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If you have sold or transferred all your shares in **Coastal Greenland Limited** (the “**Company**”), you should at once hand this circular 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 the transferee.

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COASTAL 沿海
COASTAL GREENLAND LIMITED
沿海綠色家園有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 1124)

(1) VERY SUBSTANTIAL DISPOSAL; AND
(2) NOTICE OF SPECIAL GENERAL MEETING

Unless the context otherwise requires, all capitalised terms used in this circular have the meanings set out in the section headed “Definitions” of this circular.

A notice convening an SGM of the Company to be held at 2/F, 35-45B Bonham Strand, Sheung Wan, Hong Kong on Thursday, 15 August 2024, at 2:30 p.m. or any adjournment thereof is set out on pages SGM-1 to SGM-2 of this circular. A proxy form for use in the SGM is enclosed. Whether or not you propose to attend the meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than Tuesday, 13 August 2024 at 2:30 p.m. (Hong Kong time). Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

26 July 2024

* For identification purpose only

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	5
Appendix I – Financial Information of the Group	I-1
Appendix II – Financial Information of the Disposal Group	II-1
Appendix III – Unaudited Pro Forma Financial Information of the Remaining Group	III-1
Appendix IV – Valuation Report on the Anshan Coastal Xintiandi Project and the Beijing Bay Project	IV-1
Appendix V – General Information	V-1
Notice of SGM	SGM-1

DEFINITIONS

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

“Anshan Coastal Xintiandi Project”	the commercial development project located in Tiedong District, Anshan, the PRC with a total GFA of approximately 28,943 sq.m. and as at the Latest Practicable Date, the 100% equity interest is owned by the Group
“associate”	has the meaning ascribed to it under the Listing Rules
“Beijing Bay Project”	the residential estate project located in Changping District, Beijing, the PRC with a total GFA of approximately 266,934 sq.m. and as at the Latest Practicable Date, the 100% equity interest is owned by the JV Company
“Board”	the board of Directors
“Business Day(s)”	a day on which the banks in Hong Kong are normally open for business (excluding Saturdays)
“BVI”	the British Virgin Islands
“Chongqing Silo City Project”	the residential properties project located in Beipei District, Chongqing, the PRC with a total GFA of approximately 266,149 sq.m. and as at the Latest Practicable Date, the 35% equity interest is owned by the Group and the remaining 65% equity interest is owned by Chongqing Beiban University Science and Technology Park Exhibition Company Limited* (重慶市北碚大學科技園發展有限公司), being an Independent Third Party
“Company”	Coastal Greenland Limited (沿海綠色家園有限公司*), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1124)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Share Transfer Agreement
“Consideration”	the aggregate consideration for the Disposal, being the amount of HK\$10,000, payable by the Purchaser to the Vendor pursuant to the Share Transfer Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Dalian Jianzhu Project”	the residential development project located in Ganjingzi District, Dalian, the PRC with a total GFA of approximately 168,900 sq.m. and as at the Latest Practicable Date, the 100% equity interest is owned by the Group
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Disposal Share in accordance with the terms and conditions of the Share Transfer Agreement
“Disposal Company”	Asiafame Development Limited (啟豐發展有限公司), a company incorporated in Hong Kong with limited liability and as at the Latest Practicable Date and immediately prior to Completion, a wholly-owned subsidiary of the Company
“Disposal Group”	the Disposal Company and its subsidiaries
“Disposal Share”	one issued share in the Disposal Company, representing the total number of issued shares of the Disposal Company, which is legally and beneficially owned by the Vendor as at the Latest Practicable Date and immediately prior to Completion
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hengxiang Real Estate”	Hengxiang Real Estate Development Company Limited* (恒祥房地產開發有限公司), a company established in the PRC with limited liability, being an indirect subsidiary of the Disposal Company owned as to 86% and the remaining 14% of which is owned by Liu Zhixin, an Independent Third Party
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“JV Company”	Beijing Huichao Real Estate Development Company Limited* (北京匯超房地產開發有限公司), a company established in the PRC with limited liability, being a joint venture company owned as to 40% indirectly by the Disposal Company and the holder of the 100% equity interest in the Beijing Bay Project
“Latest Practicable Date”	19 July 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Leung Hiu Tung (梁曉東)
“Remaining Group”	the Group immediately after completion of the Disposal
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Share Transfer Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$1.00 each in the issued share capital of the Company
“Share Transfer Agreement”	the share transfer agreement dated 27 March 2024 and entered into between the Vendor and the Purchaser in relation to, among others, the sale and purchase of the Disposal Share

DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Profit Making Global Investments Limited (豐盈環球投資有限公司), a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent.

For the purpose of this circular, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of RMB1 to HK\$1.0932. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

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LETTER FROM THE BOARD

COASTAL 沿海
COASTAL GREENLAND LIMITED
沿海綠色家園有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 1124)

Executive Directors:

Mr. Jiang Ming
Dr. Li Ting
Mr. Lin Chen Hsin
Ms. Tong Xinhua

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Non-executive Directors:

Mr. Qiu Guizhong
Mr. Zhou Xiya

Principal place of business in Hong Kong:

Suite 1712-16, 17th Floor
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan
Hong Kong

Independent non-executive Directors:

Mr. Wong Kai Cheong
Mr. Yang Jiangang
Mr. Huang Xihua

26 July 2024

To the Shareholders

Dear Sir or Madam,

**(1) VERY SUBSTANTIAL DISPOSAL; AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 18 April 2024 in respect of the Disposal pursuant to the Share Transfer Agreement.

The purpose of this circular is to provide you with (i) further information in relation to the Share Transfer Agreement; (ii) financial information of the Group; (iii) financial information of the Disposal Group; (iv) unaudited pro forma financial information of the Remaining Group; (v) independent valuation report on the Anshan Coastal Xintiandi Project and the Beijing Bay Project; (vi) the notice contemplated convening the SGM; and (vii) other information as required under the Listing Rules.

* For identification purpose only

LETTER FROM THE BOARD

BACKGROUND

On 27 March 2024 (after trading hours of the Stock Exchange), the Vendor, being a wholly-owned subsidiary of the Company, and the Purchaser, entered into the Share Transfer Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Disposal Share, representing the total number of issued shares in the Disposal Company, at the aggregate Consideration of HK\$10,000, in accordance with the terms of the Share Transfer Agreement.

THE SHARE TRANSFER AGREEMENT

Date : 27 March 2024

Parties : (i) Profit Making Global Investments Limited as the Vendor

(ii) Leung Hiu Tung as the Purchaser

Assets to be disposed of

Pursuant to the Share Transfer Agreement, the Vendor agreed to sell and the Purchaser agreed to acquire the Disposal Share, representing the total number of issued shares of the Disposal Company. Immediately prior to the Completion, the Vendor is the sole legal and beneficial shareholder of the Disposal Company.

As at the Latest Practicable Date, the Disposal Company is holding the following projects:

Project	Percentage holding	Use	Location	GFA of the development (sq.m)	GFA held as at 31 March 2024 (sq.m.)	Recognition in the Disposal Company's financial statements	Status
Anshan Coastal Xintiandi Project	100%	Commercial	Tiedong District, Anshan, the PRC	28,943	16,443	Completed properties for sale	For settlement of the legal case
Beijing Bay Project	40%*	Residential	Changping District, Beijing, the PRC	266,934	266,934 [#]	Interest in a joint venture	Disposed pursuant to a project acquisition agreement in November 2017, where the disposal has been completed and the consideration has been fully paid and it is currently pending completion of the properties' title transfer

* The interest of the Disposal Company in the Beijing Bay Project is held through the JV Company, which the Disposal Company indirectly holds 40% of its equity interest.

[#] As at 31 March 2024, GFA of approximately 266,933.90 sq.m. of the Beijing Bay Project was pre-sold. Contract liabilities of RMB2,245,222,000 for the Beijing Bay Project is expected to be realised as revenue after all the required certificates of the development project are obtained.

LETTER FROM THE BOARD

For further information on the Anshan Coastal Xintiandi Project and the Beijing Bay Project, please refer to the section headed “Information of the Disposal Company” of this circular. Independent property valuation report on these projects is set out in Appendix IV to this circular.

Condition precedent

The Completion shall be conditional upon the obtaining of the approval of the Shareholders at the SGM.

In the event that such condition is not fulfilled within 5 months from the date of the Share Transfer Agreement or any such later date as agreed by the Vendor and the Purchaser in writing, the Share Transfer Agreement shall be terminated, the parties shall not be obliged to complete the sale and purchase of the Disposal Share and the Vendor shall return full amount of any part of the Consideration paid by the Purchaser under the Share Transfer Agreement (if any) within three Business Days thereof without interest and thereafter neither party shall have any claims on the other party.

The consideration for the Disposal

The aggregate Consideration for the sale and purchase of the Disposal Share is HK\$10,000, which shall be payable by the Purchaser to the Vendor in the following manner:

- (a) as to the amount of HK\$2,000 as the refundable deposit and part payment of the Consideration within five Business Days after the execution of the Share Transfer Agreement; and
- (b) as to the balance of HK\$8,000 at Completion.

The Consideration was determined after arm’s length negotiation between the Vendor and the Purchaser with reference to (i) the estimated gain on disposal of the Disposal Group assuming that the Disposal had taken place on 31 March 2024 amounted to approximately HK\$10,580,000; (ii) the Beijing Bay Project in the amount of approximately HK\$1,044.4 million, which has been disposed by the JV Company pursuant to a project acquisition agreement in November 2017, where the disposal of the Beijing Bay Project has been completed, the consideration has been fully paid and it is currently pending completion of the properties’ title transfer process. As such, the Beijing Bay Project was derecognized in the unaudited financial statements of the Disposal Group; (iii) the financial information of the Disposal Group as disclosed under the section headed “Information of the Disposal Company” of this circular; and (iv) the future prospects of the Disposal Company, whereby the Anshan Coastal Xintiandi Project will be transferred by the Disposal Company for settlement of the legal case, as disclosed under the section headed “Information of the Disposal Company” of this circular.

LETTER FROM THE BOARD

Completion

Completion shall take place on a date to be designated by the Vendor, which shall be no later than 20 days after the fulfilment of the condition precedent under the Share Transfer Agreement.

Upon Completion, the Company will not have any interests in the Disposal Company and the Disposal Company will cease to be a subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is principally engaged in investment holding and the Group is principally engaged in the property development of properties for sale in the PRC, the investment of commercial and residential properties located in the PRC for rental income potential and/or for capital appreciation, the provision of project management services in the PRC and the provision of investment services in relation to investment in and sale of property development and old village land redevelopment projects in the PRC.

The Disposal Group was in a net liability position amounted to approximately HK\$11.1 million as at 31 March 2024 and this position is expected to worsen when it continues to incur day-to-day expenses without any operations and upon settlement of the legal case amounted to RMB296,304,000 (equivalent to approximately HK\$323,920,000), when Hengxiang Real Estate will transfer the properties held under the Anshan Coastal Xintiandi Project for settlement purposes as disclosed under the section headed “Information of the Disposal Company” in this circular and the completion of the title transfer process of the Beijing Bay Project. Given the estimated gain on disposal of the Disposal Group assuming that the Disposal had been taken place on 31 March 2024 was amounted to approximately HK\$10.6 million and the future prospects of the Disposal Company, the Board is of the view that the Disposal will enable the Group to realise its investment in the Disposal Company and will improve the financial position of the Group in the future.

LETTER FROM THE BOARD

Following Completion, the Group will continue to operate the following projects in terms of its operations in the property development segment:

Project	Use	Market value as at 31 March 2024 (RMB'000)	Development stage	GFA of the development (sq.m.)	Total revenue expected to be recognised for the whole project (RMB'000)	Timeline of revenue recognition	Whether the revenue will be consolidated into the Company's financial statements
Shahekou District, Dalian	Mixed	47,680	Completed for sale	8,163	55,620	Starting from fourth quarter of 2024	Yes
Jinzhou District, Dalian	Medical and hygiene	172,000	To be developed	123,046	250,000	Starting from fourth quarter of 2025	Yes
Sujiatun District, Shenyang	Mixed	598,000	To be developed	1,272,050	5,000,000	Starting from third quarter of 2027	Yes
Chaoyang District, Beijing*	Commercial	No commercial value as no relevant State-owned Land Use Rights Certificate was granted	To be developed	45,000	6,800,000	Starting from 2030	Yes
Remaining parts of the Chongqing Silo City Project [#]	Residential	26,250	Completed for sale	30,637	35,333	Starting from second quarter of 2024	Yes
Remaining parts of the Dalian Jianzhu Project [#]	Residential	56,000	Completed for sale	6,144	62,233	Starting from first quarter of 2025	Yes

* The Group intends to develop the project for the investment purpose and it is expected that the property will generate aggregate rental income in the estimated amount of RMB6.8 billion over the course of 35 years starting from 2030.

[#] As disclosed under the section headed “Information of the Disposal Company” of this circular, approximately 29.8% of the Chongqing Silo City Project and approximately 24.05% of the Dalian Jianzhu Project will be transferred by the Disposal Group in settlement of a legal case and the remaining parts of the Chongqing Silo City Project and the Dalian Jianzhu Project will continue to be operated by the Group. As such, the figures stated herein represent the value for the projects remaining after such transfer.

LETTER FROM THE BOARD

The Group is expected to continue to generate its revenue mainly from its property development segment, which involves the sale of completed properties, and property investment segments, which involves the investment of the Group in commercial and residential properties located in the PRC for rental income potential and/or capital appreciation. The Group develops quality residential estates for upper to middle class domestic market for its property development segment. For its property investment segment, the Group holds some of its properties, including commercial and residential properties located in the PRC, for investment purposes. In managing its investment property portfolio, the Group takes into account the long-term growth potential and overall market conditions of the properties and the Group may sell some of the investment properties when it is in its interests to do so. For the financial year ended 31 March 2024, the revenue derived from its property development segment represented approximately 9% of the total revenue of the Group, whereas the revenue derived from its property investment segment represented approximately 91% of the total revenue of the Group. The revenue derived from the Group's property development segment contracted for the financial year ended 31 March 2024 in view of current down cycle of the PRC real estate industry, such that the Group has adopted a more conservative approach in investing in new development projects. However, the Group continues to look for opportunities to realise its investment in its development projects as part of the Group's business activities in the property development segment in order to reduce its debts. As illustrated in the table above, Shahekou District Dalian project, the remaining parts of Chongqing Silo City Project and the Dalian Jianzhu Project are expected to generate revenue for the Group for the financial year ending 31 March 2025. It is estimated that for the financial year ending 31 March 2025 (i) approximately RMB6.5 million will be received from sale of the mixed use project at Shahekou District, Dalian; (ii) approximately RMB15 million will be generated from sale of the remaining parts of the Chongqing Silo City Project; and (iii) approximately RMB12.9 million will be generated from sale of the remaining parts of the Dalian Jianzhu Project. Furthermore, as the Disposal Group was in a net liability position as at 31 March 2024 amounted to approximately HK\$11.1 million, it is expected that the Disposal will not have material impact on the net assets value of the Group amounted to approximately HK\$1,288.6 million as at 31 March 2024. As such, in light of the assets and operations of the Remaining Group, the Board is of the view that following Completion, the Remaining Group will continue to meet the requirements of Rule 13.24 of the Listing Rules in respect of sufficiency of operations and assets.

In view of the above, the Directors consider that the transaction contemplated under the Share Transfer Agreement are on normal commercial terms, fair and reasonable and the Disposal is in the interests of the Company and the shareholders of the Company as a whole.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

Immediately prior to Completion, the Disposal Company was owned as to 100% by the Vendor. Upon Completion, the Company will not have any interests in the Disposal Company and the Disposal Company will cease to be a subsidiary of the Company.

Upon Completion, the Group is expected to record an estimated gain on the Disposal of approximately HK\$10,580,000. Such estimated gain is based on the Consideration of HK\$10,000 minus the unaudited net assets of the Disposal Group attributable to owner of the Company of approximately HK\$23,181,000 as at 31 March 2024, plus the unaudited value of non-controlling interests of approximately HK\$34,251,000, and minus estimated transaction cost of approximately HK\$500,000. The actual gain/loss on the Disposal may be different from the above and will be determined based on the final financial position of the Disposal Company on the date of Completion. For details, please refer to pages III-13 and III-14 of this circular.

Based on the Consideration and after deducting the associated cost of the Disposal, the Group is not expected to receive any net proceed from the Disposal.

ASSETS AND LIABILITIES

Upon Completion, the Disposal Company will cease to be a subsidiary of the Company and the financial results, assets and liabilities of the Disposal Company will no longer be included in the consolidated financial statements of the Company.

According to the annual results of the Company for the year ended 31 March 2024, the audited consolidated total assets and total liabilities of the Group as at 31 March 2024 were approximately HK\$1,790.6 million and HK\$502.0 million, respectively. Based on the “Unaudited Pro Forma Financial Information of the Remaining Group” as set out in the Appendix III to this circular, assuming that the Completion had taken place on 31 March 2024, the unaudited pro forma consolidated total assets and total liabilities of the Remaining Group as at 31 March 2024 would be approximately HK\$1,787.6 million and HK\$402.7 million, respectively.

Earnings

An estimated amount of HK\$122.6 million of the above one-off accounting gain will be recorded assuming that the Completion had been taken place on 1 April 2023. Furthermore, the gain on disposal was estimated based on consideration HK\$10,000 less the adjusted net liabilities value of the Disposal as at 1 April 2023 amounted to HK\$123.1 million and the estimated transaction cost in relation to the Disposal to be incurred by the Group is estimated to be approximately HK\$0.5 million at Completion.

LETTER FROM THE BOARD

Based on the “Unaudited Pro Forma Financial Information of the Remaining Group” as set out in the Appendix III to this circular, assuming that the Completion had taken place on 1 April 2023, the unaudited pro forma consolidated loss of the Remaining Group for the year ended 31 March 2024 would be approximately HK\$1,351.1 million.

Shareholders should note that the financial effects are shown for reference only and the actual amount of gain or loss as a result of the Completion will be assessed based on the financial position of the Group as at Completion, which will be audited, and eventually be recognised in the consolidated financial statements of the Group.

INFORMATION OF THE PARTIES

The Vendor

The Vendor is a company incorporated in the BVI with limited liability. It is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding.

The Purchaser

The Purchaser is an experienced investor in assets restructuring. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is, and in the past twelve months, there has been, no material loan arrangement between (a) the Purchaser; and (b) the Company, any connected person at the Company’s level and/or any connected person at subsidiary level, and the Purchaser is an Independent Third Party.

LETTER FROM THE BOARD

INFORMATION OF THE DISPOSAL COMPANY

The Disposal Company is a company incorporated in Hong Kong with limited liability and immediately prior to Completion, an indirect wholly-owned subsidiary of the Company. The Disposal Company is principally engaged in investment holding and its subsidiaries are principally engaged in property development and investment holding. The Disposal Company is currently holding (a) 100% equity interest in the Anshan Coastal Xintiandi Project; and (b) the Beijing Bay Project through the JV Company, of which the Disposal Company indirectly owns 40% of its equity interest.

Hengxiang Real Estate, being a subsidiary of the Disposal Company, was involved in a legal case. On 17 September 2020, the Intermediate People's Court of Liaoning Province concluded that the final indemnity agreed between Hengxiang Real Estate and the lender amounted to RMB296,304,000 (equivalent to approximately HK\$323,920,000) and shall be fully settled with the transfer of the completed properties for sale of the Disposal Company, being the Anshan Coastal Xintiandi Project, and the completed properties for sale of the Group, being approximately 29.8% equity interest in the remaining parts of the Chongqing Silo City Project and approximately 24.05% equity interest in the remaining parts of the Dalian Jianzhu Project. During the year ended 31 March 2024, in accordance with the court's decision on the amount of the final indemnity, the lender requested the Group to transfer the legal titles of properties in the Chongqing Silo City Project and the transfers had been completed on 27 November 2023, 27 December 2023 and 29 January 2024, respectively. Accordingly, it is considered that the lender had accepted the court's decision on the amount of the final indemnity and had derecognised all relevant properties projects and the relevant amounts payable to the lender in accordance with the court's decision. Upon completion of the transfer of approximately 29.8% equity interest in the remaining parts of the Chongqing Silo City Project and approximately 24.05% equity interest in the remaining parts of the Dalian Jianzhu Project for the purpose of settlement, there will be no additional liability to be borne by the Company. Moreover, the Beijing Bay Project has been disposed by the JV Company pursuant to a project acquisition agreement in November 2017, where the disposal of the Beijing Bay Project has been completed, the consideration has been fully paid and it is currently pending completion of the properties' title transfer process. As such, upon completion of such title transfer and the settlement of the legal case as aforesaid, the Disposal Company will not have any project on hand.

LETTER FROM THE BOARD

Set out below the unaudited consolidated financial information of the Disposal Company as prepared in accordance with the Hong Kong Financial Reporting Standards for the two financial years ended 31 March 2024:

	For the financial year ended 31 March	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Approximately</i>	<i>Approximately</i>
	(unaudited)	(unaudited)
Net profit/(loss) before taxation	46,931	(152,130)
Net profit/(loss) after taxation	74,245	(36,609)

As at 31 March 2024, based on the unaudited consolidated financial information of the Disposal Company, the Disposal Company had net liabilities of approximately HK\$11,070,000.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal exceed 75%, the Disposal constitutes a very substantial disposal for the Company and is therefore subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

SGM

A notice convening the SGM to be held at 2/F, 35-45B Bonham Strand, Sheung Wan, Hong Kong on Thursday, 15 August 2024 at 2:30 p.m. is set out on pages SGM-1 to SGM-2 of this circular.

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 return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not later than Tuesday, 13 August 2024 at 2:30 p.m. (Hong Kong time). Completion and return of the form of proxy will not preclude you from attending and voting in person or via online (if applicable) at the SGM or any adjournment thereof should you so wish.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have any material interest in the Share Transfer Agreement and the transactions contemplated thereunder or are required to abstain from voting at the SGM to approve the Share Transfer Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

The resolution approving the Share Transfer Agreement will be voted by way of a poll at the SGM.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Monday, 12 August 2024 to Thursday, 15 August 2024, both days inclusive, during which period no transfer of the Shares will be registered. In order to be eligible to attend and vote at the SGM, unregistered holders of Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 9 August 2024.

RECOMMENDATIONS

The Directors are of the opinion that the terms of the Share Transfer Agreement are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Share Transfer Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

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

Yours faithfully
For and on behalf of the Board
Coastal Greenland Limited
Jiang Ming
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the three financial years ended 31 March 2022, 31 March 2023 and 31 March 2024 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.coastal.com.cn). Quick links to the annual reports and the annual results of the Company published on the website of the Stock Exchange are set out below. There was no qualified opinion issued for the audited financial information of the Group for the three financial years ended 31 March 2022, 31 March 2023 and 31 March 2024.

- the annual report of the Group for the year ended 31 March 2022 published on 28 July 2022 (pages 59 to 150) available on <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0728/2022072800465.pdf>
- the annual report of the Group for the year ended 31 March 2023 published on 28 July 2023 (pages 60 to 148) available on <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0728/2023072800753.pdf>
- the annual report of the Group for the year ended 31 March 2024 published on 26 July 2024 (pages 60 to 154) and the annual results of the Group for the year ended 31 March 2024 published on 28 June 2024 (pages 2 to 18) available on <https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0702/2024062802705.pdf>

2. STATEMENT OF INDEBTEDNESS**Borrowings**

At the close of business on 31 May 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately HK\$257.3 million, all of which were secured and guaranteed bank and other borrowings. The Group's bank borrowings and facilities were secured by charges over its assets, including land and buildings, investment properties, right of use assets, deposits for future acquisition of land use rights, corporate guarantees from the Company and certain subsidiaries, corporate guarantees from third parties and personal guarantee and assets from a substantial shareholder. The Group's other borrowings were secured by charges over its assets, including financial asset at FVTOCI and personal guarantee and assets from an ultimate substantial shareholder.

Amount due to a substantial shareholder

As at 31 May 2024, the Group had amount due to a substantial shareholder of the Company of approximately HK\$187.3 million, which is unsecured, interest-free and repayable on demand.

Disclaimer

Save as aforesaid or as otherwise disclosed herein, the Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, any term loans (secured, unsecured, guaranteed or not), any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments (whether secured or unsecured, guaranteed or not), lease liabilities, any mortgages or charges, or other material contingent liabilities or guarantees at the close of business of 31 May 2024.

Foreign currency amounts have been translated into Hong Kong dollars at the rates of exchange prevailing at the close of business on 31 May 2024. The Directors are not aware of any material changes in the Group's indebtedness and contingent liabilities since 31 May 2024.

3. WORKING CAPITAL

In the preparing of the Group's working capital forecast, the Directors, after due and careful enquiry, are of the opinion that the working capital available to the Group is sufficient for the Group's requirements for at least 12 months from the date of this circular after taking into account (i) the internal resources of the Group; (ii) the available credit facilities of the Group; and (iii) the Disposal. The Company has obtained the relevant confirmation(s) as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

The Directors have confirmed that, as at the Latest Practicable Date, there has been no material adverse change in the financial or trading position of the Group since 31 March 2024, being the date to which the latest published audited financial statements of the Company were made up.

5. FINANCIAL AND TRADING PROSPECTS

During the financial year ended 31 March 2024 (the "FY2024"), the Group generated revenue of HK\$4.2 million, as compared to the HK\$211.4 million for the financial year ended 31 March 2023 (the "FY2023"). For the FY2024, the Group incurred a loss before taxation of HK\$1,475.1 million, compared to a loss before taxation of HK\$479.2 million for the FY2023. Loss for the FY2024 attributable to owner of the Company was HK\$1,399.5 million, compared to a loss of HK\$426.5 million for the FY2023.

During the FY2024, the Group recorded contracted sales in the amount of HK\$0.4 million (2023: HK\$19.5 million) which corresponds to a total GFA of approximately 84 sq.m. (2023: 6,000 sq.m.). Included in the amount was HK\$0.4 million (2023: HK\$1.5 million) related to

contracted sales attributable to a development project in which the Group has equity interests of 35% (2023: 35%) and of which the Group is the project manager. Such development project accounted for a corresponding GFA of approximately 2,500 sq.m. (2023: 400 sq.m.).

The COVID-19 outbreak occurred over the past years has caused disruptions to many industries which have inevitably posed a significant threat to the PRC as well as the global economy. To tackle with the crisis, the central government has implemented a series of stringent measures to contain the epidemic. Despite gradual approach has been taken to ease pandemic policy, with the complex environment fraught with multifaceted challenges, the real estate industry situation still remains in its down cycle. In addition, the credit crisis emerged from certain big names of the PRC property developers during the past years has casted an uncertain atmosphere over the PRC property sector. Therefore, the sales progress of the Group has been exposed to short-term volatilities and challenges. However, the Group remains cautiously optimistic on the outlook and the prospects for the real estate market.

Against the backdrop of these profound changes in the real estate market, the Group will continue to formulate its business strategy along the direction of government policies. Over the past years, the Group continues to look for opportunities to realise its investment in its development projects as part of the Group's business activities.

Going forward, the Group will continue to seek opportunities of participation in city redevelopment of old villages or old plants and factories so as to replenish its property portfolio as an ongoing business exercise and as a means of replenishing a lower cost land bank. For business development, the Group will also look for different thriving business opportunities that will benefit the Group in the years ahead.

6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Set out below is the management discussion and analysis of the Remaining Group for the financial years ended 31 March 2022, 31 March 2023 and 31 March 2024. The financial data in respect of the Remaining Group, for the purpose of this circular, is derived from the consolidated financial statements of the Company for the financial years ended 31 March 2022, 31 March 2023 and 31 March 2024.

The Remaining Group was principally engaged in property development and property investment.

*For the year ended 31 March 2022***A. Operational and Financial Review*****Business review****Revenue*

For the financial year ended 31 March 2022 (the “**FY2022**”), the Remaining Group generated revenue of HK\$5.4 million, of which approximately HK\$4.6 million and HK\$0.8 million were derived from rental income from investment properties and sales of properties in the PRC respectively.

Market and industry development and segment results

The Remaining Group’s business strategy for its property development business is to develop quality residential estates for the upper to middle class domestic market.

Property Development

During the FY2022, the recognised sales revenue from sales of properties of the Remaining Group was HK\$0.8 million, representing a decrease of approximately 98% from HK\$36.2 million for the financial year ended 31 March 2021 (the “**FY2021**”), which corresponds to a decrease in the total GFA delivered in the Remaining Group. The property sales revenue of the Remaining Group for the FY2022 mainly came from the sale of inventory in developments completed in prior years, namely Dalian Jianzhu Project.

Property Investment

During the FY2022, revenue from property rental of the Remaining Group slightly decreased to HK\$4.6 million from the FY2021’s HK\$4.9 million. The decrease was primarily attributable to the decreased GFA for rental purpose.

Loss Attributable to Owners of the Company

For the FY2022, the Remaining Group recorded other income amounted to approximately HK\$96.0 million due to the interest expense recharged and other interest income. Also, the Remaining Group incurred HK\$272.8 million administrative expense, finance cost and other expenses and recorded a loss attributable to equity holders of the Company of approximately HK\$159.2 million, which was mainly due to revenue generated and other income could not cover the administrative and other expenses incurred.

Financial resources and liquidity

As at 31 March 2022, the Remaining Group's cash and bank balances amounted to approximately HK\$250.8 million (2021: HK\$176.3 million). As at 31 March 2022, the net borrowings of the Remaining Group, being interest-bearing bank and other borrowings less cash and bank balances and pledged bank deposits, amounted to approximately HK\$1,281.5 million (2021: HK\$2,457.4 million). Net debt to total equity ratio, which is expressed as a percentage of net borrowings over total equity of the Remaining Group, decreased by approximately 20% to 35% from the FY2021's 55%. The significant improvement was due to the repayment of a loan balance of approximately HK\$457.9 million during the FY2022.

Foreign currency risk

The Remaining Group's operations are located principally in the PRC and accordingly a majority part of its income and expenditure is denominated in RMB. The exchange rates of RMB against HK\$ and US\$ have been quite stable over the past years. Also, the Remaining Group's operations will not be unduly exposed to exchange rates fluctuations as all the major assets, mainly property development project, of the Remaining Group are located in the PRC and will generate RMB revenue to the Remaining Group. Except certain bank and other borrowings which are denominated in US\$ or HK\$, most of the Remaining Group's liabilities are denominated in RMB. Therefore, the Directors do not foresee that movement in the exchange rates of foreign currencies against RMB in the foreseeable future will cause a material adverse impact on the Remaining Group's operations. The Remaining Group does not have a foreign currency hedging policy. However, the management of the Remaining Group continuously monitors the Remaining Group's foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Charge on assets

As at 31 March 2022, certain assets of the Remaining Group including land and buildings, investment properties, right-of-use assets, deposits for future acquisition of land use rights and bank deposits with aggregate carrying value of HK\$4,152.2 million (2021: HK\$3,685.5 million), corporate guarantee given by the Company and certain subsidiaries, personal guarantee given by a substantial shareholder of the Company and a guarantee dividend were pledged to secure the bank and other borrowings.

Contingent liabilities

As at 31 March 2022, the Remaining Group had no contingent liability (2021: nil).

Capital structure

As at 31 March 2022, the share capital of the Company comprised ordinary shares only.

Employees and remuneration policy

As at 31 March 2022, the Remaining Group had about 69 employees (2021: 85 employees) in the PRC and Hong Kong. The related employees' cost (including the Directors' remuneration and certain staff retrenchment costs) for the FY2022 amounted to approximately HK\$45.5 million (2021: HK\$57.5 million). Employees are remunerated based on their work performance, skills and experience, and prevailing industry practice. Apart from basic salary and performance related bonus, the Remaining Group also provides other benefits to its employees including mandatory provident fund, medical insurance coverage and housing allowances.

B. Material Acquisitions and Disposals of Subsidiaries and Associates

For the year ended 31 March 2022, the Remaining Group had no material acquisition or disposal of subsidiaries, associates and joint ventures.

C. Significant Investments

For the year ended 31 March 2022, the Remaining Group had no significant investments.

D. Gearing Ratios

The gearing ratio was arrived at by dividing the total borrowings by the total assets of the Remaining Group. As at 31 March 2022, the gearing ratio of the Remaining Group was approximately 22%.

E. Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Directors, which has built an appropriate liquidity risk management framework for the management of the Remaining Group's short, medium and long-term funding and liquidity management requirements. The Remaining Group manages liquidity risk by maintaining adequate working capital and continuously monitoring forecast and actual cashflows.

The Remaining Group relies on bank and other borrowings as a significant source of liquidity. The Remaining Group manages the maturities profile of its bank and other borrowings by designating a team to closely monitor the funding requirement with lending covenants and its compliance and early negotiate with lenders for refinancing arrangement or seek for new sources of financing prior to maturity.

F. Funding and treasury policies

The Remaining Group manages its capital to ensure that entities in the Remaining Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

During the year ended 31 March 2022, the capital structure of the Remaining Group consists of net debt, which includes the bank and other borrowings, pledged bank deposits and cash and bank balances and are mainly denominated in RMB. As at 31 March 2022, the Group's total bank and other borrowings amounted to HK\$1,631.9 million, of which HK\$98.6 million was fixed rate borrowings and the remainder was variable rate borrowings.

The Remaining Group does not have a foreign currency hedging policy. However, the management of the Group continuously monitors the Group's foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Directors review the capital structure periodically. As part of the review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the Directors, the Remaining Group will balance its overall capital structure through the payment of dividends, new share issues as well as issue of new debt or the redemption of existing debt.

*For the year ended 31 March 2023***A. Operational and Financial Review*****Business review****Revenue*

For the financial year ended 31 March 2023 (the “**FY2023**”), the Remaining Group generated revenue of HK\$4.9 million, of which approximately HK\$4.3 million and HK\$0.6 million were derived from rental income from investment properties and sales of properties in the PRC respectively.

Market and industry development and segment results

The Remaining Group’s business strategy for its property development business is to develop quality residential estates for the upper to middle class domestic market.

Property Development

During the FY2023, the recognised sales revenue from sales of properties of the Remaining Group was HK\$0.6 million, representing a decrease of approximately 25% from HK\$0.8 million for FY2022, which corresponds to a decrease in the total GFA delivered in the Remaining Group. The property sales revenue of the Remaining Group for the FY2023 mainly came from the sale of inventory in developments completed in prior years, namely Dalian Jianzhu Project and Shanghai Project.

Property Investment

During the FY2023, revenue from property rental of the Remaining Group slightly decreased to HK\$4.3 million from the FY2022’s HK\$4.6 million. The decrease was primarily attributable to the decreased GFA for rental purpose.

Loss Attributable to Owners of the Company

For the FY2023, the Remaining Group recorded other income amounted to approximately HK\$14.6 million due to the write-back of other payables and bank interest income. Also, the Remaining Group incurred HK\$95.4 million administrative expense, finance cost and other expenses and recorded a loss attributable to equity holders of the Company of approximately HK\$382.1 million, which was mainly due to revenue generated and other income could not cover the administrative and other expenses incurred.

Financial resources and liquidity

As at 31 March 2023, the Remaining Group's cash and bank balances amounted to approximately HK\$155.8 million (2022: HK\$250.8 million). As at 31 March 2023, the net borrowings of the Remaining Group, being interest-bearing bank and other borrowings less cash and bank balances and pledged bank deposits, amounted to approximately HK\$1,239.6 million (2022: HK\$1,281.5 million). Net debt to total equity ratio, which is expressed as a percentage of net borrowings over total equity of the Remaining Group, increased by approximately 7% to 42% from the FY2022's 35%. The significant improvement was due to only repayment of bank and other borrowings approximately HK\$207.5 million during the FY2023 while approximately HK\$457.9 million repayment of bank and other borrowings during FY2022.

Foreign currency risk

The Remaining Group's operations are located principally in the PRC and accordingly a majority part of its income and expenditure is denominated in RMB. The exchange rates of RMB against HK\$ and US\$ have been quite stable over the past years. Also, the Remaining Group's operations will not be unduly exposed to exchange rates fluctuations as all the major assets, mainly property development project, of the Remaining Group are located in the PRC and will generate RMB revenue to the Remaining Group. Except certain bank and other borrowings which are denominated in US\$ or HK\$, most of the Remaining Group's liabilities are denominated in RMB. Therefore, the Directors do not foresee that movement in the exchange rates of foreign currencies against RMB in the foreseeable future will cause a material adverse impact on the Remaining Group's operations. The Remaining Group does not have a foreign currency hedging policy. However, the management of the Remaining Group continuously monitors the Remaining Group's foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Charge on assets

As at 31 March 2023, certain assets of the Remaining Group including land and buildings, investment properties, right of-use assets, deposits for future acquisition of land use rights and financial assets at FVTOCI with aggregate carrying value of HK\$3,910.0 million (2022: HK\$4,152.2 million), personal guarantee and assets given by a substantial shareholder of the Company and corporate guarantees given by the Company, certain subsidiaries and third parties were pledged to secure the bank and other borrowings.

Contingent liabilities

As at 31 March 2023, the Remaining Group had no contingent liability (2022: nil).

Capital structure

As at 31 March 2023, the share capital of the Company comprised ordinary shares only.

Employees and remuneration policy

As at 31 March 2023, the Remaining Group had approximately 41 employees (2022: 69 employees) in the PRC and Hong Kong. The related employees' cost (including the Directors' remuneration and certain retrenchment costs) for the FY2023 amounted to approximately HK\$35.3 million (2022: HK\$45.5 million). Employees are remunerated based on their work performance, skills and experience, and prevailing industry practice. Apart from basic salary and performance related bonus, the Remaining Group also provides other benefits to its employees including mandatory provident fund, medical insurance coverage and housing allowances.

B. Material Acquisitions and Disposals of Subsidiaries and Associates

On 2 December 2022, the Remaining Group entered into a supplemental agreement with Affluent Ocean and Zhuhai Coastal (the “**Supplemental Agreement**”), pursuant to which (a) the Company shall sell and Affluent Ocean shall acquire the 66.67% of the equity interest in Zhuhai Coastal at a consideration of RMB120,000,000 and to procure the assignment of the shareholder's loan granted by the Company to Zhuhai Coastal at a consideration of RMB760,000,000; (b) the aggregate consideration for the 66.67% of the equity interest in Zhuhai Coastal and such shareholder's loan shall be satisfied by Affluent Ocean by way of (a) transferring the entire equity interest in Shanghai Coastal Commercial Investment Management Company Limited* (上海沿商投資管理有限公司) to the Company at a consideration of RMB350,000,000; (b) transferring the entire equity interest in Shenyang Zhongguang North Film and Television City Company Limited* (瀋陽中廣北方影視城有限公司) to the Company at a consideration of RMB360,000,000; and (c) a payment in cash to the Company in the amount of RMB170,000,000. As at 31 March 2023, the transactions contemplated under the Supplemental Agreement were pending completion. Details of the transactions contemplated under the Supplemental Agreement are set out in the announcement of the Company dated 23 December 2022 and the circular of the Company dated 29 September 2023.

C. Significant Investments

For the year ended 31 March 2023, the Remaining Group had no significant investments.

D. Gearing Ratios

The gearing ratio was arrived at by dividing the total borrowings by the total assets of the Remaining Group. As at 31 March 2023, the gearing ratio of the Remaining Group was approximately 22%.

E. Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Directors, which has built an appropriate liquidity risk management framework for the management of the Remaining Group's short, medium and long-term funding and liquidity management requirements. The Remaining Group manages liquidity risk by maintaining adequate working capital and continuously monitoring forecast and actual cashflows.

The Remaining Group relies on bank and other borrowings as a significant source of liquidity. The Remaining Group manages the maturities profile of its bank and other borrowings by designating a team to closely monitor the funding requirement with lending covenants and its compliance and early negotiate with lenders for refinancing arrangement or seek for new sources of financing prior to maturity.

F. Funding and treasury policies

The Remaining Group manages its capital to ensure that entities in the Remaining Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

During the year ended 31 March 2023, the capital structure of the Remaining Group consists of net debt, which includes the bank and other borrowings, pledged bank deposits and cash and bank balances and are mainly denominated in RMB. As at 31 March 2023, the Group's total bank and other borrowings amounted to HK\$1,396.2 million, of which HK\$79.9 million were fixed rate borrowings and the remainder was variable rate borrowings.

The Remaining Group does not have a foreign currency hedging policy. However, the management of the Group continuously monitors the Group's foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Directors review the capital structure periodically. As part of the review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the Directors, the Remaining Group will balance its overall capital structure through the payment of dividends, new share issues as well as issue of new debt or the redemption of existing debt.

*For the year ended 31 March 2024***A. Operational and Financial Review*****Business review****Revenue*

For the financial year ended 31 March 2024 (the “FY2024”), the Remaining Group generated revenue of HK\$4.2 million and approximately HK\$3.8 million and HK\$0.4 million were derived from rental income from investment properties and sales of properties in the PRC respectively.

Market and industry development and segment results

The Remaining Group’s business strategy for its property development business is to develop quality residential estates for the upper to middle class domestic market.

Property Development

During the FY2024, the recognised sales revenue from sales of properties of the Remaining Group was HK\$0.4 million, representing a decrease of approximately 33.3% from HK\$0.6 million for FY2023, which corresponds to a decrease in the total GFA delivered in the Remaining Group. The property sales revenue of the Remaining Group for the FY2024 mainly came from the sale of inventory in developments completed in prior years, namely Dalian Jianzhu Project.

Property Investment

During the FY2024, revenue from property rental of the Remaining Group slightly decreased to HK\$3.8 million from the FY2023’s HK\$4.3 million. The decrease was primarily attributable to the depreciation of Renminbi against Hong Kong dollars.

Loss Attributable to Owners of the Company

For the FY2024, the Remaining Group recorded other income amounted to approximately HK\$197.7 million due to the write-back of other payables and bank interest income. Also, the Remaining Group incurred HK\$108.3 million administrative expense, finance cost and other expenses and recorded a loss attributable to equity holders of the Company of approximately HK\$1,322.9 million, which was mainly due to revenue generated and other income could not cover the administrative and other expenses incurred.

Financial resources and liquidity

As at 31 March 2024, the Remaining Group's cash and bank balances amounted to approximately HK\$8.2 million (2023: HK\$155.8 million). As at 31 March 2024, the net borrowings of the Remaining Group, being interest-bearing bank and other borrowings less cash and bank balances and pledged bank deposits, amounted to approximately HK\$258.8 million (2023: HK\$1,239.6 million). Net debt to total equity ratio, which is expressed as a percentage of net borrowings over total equity of the Remaining Group, decreased by approximately 22% to 20% from the FY2023's 42%. The significant improvement was due to the repayment of bank and other borrowings of approximately HK\$232.6 million during the FY2024.

Foreign currency risk

The Remaining Group's operations are located principally in the PRC and accordingly a majority part of its income and expenditure is denominated in RMB. The exchange rates of RMB against HK\$ and US\$ have been quite stable over the past years. Also, the Remaining Group's operations will not be unduly exposed to exchange rates fluctuations as all the major assets, mainly property development project, of the Remaining Group are located in the PRC and will generate RMB revenue to the Remaining Group. Except certain bank and other borrowings which are denominated in US\$ or HK\$, most of the Remaining Group's liabilities are denominated in RMB. Therefore, the Directors do not foresee that movement in the exchange rates of foreign currencies against RMB in the foreseeable future will cause a material adverse impact on the Remaining Group's operations. The Remaining Group does not have a foreign currency hedging policy. However, the management of the Remaining Group continuously monitors the Remaining Group's foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Charge on assets

As at 31 March 2024, certain assets of the Remaining Group including land and buildings, investment properties, right of-use assets, deposits for future acquisition of land use rights and financial assets at FVTOCI with aggregate carrying value of HK\$253.3 million (2023: HK\$3,910.0 million), personal guarantee and assets given by a substantial shareholder of the Company and corporate guarantees given by the Company, certain subsidiaries and third parties were pledged to secure the bank and other borrowings.

Contingent liabilities

As at 31 March 2024, the Remaining Group had no contingent liability (2023: nil).

Capital structure

As at 31 March 2024, the share capital of the Company comprised ordinary shares only.

Employees and remuneration policy

As at 31 March 2024, the Remaining Group had approximately 46 employees (2023: 41 employees) in the PRC and Hong Kong. The related employees' cost (including the Directors' remuneration and certain retrenchment costs) for the FY2024 amounted to approximately HK\$15.3 million (2023: HK\$35.3 million). Employees are remunerated based on their work performance, skills and experience, and prevailing industry practice. Apart from basic salary and performance related bonus, the Remaining Group also provides other benefits to its employees including mandatory provident fund, medical insurance coverage and housing allowances.

B. Material Acquisitions and Disposals of Subsidiaries and Associates

The completion of the transactions contemplated under the Supplemental Agreement dated 2 December 2022, whereby the Remaining Group has conditionally agreed to sell and the independent third party has conditionally agreed to acquire 66.67% equity interest in Zhuhai Coastal Greenland Real Estate Company Limited, at a consideration of RMB120,000,000 and procure the assignment of a shareholder's loan at a consideration of RMB760,000,000, took place during the year ended 31 March 2024. Details of the transactions contemplated under the Supplemental Agreement are set out in the announcement of the Company dated 23 December 2022 and the circular of the Company dated 29 September 2023.

C. Significant Investments

For the year ended 31 March 2024, the Remaining Group had no significant investments.

D. Gearing Ratios

The gearing ratio was arrived at by dividing the total borrowings by the total assets of the Remaining Group. As at 31 March 2024, the gearing ratio of the Remaining Group was approximately 15%.

E. Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Directors, which has built an appropriate liquidity risk management framework for the management of the Remaining Group's short, medium and long-term funding and liquidity management requirements. The Remaining Group manages liquidity risk by maintaining adequate working capital and continuously monitoring forecast and actual cashflows.

The Remaining Group relies on bank and other borrowings as a significant source of liquidity. The Remaining Group manages the maturities profile of its bank and other borrowings by designating a team to closely monitor the funding requirement with lending covenants and its compliance and early negotiate with lenders for refinancing arrangement or seek for new sources of financing prior to maturity.

F. Funding and treasury policies

The Remaining Group manages its capital to ensure that entities in the Remaining Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

During the year ended 31 March 2024, the capital structure of the Remaining Group consists of net debt, which includes the bank and other borrowings, pledged bank deposits and cash and bank balances and are mainly denominated in RMB. As at 31 March 2024, the Group's total bank and other borrowings amounted to HK\$267.1 million, of which HK\$172.1 million were fixed rate borrowings and the remainder was variable rate borrowings.

The Remaining Group does not have a foreign currency hedging policy. However, the management of the Group continuously monitors the Group's foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Directors review the capital structure periodically. As part of the review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the Directors, the Remaining Group will balance its overall capital structure through the payment of dividends, new share issues as well as issue of new debt or the redemption of existing debt.

G. Future Plan for Material Investments or Capital Assets

As at the Latest Practicable Date, the Group has no plan for material investments or capital assets.

UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE DISPOSAL GROUP

Set out below are the unaudited consolidated statements of financial position of the Disposal Group as at 31 March 2022, 2023 and 2024, and the related unaudited consolidated statements of profit or loss and other comprehensive income, the unaudited consolidated statements of changes in equity and the unaudited consolidated statements of cash flows of the Disposal Group for the three years ended 31 March 2022, 2023 and 2024 and explanatory notes (the “**Unaudited Consolidated Financial Information**”).

The Unaudited Consolidated Financial Information has been prepared solely for the purpose of inclusion in the circular of the Company dated 26 July 2024 in connection with the proposed disposal of the entire equity interest of the Disposal Company by the Company in accordance with Rule 14.68(2)(a)(i) of the Listing Rules and presented in accordance with the basis of preparation and presentation set out in note 2 to the Unaudited Consolidated Financial Information of the Disposal Group.

Prism Hong Kong Limited, the reporting accountants of the Company, were engaged to review the Unaudited Consolidated Financial Information set out on pages II-2 to II-11 of this circular in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) “Engagements to Review Historical Financial Statements” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountants to obtain assurance that the reporting accountants would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountants do not express an audit opinion.

Based on the review, nothing has come to the reporting accountants’ attention that causes them to believe that the Unaudited Consolidated Financial Information is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 2 to the Unaudited Consolidated Financial Information.

The reporting accountants draw attention to note 2 to the Unaudited Consolidated Financial Information which states that the Disposal Group’s current liabilities exceeded its current assets by HK\$11,083,000 as at 31 March 2024. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Disposal Group’s ability to continue as a going concern. The reporting accountants’ conclusion has not been modified in respect of this matter.

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the years ended 31 March 2022, 2023 and 2024

	Note	Year ended 31 March		
		2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Revenue		1,305	206,552	–
Cost of sales		<u>(1,780)</u>	<u>(261,237)</u>	<u>–</u>
Gross loss		(475)	(54,685)	–
Other income and gains	3	739	2,738	243,517
Marketing and selling expenses		(171)	(2,465)	–
Administrative expenses		(4,740)	(6,256)	(1,124)
Impairment loss on prepayments, deposits and other receivables, net		–	–	(27,330)
Impairment loss on due from related parties		–	(81,474)	(28,373)
Impairment loss on interest in a joint venture		–	–	(134,256)
Loss on surrender of land		(408,224)	–	–
Other expenses		(4,212)	(9,988)	(4,636)
Write-down of properties under development		(493,618)	–	–
Share of loss of a joint venture		<u>(989)</u>	<u>–</u>	<u>(867)</u>
(Loss)/profit before taxation		(911,690)	(152,130)	46,931
Tax credit		<u>1,577</u>	<u>115,521</u>	<u>27,314</u>
(Loss)/profit for the year		<u>(910,113)</u>	<u>(36,609)</u>	<u>74,245</u>
Other comprehensive income for the year				
<i>Item that will not be reclassified to profit or loss:</i>				
Exchange differences arising on translation to presentation currency, net		<u>91,362</u>	<u>90,797</u>	<u>37,812</u>
Other comprehensive income for the year		<u>91,362</u>	<u>90,797</u>	<u>37,812</u>
Total comprehensive (expense)/ income for the year		<u>(818,751)</u>	<u>54,188</u>	<u>112,057</u>

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (CONTINUED)**

For the years ended 31 March 2022, 2023 and 2024

	Year ended 31 March		
	2022	2023	2024
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)
(Loss)/profit for the year			
attributable to:			
Owner of the Company	(783,397)	(44,346)	46,073
Non-controlling interests	<u>(126,716)</u>	<u>7,737</u>	<u>28,172</u>
	<u><u>(910,113)</u></u>	<u><u>(36,609)</u></u>	<u><u>74,245</u></u>
Total comprehensive (expense)/			
income for the year attributable			
to:			
Owner of the Company	(661,723)	41,695	82,100
Non-controlling interests	<u>(157,028)</u>	<u>12,493</u>	<u>29,957</u>
	<u><u>(818,751)</u></u>	<u><u>54,188</u></u>	<u><u>112,057</u></u>

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022, 2023 and 2024

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)
Non-current assets			
Property, plant and equipment	524	123	13
Interest in a joint venture	151,041	139,929	–
Deferred tax assets	<u>27,085</u>	<u>25,671</u>	<u>–</u>
Total non-current assets	<u>178,650</u>	<u>165,723</u>	<u>13</u>
Current assets			
Properties under development	260,318	–	–
Completed properties for sale	195,976	168,546	–
Prepayments, deposits and other receivables	29,557	26,431	2,158
Financial assets at fair value through profit or loss (“FVTPL”)	224	207	–
Cash and bank balances	<u>381</u>	<u>908</u>	<u>346</u>
Total current assets	<u>486,456</u>	<u>196,092</u>	<u>2,504</u>

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

As at 31 March 2022, 2023 and 2024

	As at 31 March		
	2022 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)	2024 <i>HK\$'000</i> (unaudited)
Current liabilities			
Trade payables	7,554	7,536	7,277
Contract liabilities	187,902	–	–
Other payables and accruals	397,068	360,732	6,310
Due to an associate	67,817	62,653	–
Tax payables	<u>60,368</u>	<u>54,021</u>	<u>–</u>
Total current liabilities	<u>720,709</u>	<u>484,942</u>	<u>13,587</u>
Net current liabilities	<u>(234,253)</u>	<u>(288,850)</u>	<u>(11,083)</u>
Total assets less current liabilities	<u>(55,603)</u>	<u>(123,127)</u>	<u>(11,070)</u>
Non-current liabilities			
Deferred tax liabilities	<u>121,712</u>	<u>–</u>	<u>–</u>
Total non-current liabilities	<u>121,712</u>	<u>–</u>	<u>–</u>
Net liabilities	<u>(177,315)</u>	<u>(123,127)</u>	<u>(11,070)</u>
Capital and reserves			
Issued capital	–	–	–
Reserves	<u>(100,614)</u>	<u>(58,919)</u>	<u>23,181</u>
Equity attributable to owner of the Company	(100,614)	(58,919)	23,181
Non-controlling interests	<u>(76,701)</u>	<u>(64,208)</u>	<u>(34,251)</u>
Deficiencies in assets	<u><u>(177,315)</u></u>	<u><u>(123,127)</u></u>	<u><u>(11,070)</u></u>

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 March 2022, 2023 and 2024

	Attributable to owner of the Company					Deficiencies in assets HK\$'000 (unaudited)
	Issued capital HK\$'000 (unaudited)	Exchange fluctuation reserve HK\$'000 (unaudited)	Retained profits/ (accumulated losses) HK\$'000 (unaudited)	Total HK\$'000 (unaudited)	Non- controlling interests HK\$'000 (unaudited)	
At 1 April 2021	–	(225,360)	786,469	561,109	80,327	641,436
Loss for the year	–	–	(783,397)	(783,397)	(126,716)	(910,113)
Exchange differences arising on translation to presentation currency, net	–	121,674	–	121,674	(30,312)	91,362
Total comprehensive income/ (expense) for the year	–	121,674	(783,397)	(661,723)	(157,028)	(818,751)
At 31 March 2022 and 1 April 2022	–	(103,686)	3,072	(100,614)	(76,701)	(177,315)
(Loss)/profit for the year	–	–	(44,346)	(44,346)	7,737	(36,609)
Exchange differences arising on translation to presentation currency, net	–	86,041	–	86,041	4,756	90,797
Total comprehensive income/ (expense) for the year	–	86,041	(44,346)	41,695	12,493	54,188
At 31 March 2023 and 1 April 2023	–	(17,645)	(41,274)	(58,919)	(64,208)	(123,127)
Profit for the year	–	–	46,073	46,073	28,172	74,245
Exchange differences arising on translation to presentation currency, net	–	36,027	–	36,027	1,785	37,812
Total comprehensive income for the year	–	36,027	46,073	82,100	29,957	112,057
At 31 March 2024	–	18,382	4,799	23,181	(34,251)	(11,070)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended 31 March 2022, 2023 and 2024

	Year ended 31 March		
	2022	2023	2024
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Cash flows from operating activities			
(Loss)/profit before taxation	(911,690)	(152,130)	46,931
Adjustments for:			
Share of loss of a joint venture	989	–	867
Bank interest income	(7)	(2)	–
Depreciation of property, plant and equipment	59	26	2
Impairment loss on prepayments, deposits and other receivables, net	–	–	27,330
Impairment loss on due from related parties	–	81,474	28,373
Write-down of properties under development to net realisable value	493,618	–	–
Write-down of completed properties for sale to net realisable value	1,966	7,479	–
Impairment loss on interest in a joint venture	–	–	134,256
Loss on surrender of land	408,224	–	–
Gain on settlement of indemnity	–	–	(141,793)
Write-back of due to related parties	–	–	(101,686)
Loss on disposal of property, plant and equipment	204	375	108
	(6,637)	(62,778)	(5,612)
Increase in properties under development	(112)	–	–
Decrease in completed properties for sale	1,780	261,237	–
(Increase)/decrease in prepayments, deposits and other receivables	(426,837)	3,126	(3,057)
Increase/(decrease) in contract liabilities	10,961	(174,499)	–
Decrease in trade payables	(1,924)	(18)	(259)
Increase in other payables and accruals	60,894	(26,573)	8,334
Net cash flows (used in)/from operating activities	(361,875)	495	(594)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the years ended 31 March 2022, 2023 and 2024

	Year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)
Cash flows from investing activities			
Proceeds from disposal of interests in financial assets at FVTPL	357,583	–	–
Interest received	<u>7</u>	<u>2</u>	<u>–</u>
Net cash flows from investing activities	<u>357,590</u>	<u>2</u>	<u>–</u>
Net (decrease)/increase in cash and cash equivalents	<u>(4,285)</u>	<u>497</u>	<u>(594)</u>
Cash and cash equivalents at beginning of year	4,862	381	908
Effect of foreign exchange rate changes	<u>(196)</u>	<u>30</u>	<u>32</u>
Cash and cash equivalents at end of year	<u>381</u>	<u>908</u>	<u>346</u>

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

For the years ended 31 March 2022, 2023 and 2024

1. General

The Disposal Company is an indirect wholly-owned subsidiary of the Company and is a company incorporated in Hong Kong with limited liability. The Disposal Company is an investment holding company. The Disposal Group is principally engaged in the property investment.

On 27 March 2024, the Vendor, being a wholly-owned subsidiary of the Company, and the Purchaser, entered into the Share Transfer Agreement pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Disposal Share at the aggregate Consideration of HK\$10,000.

Upon completion of the Disposal, the Company will not have any interests in the Disposal Company and the Disposal Company will cease to be a subsidiary of the Company.

2. Basis of preparation and presentation of the unaudited consolidated financial information

The Unaudited Consolidated Financial Information for each of the twelve months ended 31 March 2022, 2023 and 2024 has been prepared in accordance with Rule 14.68(2)(a)(i) of the Listing Rules and solely for the purpose of inclusion in the circular issued by the Company in connection with the disposal of the entire equity interest of the Disposal Company by the Company.

The Unaudited Consolidated Financial Information of the Disposal Group has been prepared by the Directors in accordance with the same accounting policies as those adopted by the Group for each of twelve months ended 31 March 2022, 2023 and 2024. The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA.

The Unaudited Consolidated Financial Information of the Disposal Group does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) “Presentation of Financial Statements” issued by the HKICPA.

The Unaudited Financial Information of the Disposal Group has been prepared on the going concern basis which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business, notwithstanding the Disposal Group's current liabilities exceeded its current assets by HK\$11,083,000 as at 31 March 2024. Nevertheless, the Directors are confident that the Disposal Group will be able to meet its financial obligations as shareholders will provide continual financial support and adequate funds to the Disposal Group to meet its liabilities as and when they fall due. These conditions indicate the existence of a material certainty which may cast significant doubt on the Disposal Group's ability to continue as a going concern and therefore the Disposal Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

Should the Disposal Group be unable to continue in business as a going concern, adjustments would have to be made in the financial information to write down the values of the assets to their net realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of such adjustments has not yet been reflected in the financial information.

3. Other income and gains

Other income and gains recorded for the year ended 31 March 2024 primarily comprise:

1) Gain on settlement of indemnity amounting to HK\$141,793,000

As at 31 March 2023, an indemnity against a legal case of approximately RMB296,304,000 (equivalent to approximately HK\$338,475,000) by Hengxiang Real Estate. The amount represented loan principal and interest payable to a lender and the associated legal cost of the litigation according to the judgement by the High People's Court of Liaoning Province dated 28 January 2018, and subsequent on 17 September 2020, the Intermediate People's Court of Liaoning Province concluded that the final indemnity, as agreed by Hengxiang Real Estate and the lender, was amounted to RMB296,304,000 (equivalent to approximately HK\$338,475,000) and to be settled with the completed properties for sale (including Dalian Jianzhu Project, Anshan Coastal Xintiandi Project and Chongqing Silo City Project) of the Group and the Group's associate with carrying amount of RMB138,784,000 (equivalent to approximately HK\$158,536,000) and RMB26,991,000 (equivalent to approximately HK\$30,832,000) respectively. During the year ended 31 March 2024, in accordance with the Court's decision on the final indemnity, the lender started to request the Group to transfer the legal titles of properties in Chongqing Silo City Project and the transfers had completed on 27 November 2023, 27 December 2023 and 29 January 2024, respectively. Accordingly, the Group considers the lender had accepted the Court's decision on the final indemnity and had derecognised all relevant properties

projects (being used to settle the indemnity under the Court's decision) and derecognised the relevant amounts payable to the lender in accordance with the Court's decision on the final indemnity; and

2) *Write-back of due to the Group amounting to HK\$101,686,000*

Write-back of due to the Group amounting to HK\$101,686,000 as at 31 March 2024 was carried out for the purpose of completing the Disposal, as the Disposal Group is dormant in nature and will not have any operation as well as repayment ability in the future.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The following is the text of a report in relation to the unaudited pro forma financial information of the Remaining Group received from Prism Hong Kong Limited, Certified Public Accountants, Hong Kong, which has been prepared for the purpose of inclusion in this circular.



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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the directors of Coastal Greenland Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Coastal Greenland Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 March 2024, the unaudited pro forma consolidated statement of profit of loss and other comprehensive income for the year ended 31 March 2024, the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2024 and related notes as set out on pages III-4 to III-14 of the circular in connection with disposal of the entire equity interest in Asiafame Development Limited issued by the Company dated 26 July 2024 (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages III-13 to III-14 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the disposal of the entire equity interest in Asiafame Development Limited (the “**Transaction**”) on the Group’s financial position as at 31 March 2024 and the Group’s financial performance and cash flows for the year ended 31 March 2024 as if the Transaction had taken place at 31 March 2024 and 1 April 2023 respectively. As part of this process, information about the Group’s financial position, financial performance and cash flows has been extracted by the Directors from the Group’s financial statements for the year ended 31 March 2024, on which an audit report has been published.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (“**HKSQM**”) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of the Transaction on unadjusted financial information of the Group as if the Transaction had occurred or had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 31 March 2024 or 1 April 2023 would have been as presented.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Prism Hong Kong Limited
Certified Public Accountants

Yip Chi Chiu
Practising Certificate Number: P06934

Hong Kong, 26 July 2024

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The unaudited pro forma financial information presented below is prepared to illustrate (a) the financial position of the Remaining Group immediately after Completion of the Disposal as at 31 March 2024 as if the Disposal had been completed on 31 March 2024; and (b) the results and cash flows of the Remaining Group for the year ended 31 March 2024 as if the Disposal had been completed on 1 April 2023. This unaudited pro forma financial information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Remaining Group as at 31 March 2024 or at any future date had the Disposal been completed on 31 March 2024 or for the results and cash flows of the Remaining Group for the year ended 31 March 2024 or for any future period had the Disposal been completed on 1 April 2023, or any future dates.

The unaudited pro forma financial information is prepared based on the audited consolidated statement of financial position of the Group as at 31 March 2024, the audited consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 31 March 2024 as extracted from the published annual report of the Company for the year ended 31 March 2024 after making pro forma adjustments relating to the Disposal as described in the accompanying notes. The unaudited pro forma financial information has been prepared by the Directors in accordance with Rules 4.29 and 14.68(2)(a)(ii) of the Listing Rules and with reference to Accounting Guidance 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the HKICPA, for the purpose of illustrating the effect of the Disposal.

The unaudited pro forma financial information should be read in conjunction with the consolidated financial statements of the Group as set out in the published annual report of the Company for the year ended 31 March 2024 and other financial information included elsewhere in the circular. The unaudited pro forma financial information does not take into account the financial effect arising from any trading or other transactions subsequent to the dates of the respective financial statements of the companies comprising the Remaining Group.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
OF THE REMAINING GROUP**

At 31 March 2024

	The Group	Pro forma adjustments		The Remaining Group
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 5)</i>	
Non-current assets				
Property, plant and equipment	186,183	(13)	–	186,170
Investment properties	62,655	–	–	62,655
Right-of-use assets	9,833	–	–	9,833
Interest in a joint venture	–	–	–	–
Interest in associates	–	–	–	–
Due from associates and a joint venture	28,340	–	–	28,340
Financial assets at fair value through other comprehensive income ("FVTOCI")	61,426	–	–	61,426
Deferred tax assets	–	–	–	–
	<u>348,437</u>	<u>(13)</u>	<u>–</u>	<u>348,424</u>
Current assets				
Land held for property development for sale	659,644	–	–	659,644
Properties under development	189,730	–	–	189,730
Completed properties for sale	80,576	–	–	80,576
Prepayments, deposits and other receivables	503,134	(2,158)	–	500,976
Financial assets at fair value through profit or loss ("FVTPL")	–	–	–	–
Pledged bank deposits	102	–	–	102
Cash and bank balances	9,010	(346)	(490)	8,174
	<u>1,442,196</u>	<u>(2,504)</u>	<u>(490)</u>	<u>1,439,202</u>

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
OF THE REMAINING GROUP (CONTINUED)**

At 31 March 2024

	The Group	Pro forma adjustments		The Remaining Group
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 5)</i>	
Current liabilities				
Trade payables	7,277	(7,277)	–	–
Contract liabilities	2,224	–	–	2,224
Other payables and accruals	22,916	(6,310)	–	16,606
Due to a substantial shareholder of the Company	170,325	–	–	170,325
Tax payables	–	–	–	–
Lease liabilities	–	–	–	–
Interest-bearing bank and other borrowings	213,504	–	–	213,504
	<u>416,246</u>	<u>(13,587)</u>	<u>–</u>	<u>402,659</u>
Net current assets	<u>1,025,950</u>	<u>11,083</u>	<u>(490)</u>	<u>1,036,543</u>
Total assets less current liabilities	<u>1,374,387</u>	<u>11,070</u>	<u>(490)</u>	<u>1,384,967</u>
Non-current liabilities				
Interest-bearing bank and other borrowings	53,615	–	–	53,615
Deferred tax liabilities	32,161	–	–	32,161
	<u>85,776</u>	<u>–</u>	<u>–</u>	<u>85,776</u>
NET ASSETS	<u>1,288,611</u>	<u>11,070</u>	<u>(490)</u>	<u>1,299,191</u>

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
OF THE REMAINING GROUP (CONTINUED)**

At 31 March 2024

	The Group	Pro forma adjustments		The Remaining Group
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 5)</i>	
CAPITAL AND RESERVES				
Share capital	414,602	–	–	414,602
Reserves	<u>936,027</u>	<u>(23,181)</u>	<u>(490)</u>	<u>912,356</u>
Equity attributable to owners of the Company	1,350,629	(23,181)	(490)	1,326,958
Non-controlling interests	<u>(62,018)</u>	<u>34,251</u>	<u>–</u>	<u>(27,767)</u>
Total equity	<u><u>1,288,611</u></u>	<u><u>11,070</u></u>	<u><u>(490)</u></u>	<u><u>1,299,191</u></u>

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME OF THE REMAINING GROUP**

For the year ended 31 March 2024

	The Group	Pro forma adjustments			The Remaining Group
	<i>HK\$'000</i> (Audited) <i>(Note 1)</i>	<i>HK\$'000</i> (Unaudited) <i>(Note 3)</i>	<i>HK\$'000</i> (Unaudited) <i>(Note 4, 5)</i>	<i>HK\$'000</i> (Unaudited) <i>(Note 6)</i>	<i>HK\$'000</i> (Unaudited)
Revenue	4,177	–	–	–	4,177
Cost of sales	<u>(512)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(512)</u>
Gross profit	3,665	–	–	–	3,665
Other income and gains	290,174	(243,517)	122,637	130,059	299,353
Administrative expenses	(60,555)	1,124	–	–	(59,431)
Impairment loss on prepayments, deposits and other receivables, net	(491,038)	27,330	–	(347,331)	(811,039)
Impairment loss on due from related parties	–	28,373	–	(28,373)	–
Impairment loss on due from associates and a joint venture	(249,289)	–	–	245,645	(3,644)
Impairment loss on interest in a joint venture	(134,256)	134,256	–	–	–
Write-down of land held for property development for sale	(779,358)	–	–	–	(779,358)
Other expenses	(25,692)	4,636	–	–	(21,056)
Finance costs	(27,859)	–	–	–	(27,859)
Share of loss of a joint venture	<u>(867)</u>	<u>867</u>	<u>–</u>	<u>–</u>	<u>–</u>
Loss before taxation	(1,475,075)	(46,931)	122,637	–	(1,399,369)
Tax credit	<u>75,555</u>	<u>(27,314)</u>	<u>–</u>	<u>–</u>	<u>48,241</u>
Loss for the year	<u><u>(1,399,520)</u></u>	<u><u>(74,245)</u></u>	<u><u>122,637</u></u>	<u><u>–</u></u>	<u><u>(1,351,128)</u></u>
Other comprehensive expense for the year <i>Items that will not be reclassified to profit or loss:</i>					
Exchange differences arising on translation to presentation currency, net	(106,558)	(37,812)	–	–	(144,370)
Deficit on revaluation of leasehold properties	(1,290)	–	–	–	(1,290)
Deferred tax credit to revaluation of leasehold properties	322	–	–	–	322
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	<u>(104)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(104)</u>
Other comprehensive expense for the year	<u>(107,630)</u>	<u>(37,812)</u>	<u>–</u>	<u>–</u>	<u>(145,442)</u>
Total comprehensive expense for the year	<u><u>(1,507,150)</u></u>	<u><u>(112,057)</u></u>	<u><u>122,637</u></u>	<u><u>–</u></u>	<u><u>(1,496,570)</u></u>

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME OF THE REMAINING GROUP (CONTINUED)**

For the year ended 31 March 2024

	<u>Pro forma adjustments</u>				The Remaining Group
The Group	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Note 1)	(Note 3)	(Note 4, 5)	(Note 6)		
Loss for the year attributable to:					
Owners of the Company	(1,399,453)	(46,073)	122,637	-	(1,322,889)
Non-controlling interests	<u>(67)</u>	<u>(28,172)</u>	<u>-</u>	<u>-</u>	<u>(28,239)</u>
	<u>(1,399,520)</u>	<u>(74,245)</u>	<u>122,637</u>	<u>-</u>	<u>(1,351,128)</u>
Total comprehensive expense for the year attributable to:					
Owners of the Company	(1,505,436)	(82,100)	122,637	-	(1,464,899)
Non-controlling interests	<u>(1,714)</u>	<u>(29,957)</u>	<u>-</u>	<u>-</u>	<u>(31,671)</u>
	<u>(1,507,150)</u>	<u>(112,057)</u>	<u>122,637</u>	<u>-</u>	<u>(1,496,570)</u>

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE
REMAINING GROUP**

For the year ended 31 March 2024

	The Group	Pro forma adjustments			The Remaining Group
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>(Note 1)</i>	<i>(Note 3)</i>	<i>(Note 4, 5)</i>	<i>(Note 6)</i>	
Cash flows from operating activities					
Loss before taxation	(1,475,075)	(46,931)	122,637	–	(1,399,369)
Adjustments for:					
Finance costs	27,859	–	–	–	27,859
Share of loss of a joint venture	867	(867)	–	–	–
Bank interest income	(204)	–	–	–	(204)
Other interest income	(752)	–	–	–	(752)
Depreciation of property, plant and equipment	400	(2)	–	–	398
Depreciation of right-of-use assets	758	–	–	–	758
Write-down of land held for property development for sale	779,358	–	–	–	779,358
Write-down of completed properties for sale	18,281	–	–	–	18,281
Impairment loss on prepayments, deposits and other receivables, net	491,038	(27,330)	–	347,331	811,039
Impairment loss on due from related parties	–	(28,373)	–	28,373	–
Impairment loss on due from associates and a joint venture	249,289	–	–	(245,645)	3,644
Impairment loss on interest in a joint venture	134,256	(134,256)	–	–	–
Loss on disposal of property, plant and equipment	1,802	(108)	–	–	1,694
Loss on write-off of assets and liabilities upon deregistration of subsidiaries	291	–	–	–	291
Write-back of due to related parties	–	101,686	–	(101,686)	–

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE
REMAINING GROUP (CONTINUED)**

For the year ended 31 March 2024

	The Group	Pro forma adjustments			The
		HK\$'000	HK\$'000	HK\$'000	Remaining
	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>Group</i>
	<i>(Note 1)</i>	<i>(Note 3)</i>	<i>(Note 4, 5)</i>	<i>(Note 6)</i>	<i>HK\$'000</i>
					<i>(Unaudited)</i>
Fair value change in investment properties	2,972	–	–	–	2,972
Gain on settlement of indemnity	(141,793)	141,793	–	–	–
Overprovision of sales and other taxes	(27,896)	–	–	–	(27,896)
Overprovision of construction cost and operating expenses	(38,433)	–	–	–	(38,433)
Write-back of other payables	(80,460)	–	–	(28,373)	(108,833)
Gain on disposal of the Disposal Group	<u>–</u>	<u>–</u>	<u>(122,637)</u>	<u>–</u>	<u>(122,637)</u>
	(57,442)	5,612	–	–	(51,830)
Decrease in completed properties for sale	180	–	–	–	180
Increase in prepayments, deposits and other receivables	(408,979)	3,057	–	–	(405,922)
Decrease in trade payables	(2,939)	259	–	–	(2,680)
Increase in other payables and accruals	<u>323,675</u>	<u>(8,334)</u>	<u>–</u>	<u>–</u>	<u>315,341</u>
Cash used in operations	(145,505)	594	–	–	(144,911)
Tax paid	<u>(15,443)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(15,443)</u>
Net cash flows used in operating activities	<u>(160,948)</u>	<u>594</u>	<u>–</u>	<u>–</u>	<u>(160,354)</u>

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE
REMAINING GROUP (CONTINUED)**

For the year ended 31 March 2024

	The Group	Pro forma adjustments			The Remaining Group
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>(Note 1)</i>	<i>(Note 3)</i>	<i>(Note 4, 5)</i>	<i>(Note 6)</i>	
Cash flows from investing activities					
Advance to associates and a joint venture	(41)	–	–	–	(41)
Repayments from associates and a joint venture	2,981	–	–	–	2,981
Acquisition of subsidiaries	(88,678)	–	–	–	(88,678)
Disposal of subsidiaries	191,042	–	(490)	–	190,552
Withdrawal of pledged bank deposits	802	–	–	–	802
Purchases of property, plant and equipment	(31)	–	–	–	(31)
Interest received	956	–	–	–	956
	<u>107,031</u>	<u>–</u>	<u>(490)</u>	<u>–</u>	<u>106,541</u>
Net cash flows from investing activities					
Cash flows from financing activities					
New bank and other borrowings raised	224,667	–	–	–	224,667
Repayment of bank and other borrowings	(232,575)	–	–	–	(232,575)
Interest paid	(59,599)	–	–	–	(59,599)
Repayment to a substantial shareholder of the Company	3,362	–	–	–	3,362
	<u>3,362</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,362</u>
Net cash flows used in financing activities	<u>(64,145)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(64,145)</u>
Net decrease in cash and cash equivalents	<u>(118,062)</u>	<u>594</u>	<u>(490)</u>	<u>–</u>	<u>(117,958)</u>
Cash and cash equivalents at beginning of year	156,669	(908)	–	–	155,761
Effect of foreign exchange rate changes	(29,597)	(32)	–	–	(29,629)
Cash and cash equivalents at end of year	<u>9,010</u>	<u>(346)</u>	<u>(490)</u>	<u>–</u>	<u>8,174</u>

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

Notes:

1. For the preparation of the unaudited pro forma consolidated statement of financial position of the Remaining Group as at 31 March 2024, and the unaudited pro forma consolidated statement of profit and loss and other comprehensive income, and unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 March 2024, such information is extracted from the published annual report for the year ended 31 March 2024.
2. These adjustments represent the exclusion of assets and liabilities of the Disposal Group as at 31 March 2024 assuming the Disposal was completed on 31 March 2024. The amounts have been extracted from the unaudited financial information of the Disposal Group as at 31 March 2024.
3. These adjustments represent the exclusion of the results and cashflows of the Disposal Company for the year ended 31 March 2024 assuming the Disposal was completed on 1 April 2023. The amounts have been extracted from the unaudited financial information of the Disposal Group for the year ended 31 March 2024.
4. The adjustment represents the pro forma gain on the Disposal as if the Disposal had been taken place on 31 March 2024 and 1 April 2023, respectively.

As if the Disposal had been taken place on 31 March 2024

	<i>HK\$'000</i>
Consideration	10
<i>Less:</i>	
Net assets of the Disposal Group attributable to owner of the Company	(23,181)
Non-controlling interests	<u>34,251</u>
Adjusted net liabilities value of the Disposal Group at 31 March 2024	<u>11,070</u>
Estimated transaction cost directly attributable to the Disposal of approximately HK\$500,000 (note 5)	<u>(500)</u>
Gain on disposal	<u><u>10,580</u></u>

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

As if the Disposal had been taken place on 1 April 2023

	<i>HK\$'000</i>
Consideration	10
<i>Less:</i>	
Net liabilities of the Disposal Group attributable to owner of the Company	58,919
Non-controlling interests	<u>64,208</u>
Adjusted net liabilities value of the Disposal Group at 1 April 2023	<u>123,127</u>
Estimated transaction cost directly attributable to the Disposal of approximately HK\$500,000 <i>(note 5)</i>	<u>(500)</u>
Gain on disposal	<u><u>122,637</u></u>

5. *The adjustment represents the receipt of the Consideration of approximately HK\$10,000, with estimated transaction costs of approximately HK\$500,000, which resulted to net cash outflows of approximately HK\$490,000.*

6. *The adjustment represents the intra-group transactions and the reclassification of impairment loss on due from joint venture for the year ended 31 March 2024 as the Disposal Group is no longer companies within the Remaining Group and the joint venture is no longer a joint venture of the Remaining Group as if the Disposal had been taken place on 1 April 2023.*

The following is the text of a letter, summary of valuations and valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of value of certain properties held by the Company as at 31 May 2024.



27/F
One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

26 July 2024

The Directors
Coastal Greenland Limited
Unit Nos. 1712 to 1716 on 17/F
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan
Hong Kong

Dear Sirs,

Re: Property Valuations

INSTRUCTIONS, PURPOSE AND VALUATION DATE

In accordance with the instructions by Coastal Greenland Limited (referred to as the “**Company**”) and its subsidiaries (together referred to as the “**Group**”) for us to value certain properties in the People’s Republic of China (the “**PRC**”) (as more particularly described in the valuation report) (individually the “**Property**” or collectively the “**Properties**”), 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 the market values of the Properties as at 31 May 2024 (the “**Valuation Date**”).

DEFINITION OF MARKET VALUE

Our valuation of each of the Properties represents its market value which in accordance with the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors (the “HKIS”) is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION BASIS AND ASSUMPTIONS

Our valuations exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

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 published by The Stock Exchange of the Hong Kong Limited, and the HKIS Valuation Standards 2020 published by the HKIS.

In the course of our valuation of the Properties in the PRC, we have relied on the information and advice given by the Group and its legal adviser, Commerce & Finance Law Offices, regarding the title of the Properties. In valuing the Properties, we have prepared our valuations on the basis that the owner of each of the Properties has an enforceable title to the respective property and has free and uninterrupted rights to use, occupy or assign the Properties for the whole of the unexpired land use 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 or taxation 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 respect of the Properties situated in the PRC, the status of title and grant of major certificates, approvals and licences, in accordance with the information provided by the Group are set out in the notes of the valuation report.

METHOD OF VALUATION

In valuing the Properties held by the Group for sale, we have adopted Market Comparison Method by making reference to comparable sales evidence as available in the relevant market.

Market Comparison Method is the best method for property valuation in theory because it is a market-driven method showing what price levels that the buyers really paid for a property in the market. Market Comparison Method is a method of valuation based on comparing the property to be assessed directly with other comparable properties which recently changed hands. These premises are generally located in the surrounding areas or in another market which are comparable to the subject property. However, because of the heterogeneous nature of properties, appropriate adjustments are usually required to allow for any qualitative and quantitative differences that may affect the price likely to be achieved by the property under consideration. There are sufficient transactions in the relevant market and Market Comparison Method is a suitable method for valuing the Properties.

The portion of civil defence car parking spaces of Property no. 2 is subject to non-alienation restrictions, such that market value is not applicable in the valuation. Under such circumstances, our valuation is conducted on the basis of investment value which are stated separate from the market value.

Assessment on the basis of ‘investment value’, according to the International Valuation Standards, which the HKIS Valuation Standards follow, is defined as “the value of an asset to the owner or a prospective owner for individual investment or operational objectives”. Investment value is an entity-specific basis of value which reflects the benefits received by an entity from holding the asset and, therefore, does not necessarily involve a presumed exchange. It must be emphasized that investment value is not market value.

SOURCE OF INFORMATION

In the course of our valuation, we have relied to a very considerable extent on the information given to us by the Group regarding the title of the Properties. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, particulars of occupancy, site and floor areas, and all other relevant matters.

Dimensions, measurements and areas included in the valuation report are based on information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us which is material to the valuations. 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 extracts of documents relating to the title of the Properties in the PRC but no searches have been made. We have not searched the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the Properties in the PRC and we have therefore relied on the advice given by the Group and the PRC legal opinion prepared by the Group’s legal adviser regarding the Properties.

SITE INSPECTION

Our valuers inspected the exterior and, whenever possible, the interior of the Properties. No structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the Properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the Properties and we have assumed that the areas shown on the documents handed to us are correct.

Property No.	Name of valuer	Position	Experience in property valuation (years)	Qualification	Date of inspection
1	Monica Wang	Manager	13	Registered China Real Estate Appraiser	27 May 2024
2	Jae Zhu	Valuer	2	Master's Degree of Science	24 May 2024

CURRENCY

Unless otherwise stated, all monetary sums stated in our valuations are in Renminbi (“**RMB**”), the official currency of the PRC.

We enclose herewith our summary of valuations and valuation report.

Yours faithfully,
for and on behalf of
Cushman & Wakefield Limited
Grace S.M. Lam
MRICS, MHKIS, RPS (GP)
Senior Director
Valuation & Advisory Services

Note: Ms. Grace S.M. Lam is a Member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice). Ms. Lam has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries. Ms. Lam has sufficient current knowledge of the market, and the skills and understanding to undertake the valuations competently.

SUMMARY OF VALUATIONS

Property	Market value in existing state as at 31 May 2024 (RMB)	Interest attributable to the Group %	Market value in existing state attributable to the Group as at 31 May 2024 (RMB)	Investment value of the portion of civil defence car parking spaces of the Property in existing state attributable to the Group as at 31 May 2024 (RMB)	Investment value of the portion of civil defence car parking spaces of the Property in existing state attributable to the Group as at 31 May 2024 (RMB)
Properties held for sale					
1. Unsold portions of Coastal Xintiandi, No. 220 Qianshan Road, Tiedong District, Anshan, Liaoning Province, the PRC 中國遼寧省鞍山市鐵東區千山路220號 沿海新天地未售部份	119,800,000	100	119,800,000	-	-
2. Phase 3 of Beijing Bay, No. 30 Nan Kou Road, Changping District, Beijing, the PRC 中國北京市昌平區 南口路30號北京灣三期	2,611,000,000	40	1,044,400,000	38,000,000	15,200,000
Total	<u>2,730,800,000</u>		<u>1,164,200,000</u>	<u>38,000,000</u>	<u>15,200,000</u>

VALUATION REPORT

Properties held for sale

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2024
1. Unsold portions of Coastal Xintiandi, No. 220 Qianshan Road, Tiedong District, Anshan, Liaoning Province, the PRC 中國遼寧省 鞍山市鐵東區 千山路220號 沿海新天地 未售部份	Completed in 2018, the subject development is known as Coastal Xintiandi and comprises one 3-storey commercial building, one 2-storey commercial building and 2 basements erected on a parcel of land of 19,284.98 sq. m. The subject development is a retail development with a total gross floor area of 28,943.37 sq. m. plus car parking spaces.	As at the Valuation Date, the Property was vacant.	RMB119,800,000 (RENMINBI ONE HUNDRED NINETEEN MILLION EIGHT HUNDRED THOUSAND ONLY) (100% interest attributable to the Group: RMB119,800,000)

Block No.	Gross Floor Area
	(sq. m.)
Block 1	26,973.49
Block 2	<u>1,969.88</u>
Total	<u><u>28,943.37</u></u>

As advised by the Group, portions of the subject development have been sold and the Property comprises the unsold portions with a total gross floor area of 16,442.83 sq.m. with details below:

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2024
	Floor Level	Gross Floor Area (sq. m.)	
	L3	1,008.08	
	L2	1,272.66	
	L1	5,584.08	
	B1	6,782.94	
	B1 (32 car parking spaces)	1,795.07	
	Total	16,442.83	

The immediate locality of the Property is an urban area in Anshan predominated by residential and commercial developments with communal facilities.

The Property is held with land use rights for a term due to expire on 29 November 2052 for commercial use.

Notes:

- (1) According to State-owned Land Use Rights Certificate No. (2016) 600273 issued by 鞍山市人民政府 (The People's Government of Anshan) on 25 August 2016, the land use rights of the Property with a site area of 19,284.98 sq. m. have been vested in 沿海綠色家園發展(鞍山)有限公司 (Coastal Greenland Development (Anshan) Co., Ltd.) for a term due to expire on 29 November 2052 for commercial use.
- (2) According to two Construction Works Completion and Examination Record Forms, the construction works of the Property with a total gross floor area of 28,943.37 sq. m. were completed in 2018 and examined with details below:

Construction Works Completion Examination Record Form No.	Issue Date	Floor Level	Gross Floor Area (sq. m.)
(2019) 055	11 March 2019	3 levels plus 2 basements	26,973.49
(2019) 056	11 March 2019	2 levels plus a basement	1,969.88
Total			28,943.37

- (3) According to a Business Licence dated 11 April 2023, 沿海綠色家園發展(鞍山)有限公司 (Coastal Greenland Development (Anshan) Co., Ltd.) was established on 30 December 1993 as a limited company with a registered capital of RMB50,000,000.
- (4) We have been provided with a legal opinion issued by the Group's PRC legal adviser, which contains, *inter alia*, the following information:
- (a) The State-owned Land Use Rights Certificate of the Property is valid, legal and enforceable under the PRC laws;
- (b) 沿海綠色家園發展(鞍山)有限公司 (Coastal Greenland Development (Anshan) Co., Ltd.) is the legal land user of the Property and has obtained the State-owned Land Use Rights Certificate of the Property; and
- (c) According to a judgement issued by The People's Court of Lishan District, Anshan (鞍山市立山區人民法院) on 7 November 2022, 沿海綠色家園發展(鞍山)有限公司 (Coastal Greenland Development (Anshan) Co., Ltd.) was ordered to transfer the real estate title of the Property to 鞍山鴻遠物業服務有限公司 (Anshan Hongyuan Property Services Company Limited) for clearance of debt owed to 鞍山鴻遠物業服務有限公司 (Anshan Hongyuan Property Services Company Limited). 沿海綠色家園發展(鞍山)有限公司 (Coastal Greenland Development (Anshan) Co., Ltd.) does not have the right to freely use, lease, transfer and dispose of the land use rights and building ownership of the Property to other parties.
- (5) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:-

State-owned Land Use Rights Certificate	Yes
Construction Works Completion and Examination Record Form	Yes
Business Licence	Yes

- (6) Our valuation method and major parameters adopted in our valuation are as follows:

In valuing the Property, we have adopted Market Comparison Method by making reference to comparable sales evidence as available in the relevant market.

We have made reference to various recent sales evidence of retail properties within the same and nearby districts. The sales price level of those identified Level 1 retail comparables range from approximately RMB9,300 per sq. m. to RMB12,200 per sq. m.

The details of the exhaustive list of the sales evidence of retail properties gathered are tabulated below for reference:

	Comparable no. 1	Comparable no. 2	Comparable no. 3
Name of development	自由街商鋪 (Retail shop at Ziyou Street)	新景世紀城商鋪 (Retail shop at Xinjingshiji Town)	水岸華府商鋪 (Retail shop at Shuianhuaifu)
District	立山區 (Lishan District)	鐵東區 (Tiedong District)	立山區 (Lishan District)
Address	自由街 (Ziyou Street)	園林大道 (Yuanlin Avenue)	沙河街 (Shahe Street)
Type of property	Level 1 Retail	Level 1 Retail	Level 1 Retail
Date of quote	May 2024	April 2024	March 2024
Quote	RMB1,980,000	RMB500,000	RMB1,200,000
Gross floor area	212 sq. m.	50 sq. m.	98 sq. m.
Unit rate	RMB9,340 per sq. m.	RMB10,000 per sq. m.	RMB12,245 per sq. m.

After undertaking appropriate adjustments to those comparables, we have adopted an average unit rate of approximately RMB9,800 per sq. m. for the retail portion on Level 1 of the Property.

We have made reference to various recent sales evidence of car parking spaces within the same and nearby districts. The sales price level of those identified car parking space comparables range from RMB90,000 to RMB110,000 per lot.

The details of the exhaustive list of the sales price evidence of car parking space gathered are tabulated below for reference:

	Comparable no. 1	Comparable no. 2	Comparable no. 3
Name of development	菁華家園 (Essence Homeland)	聯益花園 (Lianyi Garden)	陽光境界 (Sunshine Realm)
District	立山區 (Lishan District)	鐵西區 (Tiexi District)	鐵西區 (Tiexi District)
Address	臨城街 (Lincheng Street)	九道街 (9th Street)	興盛路 (Xinsheng Street)
Type of property	Car parking space	Car parking space	Car parking space
Date of quote	May 2024	May 2024	May 2024
Quote	RMB90,000 per lot	RMB90,000 per lot	RMB110,000 per lot

After undertaking appropriate adjustments to those comparables, we have adopted an average unit rate of RMB85,000 per lot for the car parking spaces of the Property.

- (7) Based on the above, we have adopted unit rates of RMB9,800 per sq. m. for the gross floor area of Level 1, i.e. 5,584.08 sq. m. and have used adjusted unit rates for the gross floor area of different floor levels, i.e. Level 2, Level 3 and B1 because the value of Level 1 is usually higher than other floors in a retail property development.

We have adopted a unit rate of RMB7,350 per sq. m. for the gross floor area of Level 2, i.e. 1,272.66 sq. m.

We have adopted a unit rate of RMB6,370 per sq. m. for the gross floor area of Level 3, i.e. 1,008.08 sq. m.

We have adopted a unit rate of RMB6,860 per sq. m. for the gross floor area of B1, i.e. 6,782.94 sq. m.

In respect of the value of 32 car parking spaces in basement, we have adopted a unit rate of RMB85,000 per lot.

By multiplying the above-mentioned unit rates and respective gross floor areas or number of car parking spaces, we have arrived at our opinion of market value of each portion of the Property. By summation of the market value of each portion, we have arrived at the market value of the Property of RMB119.8 million.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2024												
2. Phase 3 of Beijing Bay, No. 30 Nan Kou Road, Changping District, Beijing, the PRC 中國北京市 昌平區 南口路30號 北京灣三期	<p>Completed in 2021, the Property comprises a residential development with retail and ancillary facilities known as Phase 3 of Beijing Bay.</p> <p>The Property is erected on a parcel of land of 97,469.069 sq. m., which is a portion of the enlarged site of 292,156.48 sq. m.</p> <p>As advised by the Group, the gross floor areas of the Property are as follows:–</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area (sq. m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>207,435.50</td> </tr> <tr> <td>Retail</td> <td>7,788.00</td> </tr> <tr> <td>Car Parking</td> <td>29,865.70</td> </tr> <tr> <td>Ancillary</td> <td><u>21,844.70</u></td> </tr> <tr> <td>Total</td> <td><u><u>266,933.90</u></u></td> </tr> </tbody> </table> <p>As advised by the Group, there are 245 non-civil defence car parking spaces and 547 civil defence car parking spaces.</p> <p>The immediate locality of the Property is a suburban area in Beijing predominated by residential developments.</p> <p>The Property is held with land use rights for terms due to expire on 30 August 2074 and 30 August 2044 for residential use and ancillary use respectively.</p>	Use	Gross Floor Area (sq. m.)	Residential	207,435.50	Retail	7,788.00	Car Parking	29,865.70	Ancillary	<u>21,844.70</u>	Total	<u><u>266,933.90</u></u>	<p>As at the Valuation Date, portions of the Property were subject to various agreements for sale and purchase.</p> <p>The remaining portions of the Property were vacant.</p>	<p>RMB2,611,000,000 (RENMINBI TWO BILLION SIX HUNDRED ELEVEN MILLION) (40% interest attributable to the Group: RMB1,044,400,000) see Note (1)</p>
Use	Gross Floor Area (sq. m.)														
Residential	207,435.50														
Retail	7,788.00														
Car Parking	29,865.70														
Ancillary	<u>21,844.70</u>														
Total	<u><u>266,933.90</u></u>														

Notes:

- (1) The portion of civil defence car parking spaces of the Property is subject to non-alienation restrictions, such that market value is not applicable in the valuation. Under such circumstances, our valuation is conducted on the basis of investment value which are stated separate from the market value.

Assessment on the basis of 'investment value', according to the International Valuation Standards, which the HKIS Valuation Standards follow, is defined as "the value of an asset to the owner or a prospective owner for individual investment or operational objectives". Investment value is an entity-specific basis of value which reflects the benefits received by an entity from holding the asset and, therefore, does not necessarily involve a presumed exchange. It must be emphasized that investment value is not market value.

Our opinion of the investment value of the portion of civil defence car parking spaces of the Property in existing state as at 31 May 2024 was RMB38,000,000 (RENMINBI THIRTY EIGHT MILLION), 40% interest attributable to the Group was RMB15,200,000.

- (2) According to State-owned Land Use Rights Certificate No. (2005) 033 issued by 北京市國土資源局 (The Beijing Land and Resources Bureau) on 18 March 2005, the land use rights of an enlarged site including the Property, comprising a total site area of 292,156.48 sq. m., have been vested in 北京匯超房地產開發有限公司 (Beijing Huichao Real Estate Development Co., Ltd.) for terms due to expire on 30 August 2074 and 30 August 2044 for residential use and ancillary use respectively.
- (3) According to Planning Permit for Construction Use of Land No. (2016) 0010 issued by 北京市規劃委員會 (The Planning Committee of Beijing) on 28 April 2016, the construction site of a parcel of land of 97,469.069 sq. m. is in compliance with the urban planning requirements.
- (4) According to two Planning Permits for Construction Works Nos. (2016) 0030 and (2016) 0066 issued by 北京市規劃委員會 (The Planning Committee of Beijing) on 16 June 2016 and 28 November 2016 respectively, the construction works with a total planned gross floor area of 266,933.90 sq. m. are in compliance with the urban planning requirements and have been approved.
- (5) According to two Commencement Permits for Construction Works Nos. (2016) 0051 and (2017) 0001 issued by 昌平区住房和城鄉建設委員會 (The Housing & Urban and Rural Construction Committee of Changping) on 14 September 2016 and 19 January 2017 respectively, the construction works of the development with a total gross floor area of 266,933.90 sq. m. are in compliance with the requirements for works commencement and have been permitted.
- (6) According to Business Licence No. 91110114740084297R dated 1 September 2016, 北京匯超房地產開發有限公司 (Beijing Huichao Real Estate Development Co., Ltd.) was established on 21 June 2002 as a limited liability company with a registered capital of RMB50,000,000.

- (7) We have been provided with a legal opinion issued by the Group's PRC legal adviser, which contains, *inter alia*, the following information:
- (a) The State-owned Land Use Rights Certificate of the Property is valid, legal and enforceable under the PRC laws;
 - (b) 北京匯超房地產開發有限公司 (Beijing Huichao Real Estate Development Co., Ltd.) is the legal land user of the Property and has obtained the State-owned Land Use Rights Certificate of the Property; and
 - (c) 北京匯超房地產開發有限公司 (Beijing Huichao Real Estate Development Co., Ltd.) has the right to freely use, lease, transfer and dispose of the land use rights and building ownership of the Property excluding the residential portion to other parties.

- (8) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows–

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Commencement Permit for Construction Works	Yes
Business Licence	Yes

- (9) Our valuation method and major parameters adopted in our valuation are as follows:

In valuing the Property, we have adopted Market Comparison Method by making reference to comparable sales evidence as available in the relevant market.

We have made reference to various recent sales evidence of retail properties within the same district. The sales price level of those identified retail comparables range from approximately RMB15,000 per sq. m. to RMB20,000 per sq. m.

The details of the exhaustive list of the sales evidence of retail properties gathered are tabulated below for reference:

	Comparable no. 1	Comparable no. 2	Comparable no. 3
Name of development	金隅萬科城商鋪 (Retail shop at Jinyuwanke Town)	政府樓商鋪 (Retail shop at Zhengfu Building)	鼓樓南街商鋪 (Retail shop at Gulou South Street)
District	昌平區 (Changping District)	昌平區 (Changping District)	昌平區 (Changping District)
Address	南環路 (South Ring Road)	政府街 (Zhengfu Street)	鼓樓南街 (Gulou South Street)
Type of property	Retail	Retail	Retail

APPENDIX IV**VALUATION REPORT ON THE ANSHAN COASTAL
XINTIANDI PROJECT AND THE BEIJING BAY PROJECT**

	Comparable no. 1	Comparable no. 2	Comparable no. 3
Date of quote	May 2024	May 2024	May 2024
Quote	RMB4,500,000	RMB3,205,800	RMB6,600,000
Gross floor area	300 sq. m.	178 sq. m.	330 sq. m.
Unit rate	RMB15,000 per sq. m.	RMB18,010 per sq. m.	RMB20,000 per sq. m.

After undertaking appropriate adjustments to those comparables, we adopted an average unit market price of approximately RMB15,000 per sq. m. for the retail portion of the Property.

We have made reference to various recent sales evidence of car parking spaces within the same district. The sales price level of those identified car parking space comparables range from approximately RMB150,000 to RMB160,000 per lot.

The details of the exhaustive list of the sales price evidence of car parking space gathered are tabulated below for reference:

	Comparable no. 1	Comparable no. 2	Comparable no. 3
Name of development	中海匯智里 (Zhonghaihuizhi Lane)	北京風景 (Beijing Fengjing)	萬橡悅府 (Wanxiangyuefu)
District	昌平區 (Changping District)	昌平區 (Changping District)	昌平區 (Changping District)
Address	滿白路 (Manbai Road)	雙營西路 (Shuangying West Road)	安居路 (Anju Road)
Type of property	Car parking space	Car parking space	Car parking space
Date of transaction	March 2024	March 2024	December 2023
Unit rate	RMB160,000 per lot	RMB160,000 per lot	RMB150,000 per lot

After undertaking appropriate adjustments to those comparables, we have adopted an average unit rate of RMB140,000 per lot for the car parking spaces for the Property.

- (10) As advised by the Group, the entire residential portion of the Property with gross floor area of 207,435.50 sq. m. has been committed for sale at a total consideration of RMB2,681,374,750 including value-added tax, which is equivalent to the entire residential portion of the Property being sold for an average unit price of RMB12,926 per sq. m. (inclusive of value-added tax).

By deducting the value-added tax from the above-mentioned total consideration of RMB2,681,374,750 at a tax rate of 9%, we have arrived at a net total consideration of RMB2,459,976,835 (equivalent to RMB2,681,374,750 divided by 1.09) without value-added tax.

As such, in the course of our valuation, we have adopted this figure of RMB2,459,976,835 as the market value of the entire residential portion of the Property which is equivalent to the entire residential portion of the Property being sold for an average unit price of RMB11,859 per sq. m. (exclusive of value-added tax).

We have adopted a unit rate of RMB15,000 per sq. m. for the gross floor area of the retail portion, i.e. 7,788.00 sq. m.

In respect of the 245 non-civil defence car parking spaces, we have adopted a unit rate of RMB140,000 per lot.

By multiplying the above-mentioned unit rates and respective gross floor areas or car parking spaces, we have arrived at our opinion of market value of each portion of the Property. By summation of the market value of each portion, we have arrived at the market value of the Property of RMB2,611 million as 100% interest. By multiplying the figure of 40% interest attributable to the Group, we have arrived at the market value of the Property attributable to the Group of RMB1,044.4 million.

In respect of the investment value of the 547 civil defence car parking spaces, we have adopted a unit rate of RMB70,000 per lot because usually the value of civil defence car parking space is lower than that of non-civil defence car parking space. By multiplying the above-mentioned unit rate and respective car parking spaces, we have arrived at our opinion of investment value of the portion of civil defence car parking space of the Property of RMB38 million as 100% interest. By multiplying the figure of 40% interest attributable to the Group, we have arrived at the investment value of the portion of civil defence car parking space of the Property attributable to the Group of RMB15.2 million.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE COMPANY

Directors' 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 the 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, to be notified to the Company and the Stock Exchange were as follows:

(i) *Interests and short positions in shares and underlying shares of the Company*

Name of Director	Note	Beneficial owner	Number of shares held or underlying shares, capacity and nature of interest	
			Interest in controlled corporation	Percentage of the Company's issued share capital
Mr. Jiang Ming	(a)	–	153,126,197 (L)	36.93%
Mr. Lin Chen Hsin	(a)	372,000 (L)	153,126,197 (L)	37.02%
Ms. Tong Xinhua		504,000 (L)	–	0.12%

L: Long position

Note:

- (a) 153,126,197 shares are beneficially owned by Coastal International Holdings Limited (“CIH”), of which the issued voting share capital is held as to 37.58% by Mr. Jiang Ming, 3.30% by Mr. Lin Chen Hsin and 21.42% by Great Scope Investments Limited (the entire issued voting share capital of which is held by Mr. Jiang Ming). These 153,126,197 shares represent an aggregate of approximately 36.93% of the issued share capital of the Company. Mr. Jiang Ming and Mr. Lin Chen Hsin are directors of CIH.

(ii) *Interests in shares of the associated corporation of the Company*

Name of Director	Beneficial owner	Number of shares held, capacity and nature of interest	
		Interest in controlled corporation	Percentage of the Company's issued share capital
Mr. Jiang Ming	3,758 (L)	2,142 (L)	59% of CIH
Mr. Lin Chen Hsin	330 (L)	-	3.30% of CIH

L: Long position

Save as disclosed herein, 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) where 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.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which had, or was deemed to have, an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. COMPETING INTEREST

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or their respective associates had any interest in a business which competes or may compete, either directly or indirectly, with the business of Group, or have or may have any other conflicts of interest with the Group.

4. DIRECTORS' SERVICE CONTRACTS

None of the Directors had entered or been proposed to enter into any service contract with the Company or any other member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation) as at the Latest Practicable Date.

5. INTEREST OF DIRECTORS OR EXPERTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, (a) none of the Directors were materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group, (b) save as disclosed in this circular, none of the Directors or experts named in the section headed "7. Experts and Consents" in this appendix had any interest, directly or indirectly, in any assets which have been, since 31 March 2024 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. MATERIAL CONTRACTS

The following contract (not being contract entered into in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the date of this circular and are or may be material:

- (i) the supplemental agreement to the agreement dated 13 January 2018 entered into between the Company and Affluent Ocean International Limited in relation to the disposal of entire equity interests in Century East Group Limited (as supplemented by a supplemental agreement dated 19 April 2018 between the same parties) dated 2 December 2022 entered into among the Company, Affluent Ocean International Limited and Zhuhai Coastal Greenland Real Estate Company Limited* (珠海市沿海綠色家園房地產開發有限公司); and
- (ii) the Share Transfer Agreement.

7. EXPERTS AND CONSENTS

The following is the qualification of the experts or professional advisers who have given opinions or advices contained in this circular (collectively, the “**Experts**”):

Name	Qualification
Prism Hong Kong Limited	Certified Public Accountants
Cushman & Wakefield Limited	Independent Professional Valuer

As at the Latest Practicable Date, each of the Experts has given and has not withdrawn its written consents to the issue of this circular with the inclusion of its letters and references to its names in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the Experts did not have any shareholding in any member of the Group upon Completion 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 upon Completion.

As at the Latest Practicable Date, each of the Experts was not interested, directly or indirectly, in any assets which have been or are proposed to be acquired or disposed of by or leased to any member of the Group upon Completion since 31 March 2024, being the date to which the latest published audited financial statements of the Company were made up.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries were engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

9. GENERAL

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (b) The principal place of business in Hong Kong of the Company is situated at Suite 1712-16, 17th Floor, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong.
- (c) The branch share registrar and the transfer office of the Company in Hong Kong is Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

- (d) The company secretary of the Company is Mr. Cheng Wing Bor, who is a member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, United Kingdom.
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text thereof.

10. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Company (www.coastal.com.cn) and the Stock Exchange (www.hkexnews.hk) between the period of not less than 14 days from the date of this circular up to and including the date of the SGM:

- (a) the letter of consent referred to under the paragraph headed “Experts and Consents” in this appendix;
- (b) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (c) the report in relation to the financial information of the Disposal Group prepared by Prism Hong Kong Limited, the text of which is set out in Appendix II to this circular;
- (d) the report on the unaudited pro forma financial information prepared by Prism Hong Kong Limited, the text of which is set out in Appendix III to this circular; and
- (e) the valuation report of the Anshan Coastal Xintiandi Project and the Beijing Bay Project, the text of which is set out in Appendix IV to this circular.

NOTICE OF SGM

COASTAL 沿海
COASTAL GREENLAND LIMITED
沿海綠色家園有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 1124)

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of the Company will be held at 2/F, 35-45B Bonham Strand, Sheung Wan, Hong Kong on Thursday, 15 August 2024, at 2:30 p.m. for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company (unless otherwise indicated, capitalised terms used in this notice have the same meanings as those defined in the circular of the Company dated 26 July 2024 (the “**Circular**”)):

ORDINARY RESOLUTION

1. “**THAT**

- a. the Share Transfer Agreement dated 27 March 2024 (a copy of which is produced to the Meeting marked “**A**” and signed by the chairman of the Meeting for the purpose of identification) and entered into between the Vendor and the Purchaser, in relation to, among other things, the disposal of the total number of issued shares in Asiafame Development Limited and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- b. the Directors be and are hereby authorised for and on behalf of the Company and in its name to execute all such documents, instruments and agreements and do all such acts, matters and things as they may in their absolute discretion consider necessary, desirable or expedient for the purposes of or in connection with implementing, completing and giving effect to the Share Transfer Agreement and the transactions contemplated thereunder and to agree to such variations of the terms of the Share Transfer Agreement as they may in their absolute discretion consider necessary or desirable and all such acts and things the Directors have done, all such documents the Directors have executed, and all such steps the Directors have taken are hereby approved, confirmed and ratified.”

By order of the Board
Coastal Greenland Limited
Jiang Ming
Chairman

Hong Kong, 26 July 2024

* For identification purpose only

NOTICE OF SGM

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal place of business in Hong Kong:

Suite 1712-16, 17th Floor
China Merchants Tower
Shun Tak Centre
200 Connaught Road Central
Hong Kong

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxy or proxies 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. In order to be valid, you are requested to complete and return the accompanying proxy form to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not later than Tuesday, 13 August 2024 at 2:30 p.m. (Hong Kong time). Completion and return of a form of proxy will not preclude a member from attending in person or online (if applicable) and voting at the Meeting or any adjournment thereof, should he so wish, but in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. In the case of joint holders of shares of the Company, 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 on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
4. The register of members of the Company will be closed from Monday, 12 August 2024 to Thursday, 15 August 2024 (both days inclusive), during which period no transfer of shares will be effected in order to determine the entitlement of the shareholders of the Company to attend and vote at the Meeting. All transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Friday, 9 August 2024.
5. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning signal or "extreme conditions after super typhoons" is/are in force at any time after 8:30 a.m. on the date of the Meeting, the meeting will be postponed. The Company will publish an announcement on the website of the Company at <http://www.coastal.com.cn/> and on the website of the Stock Exchange at www.hkexnews.hk to notify Shareholders of the date, time and venue of the rescheduled meeting.