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

If you have sold or transferred all your shares in **Coastal Greenland Limited**, 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 ACQUISITION AND
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 a SGM of the Company to be held at 2/F, 35-45B Bonham Strand, Sheung Wan, Hong Kong on Wednesday, 18 October 2023, 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 Monday, 16 October 2023 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.

29 September 2023

* For identification purpose only

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DEFINITIONS

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

“Acquired Interest”	the entire equity interest in Shanghai Coastal and Shenyang Zhongguang
“Acquisition”	the acquisition of the Acquired Interest pursuant to the terms and conditions of the Supplemental Agreement
“Affluent Ocean”	Affluent Ocean International Limited (裕海國際有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of Yuzhou
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Beijing Tianlun”	Beijing Tianlun Huanyu Investment Management Company Limited* (北京天倫寰宇投資管理有限公司), a company established in the PRC with limited liability and a 65% owned subsidiary of Shanghai Coastal immediately prior to the Completion
“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 and the Acquisition in accordance with the terms and conditions of the Supplemental Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Disposed Interest and the assignment of the Shareholder’s Loan pursuant to the terms and conditions of the Supplemental Agreement
“Disposal Agreement”	the agreement dated 13 January 2018 entered into between the Company and Affluent Ocean 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
“Disposed Interest”	the 66.67% of the equity interest in Zhuhai Coastal
“GFA”	gross floor area

DEFINITIONS

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons (as defined in the Listing Rules) or their respective associates
“Jianguomenwai Project”	the commercial use project located at the north of No. 1A Jianguomenwai Avenue, Chaoyang District, Beijing, the PRC, the 65% equity interest of which is held by Shanghai Coastal
“Latest Practicable Date”	26 September 2023, 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
“RMB”	Renminbi, the lawful currency of the PRC
“Shangchong Project”	the residential use project located at Shangchong Village, Xiangzhou District, Zhuhai City, the PRC, the 100% equity interest of which is held by Zhuhai Coastal
“Shanghai Coastal”	Shanghai Coastal Commercial Investment Management Company Limited* (上海沿商投資管理有限公司), a company established in the PRC with limited liability and a direct wholly owned subsidiary of Affluent Ocean immediately prior to the Completion
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholder’s Loan”	the money owed by Zhuhai Coastal to the Company in the sum of RMB924,849,000 as at 31 March 2023

DEFINITIONS

“Shenyang Zhongguang”	Shenyang Zhongguang North Film and Television City Company Limited* (瀋陽中廣北方影視城有限公司), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of Yuzhou immediately prior to Completion
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Supplemental Agreement and the transactions contemplated thereunder
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sujiatun Project”	the residential use project with ancillary commercial area located at Beishanwei Road, Chenxiangtun Town, Sujiatun District, Shenyang, Liaoning Province, the PRC, the 100% equity interest of which is held by Shenyang Zhongguang
“Supplemental Agreement”	the supplemental agreement to the Disposal Agreement dated 2 December 2022 entered into among the Company, Affluent Ocean and Zhuhai Coastal in relation to, among other things, the Disposal and the Acquisition
“US\$”	United States dollars, the lawful currency of the United States of America
“Yuzhou”	Yuzhou Group Holdings Company Limited (禹洲集團控股有限公司), the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1628) and the holding company of Affluent Ocean
“Zhuhai Coastal”	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), a company established in the PRC with limited liability and as at the Latest Practicable Date directly owned as to 66.67% by the Company and 33.33% by Hengqin Coastal Creative Exhibition Technology Company Limited* (橫琴沿海創展科技有限公司)
“%”	per cent.

For the purpose of this circular, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of HK\$1 to RMB0.92. 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
200 Connaught Road Central
Hong Kong

Independent non-executive Directors:

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

29 September 2023

To the Shareholders

Dear Sir/Madam,

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

INTRODUCTION

References are made to the announcements of the Company dated 23 January 2018, 19 April 2018, 30 April 2018 and 17 May 2018, and the circular of the Company dated 30 April 2018, where, among other things, the Company announced that the Company and Affluent Ocean entered into the Disposal Agreement on 13 January 2018 in relation to the disposal of the entire equity interest in Century East Group Limited at a consideration of approximately RMB3,800,000,000 (equivalent to approximately HK\$4,130,435,000).

* For identification purpose only

LETTER FROM THE BOARD

Reference is also made to the announcement of the Company dated 23 December 2022 in respect of the Acquisition and the Disposal pursuant to the Supplemental Agreement.

The purpose of this circular is to provide you with (i) further information in relation to the Supplemental Agreement; (ii) financial information on the Acquired Interest; (iii) financial information on the Disposed Interest; (iv) an independent property valuation report on the Shangchong Project; (v) an independent property valuation report on the Jianguomenwai Project; (vi) an independent property valuation report on the Sujiatun Project; (vii) the notice contemplated convening the SGM; and (viii) other information as required under the Listing Rules.

BACKGROUND

Pursuant to the terms and conditions of the Disposal Agreement, Shanghai Coastal and Shenyang Zhongguang were subsidiaries of Century East Group Limited, which was disposed by the Group to Affluent Ocean. However, Affluent Ocean refused and failed to settle the entire consideration under the Disposal Agreement and up to the Latest Practicable Date, the outstanding balance of the consideration under the Disposal Agreement amounted to RMB908,080,000 (equivalent to approximately HK\$987,043,000), as there were disputes over the valuations of certain properties included in the Disposal Agreement by Affluent Ocean.

In order to settle the outstanding obligations and liabilities between the Company and Affluent Ocean under the Disposal Agreement, the Company and Affluent Ocean agreed to enter into the Supplemental Agreement. On 2 December 2022 (after trading hours), the Company, Affluent Ocean and Zhuhai Coastal entered into the Supplemental Agreement. Pursuant to the Supplemental Agreement, the Company has conditionally agreed to sell, and Affluent Ocean has conditionally agreed to acquire, the Disposed Interest, being 66.67% of the equity interest in Zhuhai Coastal, at a consideration of RMB120,000,000 and procure the assignment of the Shareholder's Loan at a consideration of RMB760,000,000.

The aggregate consideration of RMB880,000,000 shall be satisfied by Affluent Ocean by way of (i) transferring the entire equity interest in Shanghai Coastal to the Company at a consideration of RMB350,000,000; (ii) transferring the entire equity interest in Shenyang Zhongguang to the Company at a consideration of RMB360,000,000; and (iii) a payment in cash in the amount of RMB170,000,000. As part of the transactions contemplated under the Supplemental Agreement, the outstanding balance of the consideration under the Disposal Agreement owed by Affluent Ocean in the sum of RMB908,080,000 would be waived by the Company.

LETTER FROM THE BOARD

THE SUPPLEMENTAL AGREEMENT

- Date : 2 December 2022
- Parties : (i) the Company
- (ii) Affluent Ocean
- (iii) Zhuhai Coastal

Pursuant to the confirmatory nomination agreement entered into between the Company, Affluent Ocean and Coastal Greenland Development (Wuhan) Limited (“**Coastal Wuhan**”) dated 30 May 2018, the Company has nominated Coastal Wuhan to be the nominee shareholder of the Disposed Interest. Coastal Wuhan is the nominee shareholder of the Company holding the Disposed Interest on trust for the benefit of the Company and the Company is the ultimate beneficial owner of the Disposed Interest. The sole ultimate beneficial owner of Coastal Wuhan is Yuzhou. According to the annual report of Yuzhou for the year ended 31 December 2022, as at 31 December 2022, each of Mr. Lam Lung On and his spouse, Ms. Kwok Ying Lan, is directly or indirectly interested in approximately 59.09% of the entire issued share capital of Yuzhou.

Assets to be disposed of

Pursuant to the Supplemental Agreement, the Company has conditionally agreed to sell, and Affluent Ocean has conditionally agreed to acquire, the Disposed Interest, being 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 at a consideration of RMB760,000,000.

Asset to be acquired of

The aggregate consideration of RMB880,000,000 for the Disposed Interest and the Shareholder’s Loan shall be satisfied by Affluent Ocean by way of (1) transferring the entire equity interest in Shanghai Coastal to the Company at a consideration of RMB350,000,000; (2) transferring the entire equity interest in Shenyang Zhongguang to the Company at a consideration of RMB360,000,000; and (3) a payment in cash to the Company in the amount of RMB170,000,000.

Condition precedent

The Supplemental Agreement shall be conditional upon having obtained the requisite approval from the Shareholders in relation to the transactions contemplated under the Supplemental Agreement. Save and except as aforesaid, there is no other condition precedent to the Supplemental Agreement.

LETTER FROM THE BOARD

Valuation

The value of the Shangchong Project in the books of Zhuhai Coastal as at 31 March 2023 was HK\$3,038,350,000, whereas the unaudited net asset value of Zhuhai Coastal as at 31 March 2023 was HK\$82,574,000.

The value of the Jianguomenwai Project in the books of Shanghai Coastal as at 31 December 2022 was HK\$196,798,000.

The value of the Sujiatun Project in the books of Shenyang Zhongguang as at 31 December 2022 was HK\$334,081,000.

Independent property valuation reports on these projects are set out in Appendix VII to this circular.

The consideration for the Disposal

The aggregate consideration for the sale and purchase of the Disposed Interest and the Shareholder's Loan is RMB880,000,000 (equivalent to approximately HK\$956,522,000), out of which (a) RMB120,000,000 (equivalent to approximately HK\$130,435,000) is attributable to the sale and purchase of the Disposed Interest and (b) RMB760,000,000 (equivalent to approximately HK\$826,087,000) is attributable to the sale and purchase of the Shareholder's Loan.

The consideration for the Disposal was determined after arm's length negotiations between the Company and Affluent Ocean, taking into account (a) the unaudited net assets value of Zhuhai Coastal; and (b) the future prospects of Zhuhai Coastal as set out in the paragraphs headed "REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL AGREEMENT AND USE OF PROCEEDS" in this circular.

The consideration for the Acquisition

The aggregate consideration for the sale and purchase of the Acquired Interest is RMB880,000,000 (equivalent to approximately HK\$956,522,000), out of which RMB350,000,000 (equivalent to approximately HK\$380,435,000) is attributable to the sale and purchase of the entire equity interest in Shanghai Coastal, RMB360,000,000 (equivalent to approximately HK\$391,304,000) is attributable to the sale and purchase of the entire equity interest in Shenyang Zhongguang and RMB170,000,000 (equivalent to approximately HK\$184,783,000) shall be settled by Affluent Ocean to the Company by cash.

According to the Supplemental Agreement, the RMB170,000,000 payable by Affluent Ocean to the Company shall be satisfied by Affluent Ocean in the following manner: (i) as to RMB50,000,000 (equivalent to approximately HK\$54,348,000) in cash to be released by the bank to the Company upon the change of the legal representative of Zhuhai Coastal to a person designated by Affluent Ocean; and (ii) as to the remaining RMB120,000,000 (equivalent to approximately HK\$130,435,000) by 12 post-dated cheques drawn by Affluent Ocean in favour of the Company in the amount of RMB10,000,000 each per month starting from 15 January 2023. As at the Latest Practicable Date, the Company has received RMB140,000,000 (equivalent to approximately HK\$152,174,000) in cash from Affluent Ocean pursuant to the Supplemental Agreement.

LETTER FROM THE BOARD

The consideration for the Acquisition was determined after arm's length negotiation between the Company and Affluent Ocean, taking into account (a) the net book value of the Jianguomenwai Project; (b) the net book value of the Sujiatun Project; and (c) the parties' perception on the future prospects of the Jianguomenwai Project and the Sujiatun Project as set out in the paragraphs headed "REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL AGREEMENT AND USE OF PROCEEDS" in this circular.

Completion

Upon Completion, the Group will cease to have any interest in Zhuhai Coastal and Zhuhai Coastal shall cease to be a direct non-wholly owned subsidiary of the Company. The financial information of Zhuhai Coastal will no longer be consolidated into the Group's consolidated financial statements.

Upon Completion, each of Shanghai Coastal and Shenyang Zhongguang will become an indirect wholly owned subsidiary of the Company and the financial information of Shanghai Coastal and Shenyang Zhongguang will be consolidated into the financial statements of the Company.

REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL AGREEMENT AND USE OF PROCEEDS

The purpose of entering into the Supplemental Agreement is to settle the outstanding obligations and liabilities of the Company and Affluent Ocean under the Disposal Agreement. Since the completion of the transactions contemplated under the Disposal Agreement, the Company has been demanding Affluent Ocean to fulfil its payment obligations under the Disposal Agreement immediately. However, Affluent Ocean refused to comply with its obligations thereunder as they were disputing over the valuations of certain properties included in the Disposal Agreement and the Company and Affluent Ocean have since been engaging in negotiation over the payment of outstanding balance of the consideration under the Disposal Agreement without any success. At the same time, the Company has promptly consulted its PRC legal adviser on the prospects of success, costs and time involved in resorting to litigation in order to enforce its rights under the Disposal Agreement and demand for payment of the outstanding balance of the consideration under the Disposal Agreement from Affluent Ocean. Upon obtaining the advice of its PRC legal adviser and deliberation by the Company of the cost and benefit involved, litigation represents an infeasible option for the Company because of the substantial legal costs and the prolonged time and resources it necessitates. Therefore, having also considered the opportunity to realise the value of the Disposed Interest at a reasonable price as set out in the following paragraph, the Directors consider that entering into the Supplemental Agreement to settle the outstanding obligations of Affluent Ocean under the Disposal Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The Company and Affluent Ocean entered into the Disposal Agreement on 13 January 2018 in relation to the disposal of the entire equity interest in Century East Group Limited at a consideration of approximately RMB3,800,000,000 (equivalent to approximately HK\$4,130,435,000). As at the Latest Practicable Date, the Company has received RMB2,891,920,000 (equivalent to approximately HK\$3,143,391,000) from Affluent Ocean pursuant to the Disposal Agreement. By entering into the Supplemental Agreement, the Company and Affluent Ocean sought to resolve all the outstanding obligations of the parties under the Disposal Agreement. Upon Completion, the Company and Affluent Ocean shall have completed all their obligations under the Disposal Agreement and the Supplemental Agreement and the outstanding balance of the consideration under the Disposal Agreement owing by Affluent Ocean in the sum of RMB908,080,000 (equivalent to approximately HK\$987,043,000) will be waived by the Company.

Having considered the current business operations of Zhuhai Coastal, the Disposal represents an opportunity to realise the value of the Disposed Interest at a reasonable price in light of the significant concern of the Group on the future prospects of Zhuhai Coastal and the Shangchong Project, given a prevailing unfavourable market atmosphere has casted over the PRC property sector in general. By a reminder letter issued by the Urban Renewal Bureau of Xiangzhou District, Zhuhai City (the “**Bureau**”) to Zhuhai Coastal dated 4 November 2022, the Bureau reminded Zhuhai Coastal that it shall enter into the agreement in respect of the assignment of land use right of the Shangchong Project by 4 December 2022 pursuant to an implementation agreement dated 16 June 2022 entered into between Zhuhai Coastal and the Bureau (the “**Implementation Agreement**”). In the event that Zhuhai Coastal fails to perform in accordance with the terms and conditions of the Implementation Agreement, that is, that Zhuhai Coastal fails to enter into the agreement in respect of the assignment of land use rights of the Shangchong Project by 4 December 2022, it shall be liable to breach of the Implementation Agreement and the Bureau may, among other things, potentially revoke the qualifications of Zhuhai Coastal to execute the Shangchong Project and all its relevant licenses, permits and approvals, and forfeit the security deposit that Zhuhai Coastal has paid to the Bureau in respect of the Shangchong Project.

As at the Latest Practicable Date, the properties held under the Sujiatun Project and the Jianguomenwai Project were bare lands yet to be developed, whereas the Shangchong Project is a residential use project with a plan for a composite development. The site of the Shangchong Project is currently land with dilapidated buildings. The current status of the Shangchong Project is demolition of existing structures and resettlement of the original residents before development work can commence. Therefore, it is not expected that agreements in the nature of the Implementation Agreement will be entered into with the Bureau in the near future in respect of the Sujiatun Project and the Jianguomenwai Project. As at the Latest Practicable Date, the Company has not received any letter and there is no requirement under any agreement that the Group entered with the Bureau regarding the deadline that the Group has to meet to hold the bare lands for development. Furthermore, there is no regulatory requirement or condition that requires the Group to commence or complete development of the bare lands, being the Disposed Interest, by a particular date.

LETTER FROM THE BOARD

As soon as the Group realised that it was no longer able to devote any further financial resources into the development of the Shangchong Project, since 2020, the Group has been actively looking for purchasers for the Disposed Interest in order to realise its investment in the Shangchong Project. However, as the property market in the PRC has not fully recovered from the collapse of the property market in the PRC in 2020, where some of the major real estate developers in the PRC were seen defaulting on their debts and struggling to complete projects, the Group was not able to procure any other interested parties to purchase the Disposed Interest and take up the Shangchong Project. Affluent Ocean was the only party who approached the Group with an interest in purchasing the Disposed Interest and therefore, in order to recoup its investment in the Shangchong Project, the Group had no other viable alternative but to dispose the Shangchong Project to Affluent Ocean.

On the other hand, the Acquisition will enable the Group to expand the Group's property portfolio, which is in line with the Group's strategy to maintain geographically well-diversified land portfolio. The Group does not have any immediate plans to develop the Jianguomenwai Project and Sujiatun Project and will hold both projects for medium to long-term capital appreciation.

Upon Completion, the Company will retain a total of 8 property projects completed for sale or to be scheduled for development in its portfolio which include residential and commercial projects located in Anshan, Dalian, Shenyang, Beijing and Chongqing.

Details of the property projects are as below:

Project Name	Location	Project type	GFA of the development sq.m.	GFA held as at 31 March 2023 sq.m.	Market value in existing state as at 31 March 2023 RMB '000	Project status	Interest attributable to the Group
Anshan Coastal Xintiandi Project	Tiedong District, Anshan	Commercial	28,943	16,443	127,000	Completed for sale	100%
Dalian Coastal International Centre	Shahekou District, Dalian	Mixed use	217,200	8,163	50,700	Completed for sale	100%
Dalian Jianzhu Project	Ganjingzi District, Dalian	Residential	168,900	6,156	73,800	Completed for sale	100%
Dalian Jinzhou Project	Jinzhou District, Dalian	Medical and hygiene	123,046	123,046	172,000	To be determined*	100%
Beijing Bay Project	Changping District, Beijing	Residential	266,934	266,934 [#]	2,962,000	Completed for sale	40%
Chongqing Silo City	Beipei District, Chongqing	Residential	266,149	30,637	83,100	Completed for sale	35%
Sujiatun Project	Sujiatun District, Shenyang	Mixed use	1,914,900	n/a	n/a	To be determined*	100%
Jianguomenwai Project	Chaoyang District, Beijing	Office	44,900	n/a	n/a	To be determined*	65%

* As at the Latest Practicable Date, the properties were bare lands.

As at 31 March 2023, GFA of approximately 209,415 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

The revenue has been recognised on an ongoing basis for the completed projects as and when the properties are sold. As at the Latest Practicable Date, there is no requirement or deadline that the Company needs to meet to sell the properties or develop the bare lands.

With the positive boost of net cash flow from the transactions contemplated under the Supplemental Agreement, the Group expects to continue its property development on its remaining projects. Therefore, the Group does not expect the Supplemental Agreement to have any significant change to the Group's current business operations.

The Group expects to realise net proceeds from the transactions contemplated under the Supplemental Agreement of approximately RMB113,038,000 (equivalent to approximately HK\$122,867,000), and, after deducting the transaction costs and estimated tax impact on the Disposal, will be used by the Group as general working capital.

The net proceeds of RMB113,038,000 (equivalent to approximately HK\$122,867,000) were arrived at after deducting from the cash consideration of RMB170,000,000 (equivalent to approximately HK\$184,783,000) (a) the professional fees incurred in Hong Kong in the aggregate amount of approximately RMB1,262,000 (equivalent to approximately HK\$1,372,000); (b) legal professional fees incurred in the PRC in the aggregate amount of RMB700,000 (equivalent to approximately HK\$761,000); (c) the maximum external intermediary service fee of the parties in relation to the transactions contemplated under the Disposal Agreement and the Supplemental Agreement agreed to be borne by the Company in the amount of RMB50,000,000 (equivalent to approximately HK\$54,348,000) and (d) the estimated PRC tax charged in respect of the Disposal in the amount of RMB5,000,000 (equivalent to approximately HK\$5,435,000).

The Company agreed to bear the external intermediary service fee incurred by Affluent Ocean pursuant to the terms of the Supplemental Agreement in an amount not more than RMB50,000,000 as part of the transaction and commercial arrangement between the parties. The amount of no more than RMB50,000,000 is paid for and on behalf of Affluent Ocean. The external intermediary service fee includes advisory services for commercial negotiations and coordination and tax planning, etc. regarding the three development projects contemplated in the transaction.

Taking into account the reasons for entering into the Supplemental Agreement as set out above, the Directors believe that the terms of the Supplemental Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL AND THE ACQUISITION

Based on the unaudited net asset value of the Zhuhai Coastal as set out in Appendix II to this circular (being approximately HK\$82,574,000 as at 31 March 2023), it is estimated that the Company will realise an unaudited loss on the Disposal of approximately HK\$72,920,000, being the difference between the cash consideration, the unaudited net assets value of Zhuhai Coastal, the carrying amount of the Shareholder's Loan and amounts due from Yuzhou, the fair value of the Acquired Interest, relevant transaction costs and tax. The above figures are for illustrative purpose only. The actual loss in connection with the Disposal will be determined based on the net proceeds received, the fair value of the Acquired Interest as to be valued by independent professional valuer at Completion, the financial position of Zhuhai Coastal at Completion and subject to the review and final audit by the independent auditors of the Company.

LETTER FROM THE BOARD

Following the waiver of the outstanding balance of the consideration of RMB908,080,000 (equivalent to approximately HK\$987,043,000) under the Disposal Agreement, the amount of this outstanding balance will be fully written off.

Taking into account (i) the unaudited loss on the Disposal of approximately HK\$72,920,000; and (ii) the waiver of the outstanding balance of the consideration of RMB908,080,000 (equivalent to approximately HK\$987,043,000) under the Disposal Agreement as set out above, the combined financial effects as a result of the Disposal and the Acquisition would be a net loss of HK\$1,059,963,000.

It is expected that the asset and liabilities of the Group will decrease as a result of the Completion. Based on the current information available, it is also expected that upon Completion, the loss attributable to owners of the Company will increase.

Assets and liabilities

As set out in Appendix VI to this circular, assuming the Disposal had taken place on 31 March 2023, the total assets of the Group would decrease from approximately HK\$6,770,554,000 to approximately HK\$3,248,909,000 while total liabilities of the Group would decrease from approximately HK\$3,967,848,000 to approximately HK\$1,332,317,000.

Earnings

As set out in Appendix VI to this circular, assuming the Completion had taken place on 31 March 2023, the loss of the Group would increase from approximately HK\$418,946,000 to approximately HK\$1,344,488,000.

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 Company as at Completion, which will be audited, and eventually be recognised in the consolidated financial statements of the Company.

INFORMATION OF THE PARTIES

The Company

The Company is principally engaged in investment holding and the Group is engaged in the principal activities of property development, property investment, project management services and project investment services.

Affluent Ocean

Affluent Ocean is a company incorporated in the British Virgin Islands with limited liability. Affluent Ocean is principally engaged in investment holding. It is a wholly owned subsidiary of Yuzhou, a company incorporated in the Cayman Islands with limited liability with the principal business activities of property development, property investment, property management and hotel operations in the PRC and Hong Kong.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Affluent Ocean and Yuzhou is an Independent Third Party.

Zhuhai Coastal

Zhuhai Coastal is a company established in the PRC and is principally engaged in property development and, as at the Latest Practicable Date and immediately prior to Completion, is owned directly as to 66.67% by the Company and the remaining 33.33% by Hengqin Coastal Creative Exhibition Technology Company Limited* (橫琴沿海創展科技有限公司), the ultimate beneficial owner of which is Mr. Zhang Guoyi, an Independent Third Party. The sole material asset of Zhuhai Coastal is the Shangchong Project.

The unaudited net loss (both before and after taxation and extraordinary items) attributable to Zhuhai Coastal for the three financial years ended 31 March 2021, 2022 and 2023 were as follows:–

	Year ended 31 March		
	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000
	<i>Approximately</i>	<i>Approximately</i>	<i>Approximately</i>
	(unaudited)	(unaudited)	(unaudited)
Net loss (before taxation)	2,564	6,089	19,272
Net loss (after taxation)	2,564	6,089	19,272

The unaudited net asset value of Zhuhai Coastal as at 31 March 2023 was HK\$82,574,000.

INFORMATION OF THE ACQUIRED INTEREST

Shanghai Coastal

Shanghai Coastal is a company established in the PRC with limited liability and is principally engaged in property development and investment holding. The material assets of Shanghai Coastal are the Jianguomenwai Project and 65% equity interest in Beijing Tianlun, a dormant company established in the PRC with limited liability. The Jianguomenwai Project is owned by Shanghai Coastal as to 65% and Beijing Industry Development Corporation* (北京實業開發總公司) as to 35%. Beijing Tianlun is owned by Shanghai Coastal as to 65% and by Beijing Industry Development Corporation* as to 35%. Beijing Industry Development Corporation is a wholly owned subsidiary of Beijing Foreign Service Office* (北京市對外服務辦公室), a state-owned enterprise established under the laws of the PRC.

The unaudited net loss (both before and after taxation and extraordinary items) attributable to Shanghai Coastal for the three financial years ended 31 December 2020, 2021 and 2022 were as follows:–

LETTER FROM THE BOARD

	Year ended 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
	<i>Approximately</i>	<i>Approximately</i>	<i>Approximately</i>
	(unaudited)	(unaudited)	(unaudited)
Net loss (before taxation)	3,841	–	49,883
Net loss (after taxation)	3,841	–	49,883

The unaudited net liabilities of Shanghai Coastal as at 31 December 2022 was HK\$41,320,000. The difference between the financial information of Shanghai Coastal contained in this circular and the circular of Yuzhou dated 30 March 2023 is mainly due to adjustment made by reporting accountants during the Acquisition in respect of writing off certain other receivables due to corresponding receivables becoming credit-impaired.

On 30 November 2022, Shanghai Coastal as the vendor and Foshan Hongzhou Real Estate Development Company Limited, a subsidiary of Yuzhou, as the purchaser, entered into a disposal agreement, pursuant to which Shanghai Coastal has agreed to sell 100% of the equity interest in Foshan Harmonious Realty Development Company Limited (“**Foshan Harmonious**”) at a consideration of RMB228,604,000 (equivalent to approximately HK\$248,483,000). Such sale was completed on 6 December 2022 and Shanghai Coastal no longer holds any equity interest in Foshan Harmonious.

The disposal of Foshan Harmonious was carried out for the purpose of an internal restructuring exercise to facilitate the Acquisition as Foshan Harmonious did not form part of the Acquired Interest intended to be acquired by the Company.

Shenyang Zhongguang

Shenyang Zhongguang is a company established in the PRC with limited liability and is principally engaged in property development. The sole material asset of Shenyang Zhongguang is the Sujiatun Project.

The unaudited net loss (both before and after taxation and extraordinary items) attributable to the Shenyang Zhongguang for the three financial years ended 31 December 2020, 2021 and 2022 were as follows:–

	Year ended 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
	<i>Approximately</i>	<i>Approximately</i>	<i>Approximately</i>
	(unaudited)	(unaudited)	(unaudited)
Net loss (before taxation)	6,517	6,321	3,311
Net loss (after taxation)	6,517	6,321	3,311

LETTER FROM THE BOARD

The unaudited net asset value of Shenyang Zhongguang as at 31 December 2022 was HK\$350,879,000. The material differences between the financial information of Shenyang Zhongguang contained in this circular and the circular of Yuzhou dated 30 March 2023 are mainly due to adjustments made by reporting accountants during the disposal of Shenyang Zhongguang from the Company to Yuzhou in the financial year ended 31 March 2019 and the Acquisition due to (i) writing off of certain other receivables due to corresponding receivables becoming credit-impaired; (ii) certain other payables were past due over litigation period and the corresponding creditors did not request repayment; (iii) the fair value adjustment on the item “Property under development” according to the valuation report prepared by independent valuer; and (iv) the adjustments on the finance costs amounting to RMB20,000,000, which should not be borne by Shenyang Zhongguang for the year ended 31 December 2021. These adjustments affected the opening balance of the relevant accounts of the financial information for the subsequent years and thus caused material differences.

During the period ended 31 March 2023, for the purpose of a debt restructuring exercise to facilitate the acquisition of Shenyang Zhongguang by the Company, the shareholders of Shenyang Zhongguang increased its investment in Shenyang Zhongguang in the sum of approximately RMB665,870,000 by capitalising the advances provided by them during the year ended 31 December 2019 (the “**Capital Injection**”). The Capital Injection was initiated by the management of Yuzhou and completed on 15 March 2023. On 9 May 2023, a capital reduction was requested by the management of the Group and completed to the effect that the paid-in capital of Shenyang Zhongguang was reduced to RMB200,000,000 (the “**Capital Reduction**”). As disclosed in the paragraphs headed “REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL AGREEMENT AND USE OF PROCEEDS” in this circular, the Group intends to hold the Sujiatun Project for medium to long-term capital appreciation. The Capital Reduction was carried out in view of the prospects of facilitating the disposal of Shenyang Zhongguang should such opportunities arise in the future. As the effect of the Capital Reduction is non-cash transaction and reflected in the amount due from/to the ultimate holding company item in the current account and any amount due from/to Yuzhou shall be waived upon Completion according to the terms of the Supplemental Agreement, the Capital Reduction was merely conducted to reverse the effect of the Capital Injection and does not affect the value of assets and liabilities to be acquired by the Group and the loss on Disposal.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the percentage ratios applicable to the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition for the Company and the Acquisition is subject to the reporting, announcement and Shareholders’ approval requirements under Chapter 14 of the Listing Rules. As one or more of the percentage ratios applicable to the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company and the Disposal is subject to the reporting, announcement and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

SGM

A notice convening the SGM to be held at 2/F, 35-45B Bonham Strand, Sheung Wan, Hong Kong on Wednesday, 18 October 2023 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 and in any event not later than Monday, 16 October 2023 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 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 Acquisition or the Disposal or are required to abstain from voting at the SGM to approve the Acquisition and the Disposal.

The resolution approving the Supplemental 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 Friday, 13 October 2023 to Wednesday, 18 October 2023, 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 Thursday, 12 October 2023.

RECOMMENDATIONS

The Directors are of the opinion that the terms of the Supplemental Agreement are fair and reasonable and the Supplemental Agreement 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 Supplemental 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

The financial information for the three financial years ended 31 March 2021, 2022 and 2023 are disclosed in the relevant annual reports of the Company published on the website of the Stock Exchange at <http://www.hkexnews.hk>, and the website of the Company at <http://www.irasia.com/listco/hk/coastal>. Quick links to the annual reports 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 2021, 2022 and 2023.

The financial information of the Group for the financial year ended 31 March 2023 is disclosed on pages 60 to 146 of the Company's annual report for the financial year ended 31 March 2023 published on 28 July 2023, available on:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0728/2023072800753.pdf>

The financial information of the Group for the financial year ended 31 March 2022 is disclosed on pages 59 to 147 of the Company's annual report for the financial year ended 31 March 2022 published on 28 July 2022, available on:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0728/2022072800465.pdf>

The financial information of the Group for the financial year ended 31 March 2021 is disclosed on pages 61 to 151 of the Company's annual report for the financial year ended 31 March 2021 published on 28 July 2021, available on:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0728/2021072800794.pdf>

2. INDEBTEDNESS OF THE GROUP (INCLUDING SHANGHAI COASTAL AND SHENYANG ZHONGGUANG)**Borrowings**

At the close of business on 31 August 2023, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group (including Shanghai Coastal and Shenyang Zhongguang) had outstanding borrowings of approximately HK\$1,350,247,000, comprising secured and guaranteed bank borrowings of approximately HK\$1,181,776,000 and secured and guaranteed other borrowings of approximately HK\$168,471,000. The Group's banking facilities and other borrowings were secured by charges over its assets, including land and buildings, investment properties, right of use assets, financial assets at fair value through other comprehensive income, deposits for future acquisition of land use rights, corporate guarantee given by the Company, certain subsidiaries and third parties and personal guarantee and assets given by a substantial shareholder of the Company.

Amount due to a substantial shareholder

As at 31 August 2023, the Group (including Shanghai Coastal and Shenyang Zhongguang) had amount due to a substantial shareholder of the Company of approximately HK\$149,325,000, which is unsecured, interest-free and repayable on demand.

Lease liabilities

As at 31 August 2023, the Group (including Shanghai Coastal and Shenyang Zhongguang) had no lease liabilities.

Contingent liabilities or guarantees

As at 31 August 2023, the Group (including Shanghai Coastal and Shenyang Zhongguang) had no contingent liabilities or guarantees.

Disclaimer

Save as aforesaid or as otherwise disclosed herein, the Group (including Shanghai Coastal and Shenyang Zhongguang) 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), any mortgages or charges, or other material contingent liabilities or guarantees at the close of business of 31 August 2023.

Foreign currency amounts have been translated into Hong Kong dollars at the rates of exchange prevailing at the close of business on 31 August 2023. The Directors are not aware of any material changes in the Group's indebtedness and contingent liabilities (including Shanghai Coastal and Shenyang Zhongguang) since the close of business on 31 August 2023.

3. WORKING CAPITAL

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 publication of this circular (the "**Statement**") after taking into account (i) the internal resources of the Group; (ii) the available credit facilities of the Group; and (iii) the Disposal and the Acquisition.

In assessing the available credit facilities of the Group, the auditor of the Group had obtained written confirmation from the persons or institutions providing finance to the Group confirming the existence of those credit facilities as of 31 August 2023 that are shown to be required by the Company's working capital forecast.

For the purpose of the Statement, the Group includes Shanghai Coastal and Shenyang Zhongguang.

4. MATERIAL ADVERSE CHANGE

The Directors have confirmed that there is no material adverse change in the financial or trading position of the Group since 31 March 2023, being the date to which the latest published audited accounts of the Company were made up to.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

During the year ended 31 March 2023 (the “FY2023”), the Group generated revenue of HK\$211.4 million, as compared to HK\$6.7 million for the previous year. For the FY2023, the Group’s net loss for the year was HK\$418.9 million, compared to HK\$1,085.6 million for the previous year. Loss for the year attributable to owners of the Company was HK\$426.5 million, compared to HK\$942.6 million for the previous year.

During the FY2023, the Group recorded contracted sales in the amount of HK\$19.5 million (2022: HK\$17.3 million) which corresponds to a total GFA of about 6,000 sq.m. (2022: 6,100 sq.m.). Included in the amount was HK\$1.5 million (2022: HK\$14.1 million) related to contracted sales attributable to a development project in which the Group has equity interests of 35% (2022: 35%) and of which the Group is the project manager. Such development project accounted for a corresponding GFA of about 400 sq.m. (2022: 5,600 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 a 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 emerging from certain big names 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 continued 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 GROUP AFTER COMPLETION

Set out below is the management discussion and analysis on the Group after Completion for the three financial years ended 31 March 2021, 2022 and 2023 (the “**Reporting Period**”). The financial data in respect of the Group after Completion, for the purpose of this circular, is derived from the consolidated financial statements of the Company for the Reporting Period.

A. Operational and Financial Review

(i) For the year ended 31 March 2021

Business review

During the financial year ended 31 March 2021 (the “**FY2021**”), the Group generated revenue of HK\$129.6 million, representing an increase of about 318% as compared to the HK\$31.0 million for the FY2020. For the FY2021, the Group incurred a loss before taxation of HK\$290.3 million, compared to a loss of HK\$415.0 million for the FY2020. Loss for the FY2021 attributable to owners of the Company was HK\$284.8 million, compared to a loss of HK\$315.4 million for the FY2020.

The revenue of the Group was primarily derived from sales of properties, property rental income and project management services income. For the FY2021, revenue increased by about 319% to about HK\$129.6 million from about HK\$31.0 million in the FY2020. Approximately 96% (2020: 96%) of the Group’s revenue was generated from the sales of properties and about 4% (2020: 4%) from property rental income and project management services income.

Market and industry development and segment results

The 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 FY2021, the recognised sales revenue from sales of properties was HK\$124.7 million, representing an increase of about 321% from the FY2020’s HK\$29.6 million, which corresponds to an increase by 361% in the total GFA delivered by the Group of 14,750 sq.m. (2020: 3,200 sq.m.). The property sales revenue for the FY2021 came from the sale of Anshan Coastal Xintiandi Project and Shanghai Golden Bridge Mansion which respectively accounted for about 71% and 26% of the total property sales revenue.

Property Investment

Revenue from property rental increased to HK\$4.9 million from the FY2020's HK\$0.9 million. The increase was primarily attributable to the increased GFA for rental purpose. The property investment segment for the FY2021 recorded a profit of HK\$7.3 million which included a gain on disposal of property, plant and equipment of about HK\$6.4 million during the FY2021, comparing to a loss of HK\$1.2 million for the FY2020.

Project Management Services

During the FY2021, the Group did not generate any revenue from project management services (2020: HK\$0.5 million) as the Group is phasing out from the business in this segment. The project management services segment recorded a loss of about HK\$3.5 million for the FY2021 comparing to HK\$3.0 million for the FY2020.

Project Investment Services

During the FY2020 and FY2021, the Group did not generate any profit from the operations of this segment. The Group will continue to look for opportunities in relation to investment in and sale of property development/land development projects in the PRC.

Gross Profit Margin

The gross profit margin for the FY2021 was about 26% as compared to 10% for the FY2020. The increase in the gross profit margin was primarily attributable to sale of higher value properties during the FY2021.

Financial resources and liquidity

As at 31 March 2021, the Group's cash and bank balances amounted to approximately HK\$303.7 million (2020: HK\$292.7 million). As at 31 March 2021, the net borrowings of the Group, being interest-bearing bank and other borrowings less cash and bank balances and pledged bank deposits, amounted to approximately HK\$1,763.8 million (2020: HK\$1,695.3 million). As at 31 March 2021, the total fixed-rate borrowings of the Group amounted to HK\$1,634 million. Net debt to total equity ratio, which is expressed as a percentage of net borrowings over total equity of the Group, increased by about 1% to 37% from 36% as at 31 March 2020.

Foreign currency risk

The 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 Group's operations will not be unduly exposed to exchange rates fluctuations as all the major assets, mainly property development project of the Group are located in the PRC and will generate RMB revenue to the Group. Except certain bank and other borrowings which are denominated in US\$ or HK\$, most of the 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 Group's operations. The 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.

Charge on assets

As at 31 March 2021, certain assets of the Group including land and buildings, investment properties, bank deposits, properties under development and completed properties for sale with aggregate carrying value of HK\$553.0 million (2020: HK\$766.1 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 2021, the Group had no contingent liability (2020: nil).

Capital structure

As at 31 March 2021, the share capital of the Company comprised ordinary shares only.

Employees and remuneration policy

As at 31 March 2021, the Group had about 77 employees (2020: 80 employees) in the PRC and Hong Kong. The related employees' cost (including the Directors' remuneration and certain staff retrenchment costs) for the FY2021 amounted to approximately HK\$53.7 million (2020: HK\$55.3 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 Group also provides other benefits to its employees including mandatory provident fund, medical insurance coverage and housing allowances.

*(ii) For the year ended 31 March 2022**Business review*

During the financial year ended 31 March 2022 (the “FY2022”), the Group generated revenue of HK\$6.7 million, representing a decrease of about 95% as compared to the HK\$129.6 million for the FY2021. For the FY2022, the Group incurred a loss before taxation of HK\$1,083.0 million, compared to a loss of HK\$290.3 million for the FY2021. Loss for the FY2022 attributable to owners of the Company was HK\$940.0 million, compared to a loss of HK\$284.8 million for the FY2021.

The revenue of the Group was primarily derived from sales of properties and property rental income. For the FY2022, revenue decreased by about 95% to about HK\$6.7 million from about HK\$129.6 million in the FY2021. Approximately 31% (2021: 96%) of the Group’s revenue was generated from the sales of properties and about 69% (2021: 4%) from property rental income.

Market and industry development and segment results

The 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 was HK\$2.1 million, representing a decrease of approximately 98% from the FY2021’s HK\$124.7 million, which corresponds to a decrease by 96% in the total GFA delivered by the Group of 520 sq.m. (2021: 14,750 sq.m.). The property sales revenue for the FY2022 mainly came from the sale of inventory in developments completed in prior years, namely Anshan Coastal Xintiandi Project, Anshan Wisdom New City and Dalian Jianzhu Project which respectively accounted for approximately 33%, 29% and 25% of the total property sales revenue.

Property Investment

Revenue from property rental 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. The property investment segment for the FY2022 recorded a loss of HK\$19.5 million which included a loss on disposal of property, plant and equipment of about HK\$11.9 million during the FY2022, comparing to a profit of HK\$7.3 million for the FY2021.

Project Management Services

During the FY2022, the Group did not generate any revenue from project management services (2021: nil) as the Group is phasing out from the business in this segment. The project management services segment recorded a loss of about HK\$2.3 million for the FY2022 comparing to HK\$3.5 million for the FY2021.

Gross Profit Margin

The gross profit margin for the FY2022 was about 61% as compared to 26% for the FY2021. The significant increase in the gross profit margin was primarily attributable to the change in revenue mix, in which a majority of the revenue was derived from rental income during the FY2022.

Financial resources and liquidity

As at 31 March 2022, the Group's cash and bank balances amounted to approximately HK\$205.6 million (2021: HK\$303.7 million). As at 31 March 2022, the net borrowings of the Group, being interest-bearing bank and other borrowings less cash and bank balances and pledged bank deposits, amounted to approximately HK\$224.2 million (2021: HK\$1,763.8 million). As at 31 March 2022, the total fixed-rate borrowings of the Group amounted to HK\$98.6 million. Net debt to total equity ratio, which is expressed as a percentage of net borrowings over total equity of the Group, decreased by approximately 31% to 6% from the FY2021's 37%. The significant improvement was due to the repayment of a loan balance of approximately HK\$1,604.2 million during the FY2022.

Foreign currency risk

The 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 Group's operations will not be unduly exposed to exchange rates fluctuations as all the major assets, mainly property development project, of the Group are located in the PRC and will generate RMB revenue to the Group. Except certain bank and other borrowings which are denominated in US\$ or HK\$, most of the 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 Group's operations. The 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.

Charge on assets

As at 31 March 2022, certain assets of the Group including land and buildings, investment properties, right-of-use assets and bank deposits with aggregate carrying value of HK\$352.9 million (2021: HK\$553.0 million), corporate guarantee given by the Company and certain subsidiaries and personal guarantee and assets given by a substantial shareholder of the Company were pledged to secure the bank and other borrowings.

Contingent liabilities

As at 31 March 2022, the 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 Group had about 62 employees (2021: 77 employees) in the PRC and Hong Kong. The related employees' cost (including the Directors' remuneration) for the FY2022 amounted to approximately HK\$44.8 million (2021: HK\$53.7 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 Group also provides other benefits to its employees including mandatory provident fund, medical insurance coverage and housing allowances.

(iii) For the year ended 31 March 2023*Business review*

During the financial year ended 31 March 2023 (the "FY2023"), the Group generated revenue of HK\$211.4 million as compared to HK\$6.7 million for the FY2022. The Group's net loss for the FY2023 was HK\$399.6 million compared to HK\$1,081.5 million for the FY2022. The loss attributable to owners of the Company for the FY2023 was HK\$407.4 million, compared to HK\$942.6 million for the FY2022.

The revenue of the Group was primarily derived from sales of properties and property rental income. For the FY2023, approximately 98% (2022: 31%) of the Group's revenue was generated from the sales of properties and approximately 2% (2022: 69%) from property rental income.

Market and industry development and segment results

The 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 was HK\$207.1 million as compared to HK\$2.1 million for the FY2022, which corresponds to a total GFA delivered by the Group of 176,000 sq.m. (2022: 520 sq.m.). The property sales revenue for the FY2023 mainly came from the sale of inventory in Jixi Silo City completed in prior years, which accounted for approximately 98% of the total property sales revenue.

Property Investment

Revenue from property rental slightly decreased to HK\$4.3 million from the FY2022's HK\$4.6 million. The decrease was primarily attributable to the rent reduction and rent free period provided to certain tenants. The property investment segment for the FY2023 recorded a loss of HK\$14.9 million, comparing to HK\$19.5 million for the FY2022.

Project Management Services

During the FY2023, the Group did not generate any revenue from project management services as the Group is phasing out from the business in this segment. The project management services segment recorded a loss of approximately HK\$0.8 million for the FY2023 comparing to HK\$2.3 million for the FY2022.

Gross Loss

The negative gross profit margin for the FY2023 was approximately 24% which was in contrast to gross profit margin of 61% for the FY2022. The negative gross profit margin was primarily attributable to the recognition of sales revenue from affordable houses of Jixi Silo City during the FY2023 which are for resettlement of local residents and can only be sold at a lower amount than the original estimated amount.

Financial resources and liquidity

As at 31 March 2023, the Group's cash and bank balances amounted to approximately HK\$23.8 million (2022: HK\$205.6 million). As at 31 March 2023, the net borrowings of the Group, being interest-bearing bank and other borrowings less cash and bank balances and pledged bank deposits, amounted to approximately HK\$258.7 million (2022: HK\$224.2 million). Net debt to total equity ratio, which is expressed as a percentage of net borrowings over total equity of the Group, slightly increased by approximately 4% to 10% from the FY2022's 6%, maintaining at a manageable level.

Foreign currency risk

The 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 despite a steady depreciation in RMB has occurred during the FY2023. Also the Group's operations will not be unduly exposed to exchange rates fluctuations as all the major assets, mainly property development projects of the Group are located in the PRC and will generate RMB revenue to the Group. Except certain bank and other borrowings which are denominated in HK\$ which account for less than 10% of the Group's total borrowings, most of the 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 Group's operations. The 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.

Charge on assets

As at 31 March 2023, certain assets of the Group including land and buildings, investment properties, right-of-use assets, and financial assets at fair value through other comprehensive income with aggregate carrying value of HK\$269.1 million (2022: HK\$352.9 million), personal guarantee and assets given by a substantial shareholder of the Company and corporate guarantees given by the Company and certain subsidiaries were pledged to secure the bank and other borrowings.

Contingent liabilities

As at 31 March 2023, the Group hand 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 Group had approximately 41 employees (2022: 62 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\$36.9 million (2022: HK\$44.8 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 Group also provides other benefits to its employees including mandatory provident fund, medical insurance coverage and housing allowances.

B. 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.

C. Material Acquisitions and Disposals of Subsidiaries and Associates

Material acquisitions and disposals of subsidiaries and associates during the Reporting Period are detailed as follows:

On 9 August 2021, the Group entered into an agreement with the Jixi Municipal People's Government of Heilongjiang Province ("**Jixi Municipal People's Government**") and Jixi Jiguan District Pengcheng Urban Construction Investment Company Limited* (雞西市雞冠區鵬程城市建設投資有限公司) ("**Jixi Jiguan**"), a state-owned enterprise, pursuant to which the Group shall surrender the lands situated at Jixi City, Heilongjiang, the PRC with an aggregate total site area of approximately 153,911 sq.m. to the Jixi Municipal People's Government and the compensation amount payable by the Jixi Municipal People's Government for such lands in the amount of RMB224,000,000 shall be fully offset against such repurchase amount payable by the Group to Jixi Jiguan in the amount of RMB224,000,000 under a repurchase agreement dated 21 April 2017.

Save as disclosed above and the Disposal and the Acquisition, the Group did not acquire or dispose of any material subsidiaries, associates and joint ventures during the Reporting Period.

D. Significant Investments

For the Reporting Period, the Group had no significant investments.

E. Gearing Ratios

The gearing ratio was arrived at by dividing the total borrowings by the total assets of the Group. As at 31 March 2021, 31 March 2022 and 31 March 2023, the gearing ratio of the Group was 31%, 11% and 7%, respectively.

F. Liquidity Risk Management

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

The Group relies on bank and other borrowings as a significant source of liquidity. The 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.

The following is the text of a report in relation to the Financial Information of Zhuhai Coastal received from BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this circular.



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REPORT ON REVIEW OF FINANCIAL INFORMATION OF ZHUHAI COASTAL GREENLAND REAL ESTATE COMPANY LIMITED

To the Board of Directors of Coastal Greenland Limited

Introduction

We have reviewed the financial information of Zhuhai Coastal Greenland Real Estate Company Limited (“**Zhuhai Coastal**”) set out on pages II-3 to II-7 which comprises the unaudited statements of financial position of Zhuhai Coastal as at 31 March 2021, 2022 and 2023 and the unaudited statements of profit or loss and other comprehensive income, unaudited statements of cash flows and unaudited statements of changes in equity for each of the years ended 31 March 2021, 2022 and 2023 and certain explanatory notes (altogether referred to as the “**Financial Information**”). The Financial Information has been prepared solely for the purpose of inclusion in the circular of Coastal Greenland Limited (the “**Company**”) in connection with the disposal of the 66.67% equity interest in Zhuhai Coastal and assignment of the shareholder’s loan pursuant to the terms and conditions of the Supplemental Agreement as defined on page II-7 (the “**Disposal**”) in accordance with paragraph 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The directors of the Company (the “**Directors**”) are responsible for the preparation and presentation of the Financial Information of Zhuhai Coastal in accordance with the basis of preparation set out in note 2 to the Financial Information and paragraph 14.68(2)(a)(i) of the Listing Rules. The Directors are also responsible for such internal control as management determines is necessary to enable the preparation of Financial Information that is free from material misstatement, whether due to fraud or error. The Financial Information 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” or an interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). Our responsibility is to express a conclusion on this Financial Information based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” 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 HKICPA. A review of the financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Financial Information of Zhuhai Coastal is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Financial Information.

BDO Limited

Certified Public Accountants

Hong Kong, 29 September 2023

APPENDIX II FINANCIAL INFORMATION OF ZHUHAI COASTAL

UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 March		
	2021	2022	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)
Other income and gains	8,900	2,382	309
Administrative expenses	(11,048)	(8,241)	(737)
Impairment loss recognised on other receivables, net	–	–	(18,686)
Other expenses	(62)	(61)	(148)
Finance costs	<u>(354)</u>	<u>(169)</u>	<u>(10)</u>
Loss before taxation	(2,564)	(6,089)	(19,272)
Taxation	<u>–</u>	<u>–</u>	<u>–</u>
Loss for the year	(2,564)	(6,089)	(19,272)
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange differences arising on translation to presentation currency	<u>8,467</u>	<u>4,591</u>	<u>(8,087)</u>
Total comprehensive income for the year	<u><u>5,903</u></u>	<u><u>(1,498)</u></u>	<u><u>(27,359)</u></u>

APPENDIX II FINANCIAL INFORMATION OF ZHUHAI COASTAL

UNAUDITED STATEMENTS OF FINANCIAL POSITION

	As at 31 March		
	2021 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Non-current assets			
Property, plant and equipment	3,579	3,544	3,320
Right-of-use assets	<u>2,402</u>	<u>1,045</u>	<u>–</u>
Total non-current assets	<u>5,981</u>	<u>4,589</u>	<u>3,320</u>
Current assets			
Prepayments, deposits and other receivables	3,149,459	3,855,349	3,702,711
Cash and bank balances	<u>134,597</u>	<u>145,266</u>	<u>133,822</u>
Total current assets	<u>3,284,056</u>	<u>4,000,615</u>	<u>3,836,533</u>
Current liabilities			
Other payables and accruals	1,273,273	1,696,100	1,581,530
Amounts due to related parties	1,074,531	995,960	1,056,476
Lease liabilities	2,151	1,056	–
Tax payables	<u>–</u>	<u>–</u>	<u>5,555</u>
Total current liabilities	<u>2,349,955</u>	<u>2,693,116</u>	<u>2,643,561</u>
Net current assets	<u>934,101</u>	<u>1,307,499</u>	<u>1,192,972</u>
Total assets less current liabilities	<u>940,082</u>	<u>1,312,088</u>	<u>1,196,292</u>
Non-current liabilities			
Lease liabilities	425	–	–
Interest-bearing bank borrowings	<u>828,226</u>	<u>1,202,155</u>	<u>1,113,718</u>
Total non-current liabilities	<u>828,651</u>	<u>1,202,155</u>	<u>1,113,718</u>
Net assets	<u>111,431</u>	<u>109,933</u>	<u>82,574</u>
Equity			
Share capital	174,099	174,099	174,099
Reserves	<u>(62,668)</u>	<u>(64,166)</u>	<u>(91,525)</u>
Total equity	<u>111,431</u>	<u>109,933</u>	<u>82,574</u>

APPENDIX II FINANCIAL INFORMATION OF ZHUHAI COASTAL

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

	Reserves			
Share capital	Exchange	Accumulated	Total	
<i>HK\$'000</i>	<i>reserve</i>	<i>losses</i>	<i>HK\$'000</i>	
(unaudited)	(unaudited)	(unaudited)	(unaudited)	
At 1 April 2020	<u>174,099</u>	<u>(7,077)</u>	<u>(61,494)</u>	<u>105,528</u>
Loss for the year	–	–	(2,564)	(2,564)
Exchange differences arising on translation to presentation currency	<u>–</u>	<u>8,467</u>	<u>–</u>	<u>8,467</u>
Total comprehensive income for the year	<u>–</u>	<u>8,467</u>	<u>(2,564)</u>	<u>5,903</u>
At 31 March 2021 and 1 April 2021	<u>174,099</u>	<u>1,390</u>	<u>(64,058)</u>	<u>111,431</u>
Loss for the year	–	–	(6,089)	(6,089)
Exchange differences arising on translation to presentation currency	<u>–</u>	<u>4,591</u>	<u>–</u>	<u>4,591</u>
Total comprehensive income for the year	<u>–</u>	<u>4,591</u>	<u>–</u>	<u>(1,498)</u>
At 31 March 2022 and 1 April 2022	<u>174,099</u>	<u>5,981</u>	<u>(70,147)</u>	<u>109,933</u>
Loss for the year	–	–	(19,272)	(19,272)
Exchange differences arising on translation to presentation currency	<u>–</u>	<u>(8,087)</u>	<u>–</u>	<u>(8,087)</u>
Total comprehensive income for the year	<u>–</u>	<u>(8,087)</u>	<u>(19,272)</u>	<u>(27,359)</u>
At 31 March 2023	<u><u>174,099</u></u>	<u><u>(2,106)</u></u>	<u><u>(89,419)</u></u>	<u><u>82,574</u></u>

APPENDIX II FINANCIAL INFORMATION OF ZHUHAI COASTAL

UNAUDITED STATEMENTS OF CASH FLOWS

	Year ended 31 March		
	2021 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Cash flows from operating activities			
Loss before taxation	(2,564)	(6,089)	(19,272)
Adjustments for:			
Depreciation of property, plant and equipment	291	259	110
Depreciation of right-of-use assets	1,920	2,036	–
Impairment loss recognised on other receivables, net	–	–	18,686
Interest expenses on lease liabilities	354	169	–
Interest income	(8,900)	(2,382)	(309)
Lease modification	–	–	(11)
Loss on disposal of property, plant and equipment	–	–	56
Operating cash flow before working capital changes	(8,899)	(6,007)	(740)
Increase in prepayments, deposits and other receivables	(819,466)	(563,542)	(150,030)
(Decrease) increase in other payables and accruals	(429,955)	362,964	15,797
Cash used in operations	(1,258,320)	(206,585)	(134,973)
Tax paid	–	–	–
Net cash used in operating activities	(1,258,320)	(206,585)	(134,973)
Cash flows from investing activities			
Interest received	8,900	2,382	309
Purchase of property, plant and equipment	(526)	(76)	(203)
Net cash generated from investing activities	8,374	2,306	106
Cash flows from financing activities			
New bank borrowings raised	800,366	333,325	–
Advance from (repayment to) related companies	10,863	(121,759)	134,108
Repayments of lease liabilities	(1,773)	(2,204)	–
Interest paid on lease liabilities	(354)	(169)	–
Net cash generated from financing activities	809,102	209,193	134,108
Net (decrease) increase in cash and cash equivalents	(440,844)	4,914	(759)
Effect of foreign exchange rate changes	29,100	5,755	(10,685)
Cash and cash equivalents at beginning of year	546,341	134,597	145,266
Cash and cash equivalents at end of year	134,597	145,266	133,822

NOTES TO THE FINANCIAL INFORMATION**1. General Information**

Zhuhai Coastal is a limited liability company incorporated in the People's Republic of China. The principal activity of Zhuhai Coastal is property development.

On 2 December 2022, the Company, Affluent Ocean International Limited (“**Affluent Ocean**”) and Zhuhai Coastal entered into a supplemental agreement (the “**Supplemental Agreement**”). Pursuant to the Supplemental Agreement, the aggregate consideration of RMB880,000,000 (equivalent to approximately HK\$956,522,000) shall be satisfied by Affluent Ocean by way of (1) transferring the entire equity interest in Shanghai Coastal Commercial Investment Management Company Limited to the Company at a consideration of RMB350,000,000 (equivalent to approximately HK\$380,435,000); (2) transferring the entire equity interest in Shenyang Zhongguang North Film and Telecom City Company Limited to the Company at a consideration of RMB360,000,000 (equivalent to approximately HK\$391,304,000); and (3) a payment in cash in the amount of RMB170,000,000 (equivalent to approximately HK\$184,783,000).

2. Basis of Preparation

The Financial Information of Zhuhai Coastal for the years ended 31 March 2021, 2022 and 2023 has been prepared in accordance with paragraph 14.68(2)(a)(i) of the Listing Rules, and solely for the purposes of inclusion in this circular issued by the Company in connection with the Disposal and the assignment of the money owed by Zhuhai Coastal to the Company pursuant to the terms and conditions of the Supplement Agreement.

The Financial Information has been prepared in accordance with the same accounting policies as those adopted by the Group in preparation of the consolidated financial statements of the Group for the respective years, which conform with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. The Financial Information has been prepared under the historical cost convention. The Financial Information is presented in Hong Kong Dollars (“**HK\$**”) and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated. The Financial Information are presented in HK\$ which is different from the functional currency of Zhuhai Coastal, Renminbi (“**RMB**”), as the directors of Zhuhai Coastal consider that HK\$ is the appropriate presentation currency in view of its place of listing.

The Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in HKAS 1 (Revised) “Presentation of Financial Statements” nor a set of condensed financial statements as defined in HKAS 34 “Interim Financial Reporting” issued by the HKICPA and that it should be read in conjunction with the relevant published annual reports of the Company.

The following is the text of a report in relation to the Historical Financial Information of the Target Company A received from BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this circular.



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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF SHANGHAI COASTAL COMMERCIAL INVESTMENT MANAGEMENT COMPANY LIMITED

Introduction

We report on the historical financial information of Shanghai Coastal Commercial Investment Management Company Limited (the “**Target Company A**”) set out on pages III-4 to III-21, which comprises the statements of financial position as at 31 December 2020, 2021 and 2022 and 31 March 2023, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the years/period then ended (the “**Relevant Periods**”) and a summary of significant accounting policies and other explanatory information (together the “**Historical Financial Information**”). The Historical Financial Information set out on pages III-4 to III-7 forms an integral part of this report, which has been prepared for inclusion in the circular of Coastal Greenland Limited dated 29 September 2023 (the “**Circular**”) in connection with the acquisition of the entire equity interest in Target Company A and Shenyang Zhongguang North Film and Television City Company Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Target Company A are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2(a) to the Historical Financial Information, and for such internal control as the directors of the Target Company A determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants' Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2(a) to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company A, as well as evaluating the overall presentation of the Historical 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, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company A's financial position as at 31 December 2020, 2021 and 2022 and 31 March 2023 and of the Target Company A's financial performance and cash flows for each of the Relevant Periods in accordance with the basis of preparation set out in note 2(a) to the Historical Financial Information.

Review of Stub Period Comparative Historical Financial Information

We have reviewed the stub period comparative historical financial information of the Target Company A which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the three months ended 31 March 2022 and other explanatory information (together the "**Stub Period Comparative Historical Financial Information**"). The directors of the Target Company A are responsible for the preparation of the Stub Period Comparative Historical Financial Information in accordance with the basis of preparation set out in note 2(a) to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Historical Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Historical Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2(a) to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page III-4 have been made.

Dividends

We refer to note 7 to the Historical Financial Information which states that no dividends have been paid by the Target Company A in respect of the Relevant Periods.

No financial statements for the Target Company A

No financial statements have been prepared for the Target Company A since its date of incorporation.

BDO Limited

Certified Public Accountants

Ng Wai Man

Practising Certificate no. P05309

Hong Kong, 29 September 2023

HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY A

Preparation of the Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Company A for the Relevant Periods, on which the Historical Financial Information is based, were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA (the “Underlying Financial Statements”) and were audited by BDO Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Hong Kong Dollars (“HK\$”), and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Three months ended 31 March	
		2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2022 HK\$'000	2023 HK\$'000
Administrative expenses		-	-	(186)	-	-
Loss on disposal of a subsidiary		-	-	(49,697)	-	-
Impairment loss recognised on other receivables		(3,841)	-	-	-	-
Loss before taxation		(3,841)	-	(49,883)	-	-
Income tax expense	5	-	-	-	-	-
Loss for the year/period		(3,841)	-	(49,883)	-	-
Other comprehensive income						
<i>Item that will not be reclassified to profit or loss:</i>						
Exchange differences arising on translation to presentation currency		515	233	433	66	(844)
Total comprehensive income for the year/period		(3,326)	233	(49,450)	66	(844)

STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at
		2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	31 March 2023 HK\$'000
Non-current assets					
Investments in subsidiaries	8	<u>330,902</u>	<u>340,631</u>	<u>7,277</u>	<u>7,425</u>
Total non-current assets		<u>330,902</u>	<u>340,631</u>	<u>7,277</u>	<u>7,425</u>
Current assets					
Other receivables	9	208,870	215,012	196,798	200,813
Amount due from a subsidiary	10	832	856	784	800
Cash and cash equivalents		<u>11</u>	<u>12</u>	<u>10</u>	<u>10</u>
Total current assets		<u>209,713</u>	<u>215,880</u>	<u>197,592</u>	<u>201,623</u>
Current liabilities					
Amount due to a subsidiary	10	323,179	332,681	-	-
Amount due to ultimate holding company	10	<u>209,539</u>	<u>215,700</u>	<u>246,189</u>	<u>251,212</u>
Total current liabilities		<u>532,718</u>	<u>548,381</u>	<u>246,189</u>	<u>251,212</u>
Net current liabilities		<u>(323,005)</u>	<u>(332,501)</u>	<u>(48,597)</u>	<u>(49,589)</u>
Net assets (liabilities)		<u>7,897</u>	<u>8,130</u>	<u>(41,320)</u>	<u>(42,164)</u>
Equity					
Share capital		11,163	11,163	11,163	11,163
Reserves		<u>(3,266)</u>	<u>(3,033)</u>	<u>(52,483)</u>	<u>(53,327)</u>
Total equity (deficit)		<u>7,897</u>	<u>8,130</u>	<u>(41,320)</u>	<u>(42,164)</u>

STATEMENTS OF CHANGES IN EQUITY

	Reserves			Total HK\$'000
	Share capital HK\$'000	Exchange reserve HK\$'000	Retained profits (accumulated losses) HK\$'000	
At 1 January 2020	11,163	–	60	11,223
Loss for the year	–	–	(3,841)	(3,841)
Exchange differences arising on translation to presentation currency	–	515	–	515
Total comprehensive income for the year	–	515	(3,841)	(3,326)
At 31 December 2020 and 1 January 2021	11,163	515	(3,781)	7,897
Exchange differences arising on translation to presentation currency	–	233	–	233
At 31 December 2021 and 1 January 2022	11,163	748	(3,781)	8,130
Loss for the year	–	–	(49,883)	(49,883)
Exchange differences arising on translation to presentation currency	–	433	–	433
Total comprehensive income for the year	–	433	(49,883)	(49,450)
At 31 December 2022	11,163	1,181	(53,664)	(41,320)
At 1 January 2022	11,163	748	(3,781)	8,130
Exchange differences arising on translation to presentation currency	–	66	–	66
At 31 March 2022 (unaudited)	11,163	814	(3,781)	8,196
At 1 January 2023	11,163	1,181	(53,664)	(41,320)
Exchange differences arising on translation to presentation currency	–	(844)	–	(844)
At 31 March 2023	11,163	337	(53,664)	(42,164)

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Three months ended 31 March	
	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2022 HK\$'000 (unaudited)	2023 HK\$'000
Cash flows from operating activities					
Loss before taxation	(3,841)	-	(49,883)	-	-
Adjustments for:					
Impairment loss recognised on other receivables	3,841	-	-	-	-
Loss on disposal of a subsidiary	-	-	49,697	-	-
Cash used in operations	-	-	(186)	-	-
Tax paid	-	-	-	-	-
Net cash used in operating activities	-	-	(186)	-	-
Cash flows from investing activities					
Advance to a subsidiary	(790)	-	-	-	-
Net cash used in investing activities	(790)	-	-	-	-
Cash flows from financing activities					
Advance from a subsidiary	306,756	-	-	-	-
(Repayment to) advance from ultimate holding company	(305,966)	-	184	-	-
Net cash generated from financing activities	790	-	184	-	-
Net decrease in cash and cash equivalents	-	-	(2)	-	-
Effect of foreign exchange rate change	-	1	-	-	-
Cash and cash equivalents at beginning of year/period	11	11	12	12	10
Cash and cash equivalents at end of year/ period	11	12	10	12	10

NOTES TO THE HISTORICAL FINANCIAL INFORMATION**1. General Information**

The Target Company A is a limited liability company incorporated in the People's Republic of China (the "PRC"). The principal activity of the Target Company A is investment holding.

The directors of the Target Company A consider the Target Company A's immediate holding company and ultimate holding company are Affluent Ocean International Limited, a company incorporated in the British Virgin Islands and Yuzhou Group Holdings Company Limited, a company incorporated in the Cayman Island, respectively.

2. Summary of significant accounting policies**(a) Basis of preparation**

The Historical Financial Information has been prepared in accordance with the accounting policies set out below which conform with HKFRSs (which collective term includes Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the HKICPA. The Historical Financial Information also complies with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued a number of new or revised HKFRSs which are relevant to the Target Company A and became effective during the Relevant Periods. In preparing the Historical Financial Information, the Target Company A has adopted all relevant new or revised HKFRSs effective for accounting period beginning on 1 January 2023, together with the relevant transition provisions, consistently throughout the Relevant Periods.

At the date of this report, certain new or revised HKFRSs have been issued by the HKICPA but are not yet effective and have not been early adopted by the Target Company A. Details of which are set out in note 3 to the Historical Financial Information.

As the Target Company A is a holding company that is a wholly owned subsidiary of another body corporate, it satisfies the exemption criteria set out in Section 379(3)(a) of the Hong Kong Companies Ordinance (Cap. 622) and is therefore not required to prepare consolidated financial statements.

Notwithstanding the Target Company A had net current liabilities of HK\$323,005,000, HK\$332,501,000, HK\$48,597,000 and HK\$49,589,000 respectively at 31 December 2020, 2021, 2022 and 31 March 2023 and the Target Company A had net liabilities of HK\$41,320,000 and HK\$42,164,000 at 31 December 2022 and 31 March 2023, the directors of the Target Company A have prepared the Historical Financial Information on a going concern basis on the ground that Yuzhou Group Holdings Company Limited ("**Yuzhou Group**"), has agreed to continue to support the Target Company A by providing adequate financial assistance. Yuzhou Group has agreed to provide adequate funds for the Target Company A to meet its debts in the subsequent 12 months starting from 31 March 2023.

The Historical Financial Information is presented in HK\$ which is different from the functional currency of the Target Company A, Renminbi (“RMB”), as the directors of the Target Company A consider that HK\$ is the appropriate presentation currency in view of its place of listing of Coastal Greenland Limited.

(b) Subsidiaries

A subsidiary is an investee over which the Target Company A is able to exercise control. The Target Company A controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Target Company A on the basis of dividend received and receivable.

(c) Financial Instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Target Company A commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Target Company A's business model for managing the asset and the cash flow characteristics of the asset.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

(ii) Impairment loss on financial assets

The Target Company A recognises loss allowances for expected credit loss (“ECL”) on amount due from a subsidiary measured at amortised cost. The ECLs are measured on either of the following bases: (1) twelve months ECLs: these are the ECLs that result from possible default events within the twelve months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Target Company A is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Target Company A in accordance with the contract and all the cash flows that the Target Company A expects to receive. The shortfall is then discounted at an approximation to the assets’ original effective interest rate.

For other debt financial assets, the ECLs are based on the twelve months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Target Company A considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Target Company A’s historical experience and informed credit assessment and including forward-looking information.

The Target Company A assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Target Company A considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Target Company A in full, without recourse by the Target Company A to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Target Company A classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including amount due to a subsidiary and amount due to ultimate holding company by the Target Company A are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Target Company A are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Target Company A derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(d) Income taxes

Income taxes for the year/period comprise current tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of each Relevant Periods.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

(e) Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and form an integral part of the Target Company A's cash management.

(f) Revenue recognition

Dividend income is recognised when the right to receive the dividend is established.

(g) Foreign currency

At the end of each Relevant Periods, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences relating to the retranslation of the Target Company A's net assets in RMB to its presentation currency (i.e. HK\$) are recognised directly in other comprehensive income and accumulated in exchange reserve. Such exchange differences accumulated in exchange reserve are not reclassified to profit or loss subsequently.

(h) Investment property

Investment properties are properties held to earn rentals. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

In circumstances where the fair values of the investment properties under construction are not reliably determinable, such investment properties under construction are measured at cost less impairment, if any, until when their fair values become reliably determinable, which occur upon finalisation of the development plan, at which point in time the land and relocation costs and construction costs attributable to the investment property is reliably determinable.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

(i) Related parties

- (a) A person or a close member of that person's family is related to the Target Company A if that person:
 - (i) has control or joint control over the Target Company A;
 - (ii) has significant influence over the Target Company A; or
 - (iii) is a member of key management personnel of the Target Company A or the Target Company A's parent.
- (b) An entity is related to the Target Company A if any of the following conditions applies:
 - (i) The entity and the Target Company A are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Target Company A or an entity related to the Target Company A.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company A or to the Target Company A's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

3. New or revised HKFRSs issued but not yet effective

The following revised HKFRSs, potentially relevant to the Target Company A, have been issued, but are not yet effective and have not been early adopted by the Target Company A in the preparation of the Historical Financial Information.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ^{1, 2}
Amendments to HKAS 1	Non-current Liabilities with covenants ^{1, 2}

¹ Effective for annual periods beginning on or after 1 January 2024

² As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion.

The directors of the Target Company A are in the process of making assessments of what the impact of these amended HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of these amended HKFRSs is unlikely to have a significant impact on the consolidated financial statements of the Target Company A.

4. Key sources of estimation uncertainty

In the application of the Target Company A's accounting policies, the directors of the Target Company A are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimated impairment of receivables

The measurement of impairment losses under HKFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

At the end of each Relevant Period, the Target Company A assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Target Company A considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

As at 31 December 2020, 2021, 2022 and 31 March 2023, the carrying amounts of other receivables were HK\$208,870,000, HK\$215,012,000, HK\$196,798,000 and HK\$200,813,000 respectively, net of impairment loss of HK\$4,046,000, HK\$4,166,000, HK\$3,813,000 and HK\$3,891,000 for the years/period then ended; the carrying amounts of amount due from a subsidiary amounted to HK\$832,000, HK\$856,000, HK\$784,000 and HK\$800,000 respectively.

5. Income tax expense

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the statutory tax rate of the Target Company A is 25%.

No provision for taxation has been made as the Target Company A does not have assessable profit during the Relevant Periods.

6. Directors' remuneration

No director has received any fees or emoluments in respect of his services rendered to the Target Company A during the Relevant Periods.

7. Dividend

No dividend was paid or declared by the Target Company A during the Relevant Periods.

8. Investments in subsidiaries

The following is a list of the principal subsidiaries at 31 December 2020, 2021, 2022 and 31 March 2023:

Name of company	Place of incorporation/ establishment	Particulars of issued and registered capital	Percentage of interest directly held as at				
			31 December 2020	31 December 2021	31 December 2022	31 March 2023	the date of this report
Beijing Tianlun Huanyu Investment Management Company Limited	The PRC	RMB10,000,000	65%	65%	65%	65%	65%
Foshan Harmonious Realty Development Company Limited ("Foshan Harmonious")	The PRC	RMB272,000,000	100%	100%	N/A (Note)	N/A	N/A

Note: On 30 November 2022, the Target Company A and Foshan Hongzhou Real Estate Development Company Limited, a subsidiary of Yuzhou Group Holdings Company Limited (stock code: 01628), entered into a disposal agreement, the Target Company A has agreed to sell 100% of the equity interest in Foshan Harmonious at consideration of RMB228,604,000 (equivalent to HK\$261,800,000).

9. Other receivables

	As at 31 December			As at 31 March
	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
At beginning of year	200,049	208,870	215,012	196,798
Impairment loss recognised during the year	(3,841)	–	–	–
Exchange realignment	12,662	6,142	(18,214)	4,015
At the end of year	<u>208,870</u>	<u>215,012</u>	<u>196,798</u>	<u>200,813</u>

Note: The Target Company A entered into a cooperative agreement with a PRC entity, an independent third party, to develop a commercial property in Beijing. Pursuant to the agreement, the Target Company A is mainly responsible for the demolition of the existing properties. Upon the completion of the property development, the Target Company A is entitled to 65% of rental income from leasing of the property for 35 years. The above amounts represent the development costs incurred by the Target Company A.

The Target Company A engaged an independent valuer, Peak Vision Appraisals Limited, to assess the ECLs. An impairment loss of HK\$3,841,000 has been recognised in profit or loss for the year ended 31 December 2020. Details of ECLs on other receivables are set out in note 14(i) to the Historical Financial Information.

10. Amounts due from (to) a subsidiary/ultimate holding company

The amounts due from (to) a subsidiary/ultimate holding company are interest-free, unsecured and repayable on demand.

The Target Company A engaged an independent valuer, Peak Vision Appraisals Limited, to conduct an assessment of the ECLs of the amount due from a subsidiary in each of the Relevant Periods. According to the assessment of the independent valuer, the amount of ECLs are considered to be immaterial and no loss allowance provision was recognised during the Relevant Periods.

11. Notes to the statement of cash flows

(a) Significant non-cash transaction from investing activities is as follows:

	As at 31 December			As at
	2020	2021	2022	31 March
	HK\$'000	HK\$'000	HK\$'000	2023
				HK\$'000
Consideration on disposal of a subsidiary settled through current account with ultimate holding company	-	-	261,800	-

(b) Significant non-cash transaction from financing activities is as follow:

	As at 31 December			As at
	2020	2021	2022	31 March
	HK\$'000	HK\$'000	HK\$'000	2023
				HK\$'000
Payable to a subsidiary settled through current account with ultimate holding company	-	-	311,497	-

(c) Reconciliation of liabilities arising from financing activities

	Amount due to a subsidiary HK'000	Amount due to ultimate holding company HK'000
At 1 January 2020	-	(499,739)
Changes from financing cash flow:		
Advance from a subsidiary	(306,756)	-
Repayment to ultimate holding company	-	305,966
	(306,756)	305,966
Other changes:		
Exchange adjustments	(16,423)	(15,766)
At 31 December 2020, 1 January 2021	(323,179)	(209,539)
Other changes:		
Exchange adjustments	(9,502)	(6,161)
At 31 December 2021 and 1 January 2022	(332,681)	(215,700)
Changes from financing cash flow:		
Non-cash movement	311,497	(311,497)
Advance from ultimate holding company	-	(186)
	311,497	(311,683)

	Amount due to a subsidiary <i>HK'000</i>	Amount due to ultimate holding company <i>HK'000</i>
Other changes:		
Consideration on disposal of a subsidiary settled through current account with ultimate holding company	–	261,800
Exchange adjustments	<u>21,184</u>	<u>19,394</u>
	<u>21,184</u>	<u>281,194</u>
At 31 December 2022	<u>–</u>	<u>(246,189)</u>
At 1 January 2022	(332,681)	(215,700)
Other changes:		
Exchange adjustments	<u>(2,703)</u>	<u>(1,753)</u>
At 31 March 2022 (unaudited)	<u>(335,384)</u>	<u>(217,453)</u>
At 1 January 2023	–	(246,189)
Other changes:		
Exchange adjustments	<u>–</u>	<u>(5,023)</u>
At 31 March 2023	<u>–</u>	<u>(251,212)</u>

12. Related parties transactions

In the opinion of the directors of the Target Company A, key management personnel of the Target Company A represented the directors of the Target Company A whom did not receive any remuneration during the Relevant Periods.

13. Summary of financial assets and financial liabilities by category

The following table shows the carrying amount of financial assets and liabilities:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets at amortised cost				
Other receivables	208,870	215,012	196,798	200,813
Amount due from a subsidiary	832	856	784	800
Cash and cash equivalents	<u>11</u>	<u>12</u>	<u>10</u>	<u>10</u>
	<u>209,713</u>	<u>215,880</u>	<u>197,592</u>	<u>210,623</u>

	As at 31 December			As at
	2020	2021	2022	31 March
	HK\$'000	HK\$'000	HK\$'000	2023
				HK\$'000
Financial liabilities at amortised cost				
Amount due to a subsidiary	323,179	332,681	-	-
Amount due to ultimate holding company	209,539	215,700	246,189	251,212
	<u>532,718</u>	<u>548,381</u>	<u>246,189</u>	<u>251,212</u>

Financial instruments not measured at fair value include amount due from a subsidiary, cash and cash equivalents, amount due to a subsidiary and amount due to ultimate holding company. Due to their short-term nature, the carrying values of these financial instruments approximate their fair values.

14. Financial risk management

The main risks arising from the Target Company A's financial instruments in the normal course of the Target Company A's business are credit risk and liquidity risk. These risks are limited by the Target Company A's financial management policies and practices described below.

(i) Credit risk

Other receivables

In assessing the probability of defaults, the management has taken into account the financial position of the counterparties, the industries they operate, their latest operating result where available as well as forward looking information that is available without undue cost or effort. The loss allowance is measured under the 12 months ECLs method.

The following table provides information about the Group's exposure to credit risk and ECLs for other receivables:

	As at 31 December			As at
	2020	2021	2022	31 March
	HK\$'000	HK\$'000	HK\$'000	2023
				HK\$'000
Gross carrying amount	212,916	219,178	200,611	204,704
Provision for impairment	(4,046)	(4,166)	(3,813)	(3,891)
Carrying amount net of ECLs	<u>208,870</u>	<u>215,012</u>	<u>196,798</u>	<u>200,813</u>

The Target Company A has assessed that the expected credit loss for other receivables with reference to the ECL assessment provided by an independent valuer.

Movement in the loss allowance account in respect of other receivables during the Relevant Periods is as follows:

	<i>HK\$'000</i>
As at 1 January 2020	–
Impairment loss recognised	3,841
Exchange realignment	<u>205</u>
As at 31 December 2020 and 1 January 2021	4,046
Exchange realignment	<u>120</u>
As at 31 December 2021 and 1 January 2022	4,166
Exchange realignment	<u>(353)</u>
As at 31 December 2022 and 1 January 2023	3,813
Exchange realignment	<u>78</u>
As at 31 March 2023	<u><u>3,891</u></u>

Amount due from a subsidiary

The credit risks for amount due from a subsidiary of the Target Company A are considered immaterial as the counterparties have a low risk of default. The Target Company A assessed that the ECLs for the balances are immaterial under the 12 months ECLs method. Accordingly, no loss allowance provision was recognised during the Relevant Periods. The maximum exposure to credit risk in respect of the financial instruments are their carrying values.

Cash and cash equivalents

The Target Company A's cash and cash equivalents are held in major reputable financial institutions in the PRC, which management believes are of high credit quality.

(ii) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors of the Target Company A, which has built an appropriate liquidity risk management framework for the management of the Target Company A's short, medium and long-term funding and liquidity management requirements. The Target Company A manages liquidity risk by maintaining adequate working capital and continuously monitoring forecast and actual cash flows.

The maturity profile of the Target Company A's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	Carrying amount <i>HK\$'000</i>	Total contractual undiscounted cash flow <i>HK\$'000</i>	On demand <i>HK\$'000</i>
As at 31 December 2020			
Amount due to a subsidiary	323,179	323,179	323,179
Amount due to ultimate holding company	<u>209,539</u>	<u>209,539</u>	<u>209,539</u>
	<u>532,718</u>	<u>532,718</u>	<u>532,718</u>
As at 31 December 2021			
Amount due to a subsidiary	332,681	332,681	332,681
Amount due to ultimate holding company	<u>215,700</u>	<u>215,700</u>	<u>215,700</u>
	<u>548,381</u>	<u>548,381</u>	<u>548,381</u>
As at 31 December 2022			
Amount due to ultimate holding company	<u>246,189</u>	<u>246,189</u>	<u>246,189</u>
As at 31 March 2023			
Amounts due to ultimate holding company	<u>251,212</u>	<u>251,212</u>	<u>251,212</u>

15. Capital management

The primary objectives of the Target Company A's capital management are to safeguard the Target Company A's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise equity owners' value. The Target Company A manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Target Company A may adjust the dividend payment to equity owners, return capital to equity owners or raise new capital. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

16. Event after the Relevant Periods

There has been no significant event since the end of the Relevant Periods.

17. Subsequent financial statements

No audited financial statements have been prepared by the Target Company A in respect of any period subsequent to 31 March 2023.

The following is the text of a report in relation to the Historical Financial Information of the Target Company B received from BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this circular.



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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF BEIJING TIANLUN HUANYU INVESTMENT MANAGEMENT COMPANY LIMITED

Introduction

We report on the historical financial information of Beijing Tianlun Huanyu Investment Management Company Limited (the “**Target Company B**”) set out on pages IV-4 to IV-17, which comprises the statements of financial position as at 31 December 2020, 2021, 2022 and 31 March 2023, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the years/period then ended (the “**Relevant Periods**”) and a summary of significant accounting policies and other explanatory information (together the “**Historical Financial Information**”). The Historical Financial Information set out on pages IV-4 to IV-7 forms an integral part of this report, which has been prepared for inclusion in the circular of Coastal Greenland Limited dated 29 September 2023 (the “**Circular**”) in connection with the acquisition of the entire equity interest in Shanghai Coastal Commercial Investment Management Company Limited and Shenyang Zhongguang North Film and Television City Company Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Target Company B are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2(a) to the Historical Financial Information, and for such internal control as the directors of the Target Company B determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants' Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2(a) to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company B, as well as evaluating the overall presentation of the Historical 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, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company B's financial position as at 31 December 2020, 2021, 2022 and 31 March 2023 and of the Target Company B's financial performance and cash flows for each of the Relevant Periods in accordance with the basis of preparation set out in note 2(a) to the Historical Financial Information.

Review of Stub Period Comparative Historical Financial Information

We have reviewed the stub period comparative historical financial information of the Target Company B which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the three months ended 31 March 2022 and other explanatory information (together the "**Stub Period Comparative Historical Financial Information**"). The directors of the Target Company B are responsible for the preparation of the Stub Period Comparative Historical Financial Information in accordance with the basis of preparation set out in note 2(a) to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Historical Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Historical Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2(a) to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page IV-4 have been made.

Dividends

We refer to note 7 to the Historical Financial Information which states that no dividends have been paid by the Target Company B in respect of the Relevant Periods.

No financial statements for the Target Company B

No financial statements have been prepared for the Target Company B since its date of incorporation.

BDO Limited

Certified Public Accountants

Ng Wai Man

Practising Certificate no. P05309

Hong Kong, 29 September 2023

HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY B

Preparation of the Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Company B for the Relevant Periods, on which the Historical Financial Information is based, were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA (the “Underlying Financial Statements”) and were audited by BDO Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Hong Kong Dollars (“HK\$”), and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Three months ended 31 March	
		2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2022 HK\$'000	2023 HK\$'000
Other losses		(40)	–	–	–	–
Administrative expenses		(1)	(2)	(2)	–	(34)
Loss before taxation		(41)	(2)	(2)	–	(34)
Income tax expense	5	–	–	–	–	–
Loss for the year/period		(41)	(2)	(2)	–	(34)
Other comprehensive income						
<i>Item that will not be reclassified to profit or loss:</i>						
Exchange differences arising on translation to presentation currency		(52)	(24)	73	(7)	(17)
Total comprehensive income for the year/period		(93)	(26)	71	(7)	(51)

STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at
		2020	2021	2022	31 March
		HK\$'000	HK\$'000	HK\$'000	2023
					HK\$'000
Current assets					
Cash and cash equivalents		<u>6</u>	<u>4</u>	<u>25</u>	<u>8</u>
Total current assets		<u>6</u>	<u>4</u>	<u>25</u>	<u>8</u>
Current liabilities					
Other payables		7	7	6	24
Amount due to immediate holding company	8	832	856	784	800
Amount due to ultimate holding company	8	<u>-</u>	<u>-</u>	<u>23</u>	<u>23</u>
Total current liabilities		<u>839</u>	<u>863</u>	<u>813</u>	<u>847</u>
Net liabilities		<u>(833)</u>	<u>(859)</u>	<u>(788)</u>	<u>(839)</u>
Equity					
Share capital		11,163	11,163	11,163	11,163
Reserves		<u>(11,996)</u>	<u>(12,022)</u>	<u>(11,951)</u>	<u>(12,002)</u>
Total deficit		<u>(833)</u>	<u>(859)</u>	<u>(788)</u>	<u>(839)</u>

STATEMENTS OF CHANGES IN EQUITY

	Share capital HK\$'000	Reserves		Total HK\$'000
		Exchange reserve HK\$'000	Accumulated losses HK\$'000	
At 1 January 2020	<u>11,163</u>	<u>46</u>	<u>(11,949)</u>	<u>(740)</u>
Loss for the year	-	-	(41)	(41)
Exchange differences arising on translation to presentation currency	<u>-</u>	<u>(52)</u>	<u>-</u>	<u>(52)</u>
Total comprehensive income for the year	<u>-</u>	<u>(52)</u>	<u>(41)</u>	<u>(93)</u>
At 31 December 2020 and 1 January 2021	<u>11,163</u>	<u>(6)</u>	<u>(11,990)</u>	<u>(833)</u>
Loss for the year	-	-	(2)	(2)
Exchange differences arising on translation to presentation currency	<u>-</u>	<u>(24)</u>	<u>-</u>	<u>(24)</u>
Total comprehensive income for the year	<u>-</u>	<u>(24)</u>	<u>(2)</u>	<u>(26)</u>
At 31 December 2021 and 1 January 2022	<u>11,163</u>	<u>(30)</u>	<u>(11,992)</u>	<u>(859)</u>
Loss for the year	-	-	(2)	(2)
Exchange differences arising on translation to presentation currency	<u>-</u>	<u>73</u>	<u>-</u>	<u>73</u>
Total comprehensive income for the year	<u>-</u>	<u>73</u>	<u>(2)</u>	<u>71</u>
At 31 December 2022	<u>11,163</u>	<u>43</u>	<u>(11,994)</u>	<u>(788)</u>
At 1 January 2022	11,163	(30)	(11,992)	(859)
Exchange differences arising on translation to presentation currency	<u>-</u>	<u>(7)</u>	<u>-</u>	<u>(7)</u>
At 31 March 2022 (unaudited)	<u>11,163</u>	<u>(37)</u>	<u>(11,992)</u>	<u>(866)</u>
At 1 January 2023	<u>11,163</u>	<u>43</u>	<u>(11,994)</u>	<u>(788)</u>
Loss for the period	-	-	(34)	(34)
Exchange differences arising on translation to presentation currency	<u>-</u>	<u>(17)</u>	<u>-</u>	<u>(17)</u>
Total comprehensive expense for the period	<u>-</u>	<u>(17)</u>	<u>(34)</u>	<u>(51)</u>
At 31 March 2023	<u>11,163</u>	<u>26</u>	<u>(12,028)</u>	<u>(839)</u>

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Three months ended	
				31 March	
	2020	2021	2022	2022	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Cash flows from operating activities					
Loss before taxation	(41)	(2)	(2)	-	(34)
Adjustments for:					
Loss on written-off of property, plant and equipment	40	-	-	-	-
Operating cash flows before working capital changes	(1)	(2)	(2)	-	(34)
Increase in other payables	1	-	-	-	18
Cash used in operations	-	(2)	(2)	-	(16)
Tax paid	-	-	-	-	-
Net cash used in operating activities	-	(2)	(2)	-	(16)
Cash flows from financing activities					
Advance from ultimate holding company	-	-	24	-	-
Net cash generated from financing activities	-	-	24	-	-
Net (decrease) increase in cash and cash equivalents	-	(2)	22	-	(16)
Cash and cash equivalents at beginning of year/period	7	6	4	4	25
Effect of foreign exchange rate changes	(1)	-	(1)	-	(1)
Cash and cash equivalents at end of year/period	<u>6</u>	<u>4</u>	<u>25</u>	<u>4</u>	<u>8</u>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION**1. General Information**

The Target Company B is a limited liability company incorporated in the People's Republic of China (the "PRC"). The Target Company B was inactive during the Relevant Periods.

The directors of the Target Company B consider the Target Company B's immediate holding company and ultimate holding company are Shanghai Coastal Commercial Investment Management Company Limited, a company incorporated in the PRC and Yuzhou Group Holdings Company Limited, a company incorporated in the Cayman Island, respectively.

2. Summary of significant accounting policies**(a) Basis of preparation**

The Historical Financial Information has been prepared in accordance with the accounting policies set out below which conform with HKFRSs (which collective term includes Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the HKICPA. The Historical Financial Information also complies with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued a number of new or revised HKFRSs which are relevant to the Target Company B and became effective during the Relevant Periods. In preparing the Historical Financial Information, the Target Company B has adopted all relevant new or revised HKFRSs effective for accounting period beginning on 1 January 2023, together with the relevant transition provisions, consistently throughout the Relevant Periods.

At the date of this report, certain new or revised HKFRSs have been issued by the HKICPA but are not yet effective and have not been early adopted by the Target Company B. Details of which are set out in note 3 to the Historical Financial Information.

Notwithstanding the Target Company B had net current liabilities and net liabilities of HK\$833,000, HK\$859,000, HK\$788,000 and HK\$839,000 respectively at 31 December 2020, 2021 and 2022 and 31 March 2023. The directors of the Target Company B have prepared the financial statements on a going concern basis on the ground that undertaking of its immediate holding company not to request the Target Company B to repay its debts in the subsequent 12 months starting from 31 December 2020, 2021 and 2022 and 31 March 2023.

The Historical Financial Information is presented in HK\$ which is different from the functional currency of the Target Company B, Renminbi ("RMB"), as the directors of the Target Company B consider that HK\$ is the appropriate presentation currency in view of place of listing of Coastal Greenland Limited.

(b) *Financial Instruments*

(i) *Financial assets*

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss (“**FVTPL**”), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Target Company B commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Target Company B's business model for managing the asset and the cash flow characteristics of the asset.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

(ii) *Impairment loss on financial assets*

The Target Company B recognises loss allowances for expected credit loss (“**ECL**”) on financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) twelve months ECLs: these are the ECLs that result from possible default events within the twelve months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Target Company B is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Target Company B in accordance with the contract and all the cash flows that the Target Company B expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

For debt financial assets, the ECLs are based on the twelve months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Target Company B considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Target Company B's historical experience and informed credit assessment and including forward-looking information.

The Target Company B assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Target Company B considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Target Company B in full, without recourse by the Target Company B to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Target Company B classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including other payables, amount due to immediate holding company and amount due to ultimate holding company are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) *Equity instruments*

Equity instruments issued by the Target Company B are recorded at the proceeds received, net of direct issue costs.

(vi) *Derecognition*

The Target Company B derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(c) ***Income taxes***

Income taxes for the year/period comprise current tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of each Relevant Period.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

(d) ***Cash and cash equivalents***

Cash and cash equivalents include cash at bank and on hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and form an integral part of the Target Company B's cash management.

(e) Foreign currency

At the end of each Relevant Periods, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences relating to the retranslation of the Target Company B's net assets in RMB to its presentation currency (i.e. HK\$) are recognised directly in other comprehensive income and accumulated in exchange reserve. Such exchange differences accumulated in exchange reserve are not reclassified to profit or loss subsequently.

(f) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Company B has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(g) Related parties

(a) A person or a close member of that person's family is related to the Target Company B if that person:

- (i) has control or joint control over the Target Company B;*
- (ii) has significant influence over the Target Company B; or*
- (iii) is a member of key management personnel of the Target Company B or the Target Company B's parent.*

(b) An entity is related to the Target Company B if any of the following conditions applies:

- (i) The entity and the Target Company B are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).*
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).*

- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of the employees of the Target Company B or an entity related to the Target Company B.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company B or to the Target Company B's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

3. New or revised HKFRSs issued but not yet effective

The following revised HKFRSs, potentially relevant to the Target Company B, have been issued, but are not yet effective and have not been early adopted by the Target Company B in the preparation of the Historical Financial Information.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ^{1, 2}
Amendments to HKAS 1	Non-current Liabilities with covenants ^{1, 2}

¹ Effective for annual periods beginning on or after 1 January 2024

² As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion.

The directors of the Target Company B are in the process of making assessments of what the impact of these amended HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of these amended HKFRSs is unlikely to have a significant impact on the consolidated financial statements of the Target Company B.

4. Key sources of estimation uncertainty

In the application of the Target Company B's accounting policies, the directors of the Target Company B are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors of the Target Company B assessed that the Target Company B did not apply any significant estimation and assumption during the Relevant Periods.

5. Income tax expense

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory tax rate of the Target Company B is 25%.

No provision for taxation has been made as the Target Company B does not have assessable profit during the Relevant Periods.

6. Directors' remuneration

No director has received any fees or emoluments in respect of his services rendered to the Target Company B during the Relevant Periods.

7. Dividend

No dividend was paid or declared by the Target Company B during the Relevant Periods.

8. Amount due to ultimate holding company/immediate holding company

The amount due to ultimate holding company/immediate holding company are interest-free, unsecured and repayable on demand.

9. Reconciliation of liabilities arising from financing activities

	Amount due to immediate holding company <i>HK'000</i>	Amount due to ultimate holding company <i>HK'000</i>
At 1 January 2020	781	–
Other changes:		
Exchange adjustments	<u>51</u>	<u>–</u>
At 31 December 2020 and 1 January 2021	832	–
Other changes:		
Exchange adjustments	<u>24</u>	<u>–</u>
At 31 December 2021 and 1 January 2022	856	–
Changes from financing cash flow:		
Advance from ultimate holding company	–	24
Other changes:		
Exchange adjustments	<u>(72)</u>	<u>(1)</u>
At 31 December 2022	<u><u>784</u></u>	<u><u>23</u></u>
At 1 January 2022	856	–
Other changes:		
Exchange adjustments	<u>7</u>	<u>–</u>
At 31 March 2022 (unaudited)	<u><u>863</u></u>	<u><u>–</u></u>
At January 2023	784	23
Other changes:		
Exchange adjustments	<u>16</u>	<u>–</u>
At 31 March 2022	<u><u>800</u></u>	<u><u>23</u></u>

10. Related parties transactions

In the opinion of the directors of the Target Company B, key management personnel of the Target Company B represented the directors of the Target Company B whom did not receive any remuneration during the Relevant Periods.

11. Summary of financial assets and financial liabilities by category

The following table shows the carrying amount of financial assets and liabilities:

	As at 31 December			As at
	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	31 March 2023 HK\$'000
Financial assets at amortised cost				
Cash and cash equivalents	6	4	25	8
Financial liabilities at amortised cost				
Other payables	7	7	6	24
Amount due to immediate holding company	832	856	784	800
Amount due to ultimate holding company	–	–	23	23
	<u>839</u>	<u>863</u>	<u>813</u>	<u>847</u>

Financial instruments not measured at fair value include cash and cash equivalents, other payables, amount due to immediate holding company and amount due to ultimate holding company. Due to their short-term nature, the carrying values of these financial instruments approximate their fair values.

12. Financial risk management

The main risks arising from the Target Company B's financial instruments in the normal course of the Target Company B's business are credit risk and liquidity risk. These risks are limited by the Target Company B's financial management policies and practices described below.

(i) Credit risk*Cash and cash equivalents*

The Target Company B's cash and cash equivalents are held in major reputable financial institutions in the PRC, which management believes are of high credit quality.

(ii) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors of the Target Company B, which has built an appropriate liquidity risk management framework for the management of the Target Company B's short, medium and long-term funding and liquidity management requirements. The Target Company B manages liquidity risk by maintaining adequate working capital and continuously monitoring forecast and actual cash flows.

The maturity profile of the Target Company B's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	On demand HK\$'000
As at 31 December 2020			
Other payables	7	7	7
Amount due to immediate holding company	<u>832</u>	<u>832</u>	<u>832</u>
	<u><u>839</u></u>	<u><u>839</u></u>	<u><u>839</u></u>
As at 31 December 2021			
Other payables	7	7	7
Amount due to immediate holding company	<u>856</u>	<u>856</u>	<u>856</u>
	<u><u>863</u></u>	<u><u>863</u></u>	<u><u>863</u></u>
As at 31 December 2022			
Other payables	6	6	6
Amount due to immediate holding company	784	784	784
Amount due to ultimate holding company	<u>23</u>	<u>23</u>	<u>23</u>
	<u><u>813</u></u>	<u><u>813</u></u>	<u><u>813</u></u>
As at 31 March 2023			
Other payables	24	24	24
Amount due to immediate holding company	800	800	800
Amounts due to ultimate holding company	<u>23</u>	<u>23</u>	<u>23</u>
	<u><u>847</u></u>	<u><u>847</u></u>	<u><u>847</u></u>

13. Capital management

The primary objectives of the Target Company B's capital management are to safeguard the Target Company B's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise equity owners' value. The Target Company B manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Target Company B may adjust the dividend payment to equity owners, return capital to equity owners or raise new capital. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

14. Event after the Relevant Periods

There has been no significant event since the end of the Relevant Periods.

15. Subsequent financial statements

No audited financial statements have been prepared by the Target Company B in respect of any period subsequent to 31 March 2023.

The following is the text of a report in relation to the Historical Financial Information of the Target Company C received from BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this circular.



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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF SHENYANG ZHONGGUANG NORTH FILM AND TELEVISION CITY COMPANY LIMITED

Introduction

We report on the historical financial information of Shenyang Zhongguang North Film and Television City Company Limited (the “**Target Company C**”) set out on pages V-4 to V-22, which comprises the statements of financial position as at 31 December 2020, 2021 and 2022 and 31 March 2023, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the years/period then ended (the “**Relevant Periods**”) and a summary of significant accounting policies and other explanatory information (together the “**Historical Financial Information**”). The Historical Financial Information set out on pages V-4 to V-8 forms an integral part of this report, which has been prepared for inclusion in the circular of Coastal Greenland Limited dated 29 September 2023 (the “**Circular**”) in connection with the acquisition of the entire equity interest in Shanghai Coastal Commercial Investment Management Company Limited and the Target Company C.

Directors' responsibility for the Historical Financial Information

The directors of the Target Company C are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2(a) to the Historical Financial Information, and for such internal control as the directors of the Target Company C determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants' Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2(a) to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company C, as well as evaluating the overall presentation of the Historical 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, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company C's financial position as at 31 December 2020, 2021 and 2022 and 31 March 2023 and of the Target Company C's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in note 2(a) to the Historical Financial Information.

Review of Stub Period Comparative Historical Financial Information

We have reviewed the stub period comparative historical financial information of the Target Company C which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the three months ended 31 March 2022 and other explanatory information (together the "**Stub Period Comparative Historical Financial Information**"). The directors of the Target Company C are responsible for the preparation of the Stub Period Comparative Historical Financial Information in accordance with the basis of preparation set out in note 2(a) to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Historical Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Historical Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2(a) to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page V-4 have been made.

Dividends

We refer to note 8 to the Historical Financial Information which states that no dividends have been paid by the Target Company C in respect of the Relevant Periods.

No financial statements for the Target Company C

No financial statements have been prepared for the Target Company C since its date of incorporation.

BDO Limited

Certified Public Accountants

Ng Wai Man

Practising Certificate no. P05309

Hong Kong, 29 September 2023

HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY C

Preparation of the Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Company C for the Relevant Periods, on which the Historical Financial Information is based, were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA (the “Underlying Financial Statements”) and were audited by BDO Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Hong Kong Dollars (“HK\$”), and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Three months ended 31 March	
		2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2022 HK\$'000 (unaudited)	2023 HK\$'000
Other income		-	1	-	-	-
Administrative expenses		(6,517)	(6,322)	(3,311)	(79)	(225)
Impairment loss recognised on the amount due from ultimate holding company		-	-	-	-	(17,726)
Loss before taxation		(6,517)	(6,321)	(3,311)	(79)	(17,951)
Income tax expense	5	-	-	-	-	-
Loss for the year/period	6	(6,517)	(6,321)	(3,311)	(79)	(17,951)
Other comprehensive income						
<i>Item that will not be reclassified to profit or loss:</i>						
Exchange differences arising on translation to presentation currency		23,158	11,149	(32,700)	3,142	7,202
Total comprehensive income for the year/period		<u>16,641</u>	<u>4,828</u>	<u>(36,011)</u>	<u>3,063</u>	<u>(10,749)</u>

STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at
		2020	2021	2022	31 March
		HK\$'000	HK\$'000	HK\$'000	2023
					HK\$'000
Current assets					
Properties under development	10	354,575	365,001	334,081	340,897
Other receivables	11	38	39	52	53
Amount due from ultimate holding company	12	722,974	737,852	670,965	665,428
Cash and cash equivalents		<u>5</u>	<u>1</u>	<u>20</u>	<u>262</u>
Total current assets		<u>1,077,592</u>	<u>1,102,893</u>	<u>1,005,118</u>	<u>1,006,640</u>
Current liabilities					
Other payables	13	3,399	3,521	2,112	1,079
Amount due to ultimate holding company	12	<u>692,131</u>	<u>712,482</u>	<u>652,127</u>	<u>–</u>
Total current liabilities		<u>695,530</u>	<u>716,003</u>	<u>654,239</u>	<u>1,079</u>
Net assets		<u>382,062</u>	<u>386,890</u>	<u>350,879</u>	<u>1,005,561</u>
Equity					
Share capital	14	442,073	442,073	442,073	1,107,504
Reserves		<u>(60,011)</u>	<u>(55,183)</u>	<u>(91,194)</u>	<u>(101,943)</u>
Total equity		<u>382,062</u>	<u>386,890</u>	<u>350,879</u>	<u>1,005,561</u>

STATEMENTS OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Reserves		Total <i>HK\$'000</i>
		Exchange reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	
At 1 January 2020	<u>442,073</u>	<u>–</u>	<u>(76,652)</u>	<u>365,421</u>
Loss for the year	–	–	(6,517)	(6,517)
Exchange differences arising on translation to presentation currency	<u>–</u>	<u>23,158</u>	<u>–</u>	<u>23,158</u>
Total comprehensive income for the year	<u>–</u>	<u>23,158</u>	<u>(6,517)</u>	<u>16,641</u>
At 31 December 2020 and 1 January 2021	<u>442,073</u>	<u>23,158</u>	<u>(83,169)</u>	<u>382,062</u>
Loss for the year	–	–	(6,321)	(6,321)
Exchange differences arising on translation to presentation currency	<u>–</u>	<u>11,149</u>	<u>–</u>	<u>11,149</u>
Total comprehensive income for the year	<u>–</u>	<u>11,149</u>	<u>(6,321)</u>	<u>4,828</u>
At 31 December 2021 and 1 January 2022	<u>442,073</u>	<u>34,307</u>	<u>(89,490)</u>	<u>386,890</u>
Loss for the year	–	–	(3,311)	(3,311)
Exchange differences arising on translation to presentation currency	<u>–</u>	<u>(32,700)</u>	<u>–</u>	<u>(32,700)</u>
Total comprehensive income for the year	<u>–</u>	<u>(32,700)</u>	<u>(3,311)</u>	<u>(36,011)</u>
At 31 December 2022	<u>442,073</u>	<u>1,607</u>	<u>(92,801)</u>	<u>350,879</u>

	<u>Reserves</u>			Total <i>HK\$'000</i>
	Share capital <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	
At 1 January 2022	442,073	34,307	(89,490)	386,890
Loss for the period	–	–	(79)	(79)
Exchange differences arising on translation to presentation currency	<u>–</u>	<u>3,142</u>	<u>–</u>	<u>3,142</u>
Total comprehensive income for the period	<u>–</u>	<u>3,142</u>	<u>(79)</u>	<u>3,063</u>
At 31 March 2022 (unaudited)	<u><u>442,073</u></u>	<u><u>37,449</u></u>	<u><u>(89,569)</u></u>	<u><u>389,953</u></u>
At 1 January 2023	442,073	1,607	(92,801)	350,879
Loss for the period	–	–	(17,951)	(17,951)
Exchange differences arising on translation to presentation currency	<u>–</u>	<u>7,202</u>	<u>–</u>	<u>7,202</u>
Total comprehensive income for the period	<u>–</u>	<u>7,202</u>	<u>(17,951)</u>	<u>(10,749)</u>
Capital injection	<u>665,431</u>	<u>–</u>	<u>–</u>	<u>665,431</u>
At 31 March 2023	<u><u>1,107,504</u></u>	<u><u>8,809</u></u>	<u><u>(110,752)</u></u>	<u><u>1,005,561</u></u>

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Three months ended	
	2020	2021	2022	2022	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(unaudited)
Cash flows from operating activities					
Loss before taxation	(6,517)	(6,321)	(3,311)	(79)	(17,951)
Adjustments for:					
Loss on written-off of properties, plant and equipment	6	-	-	-	-
Impairment loss recognised on the amount due from ultimate holding company	-	-	-	-	17,726
Bank interest income	-	(1)	-	-	-
Operating cash flow before working capital changes	(6,511)	(6,322)	(3,311)	(79)	(225)
Increase in other receivables	-	-	(16)	-	-
Increase (decrease) in other payables	2,509	22	(1,137)	-	(1,079)
Cash used in operations	(4,002)	(6,300)	(4,464)	(79)	(1,304)
Tax paid	-	-	-	-	-
Net cash used in operating activities	(4,002)	(6,300)	(4,464)	(79)	(1,304)
Cash flows from investing activities					
Repayment from ultimate holding company	3,718	6,295	4,484	79	1,546
Interest received	-	1	-	-	-
Net cash generated from investing activities	3,718	6,296	4,484	79	1,546
Net (decrease) increase in cash and cash equivalents	(284)	(4)	20	-	242
Effect of foreign exchange rate changes	238	-	(1)	(1)	-
Cash and cash equivalents at beginning of year	51	5	1	1	20
Cash and cash equivalents at end of year	<u>5</u>	<u>1</u>	<u>20</u>	<u>-</u>	<u>262</u>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION**1. General Information**

The Target Company C is a limited liability company incorporated in the People's Republic of China (the "PRC"). The principal activity of the Target Company C is property development.

The directors of the Target Company C consider the Target Company C's immediate holding company and ultimate holding company are Xiamen Hengjing Investment Company Limited, a company incorporated in the PRC and Yuzhou Group Holdings Company Limited, a company incorporated in the Cayman Island, respectively.

2. Summary of significant accounting policies**(a) Basis of preparation**

The Historical Financial Information has been prepared in accordance with the accounting policies set out below which conform with HKFRSs (which collective term includes Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the HKICPA. The Historical Financial Information also complies with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued a number of new or revised HKFRSs which are relevant to the Target Company C and became effective during the Relevant Periods. In preparing the Historical Financial Information, the Target Company C has adopted all relevant new or revised HKFRSs effective for accounting period beginning on 1 January 2023, together with the relevant transition provisions, consistently throughout the Relevant Periods.

At the date of this report, certain new or revised HKFRSs have been issued by the HKICPA but are not yet effective and have not been early adopted by the Target Company C. Details of which are set out in note 3 to the Historical Financial Information.

The Historical Financial Information is presented in HK\$ which is different from the functional currency of the Target Company C, Renminbi ("RMB"), as the directors of the Target Company C consider that HK\$ is the appropriate presentation currency in view of place of listing of Coastal Greenland Limited.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost or fair value less subsequent accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Company C and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of estimated residual value over their estimated useful lives on straight-line method. The estimated useful lives, estimated residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The principal annual rates of depreciation are as follows:

Leasehold improvement	10%-20% or the shorter of the lease
Furniture, fixtures and equipment	10%-20%

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

Gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(c) Properties under development

Properties under development are stated at the lower of cost and net realisable value. Cost includes the cost of land, development expenditure, borrowing costs capitalised, and other attributable expenses. Net realisable value is determined by management based on prevailing market conditions.

(d) Financial Instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Target Company C commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Target Company C's business model for managing the asset and the cash flow characteristics of the asset.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

(ii) Impairment loss on financial assets

The Target Company C recognises loss allowances for expected credit loss (“ECL”) on other receivables and amount due from ultimate holding company. The ECLs are measured on either of the following bases: (1) twelve months ECLs: these are the ECLs that result from possible default events within the twelve months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Target Company C is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Target Company C in accordance with the contract and all the cash flows that the Target Company C expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

For other debt financial assets, the ECLs are based on the twelve months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Target Company C considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Target Company C's historical experience and informed credit assessment and including forward-looking information.

The Target Company C assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Target Company C considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Target Company C in full, without recourse by the Target Company C to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Target Company C classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including other payables are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Target Company C are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Target Company C derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(e) Income taxes

Income taxes for the year/period comprise current tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of each Relevant Period.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

(f) Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and form an integral part of the Target Company C's cash management.

(g) Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(iii) Retirement scheme obligations

The employees of the Target Company C which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. The Target Company C is required to contribute certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

(h) Foreign currency

At the end of each Relevant Periods, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences relating to the retranslation of the Target Company C's net assets in RMB to its presentation currency (i.e. HK\$) are recognised directly in other comprehensive income and accumulated in exchange reserve. Such exchange differences accumulated in exchange reserve are not reclassified to profit or loss subsequently.

(i) Related parties

- (a) A person or a close member of that person's family is related to the Target Company C if that person:
- (i) has control or joint control over the Target Company C;
 - (ii) has significant influence over the Target Company C; or
 - (iii) is a member of key management personnel of the Target Company C or the Target Company C's parent.
- (b) An entity is related to the Target Company C if any of the following conditions applies:
- (i) The entity and the Target Company C are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Target Company C or an entity related to the Target Company C.

- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company C or to the Target Company C's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

3. New or revised HKFRSs issued but not yet effective

The following revised HKFRSs, potentially relevant to the Target Company C, have been issued, but are not yet effective and have not been early adopted by the Target Company C in the preparation of the Historical Financial Information.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ^{1, 2}
Amendments to HKAS 1	Non-current Liabilities with Covenants ^{1, 2}

¹ Effective for annual periods beginning on or after 1 January 2024

² As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion.

The directors of the Target Company C are in the process of making assessments of what the impact of these amended HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of these amended HKFRSs is unlikely to have a significant impact on the financial statements of the Target Company C.

4. Key sources of estimation uncertainty

In the application of the Target Company C's accounting policies, the directors of the Target Company C are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each Relevant Period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Estimated impairment of receivables

The measurement of impairment losses under HKFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

At the end of each Relevant Period, the Target Company C assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Target Company C considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

As at 31 December 2020, 2021, 2022 and 31 March 2023, the carrying amounts of other receivables were HK\$38,000, HK\$39,000, HK\$52,000 and HK\$53,000 respectively; the carrying amounts of amount due from ultimate holding company were HK\$722,974,000, HK\$737,852,000, HK\$670,965,000 and HK\$665,428,000 respectively, net of impairment loss of HK\$17,726,000 for the three months ended 31 March 2023.

(b) Estimated write-downs of properties under development

The Group writes down properties under development to net realisable value based on assessment of the realisability of properties under development. The Group engages independent and qualified professional valuer to perform the valuation of properties under development for determining the net realisable value. In addition, in determining the net realisable value, the Group has estimated the costs to completion of properties under development based on current cost data and past experience and the net sales value based on past experience and prevailing market conditions. If there is an increase in cost to completion or a decrease in net sales value, the net realisable value will decrease and this might result in write-downs of properties under development to net realisable value. Write-downs are recorded when events or changes in circumstances indicate that the carrying balances of the pertinent assets may not be realised at the amount as stated. The identification of write-downs requires the use of judgements and estimates. If there is a change in the events on circumstances resulting in changes to the original estimations used in determining net realisable value, it will impact the carrying value and write-downs of properties under development in the period in which such a change has occurred.

As at 31 December 2020, 2021, 2022 and 31 March 2023, the carrying amounts of properties under development were HK\$354,575,000, HK\$365,001,000, HK\$334,081,000 and HK\$340,897,000 respectively.

5. Income tax expense

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the statutory tax rate of the Target Company C is 25%.

No provision for taxation has been made as the Target Company C does not have assessable profit during the Relevant Periods.

6. Loss for the year/period

Loss for the year/period is arrived at after charging:

	Year ended 31 December			Three months ended 31 March	
	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2022 HK\$'000 (unaudited)	2023 HK\$'000
Staff cost:					
Salaries and other benefits	100	45	-	-	-
Pension scheme contributions	12	16	-	-	-
	<u>112</u>	<u>61</u>	<u>-</u>	<u>-</u>	<u>-</u>

7. Directors' remuneration

No director has received any fees or emoluments in respect of his services rendered to the Target Company C during the Relevant Periods.

8. Dividend

No dividend was paid or declared by the Target Company C during the Relevant Periods.

9. Property, plant and equipment

	Furniture, fixture and equipment <i>HK\$'000</i>	Leasehold improvement <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost			
At 1 January 2020	106	304	410
Written off	<u>(106)</u>	<u>(304)</u>	<u>(410)</u>
At 31 December 2020, 2021 and 2022 and 31 March 2023	<u>–</u>	<u>–</u>	<u>–</u>
Accumulated depreciation			
At 1 January 2020	100	304	404
Written off	<u>(100)</u>	<u>(304)</u>	<u>(404)</u>
At 31 December 2020, 2021 and 2022 and 31 March 2023	<u>–</u>	<u>–</u>	<u>–</u>

10. Properties under development

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of year/period	341,987	354,575	365,001	334,081
Exchange realignment	<u>12,588</u>	<u>10,426</u>	<u>(30,920)</u>	<u>6,816</u>
At the end of year/period	<u>354,575</u>	<u>365,001</u>	<u>334,081</u>	<u>340,897</u>

11. Other receivables

The miscellaneous other receivables are due from independent third parties and repayable on demand.

12. Amount due from/to ultimate holding company

	As at 31 December			As at
	2020	2021	2022	31 March
	HK\$'000	HK\$'000	HK\$'000	2023
				HK\$'000
Amount due from ultimate holding company	722,974	737,852	670,965	683,111
Amount due to ultimate holding company	(692,131)	(712,482)	(652,127)	–
Less: Allowances for ECLs	–	–	–	(17,683)
	<u>30,843</u>	<u>25,370</u>	<u>18,838</u>	<u>665,428</u>

Amount due from/to ultimate holding company is interest-free, unsecured and repayable on demand.

The Target Company C engaged an independent valuer, Peak Vision Appraisals Limited, to assess the ECLs of amount due from ultimate holding company in the Relevant Periods. The amounts of ECLs assessed are immaterial and no provision of ECLs was made for the year ended 31 December 2020, 2021 and 2022 while an impairment loss of HK\$17,726,000 has been recognised in profit or loss for the period ended 31 March 2023. Details of ECLs on amount due from ultimate holding company are set out in note 17(i) to the Historical Financial Information.

13. Other payables

The miscellaneous other payables were due to independent third parties and repayable on demand.

14. Paid-in capital

	As at 31 December			As at
	2020	2021	2022	31 March
	HK\$'000	HK\$'000	HK\$'000	2023
				HK\$'000
At beginning of year/period	442,073	442,073	442,073	442,073
Capital injection	–	–	–	665,431
At the end of year/period	<u>442,073</u>	<u>442,073</u>	<u>442,073</u>	<u>1,107,504</u>

During the year ended 31 December 2019, the shareholders provided advances for the daily operation of the Target Company C.

During the period ended 31 March 2023, for the purpose of a debt restructuring exercise to facilitate the acquisition of the Target Company C by Coastal Greenland Limited, the shareholders increased its investment in the Target Company C by capitalising the advances (the “**Capital Injection**”). The paid-in capital is further reduced to RMB200,000,000 (the “**Capital Reduction**”) after the Capital Injection. The Capital Injection and Capital Reduction were completed on 15 March 2023 and 9 May 2023 respectively. The Capital Reduction was settled through amount due with the ultimate holding company.

15. Related parties transactions

In the opinion of the directors of the Target Company C, key management personnel of the Target Company C represented the directors of the Target Company C whom did not receive any remuneration during the Relevant Periods.

16. Summary of financial assets and financial liabilities by category

The following table shows the carrying amount of financial assets and liabilities:

	As at 31 December			As at
	2020	2021	2022	31 March
	HK\$'000	HK\$'000	HK\$'000	2023
				HK\$'000
Financial assets at amortised cost				
Other receivables	38	39	52	53
Amount due from ultimate holding company	722,974	737,852	670,965	665,428
Cash and cash equivalents	5	1	20	262
	<u>723,017</u>	<u>737,892</u>	<u>671,037</u>	<u>665,743</u>
Financial liabilities at amortised cost				
Other payables	3,399	3,521	2,112	1,079
Amount due to ultimate holding company	692,131	712,482	652,127	–
	<u>695,530</u>	<u>716,003</u>	<u>654,239</u>	<u>1,079</u>

Financial instruments not measured at fair value include other receivables, amount due from ultimate holding company, cash and cash equivalents and other payables. Due to their short-term nature, the carrying values of these financial instruments approximate their fair values.

17. Financial risk management

The main risks arising from the Target Company C's financial instruments in the normal course of the Target Company C's business are credit risk and liquidity risk. These risks are limited by the Target Company C's financial management policies and practices described below.

(i) Credit risk*Other receivables*

The credit risks for other receivables of the Target Company C are considered immaterial as the counterparty have a low risk of default. The Target Company C assessed that the ECLs for the balances are immaterial under the 12 months ECLs method. Accordingly, no loss allowance provision was recognised during the Relevant Periods. The maximum exposure to credit risk in respect of the financial instruments are their carrying values.

Amount due from ultimate holding company

In assessing the probability of defaults, the management has taken into account the financial position of the counterparties, the industries they operate, their latest operating result where available as well as forward looking information that is available without undue cost or effort. The loss allowance is measured under the 12 months ECLs method. In determining the ECLs of the amount due from ultimate holding company, after taking into account of the aforesaid factors, and forward looking information that is available without undue cost or effort, the Target Company C has aggregated net carrying amount of approximately HK\$665,428,000 as at 31 March 2023 after recognised a net impairment loss of approximately HK\$17,726,000 in the statement of profit or loss for the period ended 31 March 2023.

The Target Company C has assessed that the expected credit loss for amount due from ultimate holding company was HK\$17,726,000 with reference to the ECL assessment provided by an independent valuer.

Movement in the loss allowance account in respect of amount due from ultimate holding company during the year is as follows:

	<i>HK\$'000</i>
At 1 January 2023	–
Impairment loss recognised	17,726
Exchange realignment	<u>(43)</u>
At 31 March 2023	<u><u>17,683</u></u>

Cash and cash equivalents

The Target Company C's cash and cash equivalents are held in major reputable financial institutions in the PRC, which management believes are of high credit quality.

(ii) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors of the Target Company C, which has built an appropriate liquidity risk management framework for the management of the Target Company C's short, medium and long-term funding and liquidity management requirements. The Target Company C manages liquidity risk by maintaining adequate working capital and continuously monitoring forecast and actual cash flows.

The maturity profile of the Target Company C's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	On demand HK\$'000
As at 31 December 2020			
Other payables	3,399	3,399	3,399
Amount due from ultimate holding company	<u>692,131</u>	<u>692,131</u>	<u>692,131</u>
	<u>695,530</u>	<u>695,530</u>	<u>695,530</u>
As at 31 December 2021			
Other payables	3,521	3,521	3,521
Amount due from ultimate holding company	<u>712,482</u>	<u>712,482</u>	<u>712,482</u>
	<u>716,003</u>	<u>716,003</u>	<u>716,003</u>
As at 31 December 2022			
Other payables	2,112	2,112	2,112
Amount due from ultimate holding company	<u>652,127</u>	<u>652,127</u>	<u>652,127</u>
	<u>654,239</u>	<u>654,239</u>	<u>654,239</u>
As at 31 March 2023			
Other payables	<u>1,079</u>	<u>1,079</u>	<u>1,079</u>

18. Capital management

The primary objectives of the Target Company C's capital management are to safeguard the Target Company C's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise equity owners' value. The Target Company C manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Target Company C may adjust the dividend payment to equity owners, return capital to equity owners or raise new capital. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

19. Event after the Relevant Periods

There has been no significant event since the end of the Relevant Periods.

20. Subsequent financial statements

No audited financial statements have been prepared by the Target Company C in respect of any period subsequent to 31 March 2023.

APPENDIX VI UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
AFTER THE COMPLETION OF THE DISPOSAL AND THE ACQUISITION

The following is the text of a report in relation to the Unaudited Pro Forma Financial Information of the Remaining Group received from BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this circular.



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**INDEPENDENT REPORTING ACCOUNTANT'S 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**”) prepared by the directors of the Company (the “**Director**”) 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 2023, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2023 and related notes as set out on pages 5 to 12 of Appendix VI of the circular dated 29 September 2023 (the “**Circular**”) issued by the Company (the “**Unaudited Pro Forma Financial Information**”) in connection to the disposal of the 66.67% equity interest in Zhuhai Coastal Greenland Real Estate Company Limited (“**Zhuhai Coastal**”) and assignment of the shareholder’s loan pursuant to the terms and conditions of the Supplemental Agreement as defined on page VI-9 (the “**Disposal**”) and the acquisition of the entire equity interests in Shanghai Coastal Commercial Investment Management Company Limited (“**Shanghai Coastal**”) and Shenyang Zhongguang North Film and Television City Company Limited (“**Shenyang Zhongguang**”) (the “**Acquisition**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages 8 to 12 of Appendix VI of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Disposal and the Acquisition on the Group’s financial position as at 31 March 2023 and the Group’s financial performance and cash flows for the year ended 31 March 2023 as if the Disposal and the Acquisition had taken place at 31 March 2023 and 1 April 2022, 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 consolidated financial statements for the year ended 31 March 2023, on which an auditor’s report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 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**”).

Professional Ethics and Quality Management

We have complied with the independence and other ethical requirement 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 behaviour.

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 issued by the HKICPA, 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 4.29(7) 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 4.29 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.

**APPENDIX VI UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
AFTER THE COMPLETION OF THE DISPOSAL AND THE ACQUISITION**

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Disposal and the Acquisition on unadjusted financial information of the Group as if the Disposal and the Acquisition 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 Disposal and the Acquisition as at 31 March 2023 or 1 April 2023 would have been as presented.

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 Disposal and the Acquisition, 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 accountant's judgement, having regard to the reporting accountant's understanding of the nature of the entity, 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 by the Directors 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 4.29(1) of the Listing Rules.

BDO Limited
Certified Public Accountants

Hong Kong, 29 September 2023

APPENDIX VI UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
AFTER THE COMPLETION OF THE DISPOSAL AND THE ACQUISITION

Introduction

The Group upon the completion of the Disposal and the Acquisition is referred to as the “**Remaining Group**”.

The Unaudited Pro Forma Financial Information presented below is to illustrate (a) the unaudited pro forma consolidated statement of financial position of the Remaining Group as if the Disposal and the Acquisition had been completed on 31 March 2023; and (b) the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group as if the Disposal and the Acquisition had been completed on 1 April 2022. This Unaudited Pro Forma Financial Information of the Remaining Group has been prepared by the Directors in accordance with paragraph 4.29 of Listing Rules for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the financial position, the financial performance and cash flows of the Remaining Group had the Disposal and the Acquisition been completed as at 31 March 2023 or 1 April 2022, where applicable, or any future dates.

The unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Remaining Group are prepared for purpose of incorporation in the Circular based on the audited consolidated statement of financial position of the Group as at 31 March 2023, 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 2023, which have been extracted from the published annual report of the Company for the year ended 31 March 2023, after making certain pro forma adjustments that are directly attributable to the Disposal and the Acquisition and factually supportable, as set out below.

The Unaudited Pro Forma Financial Information should be read in conjunction with the published annual report of the Group for the year ended 31 March 2023, the financial information of Zhuhai Coastal as set out in Appendix II to this circular, the financial information of Shanghai Coastal as set out in Appendix III to this circular, the financial information of Beijing Tianlun Huanyu Investment Management Company Limited (“**Beijing Tianlun**”) as set out in Appendix IV to this circular, the financial information of Shenyang Zhongguang as set out in Appendix V to this circular 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 VI UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
AFTER THE COMPLETION OF THE DISPOSAL AND THE ACQUISITION**

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	The Group	Pro forma adjustments								The Remaining Group	
		HKS'000 (Note 1)	HKS'000 (Note 2(a))	HKS'000 (Note 3)	HKS'000 (Note 4(i))	HKS'000 (Note 4(ii))	HKS'000 (Note 4(iii))	HKS'000 (Note 5)	HKS'000 (Note 6)		HKS'000 (Note 7)
Non-current assets											
Property, plant and equipment	193,071	(3,320)									189,751
Investment properties	72,989										72,989
Right-of-use assets	10,970										10,970
Investments in subsidiaries	-		1,297,344	7,425			(7,425)	(1,297,344)			-
Interest in a joint venture	139,929										139,929
Amounts due from associates and a joint venture	331,353										331,353
Financial assets at fair value through other comprehensive income	63,613										63,613
Deferred tax assets	51,034										51,034
Total non-current assets	862,959										859,639
Current assets											
Properties under development	196,479					340,897		342,211			879,587
Completed properties for sale	268,489										268,489
Prepayments, deposits and other receivables	5,284,847	(3,702,711)	137,079	200,813		53				(760,241)	1,159,840
Amount due from a subsidiary	-			800			(800)				-
Amount due from ultimate holding company	-		(665,428)			665,428					-
Financial assets at fair value through profit or loss	207										207
Pledged bank deposits	904										904
Cash and bank balances	156,669	(133,822)	57,116	10	8	262					80,243
Total current assets	5,907,595										2,389,270
Total assets	6,770,554										3,248,909
Current liabilities											
Trade payables	85,566										85,566
Contract liabilities	2,303										2,303
Other payables and accruals	2,136,430	(1,581,530)				24	1,079		58,457		614,460
Amount due to a substantial shareholder of the Company	169,428										169,428
Amount due to ultimate holding company	-		(251,235)	251,212	23						-
Amount due to related parties/group companies	-				800		(800)				-
Tax payable	154,933	(5,555)	5,712								155,090
Interest-bearing bank and other borrowings	282,498										282,498
Total current liabilities	2,831,158										1,309,345
Net current assets	3,076,437										1,079,925
Total assets less current liabilities	3,939,396										1,939,564
Non-current liabilities											
Interest-bearing bank and other borrowings	1,113,718	(1,113,718)									-
Deferred tax liabilities	22,972										22,972
Total non-current liabilities	1,136,690										22,972
Total liabilities	3,967,848										1,332,317
Net assets	2,802,706										1,916,592
Capital and reserves											
Share capital	414,602			11,163	11,163	1,107,504	(11,163)	(1,118,667)			414,602
Reserves	2,441,463		(72,920)	(53,327)	(12,002)	(101,943)	4,032	163,534	(58,457)	(760,241)	1,550,139
Equity attributable to owners of the Company	2,856,065										1,964,741
Non-controlling interests	(53,359)		5,504				(294)				(48,149)
Total equity	2,802,706										1,916,592

**APPENDIX VI UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
AFTER THE COMPLETION OF THE DISPOSAL AND THE ACQUISITION**

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

For the year ended 31 March 2023

	Pro forma adjustments								The Remaining Group
	The Group HK\$'000 (Note 1)	HK\$'000 (Note 2(b))	HK\$'000 (Note 3)	HK\$'000 (Note 4(i))	HK\$'000 (Note 4(ii))	HK\$'000 (Note 4(iii))	HK\$'000 (Note 7)	HK\$'000 (Note 8)	HK\$'000
Revenue	211,406								211,406
Cost of sales	<u>(261,403)</u>								<u>(261,403)</u>
Gross loss	(49,997)								(49,997)
Other income and gains	17,297	(309)							16,988
Marketing and selling expenses	(3,589)								(3,589)
Administrative expenses	(76,318)	737		(186)	(2)	(3,311)	(58,457)		(137,537)
Loss on disposal of a subsidiary	-		(72,920)	(49,697)					(122,617)
Impairment loss recognised on other receivables, net	(319,856)	18,686						(760,241)	(1,061,411)
Impairment loss recognised on properties under development	(11,451)								(11,451)
Other expenses	(12,572)	148							(12,424)
Finance costs	<u>(22,741)</u>	10							<u>(22,731)</u>
Loss before taxation	(479,227)								(1,404,769)
Taxation	<u>60,281</u>								<u>60,281</u>
Loss for the year	<u>(418,946)</u>								<u>(1,344,488)</u>
Other comprehensive income									
<i>Items that will not be reclassified to profit or loss:</i>									
Exchange differences arising on translation to presentation currency	(299,614)	8,087		433	73	(32,700)			(323,721)
Deficit on revaluation of buildings	(6,700)								(6,700)
Deferred tax credit arising on revaluation of buildings	<u>1,675</u>								<u>1,675</u>
Other comprehensive income for the year	<u>(304,639)</u>								<u>(328,746)</u>
Total comprehensive income for the year	<u>(723,585)</u>								<u>(1,673,234)</u>
Loss for the year attributable to:									
Owners of the Company	(426,485)	12,849	(72,920)	(49,883)	(1)	(3,311)	(58,457)	(760,241)	(1,358,449)
Non-controlling interests	<u>7,539</u>	6,423			(1)				<u>13,961</u>
	<u>(418,946)</u>								<u>(1,344,488)</u>
Total comprehensive income for the year attributable to:									
Owners of the Company	(732,884)	18,241	(72,920)	(49,450)	46	(36,011)	(58,457)	(760,241)	(1,691,676)
Non-controlling interests	<u>9,299</u>	9,118			25				<u>18,442</u>
	<u>(723,585)</u>								<u>(1,673,234)</u>

**APPENDIX VI UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
AFTER THE COMPLETION OF THE DISPOSAL AND THE ACQUISITION**

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	The Group								The Remaining Group	
	HK\$'000 (Note 1)	HK\$'000 (Note 2(b))	HK\$'000 (Note 3)	HK\$'000 (Note 4(i))	Pro forma adjustments		HK\$'000 (Note 5)	HK\$'000 (Note 7)	HK\$'000 (Note 8)	HK\$'000
Cash flows from operating activities										
Loss before taxation	(479,227)	19,272	(72,920)	(49,883)	(2)	(3,311)		(58,457)	(760,241)	(1,404,769)
Adjustments for:										
Finance costs	22,741									22,741
Bank interest income	(2,216)	309								(1,907)
Other interest income	(229)									(229)
Depreciation of property, plant and equipment	789	(110)								679
Depreciation of right-of-use assets	1,188									1,188
Impairment loss recognised on completed properties for sale	8,532									8,532
Impairment loss recognised on properties under development	11,451									11,451
Impairment loss recognised on other receivables, net	319,856	(18,686)							760,241	1,061,411
Loss on disposal of a subsidiary	-		72,920	49,697						122,617
Loss on disposal of property, plant and equipment	322	(56)								266
Loss on termination of a lease	46									46
Loss on write-off of assets and liabilities upon deregistration of subsidiaries	3,643									3,643
Write-back of other payables	(14,517)	11								(14,506)
Operating cash flows before working capital changes	(127,621)									(188,837)
Decrease in completed properties for sale	261,308									261,308
(Increase) decrease in prepayments, deposits and other receivables	(82,718)	150,030				(16)	4,484			71,780
Decrease in restricted bank balances	3,006									3,006
Decrease in trade payables	(2,552)									(2,552)
Decrease in contract liabilities	(174,499)									(174,499)
Increase in other payables and accruals	156,699	(15,797)				(1,137)				139,765
Cash generated from operations	33,623									109,971
PRC Enterprise Income Tax, PRC withholding tax and PRC Land Appreciation Tax paid	(1)									(1)
Net cash generated from operating activities	33,622									109,970
Cash flows from investing activities										
Repayments from associates and a joint venture	4,569									4,569
Purchases of property, plant and equipment	(345)	203								(142)
Proceeds from disposal of subsidiaries, net of cash and cash equivalents disposed	-		(88,150)							(88,150)
Withdrawal of pledged bank deposits	98,713									98,713
Proceeds from disposal of property, plant and equipment	1,283									1,283
Repayment from ultimate holding company	-					4,484	(4,484)			-
Cash and cash equivalents acquired upon acquisition of subsidiaries	-			12	4	1				17
Interest received	2,445	(309)								2,136
Net cash generated from investing activities	106,665									18,426
Cash flows from financing activities										
New bank and other borrowings raised	79,963									79,963
Repayment of bank and other borrowings	(207,503)									(207,503)
Interest paid	(90,890)									(90,890)
Advance from a substantial shareholder of the Company	1,856									1,856
Repayment of principal amount of the lease liabilities	(458)									(458)
Repayment of interest amount of the lease liabilities	(10)									(10)
Repayment to ultimate holding company	-	(134,108)		184	24					(133,900)
Net cash used in financing activities	(217,042)									(350,942)
Net decrease in cash and cash equivalents	(76,755)	759	(88,150)	10	26	21		(58,457)		(222,546)
Cash and cash equivalents at beginning of year	247,452	(145,266)	145,266							247,452
Effect of foreign exchange rate changes	(14,028)	10,685			(1)	(1)				(3,345)
Cash and cash equivalents at end of year	156,669									21,561

**APPENDIX VI UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
AFTER THE COMPLETION OF THE DISPOSAL AND THE ACQUISITION**

Notes to the Unaudited Pro Forma Financial Information

- 1) The amounts are extracted from the audited consolidated statement of financial position of the Group as at 31 March 2023, 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 2023 as set out in the published annual report of the Group for the year ended 31 March 2023.

- 2) (a) The adjustment represents the exclusion of the assets and liabilities of Zhuhai Coastal as at 31 March 2023, assuming the Disposal had taken place on 31 March 2023. The assets and liabilities of Zhuhai Coastal are extracted from Appendix II to the Circular except for the amounts due to the related parties which will be waived after the Disposal.

- (b) The adjustment represents the exclusion of the financial performance and cash flow of Zhuhai Coastal for the year ended 31 March 2023, assuming the Disposal had taken place on 1 April 2022 which are extracted from Appendix II to the Circular.

- 3) The adjustment represents the pro forma loss on disposal of Zhuhai Coastal as if the Disposal and the Acquisition had been completed on 31 March 2023, which is calculated as follows:

	<i>Notes</i>	<i>HK\$'000</i>
Cash consideration	<i>(a)</i>	194,195
Consideration in terms of the fair value of the Acquired Companies	<i>6</i>	1,297,344
Less: Share of net assets of Zhuhai Coastal as at 31 March 2023	<i>(b)</i>	(82,574)
Less: Waiver of the Shareholder's Loan as at 31 March 2023	<i>(c)</i>	(1,056,476)
Less: Waiver of amount due from ultimate holding company, net as at 31 March 2023	<i>(c)</i>	(414,193)
Less: Carrying amount of non-controlling interest of Zhuhai Coastal as at 31 March 2023	<i>(d)</i>	(5,504)
Less: Tax imposed on the Disposal	<i>(e)</i>	<u>(5,712)</u>
Estimated loss on the Disposal		<u><u>(72,920)</u></u>

APPENDIX VI UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
AFTER THE COMPLETION OF THE DISPOSAL AND THE ACQUISITION

- (a) In accordance with the supplemental agreement dated 2 December 2022 entered into among the Company, Affluent Ocean International Limited (“**Affluent Ocean**”) and Zhuhai Coastal (the “**Supplemental Agreement**”), the Group agreed to dispose of its 66.67% equity interest in Zhuhai Coastal to Affluent Ocean, which is an independent third party and an indirect wholly owned subsidiary of Yuzhou Group Holdings Company Limited.

According to the Supplemental Agreement, the aggregate consideration amounts to RMB880,000,000 for the Disposal was settled by the consideration of acquisition of Shanghai Coastal, Beijing Tianlun and Shenyang Zhongguang, out of which RMB350,000,000 is attributable to the sale and purchase of the entire equity interest in Shanghai Coastal and Beijing Tianlun, RMB360,000,000 is attributable to the sale and purchase of the entire equity interest in Shenyang Zhongguang and RMB170,000,000 shall be settled by Affluent Ocean to the Company by cash. The cash consideration of RMB170,000,000 (equivalent to approximately HK\$194,195,000) payable by Affluent Ocean to the Company shall be satisfied by Affluent Ocean in the following manner: (i) as to RMB50,000,000 (equivalent to approximately HK\$57,116,000) in cash to be released by the bank to the Company upon the change of the legal representative of Zhuhai Coastal to a person designated by Affluent Ocean; and (ii) as to the remaining RMB120,000,000 (equivalent to approximately HK\$137,079,000) by 12 post-dated cheques drawn by Affluent Ocean in favour of the Company in the amount of RMB10,000,000 each per month starting from 15 January 2023.

- (b) This amount represents the net assets of Zhuhai Coastal as at 31 March 2023 as extracted from the unaudited statement of financial position of Zhuhai Coastal as at 31 March 2023 set out in Appendix II to the Circular.
- (c) Waiver of shareholder’s loan represents the money owed by Zhuhai Coastal to the Company (the “**Shareholder’s Loan**”) recognised in Zhuhai Coastal as at 31 March 2023 as extracted from the unaudited statement of financial position of Zhuhai Coastal as at 31 March 2023 set out in Appendix II to the Circular.

The assignment of the Shareholder’s Loan at a consideration of HK\$868,165,000 (RMB760,000,000) was set after negotiation between the Group and Affluent Ocean. The difference was dealt with in the settlement of the Disposal.

Waiver of amount due from ultimate holding company, net represents money owed by Yuzhou Group Holdings Company Limited to Shanghai Coastal, Beijing Tianlun and Shenyang Zhongguang (the “**Acquired Companies**”) recognised in the Acquired Companies as at 31 March 2023 as extracted from the unaudited statement of financial position of the Acquired Companies as at 31 March 2023 set out in Appendix III, IV and V to the Circular. According to the Supplemental Agreement, the amount shall be waived upon completion.

**APPENDIX VI UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
AFTER THE COMPLETION OF THE DISPOSAL AND THE ACQUISITION**

- (d) This amount represents the 33.33% non-controlling interest of Zhuhai Coastal as at 31 March 2023.
 - (e) The statutory tax rate applied is 25% in accordance with the law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and implementation regulations of the EIT Law.
- 4) (i) The audited statement of financial position of Shanghai Coastal as at 31 March 2023 and the audited statement of profit or loss and other comprehensive income and statement of cash flow of Shanghai Coastal for the year ended 31 December 2022 are extracted from the audited financial information of Shanghai Coastal set out in Appendix III to the Circular.
- (ii) The audited statement of financial position of Beijing Tianlun as at 31 March 2023 and the audited statement of profit or loss and other comprehensive income and statement of cash flow of Beijing Tianlun for the year ended 31 December 2022 are extracted from the audited financial information of Beijing Tianlun set out in Appendix IV to the Circular.
- (iii) The audited statement of financial position of Shenyang Zhongguang as at 31 March 2023 and the audited statement of profit or loss and other comprehensive income and statement of cash flow of Shenyang Zhongguang for the year ended 31 December 2022 are extracted from the audited financial information of Shenyang Zhongguang set out in Appendix V to the Circular.

The above adjustments represent the inclusion of the assets and liabilities of the acquired companies as at 31 March 2023 and their financial performance and cash flows for the year ended 31 December 2022.

- 5) The adjustment represents elimination of capital, investment cost and balances between Shanghai Coastal and Beijing Tianlun.
- 6) Shanghai Coastal, Beijing Tianlun and Shenyang Zhongguang do not carry out active business operations. Under Hong Kong Financial Reporting Standard 3 (revised) "Business Combinations" ("HKFRS 3") issued by the HKICPA, the acquisition method does not apply a situation where the acquisition of an assets or a group of assets does not constitute a business. Accordingly, the acquisition of Shanghai Coastal, Beijing Tianlun and Shenyang Zhongguang is not considered as a business combination. In accordance with HKFRS 3, the consideration shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the completion of the Acquisition and such a transaction does not give rise to goodwill.

**APPENDIX VI UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
AFTER THE COMPLETION OF THE DISPOSAL AND THE ACQUISITION**

The fair value of the Acquired Companies as if the Acquisition had been completed on 31 March 2023, which is calculated as follows:

	<i>Notes</i>	<i>HK\$'000</i>
Carrying value of identifiable assets and liabilities of the Acquired Companies as at 31 March 2023	<i>(a)</i>	955,133
Fair value adjustment to identifiable assets and liabilities of the Acquired Companies	<i>(b)</i>	<u>342,211</u>
Total fair value of the Acquired Companies		<u><u>1,297,344</u></u>

- (a) For the purpose of the Unaudited Pro Forma Financial Information, it is assumed that the fair value of the identifiable assets and liabilities of the Acquired Companies (excluding the properties under development) approximated their carrying values as at 31 March 2023. The fair value of the identifiable assets and liabilities of the Acquired Companies (including the properties under development) is subject to changes upon completion of the Acquisition because the fair value shall be assessed at the date of the actual completion of the Acquisition.

Carrying value of the Acquired Companies (including the properties under development) as at 31 March 2023 is determined as follows:

	<i>HK\$'000</i>
Shanghai Coastal	(42,164)
Beijing Tianlun	(839)
Shenyang Zhongguang	1,005,561
Elimination between Shanghai Coastal and Beijing Tianlun (<i>note 5</i>)	<u>(7,425)</u>
	<u><u>955,133</u></u>

- (b) For the purpose of the Unaudited Pro Forma Financial Information, the Directors have estimated the fair values of the properties under development owned by Shenyang Zhongguang with reference to the valuation report dated 31 August 2023 prepared by Cushman & Wakefield, an independent valuer.

Nature	Independent valuer	Site Area <i>sq.m.</i>	Unit rate per valuation report <i>RMB</i>	Fair value <i>RMB'000</i>	Fair value <i>HK\$'000</i>	Carrying value <i>HK\$'000</i>	Pro forma fair value adjustment <i>HK\$'000</i>
Properties under development owned by Shenyang Zhongguang	Cushman & Wakefield	1,272,050	470	598,000	683,108	(340,897)	342,211

APPENDIX VI UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
AFTER THE COMPLETION OF THE DISPOSAL AND THE ACQUISITION

- 7) The adjustment represents the estimated transaction costs of approximately HK\$58,457,000, including the accountancy, legal, valuation and other professional services related to the Disposal and the Acquisition as if the Disposal and the Acquisition had completed on both 31 March 2023 and 1 April 2022. The expenses are charged to profit or loss directly. The adjustment has no continuing effect on the financial statements of the Remaining Group in subsequent years.

- 8) The Company and Affluent Ocean entered into the sale and purchase agreement on 13 January 2018 (the “**Sale and Purchase Agreement**”) in relation to the disposal of the entire equity interest in Century East Group Limited at a consideration of approximately RMB3,800,000,000. As at the date of the Circular, Affluent Ocean has paid RMB2,891,920,000 to the Company. By entering into the Supplemental Agreement, Affluent Ocean and the Company sought to resolve all the outstanding obligations of the parties under the Sale and Purchase Agreement. Upon completion, Affluent Ocean and the Company shall have completed all their obligations under the Sale and Purchase Agreement and the Supplemental Agreement and the outstanding balance of the consideration under the Sale and Purchase Agreement payable by Affluent Ocean in the sum of HK\$760,241,000, net of expected credit loss of HK\$277,078,000 will be waived by the Company.

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 the properties as at 31 August 2023.



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

29 September 2023

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**”) for us to value the 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 inspection, 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 August 2023 (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 Company and its legal adviser, Commerce & Finance Law Offices, regarding the title of the Properties. In valuing the Properties, we have prepared our valuation 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 Company are set out in the notes of the respective valuation report.

METHOD OF VALUATION

We have valued the Properties held for future development in the PRC on the basis that they will be developed and completed in accordance with the latest development proposals (if any) provided to us. In arriving at our opinion of value, 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 approach showing what price levels that the buyers really paid for the properties in the market. Market Comparison Method is by way of comparing the property to be assessed directly with other comparable properties which recently changed hands. These premises are generally located in the surrounding areas which are comparable to the 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. The Properties under valuation have sufficient transactions in the relevant market and Market Comparison Method is a suitable method for valuing the Properties.

SOURCE OF INFORMATION

In the course of our valuations, we have relied to a very considerable extent on the information given to us by the Company regarding the title of the Properties. We have accepted advice given by the Company 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 Company 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 Company and the PRC legal opinion prepared by the Company's legal adviser regarding the Properties.

SITE INSPECTION

Our valuers inspected the exterior and, whenever possible, the interior of the Properties in January or February of 2023. However, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period. 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.

The following is the information of our valuers who have inspected the Properties.

Name of valuer	Property No. inspected by the valuer	No. of years of experience in property valuation	Qualification	Date of inspection
Mr. Eric Liu	1	11	Registered China Real Estate Appraiser	2 February 2023
Mr. Jeffery Wang	2	18	Registered China Real Estate Appraiser	30 January 2023
Ms. Eva Zeng	3	8	Master of Land Resources Management	20 January 2023

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 valuation report.

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

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 August 2023 (RMB)
Properties held for future development in the PRC	
1. Development site on the north of No. 1A Jianguomenwai Avenue, Chaoyang District, Beijing, the PRC (Jianguomenwai Project) 中國北京市朝陽區建國門外大街甲1號北側待建土地(建國門外項目)	No commercial value
2. Development site situated at Beishanwei Road, Chenxiangtun Town, Sujiatun District, Shenyang, Liaoning Province, the PRC (Sujiatun Project) 中國遼寧省瀋陽市蘇家屯區陳相屯鎮北山委路蘇家屯項目待建土地(蘇家屯項目)	598,000,000
3. Development site situated at south of Chuangye Road, north of Renmin West Road, Xiangzhou District, Zhuhai, Guangdong Province, the PRC (Shangchong Project) 中國廣東省珠海市香洲區人民西路北側、創業路南側開發土地(上衝項目)	No commercial value
Total	<u>598,000,000</u>

VALUATION REPORT

Properties held for future development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2023
1. Development site on the north side of No. 1A Jianguomenwai Avenue, Chaoyang District, Beijing, the PRC (Jianguomenwai Project)	The Property comprises a parcel of land with a site area of approximately 5,683.50 sq.m. As advised by the Company, a proposed commercial building is planned to be developed on the Property with a total gross floor area of approximately 45,000.00 sq.m.	As at the Valuation Date, the Property was a parcel of land used as car park.	No commercial value (See Note (1))
中國北京市 朝陽區 建國門外大街 甲1號北側待建土地 (建國門外項目)	The breakdown of the planned gross floor area is summarised as follows:		
		Approximate Planned Gross Floor Area (sq.m.)	
	Commercial	31,000.00	
	Office	2,600.00	
	Underground Carpark (326 lots)	<u>11,400.00</u>	
	Total	<u>45,000.00</u>	
		<i>(see Note (4))</i>	
	The immediate locality of the Property is an urban area in Beijing predominated by residential and commercial developments and communal facilities.		
	The Property is held with land use rights as allocated land for office use.		

Notes:

- (1) In the course of our valuation, we have ascribed no commercial value to the Property as the nature of the land is allocated land. However, had the Company obtained valid State-owned Land Use Rights Certificate of granted land, all land premium and related fees for the grant of the certificate been fully settled, the market value of the Property as at the Valuation Date would be RMB708,000,000 (Renminbi Seven Hundred Eight Million).

According to the relevant co-operation agreement dated 6 December 2007 in relation to the Property, 北京實業開發總公司 (Beijing Industry Development Corporation) (“**Party A**”) is responsible for obtaining the relevant State-owned Land Use Rights Certificate.

In order to obtain a valid State-owned Land Use Rights Certificate, Party A has to complete the removal and resettlement works of the relevant land area and the relevant works commonly referred to as ‘provision of seven infrastructures and one levelling’ (七通一平), which includes infrastructure provision of water, sewerage, electricity, telecommunication, gas, heat and roadway, and site formation and levelling. After these works have been completed, Party A can apply for the State-owned Land Use Rights Certificate, which would include preparation of application materials for review and registration. An applicant may apply to the Land and Resources Bureau with the relevant materials to prove the source of land ownership. There will be cadastral survey involving on-site investigation, verification, measurement and drawing of parcel sketches and red line maps for the target land for registration to ascertain the location, the nature of the right, the boundary, the area and the use. The authority would then review the land registration application form, the ownership source materials and the survey results submitted to decide whether to approve the registration.

Currently, Party A is still in the stage of carrying out the removal and resettlement works of the land area. Pursuant to the said co-operation agreement, the Company has the right to terminate the agreement and request Party A to refund to the Company any payment made. However, as the project is still progressing, the Company does not intend to terminate the co-operation agreement at this stage.

- (2) According to the Co-operation Agreement and its Supplement entered into between Party A and 上海沿商投資管理有限公司 (Shanghai Coastal Commercial Investment Management Co. Limited) (“**Party B**”) on 3 January 2008, Party B agreed to co-operate with Party A for the development of the Property with an investment of RMB340 million. Party B will obtain the interests and rights of the area of approximately 65% of the Property for a term of 35 years.
- (3) According to Planning Permit for Construction Use of Land No. (2007) 0008 issued by 北京市規劃委員會 (Beijing Planning Committee) on 23 January 2007, 北京實業開發總公司 (Beijing Industry Development Corporation) is permitted to develop a site located on the north side of No. 1A Jianguomenwai Avenue, Chaoyang District with a total site area of 5,683.50 sq.m.
- (4) According to the Opinion Letter on Planning issued by 北京市規劃委員會 (Beijing Planning Committee) on 26 December 2006, a proposed development was planned to be developed on the Property with a gross floor area of approximately 28,000.00 sq.m. for office, car park and facility uses.

We noted that the planned total gross floor area, 45,000.00 sq.m., exceeds the total gross floor area of approximately 28,000.00 sq.m. stated in the Opinion Letter on Planning issued by 北京市規劃委員會 (Beijing Planning Committee) on 26 December 2006. As per the Company’s instruction, our valuation is based on planned gross floor area of approximately 45,000.00 sq.m. In the course of our valuation, we have assumed that any land premium and related fees incurred have been fully paid and settled.

(5) According to the Business Licence dated 27 July 2016, 上海沿商投資管理有限公司 (Shanghai Coastal Commercial Investment Management Co., Ltd.) was established on 24 December 2007 as a limited company with a registered capital of RMB10,000,000.

(6) We have been provided with a legal opinion issued by the Company's PRC legal adviser, which contains, *inter alia*, the following information:

(a) The Co-operation Agreement and its Supplement of the Property is valid, legal and enforceable under the PRC laws.

(7) The status of title and grant of major approvals and licences in accordance with the information provided by the Company are as follows:

State-owned Land Use Rights Certificate	No
Opinion Letter on Planning	Yes
Planning Permit for Construction Use of Land	Yes
Business Licence	Yes

(8) The major parameter adopted in our valuation is as follows:

Land Use	Accommodation Value (RMB/sq.m.)
Commercial	21,071

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

In undertaking our valuation, we have made reference to various land sales of other similar commercial land within the same district.

The accommodation value ("AV") of the comparable land sales range from approximately RMB16,097 per sq.m. to RMB34,757 per sq.m. After undertaking appropriate adjustments, we adopted an AV of RMB21,071 per sq.m. for the Property.

The above market rate adopted by us is consistent with the level of the recent sales of other similar properties within the same district as mentioned above.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2023
2. Development site situated at Beishanwei Road, Chenxiangtun Town Sujiatun District, Shenyang, Liaoning Province, the PRC (Sujiatun Project) 中國遼寧省 瀋陽市 蘇家屯區陳相屯鎮 北山委路 待建土地 (蘇家屯項目)	The Property comprises two parcels of land with a total site area of approximately 1,272,050 sq.m. The immediate locality of the Property is a rural area in Shenyang predominated by residential developments and communal facilities. The Property is held with land use rights for terms due to expire on 23 September 2052 for composite and petrol filling station uses.	As at the Valuation Date, the Property was land with some dilapidated buildings and structures of one to two storeys.	RMB598,000,000 (RENMINBI FIVE HUNDRED NINETY EIGHT MILLION)

Notes:

- (1) According to two State-owned Land Use Rights Certificates issued by 瀋陽市蘇家屯區人民政府 (the People's Government of Shenyang Sujiatun District), the land use rights of the Property located at Beishanwei Road, Chenxiangtun Town, comprising a total site area of approximately 1,272,050 sq.m. have been vested in 瀋陽中廣北方影視城有限公司 (Shenyang Zhongguan North Film and Television City Company Limited) for terms of 50 years due to expire on 23 September 2052 for composite and petrol filling station uses with details as follows:

Certificate No.	Issue Date	Expiry Date of Land		Site Area (sq.m.)
		Use Term	Land Use	
(2000)0000220	19 Nov 2010	23 Sept 2052	Composite	1,254,415
0221	23 Sept 2002	23 Sept 2052	Petrol filling station	17,635
Total				<u>1,272,050</u>

- (2) According to Grant Contract of State-owned Land Use Rights No. (2002)16 entered into between 瀋陽市蘇家屯區規劃土地管理局 (the Shenyang Sujiatun District Planning and Land Resources Bureau) and 瀋陽中廣北方影視城有限公司 (Shenyang Zhongguan North Film and Television City Company Limited) on 23 August 2002, the land use rights of the property have been contracted to be granted to 瀋陽中廣北方影視城有限公司 (Shenyang Zhongguan Bei Fang Ying Shi Cheng Co. Ltd.) with details as follows:

Location	:	Beishanwei Road, Chenxiangtun Town, Sujiatun District
Site Area	:	1,473,030.70 sq.m.
Use	:	Composite
Land Use Term	:	50 years for composite use
Land Premium	:	RMB30,491,735.50

(3) According to Business Licence No. 91210111738688040T dated 28 January 2023, 瀋陽中廣北方影視城有限公司 (Shenyang Zhongguan North Film and Television City Company Limited) was established on 8 August 2002 as a limited company with a registered capital of RMB982,530,000.

(4) We have been provided with a legal opinion issued by the Company's PRC legal adviser, which contains, *inter alia*, the following information:

(a) The State-owned Land Use Rights Certificates of the Property are valid, legal and enforceable under the PRC laws; and

(b) 瀋陽中廣北方影視城有限公司 (Shenyang Zhongguan North Film and Television City Company Limited) is the sole legal land user of the Property and has obtained State-owned Land Use Rights Certificates of the Property.

(5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company are as follows:

State-owned Land Use Rights Certificates	Yes
Grant Contract of State-owned Land Use Rights	Yes
Business Licence	Yes

(6) The major parameter adopted in our valuation is as follows:

Land Use	Unit Rate on Site Area (RMB/sq.m.)
Composite	470

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

In undertaking our valuation, we have made reference to various recent sales of land of similar properties within the same district.

The unit rate on site area of the comparable land sales range from approximately RMB451 per sq.m. to RMB994 per sq.m. After undertaking appropriate adjustments, we adopted a unit rate on site area of RMB470 per sq.m. for the Property.

By multiplying the adopted unit rate of RMB470 per sq.m. and the site area of 1,272,050 sq.m., we arrive at the market value of the Property of RMB598 million.

The above market unit rate adopted by us is consistent with the level of the recent sales of other similar lands within the same district as mentioned above.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2023
<p>3. Development site situated at south of Chuangye Road, north of Renmin West Road, Xiangzhou District, Zhuhai, Guangdong Province, the PRC (Shangchong Project)</p> <p>中國廣東省 珠海市香洲區 人民西路北側、 創業路南側 開發土地(上衝項目)</p>	<p>The Property comprises a parcel of land with a site area of approximately 333,882.01 sq.m.</p> <p>As advised by the Company, a proposed composite development is planned to be developed on the Property with a total gross floor area of approximately 1,030,000 sq.m.</p> <p>The immediate locality of the Property is an urban area in Zhuhai predominated by residential and commercial developments and communal facilities.</p> <p>As advised by the Company, the Property is held with land use rights as “Collectively owned by villagers” for various uses.</p>	<p>As at the Valuation Date, the Property was land with dilapidated buildings.</p>	<p>No commercial value (See Note (1))</p>

Notes:

- (1) In the course of our valuation, we have ascribed no commercial value to the Property as the nature of the land is ‘Collectively owned by villagers’. However, had the Company obtained valid State-owned Land Use Rights Certificate (the “Certificate”), all land premium and related fees for the grant of the certificate been fully settled, the market value of the Property as at the Valuation Date would be RMB2,679,000,000 (Renminbi Two Billion Six Hundred Seventy Nine Million). The requirement to obtain the Certificate involves land premium to be made to the Land Bureau of Zhuhai in the aggregate sum of approximately RMB3,839,231,000. As at the date of this valuation, Zhuhai Coastal Greenland Real Estate Company Limited has settled an amount of RMB1,029,542,000. The Company does not intend to make further payments prior to Completion.
- (2) According to a Co-operation Agreement entered into among 珠海市香洲區城市更新局 (Zhuhai Xiangzhou Urban Redevelopment Bureau) (“Party A”), 珠海市香洲區梅華街道辦事處 (Zhuhai Xiangzhou Meihua Street Office) (“Party B”), 珠海市沿海綠色家園房地產開發有限公司 (Zhuhai Coastal Greenland Real Estate Company Limited) (“Party C”) and 珠海市香洲上衝股份合作公司 (Zhuhai Xiangzhou Shangchong Share Cooperation Company) (“Party D”) on 16 June 2022, Party C agreed to co-operate with Parties A, B and D for the development of the Property.

(3) According to the Business Licence dated 2 December 2022, 珠海市沿海綠色家園房地產開發有限公司 (Zhuhai Coastal Greenland Real Estate Company Limited) was established on 1 March 2013 as a limited company with a registered capital of RMB150,000,000.

(4) We have been provided with a legal opinion issued by the Company's PRC legal adviser, which contains, *inter alia*, the following information:

(a) The Co-operation Agreement of the Property is valid, legal and enforceable under the PRC laws.

(5) The status of title and grant of major approvals and licences in accordance with the information provided by the Company are as follows:

State-owned Land Use Rights Certificate	No
Co-operation Agreement	Yes
Business Licence	Yes

(6) The major parameter adopted in our valuation is as follows:

Land Use	Accommodation Value (RMB/sq.m.)
Composite	2,601

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

In undertaking our valuation, we have made reference to various land sales of other similar commercial land within the same district.

The AV of the comparable land sales range from approximately RMB1,600 per sq.m. to RMB8,937 per sq.m. After undertaking appropriate adjustments, we adopted an AV of RMB2,601 per sq.m. for the Property.

The above market unit rate adopted by us is consistent with the level of the recent sales of other similar properties within the same district as mentioned above.

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, were as follows:

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

Name of Director	Note	Number of shares held or underlying shares, capacity and nature of interest			Percentage of the Company's issued share capital
		Beneficial owner	Interest in controlled corporation		
Mr. Jiang Ming	(a)	–	1,531,261,978 (L)	36.93%	
Mr. Lin Chen Hsin	(a)	3,720,000 (L)	1,531,261,978 (L)	37.02%	
Ms. Tong Xinhua		5,040,000 (L)	–	0.12%	

L: Long position

Note:

- (a) 1,531,261,978 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 1,531,261,978 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	Number of shares held, capacity and nature of interest		
	Beneficial owner	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 the 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 terminable 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 2023 (being the date to which the latest published audited consolidated accounts 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 CONTRACT

The following contract (not being contract entered into in the ordinary course of business) has 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.

7. EXPERTS AND CONSENTS

The following is the qualification of the expert or professional adviser who have given opinions or advices contained in this circular:

Name	Qualification
BDO Limited	Certified Public Accountants
Cushman & Wakefield Limited	Independent Professional Valuer

As at the Latest Practicable Date, both BDO Limited and Cushman & Wakefield Limited have given and have not withdrawn their written consents to the issue of this circular with the inclusion of their letters and references to their names in the form and context in which they respectively appear.

As at the Latest Practicable Date, both BDO Limited and Cushman & Wakefield Limited 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, both BDO Limited and Cushman & Wakefield Limited were 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 2023, the date to which the latest 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 contract referred to in the paragraph headed “Material Contracts” in this appendix;

- (c) the report in relation to the financial information of Zhuhai Coastal prepared by BDO Limited, the text of which is set out in Appendix II to this circular;
- (d) the accountants' report on Shanghai Coastal prepared by BDO Limited, the text of which is set out in Appendix III to this circular;
- (e) the accountants' report on Beijing Tianlun prepared by BDO Limited, the text of which is set out in Appendix IV to this circular;
- (f) the accountants' report on Shenyang Zhongguang prepared by BDO Limited, the text of which is set out in Appendix V to this circular;
- (g) the report on the unaudited pro forma financial information prepared by BDO Limited, the text of which is set out in Appendix VI to this circular; and
- (h) the valuation report of the Shangchong Project, the Jianguomenwai Project and the Sujiatun Project, the text of which is set out in Appendix VII 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 “**SGM**”) of Coastal Greenland Limited (the “**Company**”) will be held at 2/F, 35-45B Bonham Strand, Sheung Wan, Hong Kong on Wednesday, 18 October 2023 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 29 September 2023 (the “**Circular**”)):

ORDINARY RESOLUTION

1. “**THAT**

- a. the Supplemental Agreement to the Disposal Agreement dated 2 December 2022 (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 Company, Affluent Ocean and Zhuhai Coastal, in relation to, among other things, the disposal of the 66.67% of the equity interest in Zhuhai Coastal and the assignment of the Shareholders’ Loan and the acquisition of the entire equity interest in Shanghai Coastal and Shenyang Zhongguang 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 Supplemental Agreement and the transactions contemplated thereunder and to agree to such variations of the terms of the Supplemental 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, 29 September 2023

* *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 SGM 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 SGM 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 Monday, 16 October 2023 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 SGM 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 SGM, 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 SGM 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 Friday, 13 October 2023 to Wednesday, 18 October 2023 (both days inclusive), during which period no transfer of shares will be effected in order to determining the entitlement of the shareholders of the Company to attend and vote at the SGM. 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 Thursday, 12 October 2023.
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 SGM, 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.