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CGL
沿海綠色家園®

沿海綠色家園有限公司
COASTAL GREENLAND LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1124)

ANNOUNCEMENT MADE PURSUANT TO RULE 13.09 OF THE LISTING RULES

POTENTIAL VERY SUBSTANTIAL ACQUISITION AND RESUMPTION OF TRADING

Financial Adviser to the Company



THE PROPOSED TRANSACTION

On 8 April 2008, Coastal Realty, a wholly-owned subsidiary of the Company, entered into the Framework Agreement with Shanghai Fenghwa to record the principles to which the Proposed Transaction may proceed.

If the Proposed Transaction proceeds, then (upon Completion) the Company will increase its indirect ownership interest in Shanghai Fenghwa from approximately 21.13% to over 50%, and Shanghai Fenghwa will become an indirectly-owned subsidiary of the Company. The Proposed Transaction involves the possible sale by Coastal Realty to Shanghai Fenghwa of the Target Subsidiaries and the IP Rights in exchange for the issue by Shanghai Fenghwa of up to 600 million New A Shares at the Subscription Price of RMB17.40 per New A Share (equivalent to approximately HK\$19.33 per New A Share), capping the Maximum Consideration at RMB10,440 million (equivalent to approximately HK\$11,600 million).

Shanghai Fenghwa has estimated the valuation of the Target Subsidiaries to be approximately RMB7,601 million (equivalent to approximately HK\$8,446 million). However, the final valuation (and the consideration for the sale and purchase) of the Target Subsidiaries and the IP Rights have not yet been determined. The Target Subsidiaries have an unaudited aggregate total asset value of approximately RMB8,675 million (equivalent to approximately HK\$9,639 million) as at the Appraisal Date (before adjustment of the inter-company balances between the Target Subsidiaries). The IP Rights were developed by the Group and have no book value.

It is intended that, following Completion, the Company will focus on the development and operation of the Group's existing and future Commercial Property projects, whereas Shanghai Fenghwa will focus on the development and operation of the Group's existing and future Residential Property projects. Accordingly, upon Completion, the businesses of the Group and the Shanghai Fenghwa Group will not be in competition with each other.

Depending on the final valuation (and the agreed consideration for the sale and purchase) of the Target Subsidiaries and the IP Rights, the Proposed Transaction may constitute a very substantial acquisition by the Company under Chapter 14 of the Listing Rules. In that case, the Proposed Transaction will be subject to, among other things, approval of the Shareholders.

The Stock Exchange has indicated to the Company that the requirements under PN 15 relating to the separate listing of assets should apply to the Proposed Transaction. The Company is currently looking at the substantive issues in relation to the Company's compliance of such requirements, and it is possible that the terms and structure of the Proposed Transaction may need to be altered in order to comply with the requirements of the Listing Rules. The Company is also having ongoing discussions with Shanghai Fenghwa on the commercial terms and structure of the Proposed Transaction, with a view to satisfy the requirements of the Listing Rules. The Proposed Transaction (or any replacement transaction) will not be entered into if the Company is unable to comply with the requirements under PN 15, or if the Company is unable to agree with Shanghai Fenghwa on new commercial terms and structure that meet the requirements of the Listing Rules. The Company will make further announcements to keep its Shareholders informed of the progress of the Proposed Transaction (and any replacement transaction) as and when appropriate.

Shareholders and prospective investors of the Company should note that no assurance can be made that the Proposed Transaction will proceed, or that the Company and Shanghai Fenghwa may agree to new terms and structure of a replacement transaction, or that any such replacement transaction will meet the requirements set out by the relevant regulatory bodies. In addition, the Proposed Transaction is subject to the satisfaction of the Conditions, and no assurance can be made that they will be satisfied. In particular, the valuation and the consideration for the sale and purchase of the Target Subsidiaries and the IP Rights have not yet been agreed between the Company and Shanghai Fenghwa. Accordingly, Shareholders and prospective investors of the Company should exercise caution when dealing in the securities of the Company.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 9 April 2008 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 24 April 2008.

INTRODUCTION

On 8 April 2008, Coastal Realty entered into the Framework Agreement with Shanghai Fenghwa to record the principles to which the Proposed Transaction may proceed.

The Company has been informed that Shanghai Fenghwa published the Shanghai Fenghwa Announcement on the website of the Shanghai Stock Exchange on 9 April 2008 regarding the Proposed Transaction. All financial information contained in the Shanghai Fenghwa Announcement has been prepared under PRC GAAP and has not been reviewed by the Company's auditors or audited by certified public accountants in Hong Kong. Such financial information was prepared by Shanghai Fenghwa for the purpose of the Shanghai Fenghwa Announcement. Certain information has been extracted from the Shanghai Fenghwa Announcement and included in this announcement for reference only.

As at the date of this announcement, the Company indirectly holds an approximately 21.13% interest in the issued share capital of Shanghai Fenghwa.

THE FRAMEWORK AGREEMENT

Date

8 April 2008

Parties

- (1) Coastal Realty, as the Subscriber for the Consideration Shares and the seller of the Target Subsidiaries and the IP Rights; and
- (2) Shanghai Fenghwa, as the issuer of the Consideration Shares and the purchaser for the Target Subsidiaries and the IP Rights.

The Proposed Transaction

The Proposed Transaction involves the possible sale by Coastal Realty to Shanghai Fenghwa of all its interests in the Target Subsidiaries and the IP Rights in exchange for the issue by Shanghai Fenghwa of up to 600 million New A Shares at the Subscription Price of RMB17.40 per New A Share (equivalent to approximately HK\$19.33 per New A Share), capping the Maximum Consideration at RMB10,440 million (equivalent to approximately HK\$11,600 million).

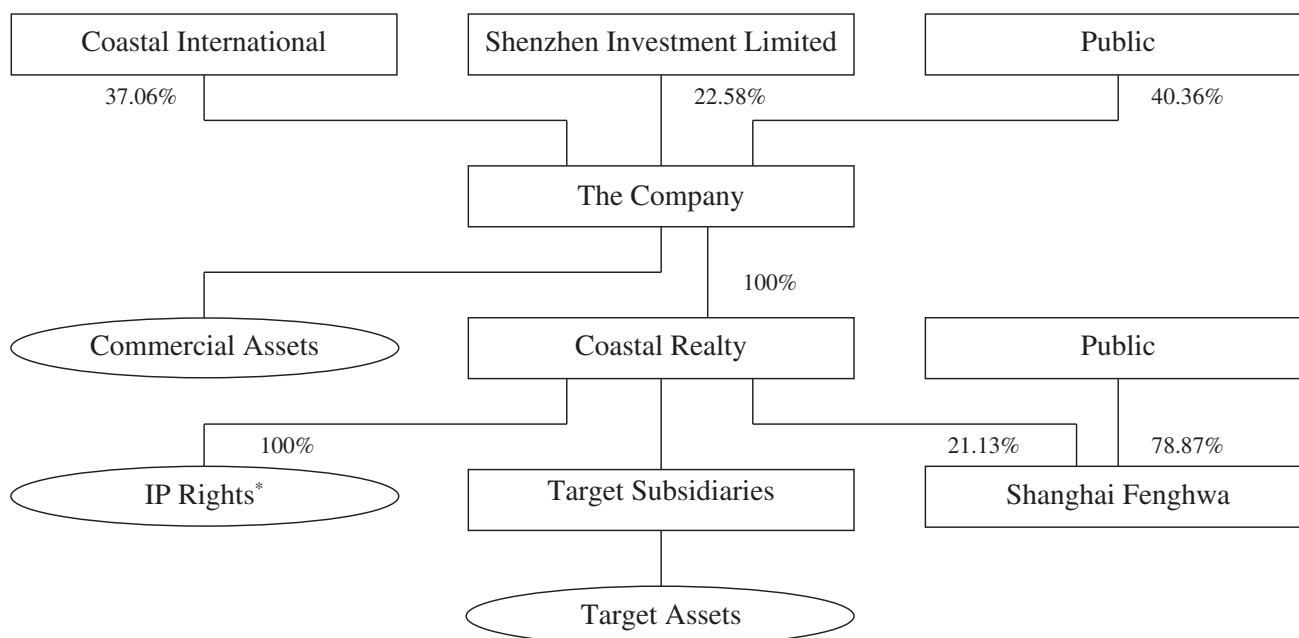
Shanghai Fenghwa has estimated the valuation of the Target Subsidiaries to be approximately RMB7,601 million (equivalent to approximately HK\$8,446 million). However, the final valuation (and the consideration for the sale and purchase) of the Target Subsidiaries and the IP Rights have not yet been determined. The Target Subsidiaries have an unaudited aggregate total asset value of approximately RMB8,675 million (equivalent to approximately HK\$9,639 million) as at the Appraisal Date (before adjustment of the inter-company balances between the Target Subsidiaries). The IP Rights were developed by the Group and have no book value.

Accordingly, the Proposed Transaction consists of:

- (1) the Asset Transfer; and
- (2) the Share Subscription.

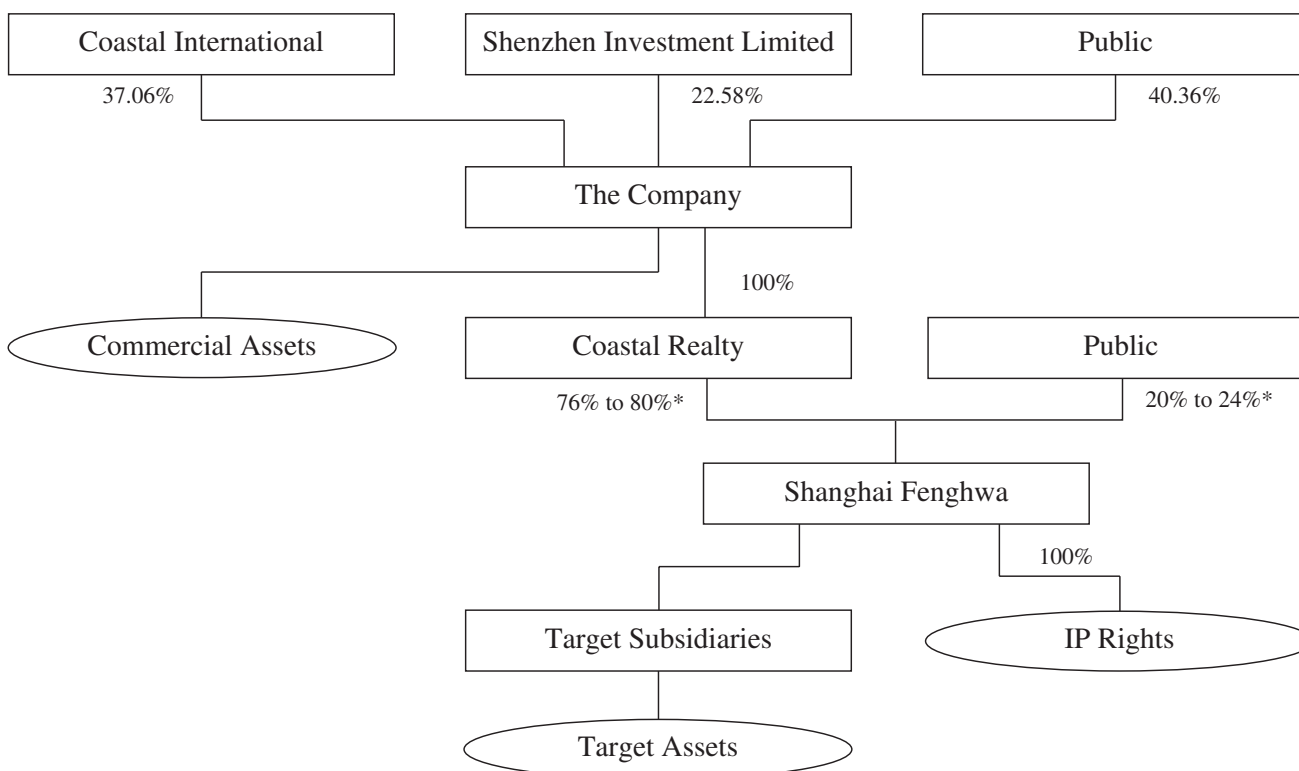
If the Proposed Transaction proceeds, then (upon Completion) Shanghai Fenghwa will become an over 50% indirectly-owned subsidiary of the Company. Shanghai Fenghwa will become an approximately 76% indirectly-owned subsidiary of the Company if the number of Consideration Shares is determined by reference to Shanghai Fenghwa's estimated valuation of the Target Subsidiaries of approximately RMB7,601 million (equivalent to approximately HK\$8,446 million). Shanghai Fenghwa will become an approximately 80% indirectly-owned subsidiary of the Company if the maximum number of Consideration Shares are issued to Coastal Realty. However, the Company's ultimate shareholding interest in Shanghai Fenghwa will depend on the final valuation (and the consideration for the sale and purchase) of the Target Subsidiaries and the IP Rights, which have not yet been determined. The simplified corporate structures as at the date of this announcement and immediately upon Completion are set out in the charts below.

Simplified corporate structure as at the date of this announcement



* *Note:* the IP Rights are in the process of being transferred from the relevant members of the Group to Coastal Realty.

Simplified corporate structure immediately upon Completion



**Notes:* these figures are only indicative, as the final percentage will depend on the final valuation of and the price to be agreed for the Target Subsidiaries and the IP Rights. For further details, please refer to the section headed “The Proposed Transaction” above.

Asset Transfer

(1) Description of the Target Subsidiaries and the Target Assets

There are nine Target Subsidiaries which together hold interests in twelve Residential Property projects at various stages of development located in various provinces in the PRC, with an aggregate planned GFA of approximately 607,000 sqm under construction and approximately 3,115,000 sqm for development.

An independent valuation of the Target Subsidiaries and the IP Rights is being conducted by the PRC Valuer for the purpose of determining the consideration of the Asset Transfer in accordance with the requirements of the CSRC. An independent valuation of the property interests held by the Target Subsidiaries and by Shanghai Fenghwa will be conducted by DTZ in accordance with the Listing Rules.

Details of the Target Assets held by the Target Subsidiaries are set out below:

Target Subsidiaries	Interest held by the Group as at the date of this announcement	Place of Establishment	Number of projects	As at and for the 12 months period ended 31 December 2007 ⁽¹⁾		
				Total assets RMB million	Net assets RMB million	Net profit/(loss) RMB million
1 沿海綠色家園發展（江西）有限公司 (Coastal Greenland Development (Jiangxi) Limited) ("Coastal Jiangxi")	100%	Nanchang	1	527.42	91.06	14.97
2 沿海綠色家園發展（武漢）有限公司 (Coastal Greenland Development (Wuhan) Limited) ("Coastal Wuhan")	100%	Wuhan	3	2,549.75	199.81	83.95
3 北京興港房地產開發有限公司 (Beijing Xing Gang Real Estate Limited) ("Coastal Beijing")	100%	Beijing	4	3,270.90	285.96	248.17
4 沿海綠色家園發展（瀋陽）有限公司 (Coastal Greenland Development (Shenyang) Limited) ("Coastal Shenyang")	100%	Shenyang	1	768.72	144.39	(0.64)
5 成都鼎元置業有限公司 (Chengdu Dingyuen Real Estate Limited) ("Coastal Chengdu")	79%	Chengdu	1	71.49	1.24	(0.49)

**As at and for the 12 months
period ended 31 December 2007⁽¹⁾**

Target Subsidiaries	Interest held by the Group as at the date of this announcement	Place of Establishment	Number of projects	As at and for the 12 months period ended 31 December 2007 ⁽¹⁾		
				Total assets <i>RMB million</i>	Net assets <i>RMB million</i>	Net profit/(loss) <i>RMB million</i>
6 四川沿海綠色家園投資有限公司 (Coastal Greenland Investment (Sichuan) Limited) ("Coastal Sichuan")	100%	Sichuan	1	73.93	59.42	10.13
7 沿海麗園(鞍山)置業有限公司 (Coastal Riviera (Anshan) Development Company Limited) ("Coastal Anshan") ⁽²⁾	100%	Dalian	1	936.08	660.78	(9.46)
8 深圳沿海國投置業有限公司 (Shenzhen Coastal Property Investment Limited) ("Coastal Shenzhen") ⁽³⁾	100%	Shenzhen	na	399.21	64.10	(12.13)
9 經典建設有限公司 (Jingdian Construction Company Limited) ("Coastal Jingdian") ⁽⁴⁾	100%	Zhengzhou	na	77.16	47.17	(2.82)
Total⁽⁵⁾			12	8,674.66	1,553.93	331.68

Projects under Target Subsidiaries	Interest held by the Group as at the date of this announcement	Location	Site area <i>sqm</i>	Planned GFA		
				Completed <i>sqm</i>	Under construction <i>sqm</i>	For development <i>sqm</i>
1 Coastal Jiangxi: Jiangxi Riviera Villa project	100%	Nanchang	186,400	123,500	101,800	83,300
2 Coastal Wuhan: Wuhan Silo City project	100%	Wuhan	1,158,000 ⁽⁸⁾	363,500	135,100	1,228,200
Shanghai Riviera Garden project	100%	Shanghai	326,100	56,300	79,100	157,400
Dongguan Riviera Villa project	100%	Dongguan	382,600	53,000	71,000	220,400
3 Coastal Beijing: Beijing Sun Villa Realhouse project	100%	Beijing	486,500	81,200	8,900	22,300
Beijing Silo City project	100%	Beijing	245,800	255,900	211,100	396,800
Shengming Kexueyuan project	100%	Beijing	21,900	0	0	39,200
Beijing Shunyi project ⁽⁶⁾	71%	Beijing	98,000	0	0	na
4 Coastal Shenyang: Redevelopment project of Shenyang Dongbei Furniture and Ornaments Plaza	100%	Shenyang	140,800	0	0	400,000
5 Coastal Chengdu: Chengdu Longquanyi project	79%	Chengdu	280,700	0	0	na ⁽⁷⁾
6 Coastal Sichuan: Chengdu Dujiangyan project ⁽⁶⁾	100%	Chengdu	315,800	48,400	0	267,400
7 Coastal Anshan ⁽²⁾ Dalian Xinghai Bay project	50%	Dalian	34,000	0	0	300,000
Total			3,676,600	981,800	607,000	3,115,000

Notes:

- (1) For each Target Subsidiary, total assets represent the value of the total assets held by such Target Subsidiary (including its property interests and other assets), and total assets, net assets and net profit/(loss) are unaudited figures based on the management accounts of the Target Subsidiaries which were prepared under PRC GAAP. Such financial information was prepared by Shanghai Fenghwa for the purpose of the Shanghai Fenghwa Announcement and is extracted from the Shanghai Fenghwa Announcement to be included in this announcement for reference only, as the current financial year for the Group ends on 31 March 2008.
- (2) As at the date of this announcement, Coastal Realty Development Co. Ltd (an indirect wholly-owned subsidiary of the Company) (“Coastal Realty HK”) owns 100% of Coastal Anshan and 50% of Super Investment Development Limited (“Super Investment”). Super Investment in turn owns 100% of 遼寧寶成房地產開發有限公司 (Liaoning Bao Cheng Real Estate Development Company Limited) which owns the Dalian Xinghai Bay project. Coastal Realty HK is in the process of transferring its interest in Super Investment to Coastal Anshan and its interest in Coastal Anshan to Coastal Realty.
- (3) Coastal Shenzhen is an investment holding company.
- (4) Coastal Jingdian is engaged in property construction.
- (5) The aggregate total assets, net assets and net profit/(loss) figures are before adjustments of intercompany transactions and balances between the Target Subsidiaries.
- (6) The Beijing Shunyi project and the Chengdu Dujiangyan project involved the leveling and clearance services for lands jointly developed by the Target Subsidiaries and the local governments.
- (7) The figure is not available at the time of this announcement, as the Group’s negotiation with the government on this project is continuing.
- (8) Out of the 1,158,000 sqm site area of the Wuhan Silo City project, 78,200 sqm are currently under planning.

The property assets held by the Target Subsidiaries are at various stages of development, not all of which have generated profits. Details of the unaudited revenue, net profit and total assets attributable to the Target Subsidiaries for the 12 months period ended and as at 31 December 2007 are set out below:

	For the 12 months period ended	
	31 December 2007 ^(Note)	
	<i>(RMB million)</i>	<i>(HK\$ million)</i>
Revenue	3,959	4,399
Net profit	332	369
Total assets	8,675	9,639

Note: Revenue, net profit and total assets of the Target Subsidiaries are extracted and aggregated from the individual unaudited management accounts of the Target Subsidiaries under PRC GAAP for the 12 months period ended on 31 December 2007 before adjustments of intercompany transactions and balances between the Target Subsidiaries. The current financial year for the Group ends on 31 March 2008.

The IP Rights were developed by the Group and have no book value.

(2) *Consideration for the Asset Transfer*

The total consideration for the Asset Transfer will be paid by Shanghai Fenghwa by issuing the Consideration Shares at the Subscription Price. The total consideration for the Asset Transfer will be agreed between the Subscriber and Shanghai Fenghwa after arm's length negotiations and with reference to the value of the Target Subsidiaries and the IP Rights as set out in the PRC Valuation Report issued by the PRC Valuer as at the Appraisal Date, subject to the final value as approved or consented to by the CSRC.

The consideration for the Asset Transfer will not be adjusted by any subsequent changes in the value of the Target Assets and the IP Rights during the period between the Appraisal Date and the Completion Date.

Share Subscription

In consideration of Coastal Realty selling to Shanghai Fenghwa all its interests in the Target Subsidiaries and the IP Rights, pursuant to the terms of the Framework Agreement, Shanghai Fenghwa will issue the Consideration Shares at the Subscription Price to Coastal Realty by way of a private placement.

The Subscription Price is determined based on the volume weighted average price of Shanghai Fenghwa's "A" share prices as quoted on the Shanghai Stock Exchange for the last 20 consecutive trading days prior to 9 April 2008, being the date on which the Proposed Transaction was announced by the board of directors of Shanghai Fenghwa. The aggregate value of the Consideration Shares to be issued to Coastal Realty has not yet been determined. Coastal Realty may not dispose of the Consideration Shares for a period of 36 months after Completion. Upon expiration of the lock-up period, the Consideration Shares will be listed and traded on the Shanghai Stock Exchange.

The undistributed profits of Shanghai Fenghwa before Completion will be shared by the shareholders of Shanghai Fenghwa in accordance with their then shareholding interests after Completion.

Information on Shanghai Fenghwa

Shanghai Fenghwa is a company established in the PRC whose "A" shares have been listed on the Shanghai Stock Exchange since 1992. The Shanghai Fenghwa Group is principally engaged in industrial investment management, rental of properties held, property management, hotel management and business consultancy. Specifically, Shanghai Fenghwa's main focus is in the investment, development and management of Residential Property projects in the PRC. Shanghai Fenghwa has over 100 employees working in its offices in Shanghai, Chengdu and Anshan. Prior to the Proposed

Transaction, the principal residential projects held by Shanghai Fenghwa (all of which are 100% owned) are as follows:

Project	Location	Type	GFA (sqm)
Chengdu Dujiangyan	Chengdu	Residential	77,400
Anshan North Shengli Road	Anshan	Residential	203,100
Anshan Qianshan Road (<i>Note</i>)	Anshan	Residential	20,000
Anshan Greenland IT City (<i>Note</i>)	Anshan	Residential	<u>75,300</u>
Total			<u><u>375,800</u></u>

Note: These projects were sold by the Group to Shanghai Fenghwa on an arms' length basis in January 2007 for cash consideration.

In addition to the principal residential projects above, the other principal assets of Shanghai Fenghwa are as follows:

Name	Location	Type	GFA (sqm)
3601 Dongfeng Road, Pudong, Shanghai	Shanghai	offices	33,074
2981 Dongfeng Road, Pudong, Shanghai	Shanghai	hotel, restaurant	11,950
288 Shanghai Chengdu Road, Shanghai (<i>Note</i>)	Shanghai	offices	<u>4,617</u>
Total			<u><u>49,641</u></u>

Note: A sale and purchase agreement has been signed between Shanghai Fenghwa and an independent third party to sell the properties, but that transaction has not yet been completed as at the date of this announcement.

Shanghai Fenghwa's audited net profits (calculated in RMB) for the two financial years ended 31 December 2007 were set out below:

	Net profits (<i>Note</i>)			
	for the financial year ended 31 December 2006 (restated)		2007	
	<i>(RMB million)</i>	<i>(HK\$ million)</i>	<i>(RMB million)</i>	<i>(HK\$ million)</i>
before taxation and extraordinary items	15.95	17.72	14.28	15.87
after taxation and extraordinary items	80.88	89.87	4.09	4.54

The audited book value of Shanghai Fenghwa's net assets for the two financial years ended 31 December 2007 were approximately RMB226.46 million (equivalent to approximately HK\$251.62 million) and approximately RMB173.05 million (equivalent to approximately HK\$192.28 million) respectively. The market capitalisation of Shanghai Fenghwa as at 26 December 2007 (being the last trading day for the "A" shares of Shanghai Fenghwa on the Shanghai Stock Exchange before the suspension of their trading pending the release of the Shanghai Fenghwa Announcement) was approximately RMB3,653 million (equivalent to approximately HK\$4,059 million), and the market capitalisation of Shanghai Fenghwa as at 22 April 2008 (being the last trading day for the "A" shares of Shanghai Fenghwa on the Shanghai Stock Exchange before the date of this announcement) was approximately RMB1,767 million (equivalent to approximately HK\$1,963 million).

Note: Net profits and book values of Shanghai Fenghwa are extracted from the audited accounts of Shanghai Fenghwa under PRC GAAP for the two financial years ended 31 December 2007.

Conditions to Completion

Completion is subject to the satisfaction of the following Conditions:

(1) Conditions in relation to the Company:

- (a) board approval being obtained for the Asset Transfer, the Share Subscription and the signing by Coastal Realty of the Framework Agreement;
- (b) approval of the Shareholders being obtained for the Proposed Transaction at the SGM; and
- (c) all necessary or applicable approvals and consents of competent authorities or regulatory authorities relating to the Proposed Transaction (including but not limited to that of the Stock Exchange) being obtained.

(2) Conditions in relation to the Subscriber:

- (a) board approval by Coastal Realty being obtained for the Asset Transfer and the Share Subscription.

(3) Conditions in relation to Shanghai Fenghwa:

- (a) approval of Shanghai Fenghwa's shareholders being obtained at the shareholder meeting of Shanghai Fenghwa for the Proposed Transaction and the matters relevant thereto (including but not limited to the Asset Transfer, the Share Subscription, and the consent to apply to the CSRC for a waiver of the obligations that the Subscriber may have, pursuant to the completion of the Share Subscription, to make a general offer for all the shares in Shanghai Fenghwa); and
- (b) approval of Shanghai Fenghwa's shareholders being obtained at the shareholder meeting of Shanghai Fenghwa for all other matters relevant to the Proposed Transaction.

(4) General Conditions:

- (a) Coastal Realty and Shanghai Fenghwa having agreed to the final terms of a definitive agreement for the implementation of the Proposed Transaction and entered into such definitive agreement;
- (b) the PRC Valuation being obtained;
- (c) the consideration for the sale and purchase of the Target Subsidiaries and the IP Rights being agreed between Coastal Realty and Shanghai Fenghwa;
- (d) approval by the MOFCOM for the Proposed Transaction being obtained;
- (e) approval by the CSRC for the Proposed Transaction being obtained;
- (f) waiver by the CSRC of the general offer requirements applicable to the Subscriber in relation to the Share Subscription being obtained; and
- (g) all other necessary government, regulatory and third party approval (including but not limited to approval from the Stock Exchange) in relation to the Proposed Transaction being obtained.

If the Conditions are not fulfilled by 7 April 2009 (being one year after the date of the Framework Agreement) (or such later date as Shanghai Fenghwa and Coastal Realty may agree), the Framework Agreement will automatically cease to have any effect.

Termination

The Framework Agreement may be terminated:

- (1) by mutual agreement of the Subscriber and Shanghai Fenghwa; or
- (2) in accordance with the terms of the Framework Agreement in relation to certain force majeure events.

Completion

If the Proposed Transaction proceeds, Completion will take place upon completion of all relevant registration in relation to the transfer of the Target Subsidiaries and the IP Rights from the Subscriber to Shanghai Fenghwa.

Governing law

The Framework Agreement is governed by PRC law.

NON-COMPETITION

It is intended that, following Completion, the Company will focus on the development and operation of the Group's existing and future Commercial Property projects, whereas Shanghai Fenghwa will focus on the development and operation of the Group's existing and future Residential Property projects. Accordingly, upon Completion, the businesses of the Group and the Shanghai Fenghwa Group will not be in competition with each other.

It is intended that, following Completion and subject to the Company obtaining the requisite Shareholders' approval, the Company will undertake to Shanghai Fenghwa that it will not engage in any property development business in the PRC which may compete with those of Shanghai Fenghwa. Each of Coastal Realty and Mr. Jiang Ming (a Director and a substantial shareholder of Coastal International) has agreed to give a similar undertaking in favour of Shanghai Fenghwa.

INFORMATION ON THE COMPANY

The Company is a property development company with geographically-diverse properties and development projects in the PRC. As at the date of this announcement, the Company possesses a land bank of approximately 4.8 million sqm (in terms of GFA) across nine cities in the PRC, and is currently developing twelve Residential Property projects (which comprise the Target Assets held by the Target Subsidiaries) and four Commercial Property projects.

In light of the favourable long-term outlook for the PRC economy and the rapidly increasing disposable income of PRC consumers, the Company is firmly of the view that the development of retail and Commercial Properties and the subsequent retention of such properties for long term investment purposes is an attractive business opportunity and will represent an important part of the Company's long-term development strategy. The Company currently has four Commercial Property projects underway at different stages of development.

The Commercial Assets comprise:

Project	Location	Type	GFA (sqm)	Interest held by the Group as at the date of this announcement
Beijing Jian Guo Men Wai	Beijing	offices	40,000	65%
Wuhan Tushu Dashijie	Wuhan	offices	133,000	90%
Suzhou Commercial	Suzhou	offices/shops/ hotel/service apartment	116,600	100%
Shenyang Hunnan – commercial	Shenyang	offices/shops/ hotel	187,100	100% <i>(Note)</i>

Note: The Company has entered into an agreement with certain funds (“Angelo Gordon”) managed by or affiliated with Angelo, Gordon & Co., L.P. pursuant to which the Company has agreed to sell 20% of its interest in the Shenyang Hunnan commercial project to Angelo Gordon. Completion of that sale has not taken place as at the date of this announcement. Angelo Gordon also has interests in certain other projects of the Group (being an 80% interest in the Shenyang Hunnan residential project and a 50% interest in the Dalian Xinghai Bay project).

REASONS AND BENEFITS FOR THE PROPOSED TRANSACTION

(1) Enhance corporate structure

The Proposed Transaction will enable the Company to majority own and consolidate Shanghai Fenghwa as a standalone, professional and focused Residential Property company. If the Proposed Transaction is completed, it is intended that the Company will focus on the development and operation of retail and Commercial Property projects for retention by the Company as long-term investment assets and that Shanghai Fenghwa will focus on the development and operation of Residential Property projects.

The Company believes that the Proposed Transaction will simplify the corporate structure within the Group. It will remove any competition for residential developments between the Company and Shanghai Fenghwa and it will allow the respective management teams of the Company and Shanghai Fenghwa to specialise in Residential Property or Commercial Property development, thereby fostering product expertise and increased professionalism within each business.

See the section headed “Non-Competition” above for further details on how the businesses will be separated in the future.

(2) Financial flexibility in funding future residential and commercial developments

Given the Company’s strong brand and its successful track record in the development of mid-to high-end Residential Properties as well as the continuing strong demand for Residential Properties driven by growing incomes and urbanisation of PRC residents, the Company regards Residential Property development as an integral part of the Group’s overall business strategy. In particular, the Company has distinguished itself from its competitors and won international recognition for its Residential Property development business through its innovative “healthy residence” concept which has been used in all of the Company’s projects since 2004.

The Proposed Transaction will provide the Company with standalone fund raising capability for its Residential Property development business via Shanghai Fenghwa’s “A” share listing on the Shanghai Stock Exchange. Also, this will provide the Company with greater financial flexibility to fund its future residential and commercial developments. Recently, companies have traded at higher valuation on the Shanghai Stock Exchange than on the Stock Exchange. If this trend continues going forward, the Company will have the ability to raise funds via Shanghai Fenghwa at a lower cost of capital than it could do so on the Stock Exchange. Further, the Company will retain the ability to raise funds in the Hong Kong public markets via its listing on the Stock Exchange and hence providing the Company with financial flexibility going forward should market conditions vary between Shanghai and Hong Kong.

POTENTIAL VERY SUBSTANTIAL ACQUISITION

Depending on the final valuation (and the agreed consideration for the sale and purchase) of the Target Subsidiaries and the IP Rights, the Proposed Transaction may constitute a very substantial acquisition by the Company under Chapter 14 of the Listing Rules. In that case, the Proposed Transaction will be subject to, among other things, approval of the Shareholders.

GENERAL

The Stock Exchange has indicated to the Company that the requirements under PN 15 relating to the separate listing of assets should apply to the Proposed Transaction. The Company is currently looking at the substantive issues in relation to the Company's compliance of such requirements, and it is possible that the terms and structure of the Proposed Transaction may need to be altered in order to comply with the requirements of the Listing Rules. The Company is also having ongoing discussions with Shanghai Fenghwa on the commercial terms and structure of the Proposed Transaction, with a view to satisfy the requirements of the Listing Rules. The Proposed Transaction (or any replacement transaction) will not be entered into if the Company is unable to comply with the requirements under PN 15, or if the Company is unable to agree with Shanghai Fenghwa on new commercial terms and structure that meet the requirements of the Listing Rules. The Company will make further announcements to keep its Shareholders informed of the progress of the Proposed Transaction (and any replacement transaction) as and when appropriate.

Shareholders and prospective investors of the Company should note that no assurance can be made that the Proposed Transaction will proceed, or that the Company and Shanghai Fenghwa may agree to new terms and structure of a replacement transaction, or that any such replacement transaction will meet the requirements set out by the relevant regulatory bodies. In addition, the Proposed Transaction is subject to the satisfaction of the Conditions, and no assurance can be made that they will be satisfied. In particular, the valuation and the consideration for the sale and purchase of the Target Subsidiaries and the IP Rights have not yet been agreed between the Company and Shanghai Fenghwa. Accordingly, Shareholders and prospective investors of the Company should exercise caution when dealing in the securities of the Company.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 9 April 2008 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 24 April 2008.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Appraisal Date”	:	31 December 2007;
“Asset Transfer”	:	the possible sale by Coastal Realty of its interests in each of the Target Subsidiaries and in the IP Rights to Shanghai Fenghwa;
“Board”	:	the board of Directors;
“Coastal International”	:	Coastal International Holdings Limited, a company incorporated in British Virgin Islands and is as at the date of this announcement a substantial shareholder (as defined in the Listing Rules) holding approximately 37.06% of the issued share capital of the Company;

“Coastal Realty”	:	沿海地產投資（中國）有限公司 (Coastal Realty Investment (China) Limited), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company;
“Commercial Assets”	:	the Commercial Property projects held by the Group described in the section headed “Information on the Company” above;
“Commercial Property”	:	buildings developed on construction land and used for commercial, financial and commercial services purposes (including but not limited to shops, shopping centres, wholesale and retail markets, commercial and other offices), and relevant ancillary facilities including hotels, service apartments and retail properties (and, for the purpose of this announcement, Commercial Property does not include Residential Property);
“Company”	:	Coastal Greenland Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange;
“Completion”	:	completion of the Proposed Transaction, further details of which are set out in the section headed “Completion” above;
“Completion Date”	:	if the Proposed Transaction proceeds, the date of Completion;
“Conditions”	:	the conditions to Completion (details of which are set forth on pages 11 to 12 of this announcement);
“Consideration”	:	if the Proposed Transaction proceeds, the issue by Shanghai Fenghwa to Coastal Realty of the Consideration Shares at the Subscription Price;
“Consideration Shares”	:	up to 600 million New A Shares (representing up to approximately 76% of the issued share capital of Shanghai Fenghwa as enlarged by the issue of all such New A Shares), with the exact number to be determined based on the final Consideration which may be agreed between Shanghai Fenghwa and Coastal Realty;
“CSRC”	:	the China Securities and Regulatory Commission of the PRC;
“Directors”	:	the directors of the Company;
“DTZ”	:	DTZ Debenham Tie Leung, an independent property valuer;

“Framework Agreement”	:	the Share Subscription and Asset Acquisition Framework Agreement (股份認購及資產購買框架協議) dated 8 April 2008 entered into by Coastal Realty and Shanghai Fenghwa, which recorded the principles to which the Proposed Transaction may proceed;
“GFA”	:	gross floor area, a standard measurement used in the real estate development industry, which includes saleable GFA, non-saleable GFA and car parking spaces;
“Group”	:	the Company and its subsidiaries;
“HK\$”	:	Hong Kong dollars, the lawful currency of Hong Kong;
“HKGAAP”	:	generally accepted accounting principles in Hong Kong;
“Hong Kong”	:	the Hong Kong Special Administrative Region of the PRC;
“IP Rights”	:	the intellectual property rights to use the mark “沿海綠色家園”, registered in the PRC, which are 100% owned by the Group as at the date of this announcement and are in the process of being transferred from the relevant members of the Group to Coastal Realty;
“Listing Rules”	:	the Rules Governing the Listing of Securities on the Stock Exchange;
“Maximum Consideration”	:	the maximum consideration payable by Shanghai Fenghwa to Coastal Realty by reference to the agreed value of the Consideration Shares (assuming the maximum number of 600 million Consideration Shares are to be issued at the Subscription Price), thereby capping the maximum value at RMB10,440 million (equivalent to approximately HK\$11,600 million);
“MOFCOM”	:	the Ministry of Commerce of the PRC;
“New A Shares”	:	the new RMB-denominated ordinary “A” shares with par value of RMB1.00 each to be issued by Shanghai Fenghwa in connection with the Share Subscription;
“PN 15”	:	Practice Note 15 to the Listing Rules;
“PRC”	:	the People’s Republic of China (for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan);
“PRC GAAP”	:	generally accepted accounting principles in the PRC;

“PRC Valuation Report”	:	an independent valuation report in respect of the appraised net asset values of the Target Subsidiaries and the value of IP Rights prepared by the PRC Valuer;
“PRC Valuer”	:	Hubei Zhong Lian Assets & Appraisal Co. Ltd (湖北眾聯諮詢評估有限公司), an independent property valuer;
“Proposed Transaction”	:	the possible transactions contemplated by the terms of the Framework Agreement;
“RMB”	:	Renminbi, the lawful currency of the PRC;
“Residential Property”	:	buildings developed on construction land and used for residential purposes, and relevant ancillary facilities including hotels, service apartments and retail properties;
“SGM”	:	if the Proposed Transaction proceeds, the special general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, approve the Proposed Transaction;
“Shanghai Fenghwa”	:	Shanghai Fenghwa Group Co., Ltd., a company established in the PRC and the shares of which are listed on the Shanghai Stock Exchange;
“Shanghai Fenghwa Announcement”	:	the announcement published by Shanghai Fenghwa in connection with the Framework Agreement;
“Shanghai Fenghwa Group”	:	Shanghai Fenghwa and its subsidiaries;
“Shareholders”	:	holders of Shares;
“Shares”	:	ordinary shares of HK\$0.10 each in the capital of the Company;
“Share Subscription”	:	the possible issue by Shanghai Fenghwa and the possible subscription by Coastal Realty, as consideration for the Asset Transfer, of the Consideration Shares at the Subscription Price;
“sqm”	:	square metres;
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited;
“Subscriber”	:	Coastal Realty;
“Subscription Price”	:	RMB17.40 per New A Share (equivalent to approximately HK\$19.33 per New A Share);

- “Target Assets” : the property interests held by the Target Subsidiaries described in the section headed “Description of the Target Subsidiaries and the Target Assets” above;
- “Target Subsidiaries” : the nine subsidiaries of the Company, each established in the PRC, holding the Target Assets, being contemplated to be sold by Coastal Realty to Shanghai Fenghwa, as described under the heading “Description of the Target Subsidiaries and the Target Assets” above and a Target Subsidiary shall mean any one of the Target Subsidiaries;
- “UBS” : UBS AG acting through its business group, UBS Investment Bank.

For the purpose of illustration in this announcement, unless otherwise specified, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB0.90 to HK\$1.00. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at the above rate or at any other rate or at all.

Unless otherwise stated, all accounting figures in relation to the Target Subsidiaries are unaudited figures prepared under PRC GAAP.

On behalf of the Board of
Coastal Greenland Limited
Mr. Chan Boon Teong
Chairman

Hong Kong, 23 April 2008

As at the date of this announcement, the Board comprises of Mr. Chan Boon Teong, Mr. Jiang Ming, Mr. Tao Lin, Mr. Cheng Wing Bor, Mr. Lin Chen Hsin, Mr. Wu Xin and Mr. Xin Xiangdong as executive Directors, Mr. Zheng Hong Qing, Mr. Oliver P. Weisberg, Mr. Hu Aimin, Mr. Zhang Yijun and Mr. Zhang Huaqiao as non-executive Directors and Mr. Tang Lap Yan, Mr. Law Kin Ho and Mr. Wong Kai Cheong as independent non-executive Directors.