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SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2024

References are made to the annual results announcement (the “**Annual Results Announcement**”) and annual report (the “**Annual Report**”) of Coastal Greenland Limited (the “**Company**”) for the year ended 31 March 2024 (the “**Reporting Year**”) published by the Company on 28 June 2024 and 26 July 2024, respectively. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Annual Results Announcement and the Annual Report.

The Company hereby provides the following supplemental information regarding the (i) impairment on other receivables; (ii) impairment loss on amount due from associates and a joint venture; and (iii) impairment loss on interest in a joint venture for the Reporting Year.

REASONS FOR AND THE CIRCUMSTANCES LEADING TO THE IMPAIRMENT LOSS

The Company has recorded impairment losses on other receivables, amount due from associates and a joint venture and interest in a joint venture for the Reporting Year.

* *For identification purpose only*

For the impairment of other receivables, these receivables were mainly incurred from investments in and loans to projects that were no longer commercially viable due to government policy changes and non-profitability of projects and therefore no longer recoverable. The Company has pursued recovery actions against certain counterparties in order to recoup the outstanding amounts owed. However, the broader industry downturn and the deteriorating financial circumstances of the counterparties have significantly curtailed the effectiveness of these recovery efforts and taking into account the legal fees and resources involved in any further steps to be taken against multiple counterparts may outweigh the potential recoverable amounts, the Company determines that legal action is unlikely to result in successful recovery of the outstanding receivables in a timely and cost-effective manner.

For the impairment loss on amounts due from associates and a joint venture, the outstanding balances were incurred and carried forward from more than 7 years ago, where the Company provided loans to a joint venture. After the joint venture has completed its property project, no proceeds remained to repay the Company after repayment of bank loans and development cost and the joint venture has been dormant since then. It is considered that the joint venture is unable to settle these amounts due to its dormant status and worsening financial positions. The Board has determined that the amount due from associates and a joint venture is unlikely to be repaid largely attributed to the industry downturn, which severely impacted the recoverability of these amounts.

For the impairment loss on the interest in a joint venture, the joint venture has recorded (i) a net liability position of approximately RMB441.4 million as at 31 March 2023; (ii) a net liability position of approximately RMB438.2 million as at 31 March 2024; and (iii) a net liability position of approximately RMB141.4 million as at 31 March 2023 after fair value adjustment. The joint venture has been dormant since 2017 with minimal change in its financial situation over this period. Given the joint venture's net liability position as of 31 March 2023, coupled with the downward trend experienced by the industry with minimal prospects for recovery in coming years, the net liability position was still subsisting as of 31 March 2024. In view of the joint venture's net liability position as at 31 March 2023 and 31 March 2024 and its dormant nature, the Company decided that it is appropriate to make an impairment on its investment in the joint venture during the Reporting Year.

DETAILS OF THE IMPAIRMENT ASSESSMENT

The Group has engaged independent professional valuers to conduct the valuation to support the calculation of impairment loss on other receivables, impairment loss on amounts due from associates and a joint venture, and impairment loss on interest in a joint venture, respectively. The Company has consistently applied the expected credit loss (the “ECL”) approach for the valuation of other receivables and amounts due from associates and a joint venture, while an asset-based approach was applied for the valuation of the interest in the joint venture. The asset-based approach is a means of estimating the value of a business interest using methods based on the fair value of individual business assets less liabilities. These methods are commonly used in, and widely accepted for, the valuation of other receivables, amounts due from associates and a joint venture, and interest in a joint venture. Moreover, the ECL approach is an appropriate valuation method that can reflect the value of financial assets, including but not limited to the other receivables and amounts due from associates and a joint venture, which is consistent with the requirements under IFRS 9.

Despite the Company’s efforts to safeguard its assets, it has pragmatically recognised the need to make prudent provisions for doubtful debts and write off receivables that were deemed irrecoverable. This demonstrates the Company’s commitment to present a realistic and conservative financial position during a challenging period.

The Company’s approach reflects a responsible and transparent stance in the face of the industry downturn and counterparties’ deteriorating financial circumstances. By making the necessary impairment provisions and write-offs, the Company is ensuring that its financial reporting accurately reflects the recoverability of its receivables and investments, even if this results in a less favorable short-term financial picture for the Reporting Year.

The above supplemental information does not affect other information contained in the Annual Results Announcement and the Annual Report and save as disclosed in this announcement, all other information in the Annual Results Announcement and the Annual Report remains unchanged.

By order of the Board
Coastal Greenland Limited
Jiang Ming
Chairman

Hong Kong, 4 September 2024

As at the date of this announcement, the Board comprises Mr. Jiang Ming, Dr. Li Ting, Mr. Lin Chen Hsin and Ms. Tong Xinhua as executive Directors, Mr. Qiu Guizhong and Mr. Zhou Xiya as non-executive Directors and Mr. Wong Kai Cheong, Mr. Yang Jiangang and Mr. Huang Xihua as independent non-executive Directors.