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.

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 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 at Suite 1712-16, 17th Floor, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on 25 April 2017 at 2:00 p.m. or any adjournment thereof is set out on pages SGM-1 to SGM-2 of this circular. A proxy form for use in the SGM is enclosed. Whether or not you propose to attend the meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

31 March 2017

* *for identification purposes only*

CONTENTS

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

"Beijing Trust"	Beijing International Trust Co., Ltd.* (北京國際信託有限公司), a company established in the PRC
"Board"	the board of Directors
"Business Days"	a day other than a Saturday, Sunday or statutory holiday in the PRC
"Chaojiang Trading"	Wuhan Chaojiang Trading Development Co. Ltd.* (武漢潮江商貿發展有限公司), a company established in the PRC
"China Credit Trust"	China Credit Trust Co., Ltd.* (中誠信託有限責任公司), a company established in the PRC
"Company"	Coastal Greenland Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange with stock code 1124
"Completion"	completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement
"connected person(s)"	has the meaning ascribed to it under Chapter 14A of the Listing Rules
"Consideration"	the maximum consideration of RMB3,589.1 million payable by the Purchaser under the Disposal Agreement, subject to certain adjustments
"Director(s)"	director(s) of the Company
"Disposal"	the disposal of the entire equity interest in the Target LLP by the Vendor to the Purchaser, on and subject to the terms and conditions of the Disposal Agreement
"Disposal Agreement"	the agreement entered into between the Purchaser; the Vendor; the Target LLP; the Company; and Yuzhou Properties in relation to the Disposal dated 16 December 2016, as supplemented by a first supplemental agreement dated 16 December 2016 and a second supplemental agreement dated 18 December 2016 between the same parties

"GFA"	gross floor area
"Group"	the Company and its subsidiaries
"HKFRSs"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party(ies)"	any person(s) or company(ies) and their respective ultimate beneficial owner(s) who are third parties independent of the Company and its connected persons
"Lan Kong Construction"	Wuhan Lan Kong Real Estate Development Construction Company Limited*(武漢藍空房地產開發建築有限公司), a company established in the PRC
"Land Parcels"	the land parcels held by the Target Company located at Chaojiang Village, Hanyang District, Wuhan, the PRC with a total site area of approximately 168,600 sq.m.
"Latest Practicable Date"	30 March 2017, being the latest practicable date for ascertaining certain information referred to in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Other Adjustment"	has the meaning ascribed to it under the paragraph headed "Adjustments to the Consideration" in this circular
"PRC"	the People's Republic of China, which, for the purpose of this circular, shall exclude Hong Kong, Macau and Taiwan
"Purchaser"	Shanghai Fengzhou Property Co. Ltd.*(上海豐洲房地產開發有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of Yuzhou Properties
"Remaining Group"	the Group excluding the Target LLP after Completion
"Repayment Agreement"	a repayment agreement proposed to be entered into among the Purchaser; the Target Company; and Chaojiang Trading in relation to the repayment of the debt owed to Chaojiang Trading by Lan Kong Construction (part of which is guaranteed by the Target Company)

"Retained Consideration"	the remaining balance of the Consideration to be shared to the Vendor, the calculation of which is set out in the paragraph headed "Consideration" in this circular
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Disposal Agreement (including the grant of the Termination Option) and the transactions contemplated thereunder
"Shanghai Yaxin"	Shanghai Yaxin Enterprise Management Consulting Co. Ltd.*（上海亞昕企業管理諮詢有限公司）, a company established in the PRC and an indirect wholly-owned subsidiary of the Company
"Share(s)"	ordinary share(s) of HK$0.1 each in the share capital of the Company
"Shareholder(s)"	the holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Wuhan Lan Kong Real Estate Development Company Limited*（武漢藍空房地產開發有限公司）, a limited company established in the PRC with limited liability and an associate of the Company
"Target LLP"	Kunshan Fuzhi Dingxin Equity Investment Enterprise*（昆山富智鼎鑫股權投資企業（有限合夥））, a limited partnership established in the PRC with limited liability and of which the Vendor is a limited partner, Shanghai Yaxin being a general partner and partner implementing matters
"Termination Events"	the events set out in the Disposal Agreement that may trigger unilateral termination of the Disposal Agreement by the Purchaser within two years
"Termination Option"	the termination option granted by the Vendor to the Purchaser under the Disposal Agreement to unilaterally terminate the Disposal Agreement within two years upon occurring of any of the Termination Events

"Vendor"	Coastal Greenland Development (Wuhan) Ltd., a company established in the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company
"Waiver Agreement"	an agreement proposed to be entered into among the Purchaser; the Target Company; and Chaojiang Trading in relation to the payment by the Target Company to Chaojiang Trading in respect of certain construction obligations owed by Lan Kong Construction to Chaojiang Trading
"WLKC Claim"	a potential claim by Lan Kong Construction for ownership of 60% equity interest in the Target Company in dispute
"WLKC Claim Adjustment"	has the meaning ascribed to it under the paragraph headed "Adjustments to the Consideration"
"Yuzhou Properties"	Yuzhou Properties Company Limited (禹州地產股份有限公司), a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the main board of the Stock Exchange with stock code 1628
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"sq.m."	square metre(s)
"%"	per cent.

* *The English translation of Chinese names or words in this circular, where indicated, are included for information purpose only and should not be regarded as the official English translation of such Chinese names or words.*

For the purpose of this circular, unless otherwise indicated, conversion of RMB into HK$ is calculated at the approximate exchange rate of HK$1 to RMB0.896. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

COASTAL 沿海

COASTAL GREENLAND LIMITED

沿海綠色家園有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1124)

Executive Directors:
Mr. Jiang Ming
Mr. Tao Lin
Mr. Xia Xianglong
Dr. Li Ting

Non-executive Directors:
Mr. Lu Jiqiang
Dr. Dai Jingming

Independent non-executive Directors:
Mr. Wong Kai Cheong
Mr. Yang Jiangang
Mr. Huang Xihua

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

31 March 2017

To the Shareholders

Dear Sir/Madam,

VERY SUBSTANTIAL DISPOSAL AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

On 16 December 2016 (after trading hours of the Stock Exchange), the Vendor, the Target LLP, the Purchaser, the Company and Yuzhou Properties, entered into the Disposal Agreement, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire equity interest in the Target LLP at a maximum total consideration of RMB3,589.1 million (equivalent to approximately HK$4,005.7 million).

* *for identification purposes only*

Completion of the Disposal Agreement is conditional upon, among other things, passing by the Shareholders at a general meeting of the Company of the ordinary resolution(s) to approve the Disposal (including the grant of the Termination Option) and the transactions contemplated thereunder.

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

The Purchaser is granted the Termination Option under the Disposal Agreement and shall be entitled to unilaterally terminate the Disposal Agreement and request the Vendor to acquire all of its equity interests in the Target LLP and to return to the Purchaser the sum of Consideration paid and expense incurred in the development of the land, plus accrued interest at a rate of 15% per annum, upon any of the Termination Events. Given that the exercise of the Termination Option by the Purchaser is not at the Company's discretion, pursuant to Rule 14.74 of the Listing Rules, the grant of the Termination Option under the Disposal Agreement will be classified as if they had been exercised. The exercise of the Termination Option by the Purchaser constitutes a very substantial acquisition for the Company. The Disposal and the grant of the Termination Option are subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The SGM will be convened and held for the Shareholders to consider and, if though fit, to approve the Disposal (including the grant of the Termination Option). To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholders have any material interest in the Disposal (including the grant of the Termination Option) or are required to abstain from voting at the SGM of the Company to approve the Disposal (including the grant of the Termination Option).

The purpose of this circular is to provide you with, among other things, (i) further details of the Disposal Agreement and the transactions contemplated therein; and (ii) a notice of the SGM.

INFORMATION ON THE TARGET LLP AND TARGET COMPANY

The Target LLP was established in the PRC in 2011 and owned as to 98.8% by Beijing Trust, 0.53% by Mr. Wu Qingbing and 0.67% by the Company. Beijing Trust and Mr. Wu Qingbing were both Independent Third Parties. The principal asset of the Target LLP was 97.63% equity interest in the Target Company. The remaining 2.37% equity interest in the Target Company was owned by Lan Kong Construction.

In 2013, the Target LLP, the Vendor, the Target Company, Lan Kong Construction and Beijing Trust entered into a cooperation agreement which consisted of a capital injection commitment (the "**Project Agreement**"), pursuant to which, among other terms, (i) the Vendor conditionally agreed to acquire 98.8% equity interest in the Target LLP owned by Beijing Trust and cooperate with Lan Kong Construction in the development of the Land Parcels owned by the Target Company; and (ii) Lan Kong Construction agreed to transfer the interest in resettlement buildings amounting to RMB600 million to the Target Company within 3 months upon entering into the Project Agreement. After the completion of the Vendor's acquisition of 98.8% equity interest in the Target LLP from Beijing Trust under the Project Agreement, the Company would own an aggregate of 99.47% equity interest in the Target LLP. The shareholding structure of the Target Company remained unchanged and owned as to 97.63% by the Target LLP and 2.37% by Lan Kong Construction. According to the Project Agreement, the shareholding of Lan Kong Construction in the Target Company would increase from 2.37% to 60% after the capital injection which was one of the steps in the cooperation arrangement stipulated in the Project Agreement.

During the year ended 31 March 2015, the Vendor completed its acquisition of the Target LLP at a total consideration of approximately RMB522 million. Expecting Lan Kong Construction to honour its capital injection commitment followed by the corresponding increase in shareholding of Lan Kong Construction in the Target Company from 2.37% to 60% in accordance with the Project Agreement, the Company accounted for 40% interest in the Target Company accordingly and recognised the Target Company as an associate of the Company.

According to the Project Agreement, the capital injection by Lan Kong Construction amounting to RMB600 million should have been completed within 3 months upon entering into the Project Agreement. Nevertheless, Lan Kong Construction has failed to honour its obligation where the amount of RMB600 million has never been transferred to the Target Company. As such, Lan Kong Construction has breached the capital injection commitment and the aforementioned shareholding adjustment shall no longer be valid. Having considered that the Disposal is in progress, the Group currently reserves its right to take legal action against Lan Kong Construction in respect of its breach of capital injection commitment under the Project Agreement. In the event that Lan Kong Construction proceeds with the WLKC Claim, the Group will consider taking legal action accordingly.

Target LLP is a limited partnership established in the PRC with a partnership capital of RMB416.1 million, of which RMB411.1 million was contributed by the Vendor holding 98.8% of the equity interest, RMB2.8 million was contributed by Shanghai Yaxin holding 0.67% of the equity interest and RMB2.2 million was contributed by Mr. Wu Qingbing holding 0.53% of the equity interest.

Target LLP is principally engaged in equity investment, project investment, industrial investment and investment consulting services. The principal asset of Target LLP is 97.63% equity interest in the Target Company, of which 97% equity interest has been pledged to China Credit Trust for a loan obtained for the Target Company amounting to RMB450 million (equivalent to approximately HK$502.2 million). The remaining 2.37% equity interest in the Target Company is owned by Lan Kong Construction which has been frozen by Wuhan Intermediate People's Court (武漢市中級人民法院) due to a litigation involving Lan Kong Construction and Chaojiang Trading.

The Target Company is a company established in the PRC with limited liability and is principally engaged in real estate development, property sale, property management and construction equipment lease. The principal assets of the Target Company are the land use rights of the Land Parcels located in Chaojiang Village, Hanyang District, Wuhan, the PRC, of a total site area of approximately 168,600 sq.m on which a total GFA of 598,179 sq.m. can be developed. According to the valuation report as set out in Appendix IV to this circular, the market value of the Land Parcels was approximately RMB2,300 million as at 31 January 2017.

Lan Kong Construction is a company established in the PRC with limited liability. It is principally engaged in property development, property sale, property management and wholesale and retail of construction materials. To the best knowledge, information and belief of the Directors, Lan Kong Construction is an Independent Third Party and is not involved in any other projects with the Company as at the Latest Practicable Date except for the project in relation to the Land Parcels.

Chaojiang Trading is a company established in the PRC with limited liability. It is principally engaged in builder's works and trading of various construction materials. To the best knowledge, information and belief of the Directors, Chaojiang Trading is an Independent Third Party and is previously engaged by Lan Kong Construction for the construction of resettlement buildings committed to the PRC local government for its granting of land use rights of the Land Parcels.

As at the Latest Practicable Date, development of the Land Parcels has not yet commenced. Prior to the acquisition of Target LLP by the Vendor under the Project Agreement, the Target Company had provided guarantee to Lan Kong Construction in respect of loan obtained from Chaojiang Trading. As the outstanding loan owed by Lan Kong Construction to Chaojiang Trading is overdue, an application has been made by Chaojiang Trading to the People's Court for the seizure of the Land Parcels. As at the Latest Practicable Date, the total amount of such outstanding loan is expected to be approximately RMB486.7 million. Since Lan Kong Construction failed to repay the outstanding loan, the Target Company, as the guarantor, is obliged to settle the debt in order to release the Land Parcels seized by Chaojiang Trading.

Since the ground for seizure of the Land Parcels by Chaojiang Trading is the outstanding loan amounting to RMB486.7 million, an equivalent amount has been provided for in the Consideration committed by the Purchaser to release the Land Parcels. It is expected that the seizure of Land Parcels will be withdrawn by Chaojiang Trading upon repayment of the loan. In the event that the seizure of Land Parcels is not withdrawn, due to any reasons, the Disposal may not proceed and the Disposal Agreement may be terminated by the Purchaser. In this case, whether the Disposal would be terminated and how the Disposal would proceed are subject to renegotiation between the Vendor and the Purchaser. The Company will re-comply with the relevant requirements under Chapter 14 of the Listing Rules if such termination takes place. For details of events that may trigger unilateral termination of the Disposal Agreement by the Purchaser, please refer to the paragraph headed "Termination" in this circular.

Lan Kong Construction had been committed to the construction of resettlement buildings in return for the land use rights of the Land Parcels granted by the PRC local government to the Target Company. Since Lan Kong Construction was in financial difficulty and failed to settle the construction obligation, the Target Company is obliged to complete the remaining part of the resettlement buildings for the PRC local government. The construction cost arising therefrom has been provided for in the Consideration committed by the Purchaser. As at the Latest Practicable Date, over 90% of the construction of resettlement buildings has been completed and the amount of such construction obligation has to be negotiated between the Purchaser and Chaojiang Trading upon Completion of the Disposal.

Set out below is the financial information of the Target LLP as extracted from its unaudited financial statements prepared in accordance with the HKFRSs for the years ended 31 March 2015 and 2016:

	For the year ended/as at 31 March 2016 (unaudited) *HK$'000*	**For the year ended/as at 31 March 2015** (unaudited) *HK$'000*
Revenue	–	–
Loss before taxation	(14,431)	(680)
Loss after taxation	(14,431)	(680)
Total assets	1,023,632	1,091,680
Total liabilities	(540,057)	(568,128)
Net assets	483,575	523,552

Set out below is the financial information of the Target Company as extracted from its unaudited financial statements prepared in accordance with the HKFRSs for the years ended 31 March 2015 and 2016:

	For the year ended/as at 31 March 2016 (unaudited) *HK$'000*	**For the year ended/as at 31 March 2015** (unaudited) *HK$'000*
Revenue	–	–
Loss before taxation	(36,141)	(1,631)
Loss after taxation	(36,141)	(1,631)
Total assets	960,189	1,012,342
Total liabilities	(579,886)	(575,091)
Net assets	380,303	437,251

DISPOSAL AGREEMENT

Date

16 December 2016 (after trading hours of the Stock Exchange)

Parties

Vendor:	Coastal Greenland Development (Wuhan) Ltd* （沿海綠色家園發展(武漢)有限公司）
Purchaser:	Shanghai Fengzhou Property Co. Ltd.* （上海豐洲房地產開發有限公司）
Target LLP:	Kunshan Fuzhi Dingxin Equity Investment Enterprise* （昆山富智鼎鑫股權投資企業(有限合夥)）
Guarantors:	The Company
	Yuzhou Properties Company Limited

The Vendor is a company established in the PRC with limited liability. It is an indirect wholly-owned subsidiary of the Company and is principally engaged in property development. The Vendor is holding 98.8% equity interest in the Target LLP. In March 2017, Shanghai Yaxin has acquired 0.53% equity interest in the Target LLP from Mr. Wu Qingbing who is an Independent Third Party at a consideration of RMB28 million. The amount of consideration for the acquisition of such 0.53% equity interest in the Target LLP owned by Mr. Wu Qingbing was determined with reference to his effective interest in the Land Parcels based on his shareholding in the Target LLP. Accordingly, Shanghai Yaxin is holding 1.2% equity interest in the Target LLP as at the Latest Practicable Date. The Vendor will dispose of the 1.2% equity interest in the Target LLP on behalf of Shanghai Yaxin, an indirect wholly-owned subsidiary of the Company. Accordingly, the Vendor shall dispose of an aggregate of 100% equity interest in the Target LLP to the Purchaser, upon Completion.

Should the Group fail to deliver 100% equity interest in the Target LLP to the Purchaser in accordance with the Disposal Agreement due to any reasons, the Disposal may not proceed and the Disposal Agreement may be terminated by the Purchaser. In this case, whether the Disposal would be terminated and how the Disposal would proceed are subject to renegotiation between the Vendor and the Purchaser. The Company will re-comply with the relevant requirements under Chapter 14 of the Listing Rules if such termination takes place. For details of events that may trigger unilateral termination of the Disposal Agreement by the Purchaser, please refer to the paragraph headed "Termination" in this circular.

The Purchaser is a company established in the PRC with limited liability. It is an indirect wholly-owned subsidiary of Yuzhou Properties. The Purchaser is principally engaged in property development. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner, Yuzhou Properties, are Independent Third Parties.

The Company is the guarantor for the obligations of the Vendor and the Target LLP while Yuzhou Properties is the guarantor for the obligations of the Purchaser under the Disposal Agreement.

Assets to be disposed of

The principal asset of the Target LLP is 97.63% equity interest in the Target Company, of which 97% equity interest has been pledged to China Credit Trust for a loan obtained for the Target Company amounting to RMB450 million (equivalent to approximately HK$502.2 million). The principal assets of the Target Company are the land use rights of the Land Parcels located in Chaojiang Village, Hanyang District, Wuhan, the PRC, of a total site area of approximately 168,600 sq.m. on which a total GFA of 598,179 sq.m. can be developed.

Adjustments to the Consideration

The maximum commitment of consideration borne by the Purchaser is RMB3,589.1 million, of which the amount of the following potential claim and adjustments cannot be ascertained as at the Latest Practicable Date:

(i) There is a protective clause for the Purchaser that if there arises any other debts and/or obligations of the Target LLP and/or the Target Company which are not disclosed in the Disposal Agreement (i.e. exclude repayment/settlement of various loans and construction obligations detailed in this circular) before the date of completion of the Disposal, the Vendor shall be responsible for such debts and/or obligations and the losses suffered by the Purchaser (including debts, interests, penalties, legal fees, litigation expenses and other actually incurred expenses). If such debts and/or obligations are less than RMB100 million, such amount shall be deducted from the Retained Consideration (the "**Other Adjustment**"). If the amount exceeds RMB100 million, the amount in excess of RMB100 million shall be paid by the Vendor. The Target LLP, the Target Company and the Company shall be jointly and severally liable for the payment obligation of the Vendor for a period of two years;

(ii) Lan Kong Construction has entered into the Project Agreement with the Target LLP, the Vendor and the Target Company and the Beijing Trust in 2013, pursuant to which, among other terms, Lan Kong Construction agreed to transfer the interest in resettlement buildings amounting to RMB600 million to the Target Company within 3 months upon entering into the Project Agreement. The shareholding of Lan Kong Construction in the Target Company would then be increased from 2.37% to 60% after the capital injection. Nevertheless, Lan Kong Construction has failed to honour its capital injection commitment where the amount of RMB600 million has never been transferred to the Target Company. As such, Lan Kong Construction has breached the capital injection commitment and the aforementioned shareholding adjustment shall no longer be valid.

Since the risk of potential claim by Lan Kong Construction in respect of the capital injection commitment is beyond the control of the parties involved in the Disposal Agreement, the Vendor, after arm's length negotiation with the Purchaser, has conditionally agreed that if Lan Kong Construction proceeds with the WLKC Claim, the Vendor shall be responsible for the handling of the WLKC Claim and the liabilities and losses (including without limitation, the losses suffered by the Purchaser as a result of the WLKC Claim on the development on the land owned by the Target Company and the reduced interest in the Target Company). The expenses for handling the WLKC Claim shall be paid out of the Retained Consideration. If such expenses exceed the Retained Consideration, the Vendor shall be responsible for the excess. If such expenses are less than the Retained Consideration, the unused Retained Consideration shall be distributed to the Vendor as to 55% and the Purchaser as to 45%. The Retained Consideration payable to the Vendor shall be net of the distribution of the said 45% of the unused Retained Consideration to the Purchaser (the "**WLKC Claim Adjustment**"). The Company shall be jointly and severally liable for the obligations of the Vendor in respect of WLKC Claim for a period of two years.

Consideration

The Consideration is RMB3,589.1 million (equivalent to HK$4,005.7 million), which shall be settled as follows:

(i) the capital injection in the Target LLP by the Purchaser amounting to RMB470 million which shall be used by the Target LLP for the repayment to China Credit Trust of the loan obtained for the Target Company such that the 97% equity interest in the Target Company pledged by the Target LLP is to be released from China Credit Trust. After completion of the capital injection by the Purchaser, the Vendor shall hold 46.956% of the equity interest in the Target LLP;

(ii) the cash consideration amounting to RMB1,400 million paid to the Vendor for the transfer of 46.956% equity interest in the Target LLP to the Purchaser or its designated third party, which represents the entire equity interest in the Target LLP expected to be held by the Vendor and its related companies after the Vendor's acquisition of equity interest in the Target LLP from Mr. Wu Qingbing and upon completion of the aforementioned capital injection by the Purchaser;

(iii) the consideration for the assignment of the outstanding loan owed by Lan Kong Construction to Chaojiang Trading (part of which is guaranteed by the Target Company) under the Repayment Agreement which shall be entered into between Chaojiang Trading, the Target Company and the Purchaser, pursuant to which the Purchaser shall provide an entrustment loan to the Target Company, and in turn the Target Company shall repay the debt to Chaojiang Trading (such consideration shall be inclusive of the consideration for the Purchaser's acquisition of 2.37% of the equity interest in the Target Company held by Lan Kong Construction, which is estimated to be approximately RMB85 million and is determined in proportion to the total Consideration of RMB3,589.1 million) in order to release the Land Parcels seized by Chaojiang Trading. As at the Latest Practicable Date, the total amount of such outstanding loan is expected to be approximately RMB486.7 million;

(iv) the payment to be made by the Target Company to Chaojiang Trading under the Waiver Agreement to be entered into between Chaojiang Trading, the Target Company and the Purchaser, pursuant to which the Purchaser shall provide an entrustment loan to the Target Company, and in turn the Target Company shall settle the construction obligations owed by Lan Kong Construction to Chaojiang Trading. The construction obligations are related to construction of resettlement buildings previously committed to the PRC local government for its granting of land use rights of the Land Parcels. Accordingly, the Target Company, being the owner of the Land Parcels, is obliged to settle the construction obligations;

(v) the Retained Consideration (net of WLKC Claim Adjustment and Other Adjustment (if any)); and

(vi) the consideration for the assignment to the Purchaser of the debt in the amount of RMB78.3 million owed by the Target Company to the Vendor.

The maximum commitment of consideration borne by the Purchaser is RMB3,589.1 million, of which RMB1,400 million is payable to the Vendor in cash and the remaining balance is used to settle the aforementioned debt owed or guaranteed by the Target Company to various parties including (i) China Credit Trust; and (ii) Chaojiang Trading. The Retained Consideration is calculated as below:

Retained Consideration	=	Total Consideration (A) – Cash consideration paid to the Vendor (B) – Capital injection in the Target LLP (C) – Consideration for the Purchaser's acquisition of 2.37% of the equity interest in the Target Company held by Lan Kong Construction (D) – Debt owed by Lan Kong Construction to Chaojiang Trading (E) – construction obligations owed by Lan Kong Construction to Chaojiang Trading (F) – WLKC Claim Adjustment and Other Adjustment (G)
	=	3,589.1 (A) – 1,400 (B) – 470 (C) – 85 (D) – 486.7 (E) – (F) – (G) (all in RMB' million)
	=	1,147.4 – (F) – (G) (all in RMB' million)

The amount of construction obligations owed by Lan Kong Construction to Chaojiang Trading cannot be ascertained as at the Latest Practicable Date since the construction obligations has to be negotiated between the Purchaser and Chaojiang Trading upon completion of the Disposal where the Target Company will be 100% held by the Purchaser. It is expected that such amount would not exceed RMB600 million which is the capital injection amount committed by Lan Kong Construction under the Project Agreement. The amount of WLKC Claim Adjustment and Other Adjustment are also not ascertained as at the Latest Practicable Date due to the reasons discussed in the paragraph headed "Adjustments to the Consideration" above.

The Vendor is entitled to share 55% of the Retained Consideration which is determined after arm's length negotiation with the Purchaser recognising the effort of the Vendor in handling the potential WLKC Claim before the Purchaser can successfully obtain the entire interest in the Land Parcels. Having considered that (i) the amount of Retained Consideration is provided by the Purchaser as an incentive payment to the Vendor for facilitating the completion of the Disposal; and (ii) the cash consideration of RMB1,400 million is considered to be fair and reasonable with reference to the valuation of the Land Parcels, the Directors are of the view that the sharing of Retained Consideration is justifiable.

The cash considerations of RMB1,400 million was determined after arms' length negotiations with reference to (i) the valuation of the Land Parcels; and (ii) the debt owed or guaranteed by the Target Company to various parties which shall be settled before the development of the Land Parcels can be resumed. The Directors consider that the terms and conditions of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Payment of the Consideration

Part of the Consideration shall be payable by the Purchaser to the Vendor in the following manner:

(i) Within 3 Business Days of the date of the Disposal Agreement, the Purchaser shall pay to the Vendor a deposit of RMB200 million, which shall form part of the cash consideration of RMB1,400 million payable to the Vendor;

(ii) Before 5 January 2017, the Purchaser shall prepay RMB50 million which shall form part of the cash consideration of RMB1,400 million payable to the Vendor;

(iii) Within 2 Business Days of the fulfillment of the following conditions: (i) the Disposal Agreement having taken effect; (ii) the completion of the transfer of 46.956% of the entire equity interest in the Target LLP by the Vendor and its related companies to the Purchaser or its designated third party; and (iii) the handover of not less than RMB639 million worth of invoices of the Target Company by the Vendor to the Purchaser, the Purchaser shall pay RMB950 million out of the cash consideration of RMB1,400 million to the Vendor;

(iv) Within 5 Business Days of the completion of the transfer of 2.37% of the equity interest in the Target Company held by Lan Kong Construction to the Purchaser or its designated third party and the fulfillment of the conditions set out in (iii) above, the Purchaser shall pay the remainder of the RMB1,400 million which is in the amount of RMB200 million to the Vendor; and

(v) Within 5 Business Days after (i) the Target LLP and Lan Kong Construction has entered into a written agreement in relation to the waiver and discharge of the WLKC Claim by Lan Kong Construction; or (ii) if the WLKC Claim proceeds to litigation, and it is judicially determined by written judicial judgment that Lan Kong Construction does not own 60% equity interest in the Target Company, the Purchaser shall pay the Retained Consideration (net of WLKC Claim Adjustment and Other Adjustment (if any)) to the Vendor.

Conditions precedent

The Disposal Agreement shall only take effect upon the fulfillment of the following conditions:

(i) each of the Repayment Agreement and the Waiver Agreement having taken effect;

(ii) the Company having obtained the approval at the Shareholders' meeting for the Disposal Agreement (including the grant of the Termination Option) and the transactions contemplated thereunder; and

(iii) Yuzhou Properties having obtained the shareholders' approval for the Disposal Agreement and the transactions contemplated thereunder.

Guarantee

The Company shall be jointly and severally liable for the obligations of the Vendor under the Disposal Agreement for a period of two years.

Yuzhou Properties shall be jointly and severally liable for the obligations of the Purchaser under the Disposal Agreement for a period of two years.

The Vendor shall procure that the Target Company issues a written letter of guarantee in respect of its guarantee obligations under the Disposal Agreement to the Purchaser at the time of the transfer of 2.37% of the equity interest in the Target Company held by Lan Kong Construction to the Purchaser or its designated third party.

Termination

The Purchaser is granted the Termination Option under the Disposal Agreement and shall be entitled to unilaterally terminate the Disposal Agreement and request the Vendor to acquire all of its equity interests in the Target LLP and to return to the Purchaser the sum of Consideration paid and expense incurred in the development of the land, plus accrued interest at a rate of 15% per annum which is determined after arms' length negotiation with reference to the lending cost of the Purchaser, upon any of the following Termination Events:

(i) the Purchaser is unable to acquire 100% of the equity interest of the Target Company;

(ii) it is judicially determined by written judicial judgment that Lan Kong Construction owns 60% equity interest in the Target Company;

(iii) due to the Vendor or the Target Company, or any matters of the Target LLP or the Target Company before completion of the Disposal, the Land Parcels are judicially seized (save for the seizure applied by Chaojiang Trading for the guarantee provided by the Target Company in respect of an outstanding loan owed by Lan Kong Construction to Chaojiang Trading), or the Target Company loses the land use rights;

(iv) due to litigations of the Vendor or the Target Company, or any matters of the Target LLP or the Target Company before completion of the Disposal, the parties fail to complete the grant of mortgage over the Land Parcels with the designated entrusted loan bank and obtaining of relevant certificates within the specified time under the Repayment Agreement (provided that the banks recommended by the Vendor were given priority); and

(v) due to litigations of the Vendor or the Target Company, or any matters of the Target LLP or the Target Company before completion of the Disposal, the Purchaser is unable to achieve other matters relating to the purpose of the Disposal Agreement.

The Target LLP, the Target Company and the Company shall be jointly and severally liable for the obligations of the Vendor in respect of unilateral termination by the Purchaser above for a period of two years.

If the Termination Option is exercised within the guarantee period of two years, the maximum exposure is estimated as sum of the full Consideration (RMB3,589.1 million equivalent to HK$4,005.7 million) and accrued interest at a rate of 15% per annum, amounting to approximately HK$5,297.5 million. The Company considers the interest rate of 15% per annum determined with reference to the lending cost of the Purchaser is reasonable due to the fact that the foresaid Termination Events are triggered by factors not controlled by the Purchaser.

In case the abovementioned Termination Events take place, whether the Disposal would be terminated and how the Disposal would proceed are subject to renegotiation between the Vendor and the Purchaser. In the event the Purchaser terminates the Disposal Agreement after Completion, the Company would comply with the relevant requirements under Chapter 14 of the Listing Rules if the Company acquires the Target Company from the Purchaser.

Completion

Pursuant to the terms of the Disposal Agreement, provided that the Termination Option not having been exercised by the Purchaser, the Vendor shall hand over all items held under escrow of the Target LLP and the Target Company to the Purchaser the earlier of (i) the successful auction of 2.37% of the equity interests in the Target Company held by Lan Kong Construction; or (ii) the expiration of 30 days period after the payment of RMB1,200 million by the Purchaser. Completion of the Disposal shall deem to take place upon such handover which is expected to be before the end of July 2017.

REASONS FOR AND BENEFIT OF THE DISPOSAL

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries comprise property development, property investment, project management and project investment services.

Having regard to the increasingly challenging business environment and the uncertainties of the prospect of the property market in the PRC, the Board considers that the Disposal will enable the Group to realise its investment in the Target LLP and Target Company at the fair value as part of the Group's property portfolio, reduce its operational risk and for better utilisation of the Group's resources.

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

FINANCIAL EFFECTS OF AND USE OF PROCEEDS FROM THE DISPOSAL

Upon completion of the Disposal, the Target LLP will cease to be a subsidiary of the Group and the Target Company will cease to be an associate of the Company. The Company will cease to have any equity interest in the Target LLP and Target Company.

It is expected that the Company will realise an unaudited gain on the Disposal of approximately HK$902 million, based on the unaudited net asset value of the Target LLP as at 30 September 2016, the detail calculation of which is set out below:

	HK$'000
Consideration	
– Cash consideration *(note 1)*	1,626,073
– Retained Consideration *(note 2)*	349,687
– Assignment of receivable due from the Target Company *(note 3)*	(90,944)
	1,884,816
Carrying amount of assets and liabilities of the Target LLP as at 30 September 2016 (extracted from Unaudited Financial Information set out in the Appendix II to this circular)	453,771
Goodwill arising from acquisition of the Target Company	153,456
	607,227
Transaction cost – professional fee *(note 4)*	1,468
Tax imposed on gain on the disposal *(note 5)*	374,113
Net gain on the Disposal at 30 September 2016	902,008

(Note 1) Being cash consideration of RMB1,400,000,000 (equivalent to HK$1,626,073,000 based on the exchange rate of RMB1: HK$1.1615 prevailing on 30 September 2016 as appropriate) payable to the Vendor.

(Note 2) Retained Consideration represents the remaining balance of the Consideration to be shared with the Purchaser by the Vendor on 45%:55% basis, of which the details of the calculation are set out below.

		RMB
Total Consideration		3,589,100,000 (i)
Less:	Cash consideration paid to the Vendor	(1,400,000,000) (ii)
	Capital injection in the Target LLP	(470,000,000) (iii)
	Consideration for the Purchaser's acquisition of amount contributed in the Target Company held by Lan Kong Construction	(85,000,000) (iv)
	Debt owed by Lan Kong Construction	(486,700,000) (v)
	Construction obligations owed by Lan Kong Construction	(600,000,000) (vi)
	WLKC Claim and Other Adjustment	– (vii)
	Retained Consideration	547,400,000
	Percentage of distribution	55% (viii)
	Retained Consideration entitled by the Vendor	301,070,000

(i) Pursuant to the Disposal Agreement, the maximum consideration borne by the Purchaser is RMB3,589,100,000.

(ii) Being cash consideration of RMB1,400,000,000 payable to the Vendor.

(iii) The Target LLP has raised a loan of RMB450,000,000 from China Credit Trust and the equity interest in Target Company has been pledged for such loan. The amount represents capital injection in the Target LLP by the Purchaser of RMB470,000,000 for the repayment to China Credit Trust to release the pledged equity interest in the Target Company from China Credit Trust.

(iv) Being consideration of RMB85,000,000 for the Purchaser's acquisition of the amount contributed in the Target Company held by the non-controlling shareholder, Lan Kong Construction.

(v) Being settlement of debt owed by Lan Kong Construction to Chaojiang Trading of RMB486,700,000 in order to release the Land Parcels which has been pledged when the Target Company provided guarantee to Lan Kong Construction in respect of the loan of Lan Kong Construction obtained from Chaojiang Trading. The Land Parcels was seized by Chaojiang Trading as the loan is overdue.

(vi) It is assumed that the amount of construction obligations owed by Lan Kong Constriction is RMB600,000,000 which was based on the maximum commitment made by Lan Kong Construction on the date when the Project Agreement between the Vendor and Lan Kong Construction was signed. The amount of the construction obligations is related to construction of resettlement buildings previously committed to the PRC local government for its granting of land use rights of the Land Parcels. If the amount of construction obligations was higher than the amount assumed above, the Retained Consideration entitled by the Vendor would be reduced.

(vii) WLKC Claim represents potential claim by Lan Kong Construction for ownership of 60% equity interest in the Target Company.

Other Adjustment represents any claim of debts and obligations of the Target LLP and the Target Company which were not disclosed in the Disposal Agreement.

It is assumed that there are no WLKC Claim and Other Adjustment based on management's best estimate. If the amount of WLKC Claim and Other Adjustment was higher than the amount assumed, the Retained Consideration entitled by the Vendor would be decreased, and accordingly the unaudited gain on disposal of a subsidiary will also be decreased. In the worst-case scenario, the Retained Consideration to be received by the Vendor will be reduced to zero, accordingly the unaudited gain on disposal will be RMB597,908,000 (equivalent to HK$694,459,000 based on the exchange rate of RMB1: HK$1.1615 prevailing on 30 September 2016 as appropriate).

(viii) Pursuant to the Disposal Agreement, the Purchaser shall distribute 55% of the Retained Consideration of RMB547,400,000 to the Vendor after the completion of the Disposal which would be RMB301,070,000 (equivalent to HK$349,687,000 based on the exchange rate of RMB1: HK$1.1615 prevailing on 30 September 2016 as appropriate).

(Note 3) Receivable due from the Target Company in the amount of RMB78,300,000 (equivalent to HK$90,944,000 based on the exchange rate of RMB1: HK$1.1615 prevailing on 30 September 2016 as appropriate) will be assigned to the Purchaser as part of Consideration.

(Note 4) The Group estimates that the professional fee directly attributable to the Disposal is HK$1,468,000 on 30 September 2016.

(Note 5) Being Enterprise Income Tax charged on Disposal.

As set out in Appendix III to this circular, assuming the Disposal had taken place on 30 September 2016, the result of the Group would improve from loss for the period of HK$72.9 million to a profit for the period of HK$873.2 million. Total assets of the Group would improve from HK$18.0 billion to HK$18.7 billion while total liabilities of the Group would decrease from HK$14.1 billion to HK$13.9 billion. The consideration of HK$1,885 million is HK$1,431 million in excess of the net book value of the Target LLP of HK$454 million.

It is currently intended that the net proceeds will be applied as general working capital of the Group, for repayment of bank borrowings and, if suitable opportunities arise, for business development of the Group.

The table below sets forth the details of bank borrowings to be repaid by utilizing the proceeds:

Maturity date	**Lender**	**Amount** *(RMB' million)*
20 January 2017	AVIC Trust Co., Ltd	150.0
23 April 2017	China Guangfa Bank	65.0
5 August 2017	AVIC Trust Co., Ltd	350.0
1 September 2017	Shanghai Pudong Development Bank Co., Ltd.	150.0
12 September 2017	深圳市領航拾壹號保理投資合夥企業(有限合夥)	100.0
		815.0

The remaining balance of the net proceeds is to be applied as general working capital or for business development of the Group in particular the property development project in Tianjin and Zhuhai which will commence by the end of 2017. Save for the above, the Group has not identified any specific business opportunities or commenced any negotiation for any investment as at the Latest Practicable Date.

LISTING RULES IMPLICATIONS

The entering into of the Disposal Agreement and the Disposal constitute a very substantial disposal of the Company under Chapter 14 of the Listing Rules. Given that the exercise of the Termination Option by the Purchaser is not at the Company's discretion, pursuant to Rule 14.74 of the Listing Rules, the grant of the Termination Option under the Disposal Agreement will be classified as if they had been exercised. The exercise of the Termination Option by the Purchaser constitutes a very substantial acquisition for the Company. The Disposal and the grant of the Termination Option are subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

SGM

A notice convening the SGM to be held at Suite 1712-16, 17th Floor, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on 25 April 2017 at 2:00 p.m. is set out on pages SGM-1 and SGM-2 of this circular.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have any material interest in the Disposal (including the grant of the Termination Option) or are required to abstain from voting at the SGM of the Company to approve the Disposal (including the grant of the Termination Option).

The resolution approving the Disposal (including the grant of the Termination Option) will be voted by way of a poll at the SGM.

RECOMMENDATION

The Directors are of the opinion that the terms of the Disposal are fair and reasonable and the Disposal (including the grant of the Termination Option) 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 Disposal (including the grant of the Termination Option) 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 2016 are disclosed in the annual reports of the Company for the two years ended 31 March 2016, 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 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 2016.

Annual reports of the Company for the two years ended 31 March 2016:

http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0728/LTN20160728208.pdf

http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0730/LTN20150730670.pdf

2. INDEBTEDNESS

Borrowings

At the close of business on 28 February 2017, 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$4,455,353,000 comprising secured bank borrowings of approximately HK$422,802,000, secured and guaranteed bank borrowings of approximately HK$813,992,000 and other secured and guaranteed borrowings of approximately HK$3,218,559,000. The Group's banking facilities and other borrowings were secured by charges over its assets, including bank deposits, land and buildings, properties under development, completed properties for sale, 30% and 100% equity interests in one and two property-based subsidiaries respectively, corporate guarantees from the Company and certain of its subsidiaries, the Group's 12% equity interests in a property-based entity and the Group's 30% equity interests in an associate.

Contingent liabilities

As at 28 February 2017, the Group had contingent liabilities of approximately HK$2,373,916,000 in respect of guarantees given to banks for mortgage loan facilities granted to property purchasers.

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 28 February 2017.

Foreign currency amounts have been translated into Hong Kong dollars at the rates of exchange prevailing at the close of business on 28 February 2017. The Directors are not aware of any material changes in the Group's indebtedness and contingent liabilities since the close of business on 28 February 2017.

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 after taking into account (i) the internal resources of the Group; (ii) the available credit facilities of the Group; and (iii) the Disposal.

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 2016, 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

For the year ended 31 March 2016, the Group recorded revenue of approximately HK$786,483,000 (2015: HK$2,141,477,000) and incurred a loss of HK$123,285,000 (2015: loss of HK$524,088,000). Among the operating activities engaged by the Group, property development represented the largest segment contributing approximately 98.4% of the total revenue for the year ended 31 March 2016 (2015: 99.0%). The decrease in revenue was mainly attributable to lesser amount of properties were completed and delivered to purchasers as compared with the previous year. The decrease in loss for the year ended 31 March 2016 was mainly due to the recognised gain upon disposal of Jingdian Construction Co., Ltd. during the year and the reversal of overprovision in land appreciation tax in prior years. In view of the challenging environment encountered by the Group, the Board decided to dispose of the Target LLP and the Target Company which held the land use rights of the Land Parcels. The Remaining Group will be principally engaged in property development, property investment, project management and project investment services.

PRC's economy is facing the challenge of consolidation amidst uncertainties in the global market. In response to the sluggish economic outlook, the Central Government has taken measures to release more liquidity into the market and has made positive adjustments to the policies so as to maintain a stable development of the property market. Furthermore, with the continuation of implementation of the urbanization policy by the Central Government and the continual growth in gross domestic product, it is expected that the real estate industry in the PRC will be heading into a healthy direction. The Group expects that the ongoing urbanisation and the continued increase in the household income are the major drivers that will boost the end users' demand for quality properties in the coming years. Concurrently, the Group will leverage on its experience and expertise in property development business with respect to the property market development.

The Group has a well established brand and seasoned experience in the property market. It will optimise its operations with its geographically well-distributed and diversified property portfolio and will continue to enrich its land reserves and ameliorate the competitiveness of its products. Also, the Group will continuously explore different funding opportunities so as to enhance its financial capability.

The Group has been actively seeking suitable business opportunities to solidify its market position in delivering quality residential estates for the PRC upper to middle class domestic market. As at the Latest Practicable Date, the Group has not identified any specific business opportunities or commenced any negotiation for any investment.

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 2016 and six months ended 30 September 2016 (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 2014

Business Review

For the financial year ended 31 March 2014, the Remaining Group has recorded a revenue of about HK$2,781 million, a decrease of about 25% as compared to the HK$3,717 million for last year. The property sales revenue for the year mainly came from the sale of Phase II section B1 of Dalian Jianzhu Project, Phase VI section A1 of Wuhan Silo City, Phase IV section A2 of Beijing Silo City, Phase V section AB of Wuhan Silo City which respectively represented about 28%, 26%, 13% and 7% of the total property sales revenue. Such decrease was mainly attributable to less properties delivered and recognised as revenue during the year resulted from the drawback in the PRC properties market. The Remaining Group have 7 development projects with GFA of 245,000 sq.m. (2013: 3 projects with GFA of 304,000 sq.m.) that were newly completed and delivered during the year ended 31 March 2014. Profit before taxation for the year was HK$34.1 million, a decrease of about 92% as compared to the HK$405.1 million for last year. The decrease in profit before taxation by HK$371.0 million was mainly attributable to the decrease in gross profit by HK$370.7 million due to less properties delivered and recognised during the year and lower level of selling price attained for the properties delivered. Profit for the year attributable to owners of the Company decreased by about 31% to HK$64.9 million.

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. During the year, the PRC government continuously implemented various tightening policies, such as the restrictions on acquisition of commodity houses, the mortgage policy and the additional decree of taxation on property transactions, with a view to regulating and tempering the property market. There were no significant changes in industry segment and market conditions, new products and services to be introduced that will have impact on the Remaining Group's performance turnover and margins. Segment results of the Remaining Group are analysed as follows:

Property Development

During the year under review, the recognised sales revenue from property development segment was HK$2,375 million, representing a decrease of about 29% from last year's HK$3,333 million, which corresponds to a decrease by 23% in the total GFA delivered by the Remaining Group to 272,000 sq.m. (2013: 355,000 sq.m.). The property development segment recorded a profit of approximately HK$160 million, represented a decrease of about 72% compared with profit of HK$576 million in last year.

Property Investment

Revenue from property rental decreased by about 21% to HK$2.0 million from last year's HK$2.6 million. The property investment segment for the year recorded a profit of HK$1.1 million comparing to a loss of HK$256.5 million for last year, which was mainly caused by a revaluation deficit of HK$313.1 million.

Property Management

The Remaining Group's property management operations recorded a profit of about HK$6.4 million for the year as compared to last year's profit of HK$9.0 million.

Project Management and Construction

Revenue from project management and construction increased by about 51% to HK$396 million from last year's HK$374 million. The project management and construction segment for the year recorded a profit of HK$53.3 million comparing to HK$57.0 million for last year.

Gross Profit Margin

The gross profit margin for the year was about 19% which was lower than the gross profit margin for last year's 24%. The decrease was mainly due to a lower level of selling price attained for the properties completed and delivered to purchasers during the year.

Financial Resources and Liquidity

At 31 March 2014, the Remaining Group's cash and bank deposits amounted to approximately HK$2,688 million. At 31 March 2014, the net borrowings of the Remaining Group, being interest-bearing bank and other borrowings less cash and bank balances and pledged bank deposits, amounted to about HK$4,746 million. The bank borrowings of the Remaining Group were repayable within 1 year to 4 years. The Remaining Group had net current assets and total assets less current liabilities of approximately HK$9,390 million and HK$10,191 million respectively. The current ratio of the Remaining Group was approximately 230% and the net debt gearing ratio was 96%. The Remaining Group's bank borrowings are denominated in RMB, HK$ and USD and have been arranged either on a fixed-rate or on a floating-rate basis. As at 31 March 2014, the Remaining Group's interest bearing bank and other borrowings arranged at fixed rate amounting to approximately HK$3,925 million while those arranged at floating rate amounting to approximately HK$3,509 million.

Foreign Currency Risk

The Remaining Group's operations are principally in the PRC and accordingly a majority part of its income and expenditure is denominated in RMB. For the year ended 31 March 2014, the exchange rates of RMB against HK$ and United States dollars ("USD") have been on an overall rising trend, which is in favour of the Remaining Group's operations as all the major assets, mainly property development projects, of the Remaining Group are located in the PRC and will generate RMB revenue to the Remaining Group. Except certain bank and other borrowings which are denominated in USD or HK$, most of the Remaining Group's liabilities are denominated in RMB. The Group does not use any derivative contracts to hedge against its exposure to currency risk. The management manages its foreign currency risk by monitoring the movement of the foreign currency rate and will consider hedging significant foreign currency exposure should the need arise.

Charge on Assets

At 31 March 2014, certain of the Remaining Group's bank and other loans were secured by (i) certain land and buildings, bank deposits, properties under development and completed properties for sale with an aggregate carrying value of approximately HK$2,453 million, (ii) the Remaining Group's 100% equity interest in four property-based subsidiaries; (iii) corporate guarantees from the Company and certain of its subsidiaries; and (iv) amount due from an associate of the Remaining Group with carrying value of HK$83 million.

Contingent Liabilities

At 31 March 2014, the Remaining Group had given guarantees to the extent of approximately HK$3,546 million (2013: HK$4,043 million) to banks in respect of mortgage loan facilities granted to the property purchasers. The Remaining Group had also given guarantees amounting to approximately HK$195 million (2013: HK$223 million) to banks in connection with banking facility granted to an associate against which a counter-guarantee was given by the associate to the Remaining Group.

Capital Structure

As at 31 March 2014, the share capital of the Company comprised ordinary shares only.

Employees and Remuneration Policy

The Remaining Group employs a total of about 1,600 employees in the PRC and Hong Kong. Employees are remunerated based on their work performance, skills and experience, and prevailing industry practice. Apart from basic salary and performance related bonus, the Remaining Group also provides other benefits to its employees including mandatory provident fund, medical insurance coverage, housing allowances and share options.

(ii) For the year ended 31 March 2015

Business Review

For the financial year ended 31 March 2015, the Remaining Group has recorded a revenue of HK$2,167 million, a decrease of about 22% as compared to the HK$2,781 million for last year. The property sales revenue for the year mainly came from the sale of Phase VI section A2 of Wuhan Silo city, Phase VI section A of Dongguan Riveria Villa and Chongqing Coastal Silo City, which respectively represented about 31%, 20% and 19% of the total property sales revenue. Such decrease was mainly attributable to less properties delivered and recognised as revenue during the year resulted from the drawback in the PRC properties market. The Remaining Group only have 3 development projects with GFA of 192,000 sq.m. (2014: 7 projects with GFA of 245,000 sq.m.) that were newly completed and delivered during the year ended 31 March 2015. Loss before taxation for the year was HK$411.8 million, compared to a profit before taxation of HK$34.1 million for last year. The loss before taxation was mainly attributable to (i) the decrease in gross profit by HK$290.4 million due to less properties delivered and recognised during the year and lower level of selling price attained for the properties delivered; and (ii) the increase in impairment loss recognised on prepayments, deposits and other receivables by HK$174.9 million in relation to deposit for future acquisition of land use rights. Loss for the year attributable to owners of the Company was HK$507.7 million, compared to a profit attributable to owners of the Company of HK$64.9 million for last year.

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. During the year, the PRC government has relaxed the austerity measures on property purchase policy in a substantial number of cities in the PRC which resulted in a gradual recovery in the property market in the PRC. There were no significant changes in industry segment and market conditions, new products and services to be introduced that will have impact on the Remaining Group's performance turnover and margins. Segment results of the Remaining Group are analysed as follows:

Property Development

During the year under review, the recognised sales revenue from property development segment was HK$2,121 million, representing a decrease of about 11% from last year's HK$2,375 million, which corresponds to a decrease by 6% in the total GFA delivered by the Remaining Group to 255,000 sq.m. (2014: 272,000 sq.m.). The property development segment recorded a loss of approximately HK$307 million, compared with profit of HK$160 million in last year.

Property Investment

Revenue from property rental increased by about 60% to HK$3.3 million from last year's HK$2.0 million. The property investment segment for the year recorded a profit of HK$2.2 million comparing to profit of HK$1.1 million for last year.

Property Management

The Remaining Group's property management operations recorded a profit of about HK$4.2 million for the year as compared to HK$6.4 million for last year.

Project Management and Construction

Revenue from project management and construction decreased by about 91% to HK$36 million from last year's HK$396 million. The project management and construction segment for the year recorded a profit of HK$13.3 million comparing to a profit of HK$53.3 million for last year.

Gross Profit Margin

The gross profit margin for the year was about 10% which was lower than the gross profit margin for last year's 19%. The decrease was mainly due to a lower level of selling price attained for the properties completed and delivered to purchasers during the year.

Financial Resources and Liquidity

At 31 March 2015, the Remaining Group's cash and bank deposits amounted to approximately HK$2,390 million. At 31 March 2015, the net borrowings of the Remaining Group, being interest-bearing bank and other borrowings less cash and bank balances and pledged bank deposits, amounted to about HK$5,852 million. The bank borrowings of the Remaining Group were repayable within 1 year to 4 years. The Remaining Group had net current assets and total assets less current liabilities of approximately HK$6,944 million and HK$7,729 million respectively. The current ratio of the Remaining Group was approximately 175% and the net debt gearing ratio was 132%. The Remaining Group's bank borrowings are denominated in RMB, HK$ and USD and have been arranged either on a fixed-rate or on a floating-rate basis. As at 31 March 2015, the Remaining Group's interest bearing bank and other borrowings arranged at fixed rate amounting to approximately HK$2,907 million while those arranged at floating rate amounting to approximately HK$5,335 million.

Foreign Currency Risk

The Remaining Group's operations are 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 USD have been quite stable over the past years. Also the Remaining Group's operations will not be unduly exposed to exchange rates fluctuations as all the major assets, mainly property development projects, of the Remaining Group are located in the PRC and will generate RMB revenue to the Remaining Group. Except certain bank and other borrowings which are denominated in USD or HK$, most of the Remaining Group's liabilities are denominated in RMB. The Group does not use any derivative contracts to hedge against its exposure to currency risk. The management manages its foreign currency risk by monitoring the movement of the foreign currency rate and will consider hedging significant foreign currency exposure should the need arise.

Charge on Assets

At 31 March 2015, certain of the Remaining Group's bank and other borrowings were secured by (i) certain land and buildings, bank deposits, properties under development and completed properties for sale with an aggregate carrying value of approximately HK$3,348 million; (ii) the Remaining Group's 100% equity interest in four property-based subsidiaries; (iii) corporate guarantees from the Company and certain of its subsidiaries; and (iv) share charge over the entire issued capital of certain wholly-owned subsidiaries of the Company.

Contingent Liabilities

At 31 March 2015, the Remaining Group had given guarantees to the extent of approximately HK$2,541 million (2014: HK$3,546 million) to banks in respect of mortgage loan facilities granted to the property purchasers. The Remaining Group had also given guarantees amounting to approximately HK$158 million (2014: HK$195 million) to banks in connection with a banking facility granted to an associate against which a counter-guarantee was given by the associate to the Remaining Group.

Capital Structure

As at 31 March 2015, the Share capital of the Company comprised ordinary shares only.

Employees and Remuneration Policy

The Remaining Group employs a total of about 1,300 employees in the PRC and Hong Kong. Employees are remunerated based on their work performance, skills and experience, and prevailing industry practice. Apart from basic salary and performance related bonus, the Remaining Group also provides other benefits to its employees including mandatory provident fund, medical insurance coverage, housing allowances and share options.

(iii) For the year ended 31 March 2016

Business Review

For the financial year ended 31 March 2016, the Remaining Group has recorded a revenue of HK$786 million, a decrease of about 64% as compared to the HK$2,167 million for last year. The property sales revenue for the year mainly came from the sale of Phase VI section A of Dongguan Riviera Villa, Phase V Section B of Wuhan Silo City, Dalian Jianzhu Project Phase B2 and Shenyang Silo City Phase 4, which respectively represented about 21%, 20%, 11% and 10% of the total property sales revenue. Such decrease was mainly attributable to less properties delivered and recognised as revenue during the year resulted from the drawback in the PRC properties market. The Remaining Group only have 2 development projects with GFA of 30,000 sq.m. (2015: 3 projects with GFA of 192,000 sq.m.) that were newly completed and delivered during the year ended 31 March 2016. Loss before taxation for the year was HK$550.3 million, compared to HK$411.8 million for last year. The loss before taxation was mainly attributable to (i) gross loss margin resulted from the charge of an impairment loss on properties under development of HK$78.1 million to the cost of sales account and lower level of selling price attained for the properties delivered; and (ii) the decrease in other interest income by HK$136.6 million. Loss for the year attributable to owners of the Company was HK$108.8 million, compared to HK$507.7 million for last year.

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. During the year, the PRC government has taken measures to release more liquidity into the market and has made positive adjustments to the policies so as to maintain a stable development of the property market. There were no significant changes in industry segment and market conditions, new products and services to be introduced that will have impact on the Remaining Group's performance turnover and margins. Segment results of the Remaining Group are analysed as follows:

Property Development

During the year under review, the recognised sales revenue from property development segment was HK$774 million, representing a decrease of about 64% from last year's HK$2,121 million, which corresponds to a decrease by 64% in the total GFA delivered by the Remaining Group to 91,000 sq.m. (2015: 255,000 sq.m.). The property development segment recorded a loss of approximately HK$408 million, represented an increase of about 33% compared with HK$307 million in last year.

Property Investment

Revenue from property rental decreased by about 64% to HK$1.2 million from last year's HK$3.3 million due to the disposal of certain retail shops towards the end of last year. The property investment segment for the year recorded a loss of HK$0.2 million comparing to profit of HK$2.2 million for last year.

Property Management

The Remaining Group's property management operations recorded a profit of about HK$4.1 million for the year as compared to HK$4.2 million for last year.

Project Management

Revenue from project management decreased by about 100% to HK$17 thousand from last year's HK$10.6 million. The decrease was due to decrease in the volume of project management business for the year and also there was about HK$4.9 million project management revenue recorded as deferred project management revenue pending the confirmation of the value of contract work completed. The project management segment for the year recorded a loss of HK$14.8 million comparing to a loss of HK$0.7 million for last year.

Gross Loss

The Remaining Group incurred a loss for the year ended 31 March 2016 as compared to a profit in the previous year. The loss was mainly due to the charge of an impairment loss on properties under development of HK$78.1 million to the cost of sales account and a lower level of selling price attained for the properties completed and delivered to purchasers during the year as a result of the overall decline in the property price level in the PRC property market over the past two years at which time the properties completed and delivered during the year were pre-sold.

Financial Resources and Liquidity

At 31 March 2016, the Remaining Group's cash and bank deposits amounted to approximately HK$818 million. At 31 March 2016, the net borrowings of the Remaining Group, being interest-bearing bank and other borrowings less cash and bank balances and pledged bank deposits, amounted to about HK$6,259 million. The bank borrowings of the Remaining Group were repayable within 1 year to 3 years. The Remaining Group had net current assets and total assets less current liabilities of approximately HK$6,693 million and HK$7,892 million respectively. The current ratio of the Remaining Group was approximately 175% and the net debt gearing ratio was 150%. The Remaining Group's bank borrowings are denominated in RMB, HK$ and USD and have been arranged either on a fixed-rate or on a floating-rate basis. As at 31 March 2016, the Remaining Group's interest bearing bank and other borrowings arranged at fixed rate amounting to approximately HK$2,991 million while those arranged at floating rate amounting to approximately HK$4,086 million.

Foreign Currency Risk

The Remaining Group's operations are 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 USD have been quite stable over the past years. Also the Remaining Group's operations will not be unduly exposed to exchange rates fluctuations as all the major assets, mainly property development projects, of the Remaining Group are located in the PRC and will generate RMB revenue to the Remaining Group. Except certain bank and other borrowings which are denominated in USD or HK$, most of the Remaining Group's liabilities are denominated in RMB. The Group does not use any derivative contracts to hedge against its exposure to currency risk. The management manages its foreign currency risk by monitoring the movement of the foreign currency rate and will consider hedging significant foreign currency exposure should the need arise.

Charge on Assets

At 31 March 2016, certain of the Remaining Group's bank and other borrowings were secured by (i) certain land and buildings, bank deposits, properties under development and completed properties for sale with an aggregate carrying value of approximately HK$2,565 million; (ii) the Remaining Group's 100% equity interest in three property-based subsidiaries; (iii) corporate guarantees from the Company and certain of its subsidiaries; and (iv) certain deposits of the Remaining Group with an aggregate carrying value of approximately HK$197 million.

Contingent Liabilities

At 31 March 2016, the Remaining Group had given guarantees to the extent of approximately HK$2,976 million (2015: HK$2,541 million) to banks in respect of mortgage loan facilities granted to the property purchasers.

Capital Structure

As at 31 March 2016, the Share capital of the Company comprised ordinary shares only.

Employees and Remuneration Policy

The Remaining Group employs a total of about 900 employees in the PRC and Hong Kong. Employees are remunerated based on their work performance, skills and experience, and prevailing industry practice. Apart from basic salary and performance related bonus, the Remaining Group also provides other benefits to its employees including mandatory provident fund, medical insurance coverage, housing allowances and share options.

(iv) For the six months ended 30 September 2016

Business Review

For the six months ended 30 September 2016, the Remaining Group has recorded a revenue of HK$782 million, an increase of about 179% as compared to the HK$280 million for last corresponding period. The property sales revenue for the period mainly came from the sale of Wuhan Silo City Phase 7 represented about 95% of the total property sales revenue. Such increase was mainly attributable to more properties delivered and recognised as revenue during the period. The Remaining Group have 1 development project with GFA of 75,000 sq.m. (six months ended 30 September 2015: nil) that were newly completed and delivered during the six months ended 30 September 2016. Loss before taxation for the period was HK45.2 million, compared to HK$217.0 million for last corresponding period. The loss before taxation was mainly attributable to the increase in gross profit by HK$130.1 million due to more properties delivered and recognized during the period. Loss for the period attributable to owners of the Company was HK$58.5 million, compared to HK$190.8 million for last corresponding period.

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. During the period, the PRC government has taken measures to release more liquidity into the market and has made positive adjustments to the policies so as to maintain a stable development of the property market. There were no significant changes in industry segment and market conditions, new products and services to be introduced that will have impact on the Remaining Group's performance turnover and margins. Segment results of the Remaining Group are analysed as follows:

Property Development

During the period under review, the recognised sales revenue from property development segment was HK$767 million, representing an increase of about 181% from last corresponding period's HK$273 million, which corresponds to an increase by 216% in the total GFA delivered by the Remaining Group to 101,000 sq.m. (six months ended 30 September 2015: 32,000 sq.m.). The property development segment recorded a profit of approximately HK$82 million, compared with a loss of approximately HK$86 million in last year.

Property Investment

Revenue from property rental increased by about 189% to HK$2.6 million from last corresponding period's HK$0.9 million. The property investment segment for the period recorded a profit of HK$1.9 million comparing to HK$0.6 million for last corresponding period.

Property Management

The Remaining Group's property management operations recorded a profit of about HK$3.4 million for the period as compared to HK$2.8 million for last corresponding period.

Project Management

Revenue from project management increased to HK$7.7 million from last corresponding period's HK$17 thousand. The increase was due to recognition of project management revenue in respect of which the value of contract work completed has been confirmed during the period. The project management segment for the period recorded a gain of about HK$2.0 million comparing to a loss of HK$4.9 million for last corresponding period.

Gross Profit Margin

The gross profit margin for the period was about 19% which was higher than the gross profit margin for last corresponding period's 6%. The increase was mainly due to a higher level of selling price attained for the properties completed and delivered to purchasers during the period.

Financial Resources and Liquidity

At 30 September 2016, the Remaining Group's cash and bank deposits amounted to approximately HK$1,027 million. At 31 March 2016, the net borrowings of the Remaining Group, being interest-bearing bank and other borrowings less cash and bank balances and pledged bank deposits, amounted to about HK$2,152 million. The bank borrowings of the Remaining Group were repayable within 1 year to 2 years. The Remaining Group had net current assets and total assets less current liabilities of approximately HK$2,982 million and HK$3,962 million respectively. The current ratio of the Remaining Group was approximately 123% and the net debt gearing ratio was 54%. The Remaining Group's bank borrowings are denominated in RMB, HK$ and USD and have been arranged either on a fixed-rate or on a floating-rate basis. As at 30 September 2016, the Remaining Group's interest bearing bank and other borrowings arranged at fixed rate amounting to approximately HK$2,117 million while those arranged at floating rate amounting to approximately HK$1,062 million.

Foreign Currency Risk

The Remaining Group's operations are 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 USD have been quite stable over the past years despite a slow depreciation in the recent period. Also the Remaining Group's operations will not be unduly exposed to exchange rates fluctuations as all the major assets, mainly property development projects of the Remaining Group are located in the PRC and will generate RMB revenue to the Remaining Group. Except certain bank and other borrowings which are denominated in USD or HK$ which account for less than 10% of the Remaining Group's total borrowings, most of the Remaining Group's liabilities are denominated in RMB. The Group does not use any derivative contracts to hedge against its exposure to currency risk. The management manages its foreign currency risk by monitoring the movement of the foreign currency rate and will consider hedging significant foreign currency exposure should the need arise.

Charge on Assets

At 30 September 2016, certain of the Remaining Group's bank and other borrowings were secured by (i) certain land and buildings, bank deposits, properties under development and completed properties for sale with an aggregate carrying value of approximately HK$4,260 million; (ii) the Remaining Group's 30% and 100% equity interest in one and two property-based subsidiaries respectively; (iii) corporate guarantees from the Company and certain of its subsidiaries; (iv) certain deposits of the Remaining Group with an aggregate value of approximately HK$116 million; and (v) the Remaining Group's 12% equity interests in a property-based entity.

Contingent Liabilities

At 30 September 2016, the Remaining Group had given guarantees to the extent of approximately HK$2,377 million (31 March 2016: HK$2,976 million) to banks in respect of mortgage loan facilities granted to the property purchasers.

Capital Structure

As at 30 September 2016, the Share capital of the Company comprised ordinary shares only.

Employees and Remuneration Policy

The Remaining Group employs a total of about 430 employees in the PRC and Hong Kong. Employees are remunerated based on their work performance, skills and experience, and prevailing industry practice. Apart from basic salary and performance related bonus, the Remaining Group also provides other benefits to its employees including mandatory provident fund, medical insurance coverage, housing allowances and share options.

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:

1. On 3 August 2016, Coastal Greenland Development (Wuhan) Ltd. and Shanghai Coastal Greenland Real Estate Ltd., which are both wholly owned subsidiaries of the Company entered into a disposal agreement with a purchaser in relation to the transfer of an aggregate of 70% equity interests in Tianjin Harmonious Realty Development Co., Limited for a consideration of RMB875 million (equivalent to approximately HK$1,029.4 million). Prior to the disposal, Tianjin Harmonious Realty Development Co., Limited is principally engaged in property development. Quick link to the Company's announcement dated 9 August 2016 and circular dated 30 September 2016 are set out as below:

   Announcement:

   http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0809/LTN20160809009.pdf

   Circular:

   http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0930/LTN20160930019.pdf

2. On 11 January 2016, Shanghai Coastal Commercial Investment Management Co. Ltd., a wholly owned subsidiary of the Company and Ms. Yang Jiong Xuan entered into a disposal agreement with a purchaser in relation to the transfer of 100% equity interests in Jingdian Construction Co., Ltd at nil consideration and a debt in the amount of RMB471,673,000 (equivalent to HK$566,064,000) due and owing by a wholly owned subsidiary of the Company to Jingdian will be waived. Prior to the disposal, Jingdian Construction Co., Ltd was a wholly owned subsidiary of the Company principally engaged in construction. No proceeds will be received by the Group. Quick link to the Company's announcement dated 20 January 2016 and circular dated 9 March 2016 are set out as below:

   Announcement:

   http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0120/LTN20160120865.pdf

   Circular:

   http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0309/LTN20160309003.pdf

3. On 28 July 2014, Shanghai Coastal Greenland Real Estate Ltd., a wholly owned subsidiary of the Company entered into a sales and purchase agreement with a purchaser in relation to the disposal of 25% of registered capital of Beijing Ziguang Yan Hai Lian He Investment Co., Ltd. for a total consideration of RMB95,000,000 (equivalent to approximately HK$118,750,000) which was settled in cash. Prior to the disposal, Beijing Ziguang Yan Hai Lian He Investment Co., Ltd. was a 25% associate of the Group principally engaged in investment holding. Proceeds from the disposal were applied towards the general working capital of the Group. Quick link to the Company's announcement dated 28 July 2014 is set out as below:

   http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0728/LTN20140728910.pdf

4. On 18 June 2014, Shenzhen Coastal Property Investment Limited, a wholly owned subsidiary of the Company entered into a sales and purchase agreement with a purchaser in relation to the disposal of 40% of the registered and paid up capital of Changsha Xinhongxin Real Estate Development Co., Limited for a total consideration of RMB59,200,000 (equivalent to approximately HK$74,000,000) which was settled in cash. Prior to the disposal, Changsha Xinhongxin Real Estate Development Co. was a 40% joint venture of the Company principally engaged in property development. Proceeds from the disposal were applied towards the general working capital of the Group. Quick link to the Company's announcement dated 18 July 2014 is set out as below:

   http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0718/LTN20140718688.pdf

Set out below are the unaudited statements of financial position of the Target LLP as at 30 September 2016, 31 March 2016, 2015 and 2014, and the unaudited statements of profit or loss and other comprehensive income, the unaudited statements of changes in equity and the unaudited statements of cash flows of the Target LLP for the six months ended 30 September 2016 and three years ended 31 March 2016 and explanatory notes (the "**Financial Information**"). Included in the Financial Information is the results of the Target Company which have been equity accounted for.

The Financial Information has been prepared in accordance with paragraph 14.68(2)(a)(i)(A) of the Listing Rules and the basis of preparation as set out in note 2 to the Financial Information and is solely for the purposes of inclusion in this circular in connection with the Disposal pursuant to the Disposal Agreement.

The reporting accountants of the Target LLP, Deloitte Touche Tohmatsu were engaged to review the Financial Information of the Target LLP set out on pages II-2 to II-15 of this circular in accordance with Hong Kong Standard on Review Engagements 2400 "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 Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountant to obtain assurance that the reporting accountant would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountants do not express an audit opinion.

Based on the review, nothing has come to the reporting accountants' attention that causes them to believe that the Financial Information of the Target LLP for the relevant years is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Financial Information.

UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 March			Six months ended 30 September	
	2014	2015	2016	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other income	5	19	73,231	35,654	34,969
Administrative expenses	(7)	(47)	–	–	–
Finance costs	–	–	(73,206)	(35,645)	(34,961)
Share of loss of an associate	(53)	(652)	(14,456)	(583)	(14,416)
Loss before taxation	(55)	(680)	(14,431)	(574)	(14,408)
Taxation	–	–	–	–	–
Loss for the year/period	(55)	(680)	(14,431)	(574)	(14,408)
Other comprehensive income (expense)					
Item that will not be reclassified subsequently to profit or loss					
Exchange differences arising on translation to presentation currency	9,415	634	(25,546)	(18,303)	(15,396)
Total comprehensive income (expense) for the year/period	9,360	(46)	(39,977)	(18,877)	(29,804)

UNAUDITED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31 March 2014 HK$'000	As at 31 March 2015 HK$'000	As at 31 March 2016 HK$'000	As at 30 September 2016 HK$'000
NON-CURRENT ASSETS					
Interest in an associate	3	517,876	517,851	478,131	448,494
Amount due from an associate		–	568,117	540,054	522,666
Total non-current assets		517,876	1,085,968	1,018,185	971,160
CURRENT ASSET					
Cash and bank balances		5,732	5,712	5,447	5,280
CURRENT LIABILITIES					
Other payables and accruals		10	11	3	3
Interest-bearing other borrowing		–	–	240,024	464,592
Total current liabilities		10	11	240,027	464,595
NET CURRENT ASSETS (LIABILITIES)		5,722	5,701	(234,580)	(459,315)
TOTAL ASSETS LESS CURRENT LIABILITIES		523,598	1,091,669	783,605	511,845
CAPITAL AND RESERVES					
Share capital		512,566	512,566	512,566	512,566
Reserves		11,032	10,986	(28,991)	(58,795)
TOTAL EQUITY		523,598	523,552	483,575	453,771
NON-CURRENT LIABILITY					
Interest-bearing other borrowing		–	568,117	300,030	58,074
TOTAL EQUITY AND NON-CURRENT LIABILITY		523,598	1,091,669	783,605	511,845

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Exchange fluctuation reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2013	512,566	2,628	(956)	514,238
Loss for the year	–	–	(55)	(55)
Exchange differences arising on translation to presentation currency	–	9,415	–	9,415
Total comprehensive income (expense) for the year	–	9,415	(55)	9,360
At 31 March 2014	512,566	12,043	(1,011)	523,598
Loss for the year	–	–	(680)	(680)
Exchange differences arising on translation to presentation currency	–	634	–	634
Total comprehensive income (expense) for the year	–	634	(680)	(46)
At 31 March 2015	512,566	12,677	(1,691)	523,552
Loss for the year	–	–	(14,431)	(14,431)
Exchange differences arising on translation to presentation currency	–	(25,546)	–	(25,546)
Total comprehensive expense for the year	–	(25,546)	(14,431)	(39,977)
At 31 March 2016	512,566	(12,869)	(16,122)	483,575
Loss for the period	–	–	(14,408)	(14,408)
Exchange differences arising on translation to presentation currency	–	(15,396)	–	(15,396)

	Share capital	Exchange fluctuation reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total comprehensive expense for the period	–	(15,396)	(14,408)	(29,804)
At 30 September 2016	512,566	(28,265)	(30,530)	453,771
At 1 April 2015	512,566	12,677	(1,691)	523,552
Loss for the period	–	–	(574)	(574)
Exchange differences arising on translation to presentation currency	–	(18,303)	–	(18,303)
Total comprehensive expense for the period	–	(18,303)	(574)	(18,877)
At 30 September 2015	512,566	(5,626)	(2,265)	504,675

UNAUDITED STATEMENTS OF CASH FLOWS

	Year ended 31 March			Six months ended 30 September	
	2014	2015	2016	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
OPERATING ACTIVITIES					
Loss before taxation	(55)	(680)	(14,431)	(574)	(14,408)
Adjustments for:					
Share of loss of an associate	53	652	14,456	583	14,416
Interest income	(5)	(19)	(73,231)	(35,654)	(34,969)
Finance costs	–	–	73,206	35,645	34,961
Operating cash flows before movements in working capital	(7)	(47)	–	–	–
Increase (decrease) in other payables and accruals	8	1	(7)	–	–
Net cash from (used in) operations	1	(46)	(7)	–	–
INVESTING ACTIVITIES					
Advance to an associate	–	(568,117)	–	–	–
Interest received	5	19	25	9	8
NET CASH FROM (USED IN) INVESTING ACTIVITIES	5	(568,098)	25	9	8
CASH FROM FINANCING ACTIVITY					
New other borrowing raised	–	568,117	–	–	–
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6	(27)	18	9	8
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	5,623	5,732	5,712	5,712	5,447
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	103	7	(283)	(200)	(175)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD	5,732	5,712	5,447	5,521	5,280

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. General

On 16 December 2016, Coastal Greenland Limited (the "Company", together with its subsidiaries are referred to as the "Group") entered into a disposal agreement with an independent third party, Shanghai Fengzhou Property Co. Ltd which is a subsidiary of Yuzhou Properties Company Limited (together with its subsidiary are referred to as the "Yuzhou Group") (the "Disposal Agreement") pursuant to which,

(i) the Group currently holds 99.47% equity interest in 昆山富智鼎鑫股權投資企業(有限合夥)(Kunshan Fuzhi Dingxin Equity Investment Enterprise) (the "Target LLP"), which holds 40% equity interest in 武漢藍空房地產開發有限公司 (Wuhan Lan Kong Real Estate Development Company Limited (the "Target Company"). Pursuant to the Disposal Agreement, the Group will further acquire 0.53% equity interest in the Target LLP from the non-controlling shareholder, Mr. Wu Qingbing, based on the effective interest in the land held under the Target LLP with reference to his shareholding in the Target LLP. Accordingly, the Group will have 100% equity interest in the Target LLP after the above transaction; and

(ii) the Group will dispose of 100% equity interest in the Target LLP to the Yuzhou Group upon completion of the mentioned disposal transaction.

Pursuant to the Disposal Agreement, the Yuzhou Group was entitled to the right to terminate the Disposal Agreement and request the Remaining Group to acquire all of its equity interests in the Target LLP and to return to the Yuzhou Group the sum of consideration paid and expenses incurred in the development of the land, plus accrued interest at a rate of 15% per annum. It is assumed that the Yuzhou Group will not exercise its Termination Option. If the Yuzhou Group exercised its Termination Option, the Disposal would fail to complete.

2. Basis of Preparation of the Unaudited Financial Information

The financial information of the Target LLP for each of the years ended 31 March 2014, 2015 and 2016 and the six months ended 30 September 2016 (the "**Financial Information**") has been prepared in accordance with Rule 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purpose of inclusion in the circular issued by the Company in connection with the proposed disposal of the Target LLP, which held equity interests in the Target Company.

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 a set of condensed financial statements as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The amounts included in the Financial Information have been recognised and measured in accordance with the relevant accounting policies of the Company and its subsidiaries adopted in the preparation of its consolidated financial statements for each of the years ended 31 March 2014, 2015 and 2016 and six months ended 30 September 2016 which conform with Hong Kong Financial Reporting Standards issued by the HKICPA.

The Financial Information has been prepared on a going concern basis because the Company has agreed to provide adequate funds for the Target LLP to meet its liabilities as they fall due.

3. Interest in an Associate

The amount represents the Group's 40% equity interest in the Target Company which is engaged in property development.

Summarised financial information in respect of the Target Company is set out below. The summarised financial information of the Target Company is prepared in accordance with Hong Kong Financial Reporting Standards.

(a) UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 March			Six months ended 30 September	
	2014	2015	2016	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other income	–	4	2	–	–
Administrative expenses	(132)	(1,635)	(4,011)	(1,457)	(1,080)
Finance costs	–	–	(32,132)	–	(34,961)
Loss before taxation	(132)	(1,631)	(36,141)	(1,457)	(36,041)
Taxation	–	–	–	–	–
Loss for the year/period	(132)	(1,631)	(36,141)	(1,457)	(36,041)
Other comprehensive income (expense)					
Item that will not be reclassified subsequently to profit or loss					
Exchange differences arising on translation to presentation currency	9,194	530	(20,807)	(15,348)	(11,810)
Total comprehensive income (expense) for the year/period	9,062	(1,101)	(56,948)	(16,805)	(47,851)

(b) UNAUDITED STATEMENTS OF FINANCIAL POSITION

		As at 31 March			As at 30 September
		2014	2015	2016	2016
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS					
Property, plant and equipment		323	273	174	127
Amount due from Lan Kong Construction	*e*	200,855	288,466	274,523	265,393
Total non-current assets		201,178	288,739	274,697	265,520
CURRENT ASSETS					
Property under development	*f*	528,849	663,949	681,384	659,446
Other receivables		8,100	8,670	4,050	3,958
Cash and bank balances		709,125	50,984	58	72
Total current assets		1,246,074	723,603	685,492	663,476
CURRENT LIABILITIES					
Other payables and accruals		137	562	990	1,875
Amount due to a subsidiary of the Company	*g*	378,286	6,412	38,842	72,003
Amount due to the Target LLP	*h*	–	–	240,024	464,592
Total current liabilities		378,423	6,974	279,856	538,470
NET CURRENT ASSETS		867,651	716,629	405,636	125,006
TOTAL ASSETS LESS CURRENT LIABILITIES		1,068,829	1,005,368	680,333	390,526
CAPITAL AND RESERVES					
Share capital		516,981	516,981	516,981	516,981
Reserves		(78,629)	(79,730)	(136,678)	(184,529)
TOTAL EQUITY		438,352	437,251	380,303	332,452
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowing		630,477	–	–	–
Amount due to the Target LLP	*h*	–	568,117	300,030	58,074
Total non-current liabilities		630,477	568,117	300,030	58,074
TOTAL EQUITY AND NON-CURRENT LIABILITIES		1,068,829	1,005,368	680,333	390,526

(c) UNAUDITED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Exchange fluctuation reserve	Deemed contribution to shareholder	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2013	516,981	3,521	–	(18,321)	502,181
Loss for the year	–	–	–	(132)	(132)
Exchange differences arising on translation to presentation currency	–	9,194	–	–	9,194
Total comprehensive income (expense) for the year	–	9,194	–	(132)	9,062
Deemed contribution to shareholder	–	–	(72,891)	–	(72,891)
At 31 March 2014	516,981	12,715	(72,891)	(18,453)	438,352
Loss for the year	–	–	–	(1,631)	(1,631)
Exchange differences arising on translation to presentation currency	–	530	–	–	530
Total comprehensive income (expense) for the year	–	530	–	(1,631)	(1,101)
At 31 March 2015	516,981	13,245	(72,891)	(20,084)	437,251

	Share capital *HK$'000*	Exchange fluctuation reserve *HK$'000*	Deemed contribution to shareholder *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
Loss for the year	–	–	–	(36,141)	(36,141)
Exchange differences arising on translation to presentation currency	–	(20,807)	–	–	(20,807)
Total comprehensive expense for the year	–	(20,807)	–	(36,141)	(56,948)
At 31 March 2016	516,981	(7,562)	(72,891)	(56,225)	380,303
Loss for the period	–	–	–	(36,041)	(36,041)
Exchange differences arising on translation to presentation currency	–	(11,810)	–	–	(11,810)
Total comprehensive expense for the period	–	(11,810)	–	(36,041)	(47,851)
At 30 September 2016	516,981	(19,372)	(72,891)	(92,266)	332,452
At 1 April 2015	516,981	13,245	(72,891)	(20,084)	437,251
Loss for the period	–	–	–	(1,457)	(1,457)
Exchange differences arising on translation to presentation currency	–	(15,348)	–	–	(15,348)
Total comprehensive expense for the period	–	(15,348)	–	(1,457)	(16,805)
At 30 September 2015	516,981	(2,103)	(72,891)	(21,541)	420,446

(d) UNAUDITED STATEMENTS OF CASH FLOWS

	Year ended 31 March			Six months ended 30 September	
	2014	2015	2016	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
OPERATING ACTIVITIES					
Loss before taxation	(132)	(1,631)	(36,141)	(1,457)	(36,041)
Adjustments for:					
Finance costs	–	–	32,132	–	34,961
Interest income	–	(4)	(2)	–	–
Depreciation	45	70	72	37	42
Operating cash flows before movements in working capital	(87)	(1,565)	(3,939)	(1,420)	(1,038)
(Increase) decrease in other receivables	(8,100)	(561)	4,193	4,238	(39)
Increase in property under development	(20,667)	(43,138)	(13,013)	(12,848)	–
(Decrease) increase in other payables and accruals	(103)	425	455	171	917
Net cash used in operations	(28,957)	(44,839)	(12,304)	(9,859)	(160)
Interest received	–	4	2	–	–
NET CASH USED IN OPERATING ACTIVITIES	(28,957)	(44,835)	(12,302)	(9,859)	(160)
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	–	(61)	–	–	–
Advance to Lan Kong Construction	(157,193)	(87,367)	(641)	(641)	–
Repayment from Lan Kong Construction	–	–	335	–	292
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(157,193)	(87,428)	(306)	(641)	292

	Year ended 31 March			Six months ended 30 September	
	2014	2015	2016	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
FINANCING ACTIVITIES					
New bank and other borrowing raised	630,477	–	–	–	–
Repayment of bank and other borrowing	(63,048)	(631,241)	–	–	–
Advances from a subsidiary of the Company	378,286	–	34,934	–	34,845
Repayment to a subsidiary of the Company	–	(372,333)	(2,187)	(2,187)	–
Advance from the Target LLP	–	568,117	–	–	–
Interest paid	(50,559)	(91,321)	(69,351)	(35,645)	(34,961)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	895,156	(526,778)	(36,604)	(37,832)	(116)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	709,006	(659,041)	(49,212)	(48,332)	16
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	82	709,125	50,984	50,984	58
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	37	900	(1,714)	(1,738)	(2)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD	709,125	50,984	58	914	72

(e) AMOUNT DUE FROM LAN KONG CONSTRUCTION

The amount is non-trade, unsecured and interest-free. The amount is not expected to be repaid within twelve months from the end of the relevant reporting periods, and thus it is non-current in nature.

(f) PROPERTY UNDER DEVELOPMENT

The Target Company's property under development as at 31 March 2014, 2015 and 2016 and 30 September 2016 has been pledged to secure the borrowing of Lan Kong Construction.

(g) AMOUNT DUE TO A SUBSIDIARY OF THE COMPANY

It represents an amount due to 沿海綠色家園發展(武漢)有限公司 (Coastal Greenland Development (Wuhan) Ltd.). The amount is non-trade, unsecured, interest-free and repayable on demand.

(h) AMOUNTS DUE TO THE TARGET LLP

The amounts are non-trade, unsecured and carry interest at 13% per annum. The amounts are repayable by three tranches in December 2016, June 2017 and December 2017, of RMB200,000,000, RMB200,000,000 and RMB50,000,000 respectively.

A. THE FOLLOWING IS A TEXT OF A REPORT, PREPARED FOR THE PURPOSE OF INCLUSION IN THIS CIRCULAR, RECEIVED FROM THE COMPANY'S REPORTING ACCOUNTANTS, DELOITTE TOUCHE TOHMATSU, CERTIFIED PUBLIC ACCOUNTANTS, HONG KONG.

Deloitte. 德勤

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

TO THE DIRECTORS OF COASTAL GREENLAND LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Coastal Greenland Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma statement of financial position as at 30 September 2016, the unaudited pro forma statement of profit or loss and other comprehensive income for the six months ended 30 September 2016, the unaudited pro forma statement of cash flows for the six months ended 30 September 2016 and related notes as set out on pages III-4 to III-17 of the circular issued by the Company dated 31 March 2017 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages III-11 to III-17 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed disposal of 100% equity interests in 昆山富智鼎鑫股權投資企業(有限合夥)(Kunshan Fuzhi Dingxin Equity Investment Enterprise) (the "Disposal") on the Group's financial position as at 30 September 2016 and its financial performance and cash flows for the six months ended 30 September 2016 as if the Disposal had taken place at 30 September 2016 and 1 April 2016 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's financial statements for the six months ended 30 September 2016, on which no auditor's report or review conclusion has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

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

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2016 or 1 April 2016 would have been as presented.

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

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

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

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

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

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
31 March 2017

B. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

INTRODUCTION

Basis of Preparation of the Unaudited Pro Forma Financial Information of the Remaining Group

On 16 December 2016, Coastal Greenland Limited (the "Company", together with its subsidiaries are referred to as the "Group") entered into a disposal agreement with an independent third party, Shanghai Fengzhou Property Co. Ltd which is a subsidiary of Yuzhou Properties Company Limited (together with its subsidiary are referred to as the "Yuzhou Group") (the "Disposal Agreement") pursuant to which

(i) the Group currently holds 99.47% equity interest in 昆山富智鼎鑫股權投資企業(有限合夥)(Kunshan Fuzhi Dingxin Equity Investment Enterprise) (the "Target LLP"), which held 40% equity interest in 武漢藍空房地產開發有限公司 (Wuhan Lan Kong Real Estate Development Company Limited (the "Target Company"). Pursuant to the Disposal Agreement, the Group will further acquire 0.53% equity interest in the Target LLP from the non-controlling shareholder, Mr. Wu Qingbing, based on the effective interest in the land held under the Target LLP with reference to his shareholding in the Target LLP. Accordingly, the Group will have 100% equity interest in the Target LLP after the above transaction; and

(ii) the Group will dispose of 100% equity interest in the Target LLP to the Yuzhou Group upon completion of the mentioned disposal transaction.

Pursuant to the Disposal Agreement, the Yuzhou Group was entitled to the right to terminate the Disposal Agreement and request the Remaining Group to acquire all of its equity interests in the Target LLP and to return to the Yuzhou Group the sum of consideration paid and expenses incurred in the development of the land, plus accrued interest at a rate of 15% per annum. For the purpose of preparation of this Unaudited Pro Forma Financial Information, it is assumed that the Yuzhou Group will not exercise its termination option. If the Yuzhou Group exercised its termination option, the Disposal would fail to complete.

The following is the unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of Coastal Greenland Limited and its subsidiaries excluding Kunshan Fuzhi Dingxin Equity Investment Enterprise (referred to as the "Remaining Group") (the "Unaudited Pro Forma Financial Information") as if the disposal of 100% equity interest in the Target LLP (the "Disposal"), which held 40% equity interest in Target Company, had completed on 30 September 2016 for the unaudited pro forma consolidated statement of financial position, and on 1 April 2016 for the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows.

The Unaudited Pro Forma Financial Information of the Remaining Group should be read in conjunction with the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2016 as disclosed in the interim report of the Company for the six months ended 30 September 2016 (the "2016 Interim Report"), and other financial information included elsewhere in the circular.

The unaudited pro forma consolidated statement of financial position of the Remaining Group is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2016 as extracted from the 2016 Interim Report after making pro forma adjustments which are directly attributable to the Disposal and factually supportable, as if the Disposal had been completed on 30 September 2016.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group are prepared based on the unaudited condensed consolidated statement of profit or loss and other comprehensive income and the unaudited condensed consolidated statement of cash flows of the Group for the six months ended 30 September 2016 as extracted from the 2016 Interim Report after making pro forma adjustments which are directly attributable to the Disposal and factually supportable, as if the Disposal had been completed on 1 April 2016.

The Unaudited Pro Forma Financial Information of the Group has been prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules to illustrate the possible outcomes relating to the Disposal. It is prepared for illustrative purposes only and because of its hypothetical nature, it may not give a picture of the financial position of the Group upon completion of the Disposal as at 30 September 2016 or any future period, or the financial performance and cash flows of the Group upon the completion of the Disposal for the period ended 30 September 2016 or any future period.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2016

	The Group as at 30 September 2016 (Unaudited)	Pro forma adjustments			The Remaining Group as at 30 September 2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note (a)	*Note (b)*	*Note (d)*	*Note (e)*	
NON-CURRENT ASSETS					
Property, plant and equipment	237,393				237,393
Investment properties	212,191				212,191
Prepaid land lease payments	47,940				47,940
Interests in associates	702,702	(448,494)		(153,456)	100,752
Interests in joint ventures	360,265				360,265
Amounts due from associates and joint ventures	226,292	(58,074)			168,218
Available-for-sale investments	164,638				164,638
Total non-current assets	1,951,421				1,291,397
CURRENT ASSETS					
Properties under development	4,307,944				4,307,944
Completed properties for sale	1,236,563				1,236,563
Prepayments, deposits and other receivables	2,830,540				2,830,540
Amounts due from associates and joint ventures	992,701	(464,592)		(90,944)	437,165
Prepaid tax	104,614				104,614
Pledged bank deposits	271,627				271,627
Cash and bank balances	760,588	(5,280)	(32,521)	1,974,292	2,697,079
	10,504,577				11,885,532
Assets classified as held for sale	5,529,119				5,529,119
Total current assets	16,033,696				17,414,651

	The Group as at 30 September 2016 (Unaudited)	Pro forma adjustments			The Remaining Group as at 30 September 2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note (a)	*Note (b)*	*Note (d)*	*Note (e)*	
CURRENT LIABILITIES					
Trade and bills payables	532,307				532,307
Deposits received from pre-sales of properties	1,469,904				1,469,904
Other payables and accruals	3,889,727	(3)			3,889,724
Amount due to a substantial shareholder of the Company	12,100				12,100
Tax payable	351,479			374,113	725,592
Interest-bearing bank and other borrowings	3,353,505	(464,592)			2,888,913
	9,609,022				9,518,540
Liabilities classified as held for sale	3,902,336				3,902,336
Total current liabilities	13,511,358				13,420,876
NET CURRENT ASSETS	2,522,338				3,993,775
TOTAL ASSETS LESS CURRENT LIABILITIES	4,473,759				5,285,172
CAPITAL AND RESERVES					
Share capital	418,587				418,587
Reserves	3,480,598		(32,521)	902,008	4,350,085
Equity attributable to owners of the Company	3,899,185				4,768,672
Non-controlling interests	905				905
Total equity	3,900,090				4,769,577
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	348,444	(58,074)			290,370
Deferred tax liabilities	225,225				225,225
Total non-current liabilities	573,669				515,595
	4,473,759				5,285,172

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

For the Six Months Ended 30 September 2016

	The Group for the six months ended 30 September 2016 (Unaudited)	Pro forma adjustments			The Remaining Group for the six months ended 30 September 2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note (a)	*Note (c)*	*Note (f)*	*Note (h)*	
Revenue	782,286				782,286
Cost of sales	(636,298)				(636,298)
Gross profit	145,988				145,988
Other income and gains (losses)	12,609	(34,969)			(22,360)
Marketing and selling expenses	(26,561)				(26,561)
Administrative expenses	(73,850)				(73,850)
Other expenses	(3,538)				(3,538)
Finance costs	(104,917)	34,961			(69,956)
Share of profit of associates	446	14,416			14,862
Share of loss of joint ventures	(9,780)				(9,780)
Net gain on disposal of a subsidiary	–		1,318,183		1,318,183
(Loss) profit before taxation	(59,603)				1,272,988
Taxation	(13,269)		(386,559)		(399,828)
(Loss) profit for the period	(72,872)				873,160
Other comprehensive expense					
Items that will not be reclassified to profit or loss					
Exchange differences arising on translation to presentation currency	(163,167)	15,396		(29,616)	(177,387)
Total comprehensive (expense) income for the period	(236,039)				695,773
(Loss) profit for the period attributable to:					
Owners of the Company	(72,866)	14,408	931,624		873,166
Non-controlling interest	(6)				(6)
	(72,872)				873,160
Total comprehensive (expense) income attributable to:					
Owners of the Company	(234,830)	29,804	931,624	(29,616)	696,982
Non-controlling interests	(1,209)				(1,209)
	(236,039)				695,773

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six Months Ended 30 September 2016

	The Group for the six months ended 30 September 2016 (Unaudited)	Pro forma adjustments		The Remaining Group for the six months ended 30 September 2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note (a)	*Note (c)*	*Note (g)*	
Net cash from operating activities				
Increase in properties under development	(631,009)			(631,009)
Decrease in completed properties for sale	622,152			622,152
Decrease in trade receivables	9,128			9,128
Increase in prepayments, deposits and other receivables	(125,861)			(125,861)
Increase in deposits received from pre-sales of properties	278,218			278,218
Increase in trade and bills payables	200,589			200,589
Increase in other payables and accruals	386,069			386,069
Tax paid	(29,624)			(29,624)
Other operating cash flows	51,260	(8)		51,252
	760,922			760,914
Net cash from investing activities				
Purchases of property, plant and equipment	(1,311)			(1,311)
Repayment from associates and joint ventures	23,133			23,133
Proceed arising from disposal of a subsidiary	–		2,041,489	2,040,021
			(1,468)	
Decrease of pledged bank deposits	118,388			118,388
Proceeds from disposal of property, plant and equipment	290			290
Increase in restricted bank deposits	(57,365)			(57,365)
	83,135			2,123,156

	The Group for the six months ended 30 September 2016 (Unaudited)	Pro forma adjustments		The Remaining Group for the six months ended 30 September 2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note (a)	*Note (c)*	*Note (g)*	
Net cash used in financing activities				
New bank and other borrowings raised	871,110			871,110
Repayment of bank and other borrowings	(980,889)			(980,889)
Interest paid	(370,384)			(370,384)
Other financing cash flows	4,152			4,152
Acquisition of additional interest in a subsidiary	–		(33,603)	(33,603)
	(476,011)			(509,614)
Net increase in cash and cash equivalents	368,046			2,374,456
Cash and cash equivalents at the beginning of period	249,920	(5,447)		244,473
Effect of foreign exchange rate changes	(38,757)	175		(38,582)
Cash and cash equivalents at the end of period	579,209			2,580,347
Analysis of the balances of cash and cash equivalents				
Cash and bank balances	760,588			2,761,726
Less: Restricted bank balances	(240,980)			(240,980)
Cash and cash equivalents at the end of period	519,608			2,520,746
Cash and bank balances included in assets classified as held for sale	59,601			59,601
	579,209			2,580,347

Notes:

(a) The unaudited condensed consolidated statement of financial position of the Group as at 30 September 2016, the unaudited condensed consolidated statement of profit or loss and other comprehensive income and the unaudited condensed consolidated statement of cash flows for the six months period ended 30 September 2016 are extracted from the 2016 Interim Report.

(b) The adjustment reflects the deconsolidation of assets and liabilities of the Target LLP as at 30 September 2016 as if the Disposal had completed on 30 September 2016. The financial information of the Target LLP was extracted from its unaudited financial information for each of the three years ended 31 March 2016 and the six months ended 30 September 2016 ("Unaudited Financial Information") as set out in Appendix II to this circular.

(c) The adjustment reflects the deconsolidation of financial performance of the Target LLP for the six months ended 30 September 2016 as if the Disposal had completed on 1 April 2016. The financial information of the Target LLP was extracted from the Unaudited Financial Information as set out in Appendix II to this circular.

(d) The adjustment reflects the acquisition of 0.53% equity interest in Target LLP from non-controlling interest (the "NCI Acquisition") at a consideration of RMB28,000,000 (equivalent to HK$32,521,000) as if the NCI Acquisition had completed on 30 September 2016.

(e) The adjustment reflects the pro forma gain on the Disposal assuming that the Disposal had taken place on 30 September 2016.

	HK$'000
Consideration	
– Cash consideration *(note 1)*	1,626,073
– Retained consideration *(note 2)*	349,687
– Assignment of receivable due from the Target Company *(note 3)*	(90,944)
	1,884,816
Carrying amount of assets and liabilities of the Target LLP as at 30 September 2016 (extracted from Unaudited Financial Information set out in the Appendix II to this circular)	453,771
Goodwill arising from acquisition of the Target Company	153,456
	607,227
Transaction cost – professional fee *(note 4)*	1,468
Tax imposed on gain on the disposal *(note 5)*	374,113
Net gain on the Disposal at 30 September 2016	902,008

(Note 1) Being cash consideration of RMB1,400,000,000 (equivalent to HK$1,626,073,000 based on the exchange rate of RMB1: HK$1.1615 prevailing on 30 September 2016) payable to the Remaining Group.

(Note 2) Retained consideration represents the remaining balance of the consideration to be shared with the Yuzhou Group by the Remaining Group on 45%:55% basis, of which the details of the calculation are set out below.

		RMB
Total Consideration		3,589,100,000 (i)
Less:	Cash consideration paid to the Remaining Group	(1,400,000,000) (ii)
	Capital injection in the Target LLP	(470,000,000) (iii)
	Consideration for the Yuzhou Group's acquisition of amount contributed in the Target Company held by 武漢藍空房地產開發建築有限公司(Wuhan Lan Kong Real Estate Development Construction Company Limited) ("Lan Kong Construction")	(85,000,000) (iv)
	Debt owed by Lan Kong Construction	(486,700,000) (v)
	Construction obligations owed by Lan Kong Construction	(600,000,000) (vi)
	WLKC Claim and Other Claim	– (vii)
	Retained consideration	547,400,000
	Percentage of distribution	55% (viii)
	Retained consideration entitled by the Remaining Group	301,070,000

(i) Pursuant to the Disposal Agreement, the maximum consideration borne by the Yuzhou Group is RMB3,589,100,000.

(ii) Being cash consideration of RMB1,400,000,000 payable to the Remaining Group.

(iii) The Target LLP has raised a loan of RMB450,000,000 from 中誠信託有限責任公司 (China Credit Trust Co. Ltd) ("China Credit Trust") and the equity interest in Target Company has been pledged for such loan. The amount represents capital injection in the Target LLP by the Yuzhou Group of RMB470,000,000 for the repayment to China Credit Trust to release the pledged equity interest in the Target Company from China Credit Trust.

(iv) Being consideration of RMB85,000,000 for the Yuzhou Group's acquisition of the amount contributed in the Target Company held by the non-controlling shareholder, Lan Kong Construction.

(v) Being settlement of debt owed by Lan Kong Construction to 武漢潮江商貿發展有限公司 (Chao Jiang Trading Development Co. Ltd) (''Chao Jiang Trading'') of RMB486,700,000 in order to release the land which has been pledged when the Target Company provided guarantee to Lan Kong Construction in respect of the loan of Lan Kong Construction obtained from Chao Jiang Trading. The land mentioned was seized by Chao Jiang Trading as the loan is overdue.

(vi) For the purpose of preparation of this Unaudited Pro Forma Financial Information, it is assumed that the amount of construction obligations owed by Lan Kong Constriction is RMB600,000,000 which was based on the maximum commitment made by Lan Kong Construction on the date when the cooperation agreement between the Remaining Group and Lan Kong Construction was signed. The amount of the construction obligations is related to construction of resettlement buildings previously committed to the PRC local government for its granting of land use rights of the land held by the Target Company. If the amount of construction obligations was higher than the amount assumed above, the retained consideration entitled by the Remaining Group would be reduced.

(vii) WLKC Claim represents potential claim by Lan Kong Construction for ownership of 60% equity interest in the Target Company.

Other Claim represents any claim of debts and obligations of the Target LLP and the Target Company which were not disclosed in the Disposal Agreement.

For the purpose of preparation of this Unaudited Pro Forma Financial Information, it is assumed that there are no WLKC Claim and Other Claim based on management's best estimate. If the amount of WLKC Claim and Other Claim was higher than the amount assumed, the retained consideration entitled by the Remaining Group would be decreased, and accordingly the proforma gain on disposal of a subsidiary will also be decreased. In the worst-case scenario, the retained consideration to be received by the Remaining Group will be reduced to zero, accordingly the gain on disposal will be RMB597,908,000 (equivalent to HK$694,459,000 based on the exchange rate of RMB1: HK$1.1615 prevailing on 30 September 2016 as appropriate).

(viii) Pursuant to the Disposal Agreement, the Purchaser shall distribute 55% of the retained consideration of RMB547,400,000 to the Remaining Group after the completion of the Disposal which would be RMB301,070,000 (equivalent to HK$349,687,000 based on the exchange rate of RMB1: HK$1.1615 prevailing on 30 September 2016 as appropriate).

(Note 3) Receivable due from the Target Company in the amount of RMB78,300,000 (equivalent to HK$90,944,000 based on the exchange rate of RMB1: HK$1.1615 prevailing on 30 September 2016 as appropriate) will be assigned to the Yuzhou Group as part of consideration.

(Note 4) The Group estimates that the professional fee directly attributable to the Disposal is HK$1,468,000 on 30 September 2016.

(Note 5) Being Enterprise Income Tax charged on Disposal.

(f) The adjustment reflects the pro forma gain on the Disposal assuming the Disposal had taken place on 1 April 2016.

	HK$'000
Consideration	
– Cash consideration *(note 6)*	1,680,168
– Retained consideration *(note 7)*	361,321
– Assignment of receivable due from the Target Company *(note 8)*	(93,969)
	1,947,520
Carrying amount of assets and liabilities of the Target LLP as at 1 April 2016 (extracted from Unaudited Financial Information set out in Appendix II to this circular)	483,575
Goodwill arising from acquisition of the Target Company	144,294
	627,869
Transaction cost – professional fee *(note 9)*	1,468
Tax imposed in relation to the Disposal *(note 10)*	386,559
Net gain on the Disposal at 1 April 2016	931,624

(Note 6) Being cash consideration of RMB1,400,000,000 (equivalent to HK$1,680,168,000 based on the exchange rate of RMB1: HK$1.2001 prevailing on 1 April 2016 as appropriate) payable to the Remaining Group.

(Note 7) Retained consideration represents the remaining balance of the consideration to be shared with the Yuzhou Group by the Remaining Group on 45%:55% basis, of which the details of the calculation are set out below.

		RMB
Total Consideration		3,589,100,000 (i)
Less:	Cash consideration paid to the Remaining Group	(1,400,000,000) (ii)
	Capital injection in the Target LLP	(470,000,000) (iii)
	Consideration for the Yuzhou Group's acquisition of amount contributed in the Target Company held by Lan Kong Construction	(85,000,000) (iv)
	Debt owed by Lan Kong Construction	(486,700,000) (v)
	Construction obligations owed by Lan Kong Construction	(600,000,000) (vi)
	WLKC Claim and Other Claim	– (vii)
	Retained consideration	547,400,000
	Percentage of distribution	55% (viii)
	Retained consideration entitled by the Remaining Group	301,070,000 (viii)

(i) Pursuant to the Disposal Agreement, the maximum consideration borne by the Yuzhou Group is RMB3,589,100,000.

(ii) Being cash consideration of RMB1,400,000,000 payable to the Remaining Group.

(iii) The Target LLP has raised a loan of RMB450,000,000 from China Credit Trust and equity interest in Target Company has been pledged for the loan. Amount being capital injection in the Target LLP by the Yuzhou Group of RMB470,000,000 for the repayment to China Credit Trust to release the pledged equity interest in the Target Company from China Credit Trust.

(iv) Being consideration of RMB85,000,000 for the Yuzhou Group's acquisition of the amount contributed in the Target Company held by the non-controlling shareholder, Lan Kong Construction.

(v) Being settlement of debt owed by Lan Kong Construction to Chao Jiang Trading of RMB486,700,000 in order to release the land which has been pledged when the Target Company provided guarantee to Lan Kong Construction in respect of the loan of Lan Kong Construction obtained from Chao Jiang Trading. The land mentioned was seized by Chao Jiang Trading as the loan is overdue.

(vi) For the purpose of preparation of this Unaudited Pro Forma Financial Information, it is assumed that the amount of construction obligations owed by Lan Kong Construction is RMB600,000,000 which was based on the maximum commitment made by Lan Kong Construction on the date when the cooperation agreement between the Remaining Group and Lan Kong Construction was signed. The amount of the construction obligations is related to construction of resettlement buildings previously committed to the PRC local government for its granting of land use rights of the land held by the Target Company. If the amount of construction obligations was lower than the amount assumed above, the retained consideration entitled by the Remaining Group would be increased.

(vii) WLKC Claim represents potential claim by Lan Kong Construction for ownership of 60% equity interest in the Target Company.

Other Claim represents any claim of debts and obligations of the Target LLP and the Target Company which were not disclosed in the Disposal Agreement.

For the purpose of preparation of this Unaudited Pro Forma Financial Information, it is assumed that there are no WLKC Claim and Other Claim based on management's best estimate. If the amount of WLKC Claim and Other Claim was higher than the amount assumed, the retained consideration entitled by the Remaining Group would be decreased and accordingly the proforma gain on disposal of a subsidiary will also be decreased. In the worst-case scenario, the retained consideration received by the Remaining Group will be reduced to zero, accordingly the gain on disposal will be RMB597,674,000 (equivalent to HK$717,280,000 based on the exchange rate of RMB1: HK$1.2001 prevailing on 1 April 2016 as appropriate).

(viii) Pursuant to the Disposal Agreement, the Purchaser shall distribute 55% of the retained consideration of RMB547,400,000 to the Remaining Group after the completion of the Disposal which would be RMB301,070,000 (equivalent to HK$380,096,000 based on the exchange rate of RMB1: HK$1.2001 prevailing on 1 April 2016 as appropriate).

(Note 8) Receivable due from the Target Company in the amount of RMB78,300,000 (equivalent to HK$98,852,000 based on the exchange rate of RMB1: HK$1.2001 prevailing on 1 April 2016 as appropriate) will be assigned to the Yuzhou Group as part of consideration.

(Note 9) The Group estimates that the professional fee directly attributable to the Disposal is HK$1,468,000 on 1 April 2016.

(Note 10) Being Enterprise Income Tax charged on Disposal.

(g) The adjustment reflects cash inflows from the Disposal comprised of cash consideration and retained consideration of RMB1,701,070,000 (equivalent to HK$2,041,489,000 based on the exchange rate of RMB1: HK$1.2001 prevailing on 1 April 2016 as appropriate) and less payment of professional fee relating to the Disposal of HK$1,468,000 and the cash outflows from the NCI Acquisition comprised of consideration paid for acquisition of additional equity interest in the Target LLP of RMB28,000,000 (equivalent to HK$33,603,000 based on the exchange rate of RMB1: HK$1.2001 prevailing on 1 April 2016 as appropriate).

(h) The adjustment reflects the exchange difference of HK$29,616,000 resulting from translating the pro forma adjustment in note (e) from RMB (functional currency of the Target LLP) to HK$ (presentation currency of the Group) in accordance with the requirements under Hong Kong Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates".

(i) The pro forma adjustments (c), (e), (f), (g) and (h) are not expected to have a continuing effect on the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group.

(j) No other adjustments have been made to reflect any trading result or other transactions that the Group and the Target LLP entered into subsequent to 30 September 2016.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in the Circular, received from DTZ Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of value of the property interest to be disposed of by the Group as at 31 January 2017.

16/F
Jardine House
1 Connaught Place
Central
Hong Kong

31 March 2017

The Directors
Coastal Greenland Limited
Unit Nos. 12 to 16, 17/F
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Dear Sirs,

INSTRUCTIONS, PURPOSE & VALUATION DATE

In accordance with your instructions for us to value the property to be disposed of by Coastal Greenland Limited (referred to as the "Company") and its subsidiaries (hereinafter together referred to as the "Group") in the People's Republic of China (the "PRC") (as more particularly described in the valuation certificate), we confirm that we have inspected the property, made relevant enquiries and obtained such further information as we consider necessary to provide you with our opinion of the value of such property as at 31 January 2017 (the "valuation date").

DEFINITION OF MARKET VALUE

Our valuation of the property represents its Market Value. The definition of Market Value adopted in The HKIS Valuation Standards 2012 Edition follows the International Valuation Standards published by the International Valuation Standards Council ("IVSC"). Market Value is defined by the IVSC as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

VALUATION BASIS AND ASSUMPTIONS

Our valuation exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In valuing the property, 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, The Code on Takeovers and Mergers and Share Repurchases of Securities and Future Commission and the HKIS Valuation Standards 2012 Edition issued by the Hong Kong Institute of Surveyors.

In the course of our valuation of the property in the PRC, we have assumed that, unless otherwise stated, the transferable land use rights of the property for its term at nominal annual land use fees have been granted and that any premium payable has already been fully paid.

We have relied on the information provided by the Group and the advice provided by the Group's legal advisor, regarding the title to the property and the interest of the Group in the property. In valuing the property, we have assumed that the owner of the property has an enforceable title to the property and has free and uninterrupted rights to use, occupy or assign the property for the whole of the unexpired land use term as granted.

In respect of the property situated in the PRC, the status of titles and grant of major certificates, approvals and Licenses, in accordance with the information provided by the Group are set out in the notes of the valuation certificate.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value. In respect of the property, we have relied on the legal opinion given to us by the Group's legal advisor.

Our valuation is on an entire interest basis.

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by the Group, the potential tax liabilities which may arise from the sale of the property include inter alia:

(a) value added tax at a rate of 5% of consideration for the property in the PRC;

(b) profits tax on the profit from the sale at rate of 25% for the property in the PRC; and

(c) land value appreciation tax for the property in the PRC at progressive tax rates ranging from 30% to 60% on the appreciation in property value from not more than 50% to more than 200%.

The exact amount of tax payable upon realization of the relevant properties in the PRC will be subject to the formal tax advice issued by the relevant tax authorities at the time of disposal of relevant properties upon representation of the relevant transaction documents.

METHOD OF VALUATION

In valuing the property, we have valued it on the basis that it will be developed and completed in accordance with the latest development proposal provided to us by the Group (if any). We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposals have been or will be obtained without onerous conditions or delays. We have also assumed that the design and construction of the development are in compliance with the local planning and other relevant regulations and have been or will be approved by the relevant authorities. In arriving at our valuation, we have adopted the Direct Comparison Method by making reference to comparable sales evidence as available in the relevant market and 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 selling prices of the development assuming that it was completed as at the valuation date.

SOURCE OF INFORMATION

We have been provided by the Group with extracts of documents in relation to the titles to the property. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a very considerable extent on the information given to us by the Group in respect of the property in the PRC and have accepted advice given by the Group on such matters as planning approvals or statutory notices, identification of land and buildings, completion date of buildings, construction cost, site and floor areas, interest attributable to be acquired by the Group and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificates are based on information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information provided.

TITLE INVESTIGATION

We have been provided with extracts of documents relating to the titles of the property in the PRC but no searches have been made in respect of the property. We have not searched the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the property in the PRC and we have therefore relied on the advice given by the Group regarding the Group's interests in the PRC property.

Unless otherwise stated, it is assumed that the property are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

SITE INSPECTION

Ms. Lily Zhao, our Wuhan office valuer, inspected the exterior and, whenever possible, the interior of the properties on 10 March 2017. Ms. Lily Zhao has 10 years' experience in property valuation in the PRC. We have not carried out any soil investigations to determine the suitability of soil conditions and services for any future development. Moreover, we have not undertaken any environmental survey for the property. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during construction.

CURRENCY

Unless otherwise stated, all money amounts indicated herein our valuation are in Renminbi (RMB), official currency of the PRC.

We enclose herewith our valuation certificate.

Yours faithfully,
for and on behalf of
DTZ Cushman & Wakefield Limited
Andrew K.F. Chan
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc, MRICS, MHKIS
Regional Director
Valuation & Advisory Services, Greater China

Note: Mr. Andrew K. F. Chan is a Registered Professional Surveyor who has over 29 years of experience in the valuation of properties in the PRC.

VALUATION CERTIFICATE

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 January 2017
Development site on plots No. 210C2 and No. 206R2, west of Jiangcheng Avenue, Wuhan Economic and Technological Development Zone, Hanyang District Wuhan, Hubei Province, the PRC	The property comprises two parcels of land with a total site area of approximately 168,617.21 sq. m. As advised by the Group, a proposed residential/commercial development is planned to be developed on the property with the planned gross floor area as follows: **Use** / **Approximate planned gross floor area** *(sq. m.)* **Above ground** Residential and commercial: 438,379 Public facility: 159,800 **Total**: 598,179 The property is held with land use rights for residential and commercial uses. The property is located in the urban area of Hanyang District of Wuhan and the locality is a residential and commercial area. For details, please see the note (1) below.	As at the valuation date, the property was bare land.	RMB2,300,000,000 (97.63% interest to be disposed of by the Group: RMB2,245,000,000)

Notes:–

(1) According to two State-owned Land Use Rights Certificates issued by 武漢市人民政府 (Wuhan Municipal People's Government), the land use rights of the property with a total site area of 168,617.21 sq. m. have been vested in 武漢藍空房地產開發有限公司 (Wuhan Lan Kong Real Estate Development Company Limited) with details as follows:

Certificate No.	Date of issue	Lot no.	Use	Land use term	Site area *(sq. m.)*
(2013) 53	8 October 2013	210C2	Residential commercial	10 April 2083 for residential 10 April 2063 for commercial	75,951.68
(2014) 33	9 October 2014	206R2	Residential	24 May 2084 for residential	92,665.53
				Total:	168,617.21

(2) According to two Grant Contracts of State-owned Land Use Rights, the land use rights of two land parcels with a total site area of 168,617.21 sq. m. have been granted to 武漢藍空房地產開發有限公司 (Wuhan Lan Kong Real Estate Development Company Limited) (the "**Grantee**") with details as follows:

Contract No.	Date of issue	Use	Land use term	Land premium *(RMB)*	Site area *(sq. m.)*
WH(WJK)-2013-00008	11 April 2013	Residential commercial	70 years for residential and 40 years for commercial	398,801,800	75,951.68
WH(WJK)-2014-00014	25 May 2014	Residential	70 years for residential	499,198,200	92,665.53
			Total:	898,000,000	168,617.21

According to the provisions of the above 2 contracts, the Grantee does not need to pay the above land premium to the government because the Grantee is responsible for the works of resettlement and payment of compensation of the original residents living in the property.

As advised by the Company, the total costs expended on the property as at the valuation date was RMB567,763,000.

(3) According to two Planning Permits for Construction Use of Land issued by 武漢經濟技術開發區規劃土地局 (Wuhan economic and technological development zone Planning and Land Bureau), the construction site of two parcels of land for the property with a total site area of approximately 174,986.06 sq m, is in compliance with the urban planning requirements and has been approved with details as follows:

Certificate No.	Date of issue	Land use	Planned gross floor Area *(sq. m.)*	Site area *(sq. m.)*
(2011) 64	29 December 2011	Residential	265,633	80,010.00
(2014) 22	25 April 2014	Residential	332,546	94,976.06
			598,179	174,986.06

(4) According to Business License No. 420111000148072, 武漢藍空房地產開發有限公司 (Wuhan Lan Kong Real Estate Development Company Limited) has been established on 27 August 2010 as a limited company with a registered capital of RMB421,060,000 and a valid operation period from 27 August 2010 to 27 August 2020.

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

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

(ii) 武漢藍空房地產開發有限公司 (Wuhan Lan Kong Real Estate Development Company Limited) is the sole legal land user of the property and has obtained State-owned Land Use Rights Certificates of the property;

(iii) 武漢藍空房地產開發有限公司 (Wuhan Lan Kong Real Estate Development Company Limited) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property; and

(iv) According to the provisions of the 2 contracts stated in Note (2), 武漢藍空房地產開發有限公司 (Wuhan Lan Kong Real Estate Development Company Limited) does not need to pay the above land premium to the government because the Grantee is responsible for the works of resettlement and payment of compensation of the original residents living in the property.

As advised by the Company, the total costs expended on the property as at the valuation date was RMB567,763,000.

(6) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificates	Yes
Grant Contracts of State-owned Land Use Rights	Yes
Planning Permits for Construction Use of Land	Yes
Business License	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

		Number of Shares held or underlying shares, capacity and nature of interest		
Name of Director	*Note*	**Beneficial owner**	**Interest in controlled corporation**	**Percentage of the Company's issued share capital**
Mr. Jiang Ming	*(a)*	–	1,531,261,978 (L)	36.58%
Mr. Tao Lin	*(a)*	27,000,000 (L)	–	0.65%
Mr. Xia Xianglong		17,492,000 (L)	–	0.42%
Dr. Li Ting		16,500,000 (L)	–	0.39%
Mr. Wong Kai Cheong		2,000,000 (L)	–	0.05%
Mr. Yang Jiangang		2,000,000 (L)	–	0.05%

L: Long position

Note:

(a) 1,531,261,978 shares are beneficially owned by Coastal International Holdings Limited ("**CIH**"), of which the entire issued voting share capital is held as to 37.58% by Mr. Jiang Ming, 5.38% by Mr. Tao Lin 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 36.58% of the issued share capital of the Company.

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

	Number of Shares held, capacity and nature of interest		
Name of director	**Beneficial owner**	**Interest in controlled corporation**	**Percentage of the associated corporation's issued share capital**
Mr. Jiang Ming	3,758 (L)	2,142 (L)	59% of CIH
Mr. Tao Lin	538 (L)	–	5.38% 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 2016 (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 contracts (not being contracts 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 conditional sale and purchase agreement entered into on 14 April 2015 between Coastal Realty Investment (China) Limited, Shenzhen Chuangzhixin Investment Management Company Limited, wholly owned subsidiaries of the Company, and Jinzhong City Gaosheng Shunxin Investment Enterprises (Limited Partnership), Beijing Meilehong Investment Consultancy Company Limited and Beijing Zhongzhou Huayuan Project Investment Management Company Limited, all being Independent Third Parties, in relation to the acquisition of 81% of the registered and paid up capital of Hengxiang Real Estate Development Company Limited by Coastal Realty Investment (China) Limited for an aggregate consideration of RMB602,700,000 (equivalent to approximately HK$746,840,000);

(ii) the agreement dated 11 January 2016 entered into between Shanghai Coastal Commercial Investment Management Co. Ltd., Ms. Yang Jiong Xuan, Jingdian Construction Co. Ltd. and Fujian Province Huiwu Construction Engineering Company Limited in respect of the disposal of 100% equity interest of Jingdian Construction Co. Ltd. for no cash consideration;

(iii) the guarantee agreement separately entered into between the Company, Coastal Realty Investment (China) Limited, a wholly owned subsidiary of the Company, and Heyi Asset Management Company Limited to facilitate the granting of a loan facility by Heyi Asset Management Company Limited to Chongqing Yanke Enterprises Co., Ltd., an associate owned as to 35% by the Company;

(iv) the disposal agreement entered into among Coastal Greenland Development (Wuhan) Ltd., Shanghai Coastal Greenland Real Estate Ltd., which are both wholly owned subsidiaries of the Company and Tianjin Vanke Real Estate Company Limited, an Independent Third Party in relation to the transfer of an aggregate of 70% equity interests in Tianjin Harmonious Realty Development Co., Limited for a consideration of RMB875 million (equivalent to approximately HK$1,029.4 million); and

(v) the Disposal Agreement.

7. EXPERTS AND CONSENTS

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

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants
DTZ Cushman & Wakefield Limited	Independent Professional Valuer

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

As at the Latest Practicable Date, both Deloitte Touche Tohmatsu and DTZ 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 securities in any member of the Remaining Group.

As at the Latest Practicable Date, both Deloitte Touche Tohmatsu and DTZ Cushman & Wakefield Limited were not interested, directly or indirectly, in any assets which have been or are proposed to be acquired or disposed of by or leased to any member of the Remaining Group since 31 March 2016, 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 22, 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 FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on Business Days at the office of the Company at Suite 1712-16, 17th Floor, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong from the date of this circular up to and including the date of the SGM:

(a) the memorandum of association and bye-laws of the Company;

(b) the Disposal Agreement;

(c) the accountants' report on the Target LLP and the Target Company, the text of which is set out in Appendix II to this circular;

(d) the assurance report in respect of the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix III to this circular;

(e) the letters of consent referred to under the paragraph headed "Experts and Consents" in this appendix;

(f) the annual reports of the Company for the years ended 31 March 2015 and 31 March 2016, respectively;

(g) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;

(h) circular issued pursuant to the requirements set out in Chapters 14 and/or 14A which has been issued since 31 March 2016 including (i) a major transaction in relation to guarantees for loan facility to be granted to an associate; and (ii) a very substantial disposal in relation to the disposal of 70% equity interests in a wholly owned subsidiary. Quick link to the Company's circulars dated 10 May 2016 and 30 September 2016 for the respective transactions are set out as below:

    (i) Major transaction

    http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0509/LTN20160509376.pdf

    (ii) Very substantial disposal

    http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0930/LTN20160930019.pdf

(i) the property valuation report of the Target Company, the text of which is set out in Appendix IV to this circular; and

(j) this circular.

COASTAL GREENLAND LIMITED
沿海綠色家園有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1124)

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of Coastal Greenland Limited (the "**Company**") will be held at Suite 1712-16, 17th Floor, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on 25 April 2017 at 2:00 p.m. to consider and, if thought fit, pass with or without modification, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the agreement dated 16 December 2016 (the "**Disposal 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 among Coastal Greenland Development (Wuhan) Ltd. (the "**Vendor**") as the vendor, Shanghai Fengzhou Property Co. Ltd.*(上海豐洲房地產開發有限公司)(the "**Purchaser**") as the purchaser, the Company and Yuzhou Properties Company Limited*(禹州地產股份有限公司) as guarantors in relation to, among others, the disposal of the entire equity interest in Kunshan Fuzhi Dingxin Equity Investment Enterprise*(昆山富智鼎鑫股權投資企業(有限合夥))(the "**Target LLP**") for a maximum total consideration of RMB3,589.1 million and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) the grant of termination option under the Disposal Agreement entitling the Purchaser to unilaterally terminate the Disposal Agreement and request the Vendor to acquire all of its equity interests in the Target LLP and to return the consideration and expense incurred in the development of the land, plus accrued interest as stipulated in the Disposal Agreement be and are hereby approved, confirmed and ratified; and

* *for identification purposes only*

(c) any one or more of the directors of the Company be and is/are hereby authorised to take all steps necessary or expedient in his/her/their opinion to implement and/or give effect to the Disposal Agreement and the transactions contemplated thereunder."

By order of the Board
Coastal Greenland Limited
Jiang Ming
Chairman

Hong Kong, 31 March 2017

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. A member entitled to attend and vote at the SGM is entitled to appoint one or more proxy or proxies to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

2. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, at the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he so wish.

3. In the case of joint holders of shares of the Company, any one of such holders may vote at the SGM, either personally or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.