant to the Repurchase Mandate in full. As at the Latest Practicable Date, the controlling shareholder, Coastal International Holdings Limited has a beneficial interest in 1,027,890,527 Shares in or 50.78% of the issued share capital of the Company and if the power to repurchase Shares pursuant to the Repurchase Mandate were exercised in full such interest of Coastal International Holdings Limited would be increased to

56.43%. The Directors consider that such an increase would not give rise to an obligation on the part of Coastal International Holdings Limited to make a mandatory offer under Rules 26 of the Code. The Directors believe that the shareholding of Shares in the public hand would not fall to a level below 25% of the issued share capital of the Company should the Repurchase Mandate were exercised in full.

None of the Directors of the Company nor, to the best of their knowledge, having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) has any present intention to sell Shares to the Company or its subsidiaries under the Repurchase Mandate, if such is approved by the shareholders.

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

There have been no repurchases of Shares by the Company made in the previous six months (whether on the Stock Exchange or otherwise).

RESPONSIBILITY STATEMENT

This document 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 document 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.

PROXY

A form of proxy for use at the Annual General Meeting is enclosed with the notice convening the Annual General Meeting. To be valid, the form of proxy must be completed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority at the Company's share registrars in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Hong Kong not less than 48 hours before the time appointed for holding the meeting. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the Annual General Meeting should shareholders so desire.

RECOMMENDATION

The Directors consider that the Repurchase Mandate is in the interests of the Company and its shareholders. The Directors recommend shareholders to vote in favour of the resolution relating to the Repurchase Mandate. Those Directors who are also shareholders intend to vote in favour of such resolution at the Annual General Meeting.

Yours faithfully,
CHAN Boon Teong
Chairman