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

To the Board of Directors of Coastal Greenland Limited

Introduction

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

The directors of the Company (the “**Directors**”) are responsible for the preparation and presentation of the Financial Information of Zhuhai Coastal in accordance with the basis of preparation set out in note 2 to the Financial Information and paragraph 14.68(2)(a)(i) of the Listing Rules. The Directors are also responsible for such internal control as management determines is necessary to enable the preparation of Financial Information that is free from material misstatement, whether due to fraud or error. The Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) “Presentation of Financial Statements” or an interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). Our responsibility is to express a conclusion on this Financial Information based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the HKICPA. A review of the financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

BDO Limited

Certified Public Accountants

Hong Kong, 29 September 2023



UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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



UNAUDITED STATEMENTS OF FINANCIAL POSITION

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



UNAUDITED STATEMENTS OF CHANGES IN EQUITY

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



UNAUDITED STATEMENTS OF CASH FLOWS

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



NOTES TO THE FINANCIAL INFORMATION

1. General Information

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

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

2. Basis of Preparation

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

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

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