
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in 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, together with the accompanying form of proxy to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or 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)

**VERY SUBSTANTIAL DISPOSAL
SURRENDER OF THE LAND AND
NOTICE OF SPECIAL GENERAL MEETING**

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

A notice convening an SGM of the Company to be held with a combination of an in-room meeting at Suite 1712-16, 17th Floor, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong and an online virtual meeting on Wednesday, 30 March 2022, at 2:30 p.m. or any adjournment thereof is set out on pages SGM-1 to SGM-4 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 (a) complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong; or (b) submit the form of proxy electronically at <https://spot-meeting.tricor.hk/#/243> in accordance with the instructions printed on the accompanying notification letter, in each case as soon as possible and in any event not later than Monday, 28 March 2022 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 or via online (if applicable) at the SGM or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE SGM

To safeguard the health and safety of attending shareholders and proxies and to reduce the risk of COVID-19 spreading, the following precautionary measures will be taken at the SGM:

- (i) compulsory body temperature checks;
- (ii) mandatory wearing of surgical face mask (please bring your own);
- (iii) no refreshments will be served; and
- (iv) no entry will be allowed to any person who is subject to mandatory quarantine order imposed by the Hong Kong Government and any person who does not comply with the precautionary measures may be denied entry into the meeting venue.

Shareholders are strongly encouraged to appoint the chairman of the SGM as their proxy to vote according to their indicated voting instructions as an alternative to attending the SGM in person.

Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement(s) on such measures as appropriate.

25 February 2022

* for identification purpose only

PRECAUTIONARY MEASURES FOR THE SGM

In view of the ongoing novel coronavirus COVID-19 outbreak, mass gatherings would potentially impose a significant risk in terms of the spread of the virus. For the safety of the Shareholders, staff and stakeholders, the **Company encourages Shareholders, instead of attending the SGM in person, to appoint the chairman of the SGM as their proxy to vote on the relevant resolutions at the SGM**, by completing and returning the accompanying form of proxy in accordance with the instructions printed thereon. Shareholders and other persons attending the SGM should note that, consistent with the government guidelines for the prevention and control of COVID-19, the Company will implement the following precautionary measures at the SGM to protect the Shareholders and participants attending the SGM from the risk of COVID-19 infection:

- (i) Compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the SGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the SGM venue or be required to leave the SGM venue.
- (ii) All Shareholders, proxies and other attendees may be asked whether (a) he/she has travelled outside of Hong Kong within the 14-day period immediately before the SGM; and (b) he/she is subject to any Hong Kong Government prescribed mandatory quarantine order. Anyone who responds positively to any of these questions may be denied entry into the SGM venue or be required to leave the SGM venue.
- (iii) The Company requires attendees to wear surgical face masks inside the SGM venue at all times, and to maintain a safe distance between seats.
- (iv) No refreshments will be served and no corporate gifts will be distributed.
- (v) Seating at the SGM venue will be arranged in a manner to allow for appropriate social distancing. As a result, there may be limited capacity for Shareholders to attend the SGM. The Company may limit the number of attendees at the SGM as may be necessary to avoid over-crowding.
- (vi) No guest will be allowed to enter the SGM venue if he/she is wearing quarantine wristband issued by the Government of Hong Kong.

PRECAUTIONARY MEASURES FOR THE SGM

To the extent permitted under law, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue in order to ensure the safety of the attendees at the SGM. In the interest of all stakeholders' health and safety and consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the Chairman of the SGM as their proxy to vote on the relevant resolutions at the SGM instead of attending the SGM in person. For non-registered holders whose Shares are held in the Central Clearing and Settlement System, they are strongly encouraged to vote through HKSCC Nominees Limited by giving instructions to their brokers or custodians. The Company will closely monitor and ascertain the regulations and measures introduced or to be introduced by the Hong Kong Government, and if necessary, will make further announcements in case of any update regarding the precautionary measures to be carried out at the SGM.

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DEFINITIONS

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

“Acquisition”	the acquisition of 81% of the registered and paid up capital of Hengxiang Development
“Acquisition Agreement”	the agreement dated 14 April 2015 entered into among Coastal China, Shenzhen Chuangzhixin, Gaosheng Shunxin, Beijing Meilehong and Zhongzhou Huayuan in relation to the Acquisition
“Affordable Houses”	the affordable houses with GFA of approximately 139,450 sq.m. constructed by Hengxiang Development and Jixi Jiguan on the two parcels of land located at Jixi City, Heilongjiang, the PRC with site area of approximately 61,700 sq.m.
“Agreement”	the agreement dated 9 August 2021 entered into between the Jixi Municipal People’s Government, Hengxiang Development, Coastal China and Jixi Jiguan in relation to the Surrender of the Land
“Beijing Meilehong”	北京美樂紅投資顧問有限公司 (Beijing Meilehong Investment Consultancy Company Limited*), a company established in the PRC with limited liability
“Board”	the board of Directors
“Coastal China”	Coastal Realty Investment (China) Limited, a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Company”	Coastal Greenland Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange
“Compensation Amount”	the compensation amount of RMB224,000,000 (equivalent to approximately HK\$269,263,000) payable by the Jixi Municipal People’s Government under the Agreement in respect of the Surrender of the Land
“Completion”	completion of the Surrender of the Land in accordance with the terms of the Agreement
“Completion Date”	the date of Completion

DEFINITIONS

“Directors”	directors of the Company
“Gaosheng Shunxin”	晉中市高盛順鑫投資企業(有限合夥)(Jinzhong City Gaosheng Shunxin Investment Enterprises (Limited Partnership)*), a limited partnership established in the PRC
“Group”	the Company and its subsidiaries
“Hengxiang Development”	恒祥房地產開發有限公司 (Hengxiang Real Estate Development Company Limited*), a company established in the PRC with limited liability and an indirect subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Jixi Jiguan”	雞西市雞冠區鵬程城市建設投資有限公司 (Jixi City Jiguan District Pengcheng Urban Construction Investment Company Limited*), a company established in the PRC with limited liability and a state-owned enterprise
“Jixi Municipal People’s Government”	Jixi Municipal People’s Government of Heilongjiang Province, a PRC government body
“Land”	collectively, Land 1, Land 2, Land 3 and Land 4
“Land 1”	the parcel of land located at Jixi City, Heilongjiang, the PRC with a total site area of approximately 31,447 sq.m.
“Land 2”	the parcel of land located at Jixi City, Heilongjiang, the PRC with a total site area of approximately 43,883 sq.m.
“Land 3”	the parcel of land located at Jixi City, Heilongjiang, the PRC with a total site area of approximately 39,595 sq.m.
“Land 4”	the parcel of land located at Jixi City, Heilongjiang, the PRC with a total site area of approximately 38,986 sq.m.

DEFINITIONS

“Latest Practicable Date”	24 February 2022, 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 purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Remaining Affordable Houses”	the remaining affordable houses with GFA of approximately 37,350 sq.m. constructed by Jixi Jiguan on the two parcels of land located at Jixi City, Heilongjiang, the PRC with site area of approximately 61,700 sq.m. pursuant to the Repurchase Agreement
“Remaining Group”	the Group immediately after the Completion
“Repurchase Agreement”	the agreement dated 21 April 2017 and entered into between Jixi Jiguan, Hengxiang Development and Coastal China in relation to the arrangements for the construction and development of the Remaining Affordable Houses
“Repurchase Amount”	RMB224,000,000 (equivalent to approximately HK\$269,263,000), being the consideration payable by Hengxiang Development and Coastal China to Jixi Jiguan under the Repurchase Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder
“Shareholder(s)”	holder(s) of the share(s) of HK\$0.10 each in the share capital of the Company
“Shenzhen Chuangzhixin”	深圳創智信投資管理有限公司 (Shenzhen Chuangzhixin Investment Management Company Limited*), a company established in the PRC with limited liability and a wholly owned subsidiary of the Company

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Surrender of the Land”	the surrender of the Land by Hengxiang Development to the Jixi Municipal People’s Government pursuant to the Agreement
“Zhongzhou Huayuan”	北京中洲華遠專案投資管理有限公司 (Beijing Zhongzhou Huayuan Project Investment Management Company Limited*), a company established in the PRC with limited liability
“GFA”	gross floor area
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square metre(s)
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

* For identification purpose only

For the purpose of this circular, unless otherwise specified, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB0.8319 to HK\$1. The exchange rate is for illustrative purpose only and does not constitute a representation that any amount has been, could have been, or may be exchanged at this or any other rate at all.

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:

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Mr. Xia Xianglong
Dr. Li Ting
Mr. Lin Chen Hsin

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Non-executive Directors:

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Hong Kong

Independent non-executive Directors:

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

25 February 2022

To the Shareholders

Dear Sir/Madam,

**VERY SUBSTANTIAL DISPOSAL
SURRENDER OF THE LAND AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 10 December 2021, where the Board announced that on 9 August 2021, Hengxiang Development and Coastal China, each being a subsidiary of the Company, entered into the Agreement with the Jixi Municipal People's Government and Jixi Jiguan, each being an Independent Third Party, pursuant to which Hengxiang Development shall surrender the Land to the Jixi Municipal People's Government and the Compensation Amount payable by the Jixi Municipal People's Government for the Land shall be fully offset against the Repurchase Amount payable by Hengxiang Development and Coastal China to Jixi Jiguan under the Repurchase Agreement.

* for identification purposes only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details of the Agreement and the Land; (ii) the financial information of the Group; (iii) the valuation report on the Land; and (iv) the notice of the SGM.

BACKGROUND

References are made to the announcement of the Company dated 14 April 2015 and the circular of the Company dated 30 June 2015 in relation to the Acquisition.

On 14 April 2015, Coastal China and Shenzhen Chuangzhixin, wholly owned subsidiaries of the Company, entered into the Acquisition Agreement with Gaosheng Shunxin, Beijing Meilehong and Zhongzhou Huayuan, all being Independent Third Parties, in relation to the acquisition of 81% of the registered and paid up capital of Hengxiang Development by Coastal China for an aggregate consideration of RMB602,700,000 (equivalent to approximately HK\$724,486,000).

Hengxiang Development is a company established in the PRC with limited liability and is principally engaged in property development. Prior to Completion, the principal assets of Hengxiang Development included the Land and two other parcels of land located at Jixi City, Heilongjiang, the PRC, which were acquired from the local government in 2012 with a total site area of approximately 215,611 sq.m. for a term of 70 years for residential use or 40 years for commercial use.

It was originally proposed that the Land and the two other parcels of land would be developed into a residential development by three phases with an estimated total GFA of approximately 679,568 sq.m., in which GFA of approximately 139,450 sq.m. would be designated for the Affordable Houses to be built for the local government. The first phase was originally expected to be available for pre-sale in the second half of 2015 and the whole development was originally expected to be completed in 2017.

As one of the conditions for the development of the Land, Hengxiang Development was obliged to construct the Affordable Houses with GFA of approximately 139,450 sq.m. on two parcels of land with site area of approximately 61,700 sq.m.. and Hengxiang Development would be entitled to the proceeds from the sale of such Affordable Houses and ancillary buildings for commercial use on such sites. After completion of the Acquisition, the Group's priority was to focus on construction of the Affordable Houses first and then continue with the development of the Land given that (i) completion of the Affordable Houses was instrumental to the local government's plan for resettlement of the residents; and (ii) the Group did not have sufficient financial resources to undertake the construction work in respect of the Affordable Houses and the development of the Land concurrently as this would involve substantial capital expenditure upfront from the Group and put pressure on the Group's cash flow. The land use rights for the site of the Affordable Houses had been obtained prior to the Acquisition and affordable houses with GFA of approximately 102,100 sq.m. had been completed by Hengxiang Development as of April 2017.

LETTER FROM THE BOARD

In order to speed up the progress for the resettlement of the residents, on 21 April 2017, Jixi Jiguan, Hengxiang Development and Coastal China entered into the Repurchase Agreement pursuant to which the parties agreed that Jixi Jiguan would take over the construction work of the Remaining Affordable Houses from Hengxiang Development. As a state-owned enterprise, Jixi Jiguan would then seek financial assistance in the total amount of approximately RMB200,000,000 (equivalent to approximately HK\$240,414,000) from the Jixi Municipal People's Government for funding of the relevant project. Pursuant to the Repurchase Agreement, Hengxiang Development and Coastal China agreed to pay the Repurchase Amount to Jixi Jiguan for the Remaining Affordable Houses upon completion of the relevant construction work by Jixi Jiguan.

The Land comprised four parcels of land with aggregate site area of approximately 153,911 sq.m. for residential usage. Prior to Completion, Hengxiang Development had fully paid the land premium in the total amount of approximately RMB49,641,000 (equivalent to approximately HK\$59,672,000) and obtained the land use rights in respect of Land 1 and Land 2. As at the date of the Agreement, Hengxiang Development had completed construction on Land 1 for GFA of approximately 29,000 sq.m. out of a total GFA of approximately 100,121 sq.m and completed construction on Land 2 for GFA of approximately 64,000 sq.m. out of a total GFA of approximately 138,297 sq.m.. The construction work on Land 1 and Land 2 by Hengxiang Development had been suspended since the end of 2019, which was mainly due to the deteriorating property market situation in Jixi City. As a result of the economic downturn in Jixi City, there had been a decreasing demand for properties in Jixi City since 2018. The abundant supply of properties in Jixi City attributable to the built up of unsold housing stock from previous years had outweighed the limited demand for properties, leading to a decline in average selling prices of properties and sluggish sales in the property market. If the Group were to continue the relevant construction work, it would incur substantial construction costs but the prospect of slowing property sales and low profit margin may place pressure on the Group's cash flow. Under such circumstances, the Board considered that it was in the interest of the Group to suspend the construction work on Land 1 and Land 2. Hengxiang Development had only commenced preliminary construction work on Land 3 and Land 4 given that the land premium had not been paid and the land use rights had not been obtained.

Since completion of the Acquisition in 2015, the Group's total amount of investment in the development of the Land was approximately RMB101,620,000 (equivalent to approximately HK\$122,154,000).

LETTER FROM THE BOARD

With regards to the deteriorating property market situation in Jixi City, Jixi City is a tier 5, coal resource-based city located in the eastern part of Heilongjiang. After years of mining, the coal resources in Jixi City have been exhausted leading to the economic downturn whereas urban development is still in a transitional period. The economic situation in Jixi City has had an adverse impact on its real estate market. Based on the property transaction records publicly available from a real estates transaction statistics platform (the “**Platform**”) operated by the government of Jixi City, (i) the GFA of the property sales in Jixi City in 2018 and 2019 are approximately 138,100 sq.m. and approximately 181,844 sq.m. respectively; (ii) the average selling price for properties in 2018 and 2019 are approximately RMB3,150 per sq.m. and approximately RMB3,432 per sq.m. respectively; and (iii) the amount of sales in 2018 and 2019 are approximately RMB434,980,000 and approximately RMB624,140,000 respectively. Based on the information currently available on the Platform, the average selling price of the properties in Jixi City is very close to the respective construction costs in 2020 and 2021 and the property market statistics of 2020 are said to be very similar to the statistics of 2019. As such, the Board is of the view that, the property market has continued to be unfavourable in 2020 and 2021. Taking into the above, the Board considered that it was not commercially feasible to develop the Land and the Group should focus its resources in other property development projects that would generate a higher expected rate of return for the Group.

Apart from the slow progress in the development of the Land and the deteriorating property market situation in Jixi City, the financial condition of the Group was also one of the factors that the Company had considered in deciding whether to enter into negotiations with the Jixi Municipal People’s Government and Jixi Jiguan in relation to the Surrender of the Land. In terms of the current financial condition of the Group, the Group recorded loss for the year attributable to owners of the Company of HK\$281,028,000 for the year ended 31 March 2021, compared to a loss of HK\$336,784,000 for the previous year. The Group has been loss making for the past two financial years. Further, the outbreak of the COVID-19 pandemic and the recent credit crisis emerging from certain well-known PRC property developers have had an adverse impact on the PRC property sector. The construction and sales progress of the Group may be exposed to short-term volatilities and challenges. For the six months ended 30 September 2021, the Group generated revenue of HK\$3,496,000, representing a decrease of approximately 90% as compared to HK\$34,787,000 for the last corresponding period. In particular, recognised sales revenue from sale of properties for the six months ended 30 September 2021 was HK\$1,152,000, representing a decrease of approximately 96% as compared to HK\$32,529,000 for the last corresponding period. As at 30 September 2021, the Group had cash and bank balance of HK\$341,788,000. In view of the current financial condition of the Group, the Board considered that it is vital for the Group to reduce its liquidity risks. The Surrender of the Land would enable the Group to reduce its cash outflow by RMB224,000,000 (equivalent to approximately HK\$269,263,000), being the Repurchase Amount under the Repurchase Agreement apart from further construction costs requirement if the development of the Land were to proceed accordingly, thereby improving the Group’s level of liquidity.

LETTER FROM THE BOARD

Taking into account, among others, the prolonged delay and slow progress in the development of the Land, a deteriorating property market situation in Jixi and the challenges faced by the Group to complete the project due to its current financial condition, negotiations took place between the relevant parties in relation to the Surrender of the Land in 2021. Based on the proposal from the Jixi Municipal People's Government, the Jixi Municipal People's Government only required the Group to surrender the Land but the Group was still entitled to all of its interests in the Affordable Houses. Further, the Jixi Municipal People's Government was willing to bear part of the liabilities incurred by the Group for the relevant property development project, which mainly comprised (i) the construction cost for the Remaining Affordable Houses, being the Repurchase Amount; and (ii) the unpaid taxes (the "**Unpaid Taxes**") in the amount of approximately RMB50,000,000 (equivalent to approximately HK\$60,103,000) payable by Hengxiang Development in connection with the early stage of development of the Land. On the other hand, the Group has also approached two potential buyers, being independent property developers, in relation to the possible sale of the Land but the terms of the proposals offered by the said potential buyers were less favorable to the Group than the proposal from the Jixi Municipal People's Government. According to the proposals put forward by the said potential buyers, the Group was required to transfer all of its interests in the Land as well as in the Affordable Houses to the said potential buyers. In return, the said potential buyers were only willing to bear the liabilities for the Repurchase Amount incurred by the Group for the relevant property development project but not the Unpaid Taxes. In view of the above, the Group decided to surrender the Land to the Jixi Municipal People's Government instead of transferring the Land to other potential buyers.

On 9 August 2021, Hengxiang Development and Coastal China, each being a subsidiary of the Company, entered into the Agreement with the Jixi Municipal People's Government and Jixi Jiguan, each being an Independent Third Party, pursuant to which Hengxiang Development shall surrender the Land to the Jixi Municipal People's Government and the Compensation Amount payable by the Jixi Municipal People's Government for the Land shall be fully offset against the Repurchase Amount payable by Hengxiang Development and Coastal China to Jixi Jiguan under the Repurchase Agreement. Details of the Agreement are set out below:

THE AGREEMENT

- Date: 9 August 2021
- Parties:
- (1) The Jixi Municipal People's Government;
 - (2) Hengxiang Development;
 - (3) Coastal China; and
 - (4) Jixi Jiguan.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Jixi Municipal People's Government is a PRC government body; and (ii) Jixi Jiguan is a state-owned enterprise and is principally engaged in urban construction investment and management; (iii) Jixi Jiguan is owned as to 99% by Jixi Property Management Company, which is a PRC government body; and (iv) the Jixi Municipal People's Government, Jixi Jiguan and their respective ultimate beneficial owner(s) are Independent Third Parties.

Hengxiang Development is a company established in the PRC with limited liability. It is a subsidiary of the Company and is principally engaged in property development.

Coastal China is a company established in the PRC with limited liability. It is a wholly-owned subsidiary of the Company and is principally engaged in investment holding.

Surrender of the Land

Pursuant to the Agreement, Hengxiang Development shall surrender the Land to the Jixi Municipal People's Government and the Compensation Amount payable by the Jixi Municipal People's Government for the Land shall be fully offset against the Repurchase Amount payable by Hengxiang Development and Coastal China to Jixi Jiguan under the Repurchase Agreement.

Compensation Amount

The Compensation Amount of RMB224,000,000 (equivalent to approximately HK\$269,263,000) was determined after arms' length negotiations between the Jixi Municipal People's Government, Hengxiang Development, Coastal China and Jixi Jiguan with reference to the book value of the Land of approximately RMB563,602,000 (equivalent to approximately HK\$677,487,000) as at the Completion Date.

The valuation of the Land and the Affordable Houses as at 31 March 2021 prepared by an independent valuer under the direct comparison approach was approximately RMB948,000,000 (equivalent to approximately HK\$1,139,560,000). After further discussion between the Company and the independent valuer, the Company was given the understanding that the valuation of the Land accounted for approximately RMB909,000,000 (equivalent to approximately HK\$1,092,679,000) and the Affordable Houses accounted for approximately RMB39,000,000 (equivalent to approximately HK\$46,881,000). The difference between the valuation of the Land of RMB909,000,000 and the book value of the Land of approximately RMB563,602,000 represent the market value appreciation of the Land over its recorded book value.

LETTER FROM THE BOARD

The Compensation Amount represents a discount of approximately 60.26% to the book value of the Land. The Directors considered that the substantial discount was attributable to the (i) prolonged delay and slow progress in the development of the Land; (ii) the substantial amount of investment required and challenges faced by the Group to complete the residential development on the Land in light of the financial condition of the Group; (iii) a deteriorating property market situation in Jixi City; and (iv) the lack of a more favourable offer from potential buyers. In view of the above, the Directors considered that the Compensation Amount is fair and reasonable and in the interests of the Company and the Shareholders as a whole, as the Surrender of the Land will allow the Group to preserve its liquidity by reducing its future cash outflow by the Repurchase Amount, which represent 65.54% of the Group's cash and bank balance of HK\$341,788,000 as at 30 September 2021.

Completion

Completion took place on 18 August 2021 and the Compensation Amount has been fully offset against the Repurchase Amount.

INFORMATION OF THE LAND

The Land is located at Jixi City, Heilongjiang, the PRC with aggregate site area of approximately 153,911 sq.m. for residential usage. It was originally proposed that the Land and two other parcels of land would be developed into a residential development by three phases with an estimated total GFA of approximately 679,568 sq.m. in which GFA of approximately 139,450 sq.m. would be designated for Affordable Houses to be built for the local government. The first phase was originally expected to be available for pre-sale in the second half of 2015 and the whole development was originally expected to be completed in 2017.

Prior to Completion, Hengxiang Development had fully paid the land premium and obtained the land use rights in respect of Land 1 and Land 2. As at the date of the Agreement, Hengxiang Development had completed construction on Land 1 for GFA of approximately 29,000 sq.m. out of a total GFA of approximately 100,121 sq.m and completed construction on Land 2 for GFA of approximately 64,000 sq.m. out of a total GFA of approximately 138,297 sq.m.. The construction work on Land 1 and Land 2 by Hengxiang Development had been suspended since the end of 2019. Hengxiang Development had only commenced preliminary construction work on Land 3 and Land 4 given that the land premium had not been paid and the land use rights had not been obtained. The book value of the Land to the Group was approximately RMB563,602,000 (equivalent to approximately HK\$677,487,000) as at the Completion Date.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE SURRENDER OF THE LAND

The Company is an investment holding company and its subsidiaries are principally engaged in property development, property investment, provision of project management and project investment services.

The Group recorded loss for the year attributable to owners of the Company of HK\$281,028,000 for the year ended 31 March 2021, compared to a loss of HK\$336,784,000 for the previous year. In light of the current financial condition of the Group, having considered the prolonged delay and slow progress in the development of the Land and a deteriorating property market situation in Jixi City, the Directors considered that it is in the interest of the Group to surrender the Land in order to focus its resources in other property development projects that will generate a higher expected rate of return for the Group.

Taking into consideration of the aforesaid, the Directors consider that the terms and conditions of the Surrender of the Land are on normal commercial terms and are fair and reasonable and that the Surrender of the Land is in the interests of the Company and the Shareholders as a whole.

POSSIBLE FINANCIAL EFFECTS OF THE SURRENDER OF LAND

The Group is expected to record a loss on the Surrender of the Land of approximately RMB339,602,000 (equivalent to approximately HK\$408,224,000). Such loss is estimated based on difference between the Compensation Amount and the book value of the Land of approximately RMB563,602,000 (equivalent to approximately HK\$677,487,000) as at the Completion Date. The Group will not receive any proceeds from the Surrender of the Land given that the Repurchase Amount has been fully offset against the Compensation Amount. After the Surrender of the Land, the Group will record an increase in its assets of RMB224,000,000 (equivalent to approximately HK\$269,263,000), being the Compensation Amount, and a reduction in its assets of RMB563,602,000 (equivalent to approximately HK\$677,487,000), being the book value of the Land. The net effect on the statement of financial position of the Group will be a net reduction in its assets by RMB339,602,000 (equivalent to approximately HK\$408,224,000) and no change to liabilities.

LISTING RULES IMPLICATIONS

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

If the Agreement were voted down by the Shareholders at the SGM, there would be no impact on the Surrender of Land as the Completion has taken place on 18 August 2021.

LETTER FROM THE BOARD

The omission by the Company to comply with the Listing Rules requirements to make timely disclosure for the Surrender of the Land was due to an inadvertent mistake from the management of the Company having believed that the Surrender of the Land to a PRC government body would be treated as forced sale of the properties by court order, which would not constitute “transactions” under Chapter 14 of the Listing Rules. The Agreement was treated internally as if it was not discloseable under Chapter 14 of the Listing Rules.

The Company wishes to apologise in this regard and now publishes this circular to provide details of the transactions. To avoid any similar delay in the future and to tighten the Group’s internal control procedures, the Company will (i) review and oversee the legal and regulatory compliance procedures and internal controls of the Group to ensure that all existing and further transactions of the Company fully comply with the Listing Rules; (ii) provide written guideline on the procedures for similar transactions to all Directors, senior management and relevant personnel of the Company, which would include requiring prior notification to an executive Director and the company secretary of the Company before entering into similar transactions; and (iii) provide further training to the Directors, the senior management and the relevant personnel of the Company to help them better understand the requirements of the Listing Rules and identify any potential notifiable transactions of the Group on a timely basis.

SGM

A notice convening the SGM to be held with a combination of an in-room meeting at Suite 1712-16, 17th Floor, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong and an online virtual meeting on Wednesday, 30 March 2022 at 2:30 p.m. is set out on pages SGM-1 to SGM-4 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 (a) 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 Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong; or (b) submit the form of proxy electronically at <https://spot-emeeting.tricor.hk/#/243> in accordance with the instructions printed on the accompanying notification letter, in each case as soon as possible but in any event not later than Monday, 28 March 2022 at 2:30 p.m. (Hong Kong time). Completion and return of the form of proxy will not preclude you from attending and voting in person or via online (if applicable) at the SGM or any adjournment thereof should you so wish.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholders have any material interest in the Surrender of the Land or are required to abstain from voting at the SGM of the Company to approve the Surrender of the Land.

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

LETTER FROM THE BOARD

RECOMMENDATION

The Directors are of the opinion that the terms of the Agreement are fair and reasonable and the 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 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 of
Coastal Greenland Limited
Jiang Ming
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the two years ended 31 March 2021 and the six months ended 30 September 2021 are disclosed in the annual reports of the Company for the two years ended 31 March 2021 and the interim report of the Company for the six months ended 30 September 2021, all of which are 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 and the interim report 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 two years ended 31 March 2021.

Annual reports of the Company for the two years ended 31 March 2021:

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

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0729/2020072900388.pdf>

Interim report of the Company for the six months ended 30 September 2021:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1224/2021122400234.pdf>

2. INDEBTEDNESS**Borrowings**

At the close of business on 31 December 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately HK\$1,706,980,000 all of which were secured and guaranteed bank borrowings. The Group's banking facilities and other borrowings were secured by charges over its assets, including bank deposits, land and buildings, investment properties, right of use assets, deposits for future acquisition of land use rights, corporate guarantee given by the Company and certain subsidiaries, personal guarantee given by a substantial shareholder of the Company and 66.67% equity interests in one property-based subsidiary.

Amount due to a substantial shareholder

As at 31 December 2021, the Group had amount due to a substantial shareholder of the Company of approximately HK\$186,486,000, which is unsecured, interest-free and repayable on demand.

Lease liabilities

As at 31 December 2021, the Group had lease liabilities of approximately HK\$1,024,000.

Contingent liabilities or guarantees

As at 31 December 2021, the Group had no contingent liabilities or guarantees.

Disclaimer

Save as aforesaid or as otherwise disclosed herein, the Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, any term loans (secured, unsecured, guaranteed or not), any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments (whether secured or unsecured, guaranteed or not), any mortgages or charges, or other material contingent liabilities or guarantees at the close of business of 31 December 2021.

Foreign currency amounts have been translated into Hong Kong dollars at the rates of exchange prevailing at the close of business on 31 December 2021. The Directors are not aware of any material changes in the Group's indebtedness and contingent liabilities since the close of business on 31 December 2021.

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 Surrender of the Land.

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 facilities in the amount of approximately HK\$1,688,738,000 as of 31 December 2021 that are shown to be required by the Company's working capital forecast.

As at the Latest Practicable Date, direct confirmations have not been received for facilities in the amount of approximately HK\$204,728,000 as of 31 December 2021 that are shown to be required by the Company's working capital forecast. The auditor of the Group performed alternative procedure to ascertain the existence of those facilities. In light of the above procedures performed, the auditor is of the opinion that the Statement has been made by the Directors after due and careful enquiry.

4. MATERIAL ADVERSE CHANGE

The Directors have confirmed that they were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2021, 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 2021 (the “FY2021”), the Group generated revenue of HK\$129.6 million, representing an increase of about 319% as compared to the HK\$31.0 million for the previous year. For the FY2021, the Group incurred a loss before taxation of HK\$286.5 million, compared to a loss of HK\$436.3 million for the previous year. Loss for the year attributable to owners of the Company was HK\$281.0 million, compared to a loss of HK\$336.8 million for the previous year.

During the FY2021, the Group recorded contracted sales in the amount of HK\$25 million (2020: HK\$88 million) which corresponds to a total GFA of about 5,000 sq.m. (2020: 11,000 sq.m.). Included in the amount was HK\$5 million (2020: HK\$15 million) related to contracted sales attributable to the development project in which the Group has equity interests of 35% (2020: 35%) and of which the Group is the project manager. Such development project accounted for a corresponding GFA of about 1,000 sq.m. (2020: 5,000 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 PRC government has implemented a series of stringent measures to contain the epidemic. With signs of stabilisation in combating the COVID-19, we believe consumer confidence will be gradually recovered and potentially housing demand will also be resuming gradually. Nevertheless, the recent credit crisis emerged from certain PRC property developers has cast an uncertain atmosphere over the PRC property sector. Therefore, the construction and sales progress of the Group may be exposed to short-term volatility and challenges. However, the Group remains cautiously optimistic on the outlook and the prospects for the real estate market.

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

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

6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Set out below is the management discussion and analysis on the Remaining Group for the three years ended 31 March 2021 and six months ended 30 September 2021 (the “**Reporting Periods**”). The financial data in respect of the Remaining Group, for the purpose of this circular, is derived from the consolidated financial statements of the Company for the Reporting Periods.

A. Operational and Financial Review

(i) *For the year ended 31 March 2019*

Business Review

During the financial year ended 31 March 2019 (the “**FY2019**”), the Group generated revenue of HK\$200.5 million, representing a decrease of about 89% as compared to the HK\$1,791.4 million for the previous year. For the FY2019, the Group realised a profit before taxation of HK\$20.4 million, compared to a profit of HK\$364.8 million for the previous year. Profit for the year attributable to owners of the Company was HK\$132.5 million, compared to a profit of HK\$231.1 million for the previous year. The significant decrease in the revenue for the year is attributable to the disposal of a significant property development portfolio to an independent third party.

The revenue of the Group was primarily derived from sales of properties, property rental income and project management services income. For the FY2019, revenue decreased by about 89% to about HK\$200.5 million from about HK\$1,791.4 million in the previous year. The decrease was mainly attributable to the disposal of certain property development subsidiaries during the FY2019. Approximately 94% (2018: 98%) of the Group’s revenue was generated from the sales of properties and about 6% (2018: 2%) from property rental income and project management services income.

Market and industry development and segment results

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

Property Development

During the FY2019, the recognised sales revenue from sales of properties was HK\$187.7 million, representing a decrease of about 89% from the previous year's HK\$1,748.7 million, which corresponds to a decrease by 89% in the total GFA delivered by the Group of 21,000 sq.m. (2018: 196,000 sq.m.). The property sales revenue for the FY2019 mainly came from the sale of Shenyang Coastal International Centre, Dalian Coastal International Centre, Foshan Coastal Garden and Dalian Jianzhu Project Phase B2 which respectively accounted for about 65%, 10%, 8% and 7% of the total property sales revenue. The balance of 10% was derived from the sale of the remaining inventories in the prior phases of the Group's completed development projects.

Property Investment

Revenue from property rental increased to HK\$1.9 million from the previous year's HK\$0.9 million. The increase was primarily attributable to the increased GFA for rental purpose. The property investment segment for the FY2019 recorded a profit of HK\$8.6 million which included a gain of HK\$7.2 million arose from write-off of assets and liabilities upon de-registration of certain subsidiaries comparing to HK\$0.7 million for the previous year.

Project Management Services

Revenue from project management services decreased to HK\$10.9 million from the previous year's HK\$41.8 million. The decrease was mainly due to the termination of two project management services agreements upon the disposal of certain property development projects. The project management services segment for the FY2019 recorded a profit of about HK\$4.8 million comparing to a profit of HK\$23.1 million for the previous year.

Project Investment Services

During the FY2019, the Group continues to look for opportunities in relation to investment in and sale of property development/land development projects in the PRC. During the FY2019, the Group generated a profit of approximately HK\$886.2 million from the operations of this segment, comparing to a profit of approximately HK\$661.6 million for the previous year.

Gross Profit Margin

The gross profit margin for the FY2019 was about 12%, a decrease of 12% from the previous year's 24%. The decrease in the gross profit margin was primarily attributable to higher construction cost per sq.m. incurred for those properties sold that were recognised during the FY2019.

Financial Resources and Liquidity

As at 31 March 2019, the Group's cash and bank balances amounted to approximately HK\$280.7 million (2018: HK\$1,603.6 million). As at 31 March 2019, 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\$2,087.8 million (2018: HK\$761.1 million). As at 31 March 2019, the total fixed-rate borrowings of the Group amounted to HK\$1,866.4 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 27% to 41% from the previous year's 14% which is mainly attributable to a decrease in the total equity of the Group due to a currency exchange deficit arose from the translation of the Group's net assets into presentation currency as a result of the depreciation in RMB and the increase in net borrowings during the year.

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 during the FY2019. 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 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 2019, certain assets of the Group including land and buildings, bank deposits, properties under development and completed properties for sale with aggregate carrying value of HK\$764.2 million (2018: HK\$623.7 million), corporate guarantee given by the Company and certain subsidiaries and a guarantee dividend were pledged to secure the bank and other borrowings.

Contingent Liabilities

As at 31 March 2019, the Group had given guarantees to the extent of approximately HK\$396.2 million (2018: HK\$3,892.2 million) to banks in respect of mortgage loan facilities granted to the property purchasers. As at 31 March 2018, the Group had also given guarantees amounting to approximately HK\$420 million and HK\$1,145 million to certain PRC banks and a PRC trust company respectively in connection with loan facilities granted to an associate.

Capital Structure

As at 31 March 2019, the share capital of the Company comprised ordinary shares only.

Employees and Remuneration Policy

As at 31 March 2019, the Group had about 152 employees (2018: about 250 employees) in the PRC and Hong Kong. Significant drop in the number of employees was due to the continuous retrenchment upon the disposal of the subsidiaries during the FY2019. The related employees' cost (including the Directors' remuneration and certain staff retrenchment costs) for the FY2019 amounted to approximately HK\$99 million (2018: HK\$86 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, housing allowances and share options.

*(ii) For the year ended 31 March 2020**Business Review*

During the financial year ended 31 March 2020 (the “FY2020”), the Group generated revenue of HK\$31.0 million, representing a decrease of about 85% as compared to the HK\$200.5 million for the FY2019. For the FY2020, the Group incurred a loss before taxation of HK\$436.3 million, compared to a profit of HK\$20.4 million for FY2019. Loss for the year attributable to owners of the Company was HK\$336.8 million, compared to a profit of HK\$132.5 million for the FY2019.

The revenue of the Group was primarily derived from sales of properties, property rental income and project management services income. For the FY2020, revenue decreased by about 85% to about HK\$31.0 million from about HK\$200.5 million in the FY2019. The decrease was mainly attributable to the disposal of certain property development subsidiaries during the FY2019. Approximately 96% (2019: 94%) of the Group’s revenue was generated from the sales of properties and about 4% (2019: 6%) 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 FY2020, the recognised sales revenue from sales of properties was HK\$29.6 million, representing a decrease of about 84% from the FY2019’s HK\$187.7 million, which corresponds to a decrease by 85% in the total GFA delivered by the Group of 3,200 sq.m. (2019: 21,000 sq.m.). The property sales revenue for the FY2020 came from the sale of Dalian Coastal International Centre, Anshan Wisdom New City and Dalian Jianzhu Project Phase B2 which respectively accounted for about 77%, 16% and 7% of the total property sales revenue.

Property Investment

Revenue from property rental decreased to HK\$0.9 million in the FY2020 from the FY2019's HK\$1.9 million. The decrease was primarily attributable to the decreased GFA for rental purpose as a result of the disposal of certain subsidiaries engaged in property investment during the FY2019. The property investment segment for the FY2020 recorded a loss of HK\$1.2 million comparing to a profit of HK\$8.6 million for the FY2019.

Project Management Services

Revenue from project management services decreased to HK\$0.5 million from the FY2019's HK\$10.9 million. The decrease was mainly due to the termination of two project management services agreements upon the disposal of certain property development projects. The project management services segment recorded a loss of about HK\$3.0 million for the FY2020 comparing to a profit of HK\$4.8 million for the FY2019.

Project Investment Services

During the FY2020, the Group did not generate any profit from the operations of this segment (2019: HK\$886.2 million). 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 FY2020 was about 10% as compared to 12% for the FY2019. A slight decrease in the gross profit margin was primarily attributable to higher construction cost per sq.m. of property sales recognised during the FY2020.

Financial Resources and Liquidity

As at 31 March 2020, the Group's cash and bank balances amounted to approximately HK\$839.0 million (2019: HK\$280.7 million). As at 31 March 2020, 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\$1,148.9 million (2019: HK\$2,087.8 million). As at 31 March 2020, the total fixed-rate borrowings of the Group amounted to HK\$1,511.4 million. Net debt to total equity ratio, which is expressed as a percentage of net borrowings over total equity of the Group, decreased by about 15% to 26% from 41% as at 31 March 2019.

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 slight depreciation in RMB has occurred during the FY2020. 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 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 2020, 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\$766.1 million (2019: HK\$764.2 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 2020, the Group had not given any guarantees (2019: HK\$396.2 million) to banks in respect of mortgage loan facilities granted to the property purchasers.

Capital Structure

As at 31 March 2020, the share capital of the Company comprised ordinary shares only.

Employees and Remuneration Policy

As at 31 March 2020, the Group had about 100 employees (2019: 152 employees) in the PRC and Hong Kong. The related employees' cost (including the Directors' remuneration and certain staff retrenchment costs) for the FY2020 amounted to approximately HK\$59 million (2019: HK\$99 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 2021*Business Review*

During the FY2021, the Group generated revenue of HK\$129.6 million, representing an increase of about 319% as compared to the HK\$31.0 million for the FY2020. For the FY2021, the Group incurred a loss before taxation of HK\$286.5 million, compared to a loss of HK\$436.3 million for the FY2020. Loss for the FY2021 attributable to owners of the Company was HK\$281.0 million, compared to a loss of HK\$336.8 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\$438.3 million (2020: HK\$839.0 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\$2,457.4 million (2020: HK\$1,148.9 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 29% to 55% from 26% 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 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 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 85 employees (2020: 100 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\$58 million (2020: HK\$59 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.

(iv) For the six months ended 30 September 2021*Business Review*

During the six months ended 30 September 2021 (the “**Interim Period**”), the Group generated revenue of HK\$3.5 million, representing a decrease of about 90% as compared to HK\$34.8 million for the last corresponding period. During the Interim Period, the Group incurred a loss before taxation of HK\$547.5 million, compared to a loss of HK\$66.0 million for the last corresponding period. Loss for the period attributable to owners of the Company was HK\$462.6 million, compared to a loss of HK\$65.1 million for the last corresponding period. The loss for the Interim Period was mainly attributable to a loss incurred upon the surrender of four parcels of land in the Jixi Silo City Project.

The revenue of the Group was primarily derived from sale of properties and property rental income. During the Interim Period, revenue decreased by about 90% to about HK\$3.5 million from about HK\$34.8 million in the last corresponding period. The decrease was mainly attributable to the decrease in the amount of the sale of properties during the Interim Period. Approximately 33% (2020: 94%) of the Group's revenue was generated from sale of properties and approximately 67% (2020: 6%) 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 Interim Period, the recognised sales revenue from sale of properties was HK\$1.2 million, representing a decrease of about 96% from the last corresponding period's HK\$32.5 million, which corresponds to a decrease by 95% to the total GFA delivered by the Group of 310 sq.m. (2020: 5,700 sq.m.). The property sales revenue for the Interim Period came from the sale of Anshan Wisdom New City, Dalian Coastal International Centre and Dalian Jianzhu Project which respectively accounted for approximately 53%, 24% and 23% respectively of the total property sales revenue.

Property Investment

Revenue from property rental remained at HK\$2.3 million for the six months ended 30 September 2021 and 2020. The property investment segment for the Interim Period recorded a loss of HK\$2.3 million comparing to a profit of HK\$1.0 million for the last corresponding period.

Project Management Services

During the six months ended 30 September 2021 and 2020, the Group did not generate any revenue from the operation of project management services as the Group is phasing out from the business in this segment. The project management services segment recorded a loss of about HK\$1.2 million for the Interim Period comparing to HK\$4.7 million for the last corresponding period.

Project Investment Services

During the six months ended 30 September 2021 and 2020, 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 project in the PRC.

Gross Profit Margin

The gross profit margin for the Interim Period was about 55% as compared to 79% for the last corresponding period. A decrease in the gross profit margin was primarily attributable to sale of lower value properties during the Interim Period.

Financial Resources and Liquidity

As at 30 September 2021, the Group's cash and bank balances amounted to approximately HK\$607.2 million (31 March 2021: HK\$438.3 million). As at 30 September 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\$2,641.7 million (31 March 2021: HK\$2,457.4 million). As at 30 September 2021, the total fixed-rate borrowings of the Group amounted to HK\$1,654.7 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 12% to 67% from 55% as at 31 March 2021.

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 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 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 30 September 2021, certain assets of the Group including land and buildings, investment properties, right-of-use assets and bank deposits with aggregate carrying value of HK\$513.9 million (31 March 2021: HK\$553.0 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 30 September 2021, the Group had no contingent liabilities (31 March 2021: nil).

Capital Structure

As at 30 September 2021, the share capital of the Company comprised ordinary shares only.

Employees and Remuneration Policy

As at 30 September 2021, the Group had about 80 employees (2020: about 110 employees) in the PRC and Hong Kong. The related employees' cost (including the Directors' remuneration) for the six months ended 30 September 2021 amounted to approximately HK\$21.2 million (2020: HK\$28.3 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.

B. Future Plan for Material Investments or Capital Assets

As at the Latest Practicable Date, the Remaining 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 Periods are detailed as follows:

On 18 April 2018, a project partner of the Group exercised a put option whereby the Group was required to acquire the 60% equity interests in Wuhan Zhisheng Group Co., Ltd (“**Wuhan Zhisheng**”) at a buy-out price of RMB366 million. Wuhan Zhisheng was a 30%-owned joint venture of the Group and was undertaking a commercial and residential property project in Wuhan. Upon the completion of the transaction in May 2018, the 60% equity interests in Wuhan Zhisheng was disposed of to an independent third party pursuant to a disposal agreement signed on 13 January 2018. Details of which are set out in the published annual report of the Company for the year ended 31 March 2019, the announcement of the Company dated 18 April 2018 and the circular of the Company dated 30 April 2018.

On 5 September 2018, the Group entered into a disposal agreement with an independent third party to dispose of the entire equity interests in World Fair Development Limited (“**World Fair**”) at a total consideration of RMB194.4 million. World Fair was a wholly-owned subsidiary of the Company, indirectly owns as to approximately 30% equity interests in Wuhan Zhisheng. Details of which are set out in the published annual report of the Company for the year ended 31 March 2019 and the announcement of the Company dated 5 September 2018.

On 29 September 2018, the Group entered into a disposal agreement with an independent third party to dispose of its 12% equity interests in Shanghai Oriental International Culture and Sports Recreation Industry City Development Co., Ltd. at a total consideration of RMB117.2 million. The disposal was completed in January 2019. Details of which are set out in the published annual report of the Company for the year ended 31 March 2019 and the announcement of the Company dated 29 September 2018.

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

D. Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has 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 letter 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 market value in existing state of the Land held by 恒祥房地產開發有限公司 (Hengxiang Real Estate Development Company Limited*) in the PRC as at 31 December 2021.



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

25 February 2022

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

Dear Sirs,

Re: The Land – collectively Land 1, Land 2, Land 3 and Land 4, with a total site area of 153,911 sq.m., at Limin Road North, Xiangguang Road South, Shuian Street West, Aoke Street East, Jixi City, Heilongjiang Province, the People’s Republic of China
該土地 – 位於中華人民共和國黑龍江省雞西市利民路北、祥光路南、水岸街西、奧克街東，總地盤面積為153,911平方米，土地1、土地2、土地3及土地4的統稱

Instructions, Purpose & Valuation Date

In accordance with the instructions from Coastal Greenland Limited (the “**Company**”) for us to carry out the valuation of the market value of the Land held by 恒祥房地產開發有限公司 (Hengxiang Real Estate Development Company Limited*) (“**Hengxiang Development**”), an indirect subsidiary of the Company in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the market value of the Land in existing state as at 31 December 2021 (the “**Valuation Date**”).

* For identification purposes only.

Definition of Market Value

Our valuation of the Land represents its Market Value which in accordance with the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors (“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 & Assumptions

Our valuation of the Land excludes 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 the course of our valuation of the Land held by Hengxiang Development in the PRC, with reference to the PRC Legal opinion of the Company’s legal adviser, Hylands Law Firm (北京市浩天信和律師事務所), we have prepared our valuation on the basis that transferable land use rights in respect of the Land for its specific term at nominal annual land use fee has been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Company and the PRC legal opinion, dated 25 February 2022, regarding the title to the Land and the interest in the Land. In valuing the Land, we have prepared our valuation on the basis that the owner have enforceable title to the Land and have free and uninterrupted rights to use, occupy or assign the Land for the whole of the unexpired terms as granted.

No allowance has been made in our valuation for any charges, pledges or amounts owing on the Land nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is valued on the basis that the Land is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

Method of Valuation

In valuing the Land, which is held by Hengxiang Development for development in the PRC, we have valued the Land on the basis that it will be developed and completed in accordance with the latest development proposals provided to us by the Company. We have valued on the basis that all consents, approvals, and licences from relevant government authorities for the development proposals have been obtained without onerous conditions or delays; that the design and construction of the developments are in compliance with the local planning and other relevant regulations and have been approved by the relevant authorities. In arriving at our valuation, we have adopted Market Comparison Method by making reference to comparable sales evidences as available in the relevant market and, where appropriate, have also taken into account the expended construction costs as well as the costs that will be expended to complete the development. The “market value when completed” represents our opinion of the aggregate value of the development assuming that it was completed as of the Valuation Date.

In valuing the Land, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2020.

Source of Information

We have relied to a very considerable extent on the information given by the Company and the opinion of the PRC legal adviser as to the PRC laws. We have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of the Land, particulars of occupancy, development scheme, construction costs, site and floor areas and all other relevant matters.

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

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

Title Investigation

We have been provided by the Company with copies of documents in relation to the current title to the Land. However, we have not been able to conduct searches to verify the ownership of the Land; we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the Land in the PRC and we have therefore relied on the advice given by the PRC Legal adviser and the Company.

Site Inspection

Our valuer of Dalian office, Yin Hui Qiu 尹慧秋 (a China Real Estate Appraiser with 12 years' of property valuation), has inspected the exterior of the Land on 25 May 2021. 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 valuation is 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 detailed on-site measurements to verify the site and floor area of the Land and we have assumed that the areas shown on the copies of documents handed to us are correct.

Currency

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

Market Uncertainty Alert

The recent outbreak of the Novel Coronavirus (COVID-19) has brought high volatility to global financial markets and uncertainty to the property market. It is expected that property values will be very sensitive to development of the pandemic and changes in the financial markets. The extents of impact on different sectors of the market are different and the time for marketing and negotiating sale of a property will be longer than normal. There will be less certainty as to how long a valuation may sustain and property prices may fluctuate rapidly and materially over a short period of time. Our valuation of the Land is valid only at the Valuation Date and any subsequent changes in market conditions as well as the resulting impacts on property values after the Valuation Date cannot be taken into account. If any party intends to make reference to our valuation when entering into any transaction, he must bear in mind the high market volatility during this period of time and that property values may or may not have changed since the Valuation Date.

Other Disclosure

We hereby confirm that Cushman & Wakefield Limited and the valuers conducting the valuation have no pecuniary or other interests that could conflict with the proper valuation of the Land or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion. We confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We attach herewith a valuation report.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Philip C Y Tsang
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc, MHKIS
Director

Note: Mr. Philip C Y Tsang is Registered Professional Surveyor who has over 29 years' experience in the valuation of properties in the PRC.

VALUATION REPORT

The Land held by Hengxiang Development for development in the PRC

The Land	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2021
The Land – collectively Land 1, Land 2, Land 3 and Land 4, with a total site area of 153,911 sq.m., at Limin Road North, Xiangguang Road South, Shuiian Street West, Aoke Street East, Jixi City, Heilongjiang Province, the PRC	The Land, with four parcels of land, is located at Jixi City, Heilongjiang, the PRC with aggregate site area of approximately 153,911.00 sq.m. for residential usage. It was originally proposed that the first phase was originally expected to be available for pre-sale in the second half of 2015 and the whole development was originally expected to be completed in 2017.	The construction works on Land 1 and Land 2 by Hengxiang Development had been suspended since end of 2019. Hengxiang Development had only commenced preliminary construction work on Land 3 and Land 4 given that the land premium had not been paid and the land use rights had not been obtained.	RMB829,000,000 (RENMINBI EIGHT HUNDRED TWENTY NINE MILLION) (86% interest attributable to the Group: RMB712,940,000 (RENMINBI SEVEN HUNDRED TWELVE MILLION NINE HUNDRED FORTY THOUSAND)) (We have prepared our valuation of the Land on good title basis.)
該土地 – 位於中華人民共和國黑龍江省雞西市利民路北、祥光路南、水岸街西、奧克街東，總地盤面積為153,911平方米，土地1、土地2、土地3及土地4的統稱	Hengxiang Development had completed construction on Land 1 for GFA of approximately 29,000.00 sq.m. out of a total GFA of approximately 100,121.00 sq.m. and completed construction on Land 2 for GFA of approximately 64,000.00 sq.m. out of a total GFA of approximately 138,297.00 sq.m. Upon completion, Jixi Silo City Project on the Land will be a residential development with retail and ancillary facilities with a total planned gross floor area of approximately 502,608.00 sq.m. with details as follows:		
		Approximate Planned Gross Floor Area (sq.m.)	
	Level		
	Above-ground	460,172.00	
	Under-ground	<u>42,436.00</u>	
	Total	<u><u>502,608.00</u></u>	
	The property is held with land use rights for terms due to expire on 19 November 2082 and 19 November 2052 for residential use and commercial use respectively.		

Notes:

- (1) According to two Real Estate Title Certificates, the land use rights of portion of the property comprising a total site area of 75,330.00 sq.m., have been vested in Hengxiang Development for terms due to expire on 19 November 2082 for residential use and 19 November 2052 commercial use with details as follows:

Certificate No.	Site Area (sq.m.)	Remarks
(2021) 0009811	31,447.00	Land 1
(2021) 0009810	<u>43,883.00</u>	Land 2
Total:	<u><u>75,330.00</u></u>	

- (2) According to four Grant Contracts of State-owned Land Use Rights, the land use rights of the four parcels of land with a total site area of 153,911.00 sq.m. have been granted to Hengxiang Development for land use terms of 70 years for residential and 40 years for commercial with details as follows:

Contract No.	Date of Issue	Use	Site area (sq.m.)	Maximum		Remarks
				Gross Floor Area (sq.m.)	Land premium (RMB)	
2012-19	13 September 2012	Residential	31,447.00	93,751.00	19,022,756	Land 1
2012-21	13 September 2012	Residential	43,883.00	127,110.00	25,857,342	Land 2
2012-20	13 September 2012	Residential	39,595.00	114,706.00	24,720,281	Land 3
2013-2	17 January 2013	Residential and commercial	38,986.00	124,605.00	22,275,834	Land 4
Total:			<u><u>153,911.00</u></u>	<u><u>460,172.00</u></u>	<u><u>91,876,213</u></u>	

As advised by the Company, Hengxiang Development had fully paid the land premium and obtained the land use rights in respect of Land 1 and Land 2.

- (3) According to four Planning Permits for Construction Use of Land issued by 雞西市城鄉規劃局 (Jixi Urban and Rural Planning Bureau), the construction site of four parcels of land for the property is in compliance with the urban planning requirements with details as follows:

Permit No.	Date of Issue	Land Use	Planned GFA (sq.m.)	Site Area (sq.m.)
(2013) 059	26 August 2013	Residential	100,121.00	31,400.00
(2014) 033	4 June 2014	Residential	137,992.00	43,900.00
(2013) 058	26 August 2013	Residential	124,499.00	39,600.00
(2013) 057	26 August 2013	Residential	<u>139,996.00</u>	<u>39,000.00</u>
Total:			<u><u>502,608.00</u></u>	<u><u>153,900.00</u></u>

- (4) As advised by the Group, the total construction cost expended as at the valuation date was RMB879,000,000 and the estimated outstanding construction cost for completion of the property is RMB798,000,000. We have taken into account the said amounts in our valuation.
- (5) The market value when completed is estimated approximately at RMB2,329,000,000.
- (6) According to Business Licence No. 91230300688890960N dated 2 July 2019, 恒祥房地產開發有限公司 (Hengxiang Real Estate Development Company Limited) was established on 13 July 2009 as a limited company with a registered capital of RMB500,000,000.
- (7) According to the PRC legal opinion:
- (i) Hengxiang Development has valid existence and the subject qualification is legal; and
- (ii) Hengxiang Development holds two legal and valid Real Estate Title Certificates.
- (8) The status of the title and grant of major approvals and licence in accordance with the information provided by the Company and the opinion of the PRC legal adviser:

Real Estate Title Certificates	Yes (Land 1 & 2)
Grant Contracts of State-owned Land Use Rights	Yes
Planning Permits for Construction Use of Land	Yes
Business Licence	Yes

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. DISCLOSURE OF INTERESTS

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

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

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

Name of Director	Note	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. Xia Xianglong		6,496,000 (L)	–	0.16%
Mr. Lin Chen Hsin		3,720,000 (L)	1,531,261,978 (L)	37.02%

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	Beneficial owner	Number of shares held, capacity and nature of interest		Percentage of the associated corporation’s issued share capital
			Interest in controlled corporation	
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 not determinable by the Group within one year without payment of compensation (other than statutory compensation) as at the Latest Practicable Date.

5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, 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. As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors had any interest, directly or indirectly, in any assets which have been, since 31 March 2021 (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 CONTRACTS

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

- (i) the 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
Cushman & Wakefield Limited	Independent Professional Valuer

As at the Latest Practicable Date, Cushman & Wakefield Limited has given and has 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, Cushman & Wakefield Limited did not have any shareholding in any member of the Remaining Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Remaining Group.

As at the Latest Practicable Date, Cushman & Wakefield Limited was not interested, directly or indirectly, in any assets which have been or are proposed to be acquired or disposed of by or leased to any member of the Remaining Group since 31 March 2021, 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 head office and 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 Level 54, Hopewell Centre, 183 Queen's Road East, 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; and
- (c) the property valuation report of the Land, the text of which is set out in Appendix II 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 with a combination of an in-room meeting at Suite 1712-16, 17th Floor, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong and an online virtual meeting on Wednesday, 30 March 2022 at 2:30 p.m. to consider and, if thought fit, pass with or without modification, the following resolution as an ordinary resolution of the Company (words and expressions that are not expressly defined in this notice shall bear the same meaning as that defined in the circular of the Company dated 25 February 2022):

ORDINARY RESOLUTION

“THAT:

- (a) the agreement dated 9 August 2021 (the “**Agreement**”) (copy of which, signed by the Chairman of the meeting for the purposes of identification, has been produced to the meeting marked “**A**”) entered into between the Jixi Municipal People’s Government of Heilongjiang Province (“**Jixi Municipal People’s Government**”), 恒祥房地產開發有限公司 (Hengxiang Real Estate Development Company Limited*) (“**Hengxiang Development**”), Coastal Realty Investment (China) Limited and 雞西市雞冠區鵬程城市建設投資有限公司 (Jixi City Jiguan District Pengcheng Urban Construction Investment Company Limited*) in relation to surrender of four parcels of land located at Jixi City, Heilongjiang, the People’s Republic of China with a total site area of approximately 31,447 sq.m., 43,883 sq.m., 39,595 sq.m. and 38,986 sq.m. respectively by Hengxiang Development to the Jixi Municipal People’s Government and all the transactions contemplated thereunder and all other matters of and incidental thereto be and are hereby approved, confirmed and ratified; and

* for identification purposes only

NOTICE OF SGM

- (b) any one director (if affixing of seal is required, any two directors) of the Company be and is/are hereby authorised for and on behalf of the Company to, among other things, sign, execute, perfect, deliver (including under seal where applicable) all such documents and deeds, and to do or authorise doing all such acts, matters and things as he/they may in his/their absolute discretion consider necessary, expedient or desirable to give effect to, implement and/or complete all matters in connection with the Agreement and the transactions contemplated thereunder and all of such acts of director(s) as aforesaid be and are hereby approved, ratified and confirmed.

By order of the Board
Coastal Greenland Limited
Jiang Ming
Chairman

Hong Kong, 25 February 2022

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

*Head office and 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. The Company will conduct the SGM with the combination of an in-room meeting and an online virtual meeting. Shareholders will have the option of joining the SGM either (a) through the in-room meeting at Suite 1712-16, 17th Floor, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong; or (b) online through internet by using their smartphones, tablets or computer devices. Through the online virtual meeting, registered shareholders of the Company (“**Shareholders**”) will be able to attend the SGM, vote and submit questions online. Beneficial owners or CCASS non-registered Shareholders whose Shares are held through banks, brokers, custodians or Hong Kong Securities Clearing Company Limited (“**HKSCC**”) can also attend the SGM, vote and submit questions online. In this regard, they should consult directly with their banks, brokers or custodians (as the case may be) for the necessary arrangements and the personalized login and access code will be sent to them upon receipt of request through their respective bank, broker, custodian or HKSCC.
2. 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.

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3. In order to be valid, you are requested to complete and (a) return the accompanying proxy form to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon; or (b) submit the form of proxy electronically at <https://spot-meeting.tricor.hk/#/243> in accordance with the instructions printed on the accompanying notification letter, in each case as soon as possible and in any event not later than Monday, 28 March 2022 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.
4. 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.
5. The register of members of the Company will be closed from Friday, 25 March 2022 to Wednesday, 30 March 2022 (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 of the Company, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 24 March 2022.
6. 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.
7. In view of the ongoing novel coronavirus COVID-19 outbreak, mass gatherings would potentially impose a significant risk in terms of the spread of the virus. For the safety of the Shareholders, staff and stakeholders, the **Company encourages Shareholders, instead of attending the SGM in person, to appoint the chairman of the SGM as their proxy to vote on the relevant resolutions at the SGM**, by completing and returning the accompanying form of proxy in accordance with the instructions printed thereon. Shareholders and other persons attending the SGM should note that, consistent with the government guidelines for the prevention and control of COVID-19, the Company will implement the following precautionary measures at the SGM to protect the Shareholders and participants attending the SGM from the risk of COVID-19 infection:
 - (i) Compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the SGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the SGM venue or be required to leave the SGM venue.
 - (ii) All Shareholders, proxies and other attendees may be asked whether (a) he/she has travelled outside of Hong Kong within the 14-day period immediately before the SGM; and (b) he/she is subject to any Hong Kong Government prescribed mandatory quarantine order. Anyone who responds positively to any of these questions may be denied entry into the SGM venue or be required to leave the SGM venue.
 - (iii) The Company requires attendees to wear surgical face masks inside the SGM venue at all times, and to maintain a safe distance between seats.
 - (iv) No refreshments will be served and no corporate gifts will be distributed.

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- (v) Seating at the SGM venue will be arranged in a manner to allow for appropriate social distancing. As a result, there may be limited capacity for Shareholders to attend the SGM. The Company may limit the number of attendees at the SGM as may be necessary to avoid over-crowding.
- (vi) No guest will be allowed to enter the SGM venue if he/she is wearing quarantine wristband issued by the Government of Hong Kong.

To the extent permitted under law, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue in order to ensure the safety of the attendees at the SGM. The Company will closely monitor and ascertain the regulations and measures introduced or to be introduced by the Hong Kong Government, and if necessary, will make further announcements in case of any update regarding the precautionary measures to be carried out at the SGM.