
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Coastal Greenland Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



**MAJOR TRANSACTION
IN RESPECT OF
THE DISPOSAL OF SALE SHARES**

* For identification purpose only

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Appendix I – Financial information of the Group	10
Appendix II – General information	12

DEFINITIONS

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

“Agreement”	the agreement dated 20 August 2012 and entered into between Coastal Realty Investment and Loncin in relation to the sale and purchase of the Sale Shares
“Board”	the board of Directors
“Business Day”	a day (other than Saturday, Sunday or public holiday) on which licensed banks in the PRC are generally open for business throughout their normal business hours
“BVI”	the British Virgin Islands
“CEG”	Coastal Enterprise Group Limited, a company incorporated in Hong Kong with limited liability
“CIH”	Coastal International Holdings Limited, a company incorporated in the BVI with limited liability
“Coastal Realty Investment”	Coastal Realty Investment (China) Limited, a wholly-owned foreign enterprise established in the PRC and a wholly-owned subsidiary of the Company
“Company”	Coastal Greenland Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal by Coastal Realty Investment of the Sale Shares subject to and upon the terms and conditions of the Agreement
“Escrow Account”	an escrow account with a licensed bank in the PRC designated by both Coastal Realty Investment and Loncin
“GVI”	Glory View Investments Limited, a company incorporated in the BVI with limited liability

DEFINITIONS

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Latest Practicable Date”	17 September 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loncin”	隆鑫控股有限公司 (for illustration purpose only, Loncin Holdings Limited), a company established in the PRC with limited liability
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Sale Shares”	37,700,000 Shanghai Fenghwa Shares
“SFO”	Securities and Futures Ordinance (Cap.571) of the Laws of Hong Kong
“Shanghai Fenghwa”	Shanghai Fenghwa Group Co., Ltd., a company established in the PRC and the Shanghai Fenghwa Shares of which are listed on the Shanghai Stock Exchange
“Shanghai Fenghwa Shares”	shares in the issued share capital of Shanghai Fenghwa
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.10 each in the issued share capital of the Company

DEFINITIONS

“SIL”	Shenzhen Investment Limited, a company incorporated in Hong Kong with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tranche 1 Sale Shares”	20,000,000 Shanghai Fenghwa Shares
“Tranche 2 Sale Shares”	4,000,000 Shanghai Fenghwa Shares
“Tranche 3 Sale Shares”	13,700,000 Shanghai Fenghwa Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

For the purpose of this circular, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of RMB0.82 = HK\$1.00. 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.

LETTER FROM THE BOARD

COASTAL 沿海
COASTAL GREENLAND LIMITED
沿海綠色家園有限公司*
(Incorporated in Bermuda with limited liability)
(Stock code: 1124)

Executive Directors:

Mr. Chan Boon Teong
Mr. Jiang Ming
Mr. Tao Lin
Mr. Cheng Wing Bor
Mr. Lin Chen Hsin
Mr. Cai Shaobin
Mr. Zheng Hong Qing
Mr. Wang Jun

Non-executive Directors:

Mr. Lu Jiqiang
Dr. Dai Jingming

Independent non-executive Directors:

Mr. Tang Lap Yan
Mr. Law Kin Ho
Mr. Wong Kai Cheong

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
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

19 September 2012

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RESPECT OF
THE DISPOSAL OF SALE SHARES**

INTRODUCTION

The Board is pleased to announce that on 20 August 2012, Coastal Realty Investment, a wholly-owned subsidiary of the Company, entered into the Agreement pursuant to which Coastal Realty Investment agreed to sell and Loncin agreed to purchase the Sale Shares at the consideration of RMB452,400,000 (equivalent to approximately HK\$551,707,000). An announcement of the Company was released on 20 August 2012 summarising the principal terms of the Disposal and the transactions contemplated under the Agreement.

* For identification purpose only

LETTER FROM THE BOARD

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceed 25% but are less than 75%, the Disposal under the Agreement constitutes a major transaction on the part of the Company under the Listing Rules and is subject to notification, publication and Shareholders' approval requirements under the Listing Rules. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting at a special general meeting of the Shareholders to approve the Disposal.

For the reasons set out in the section headed "Listing Rules Implications" in this circular, the special general meeting requirement to approve the Disposal under the Agreement is to be dispensed with. This circular will therefore be sent to the Shareholders for their information only.

The purpose of this circular is to provide you with further information regarding the Disposal under the Agreement and the transactions contemplated thereunder and to provide you with financial information of the Group.

THE AGREEMENT

The Board is pleased to announce the entering into of the Agreement on 20 August 2012, summarised details of which are as follows:

Date: 20 August 2012

Parties: (i) Coastal Realty Investment (as vendor); and
(ii) Loncin (as purchaser).

Coastal Realty Investment is a wholly-owned subsidiary of the Company established in the PRC and is an investment holding Company.

Loncin is a company established in the PRC and is an investment holding Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Loncin and its ultimate beneficial owners are Independent Third Parties.

Assets to be disposed

Pursuant to the terms of the Agreement, Coastal Realty Investment agreed to sell and Loncin agreed to purchase the Sale Shares.

Consideration

The consideration for the Sale Shares is RMB452,400,000 (equivalent to approximately HK\$551,707,000).

LETTER FROM THE BOARD

The consideration shall be paid in cash by Loncin in the following manner:

- (a) RMB28,000,000 (equivalent to approximately HK\$34,146,000) was paid by Loncin to the Escrow Account as a deposit on the date of the Agreement and will be released to Coastal Realty Investment as to RMB16,000,000 (equivalent to approximately HK\$19,512,000) within 20 Business Days after completion of the registration of the transfer of the Tranche 1 Sale Shares in the PRC and as to RMB12,000,000 (equivalent to approximately HK\$14,634,000) after completion of the registration of the transfer of the Tranche 2 Sale Shares in the PRC;
- (b) RMB200,000,000 (equivalent to approximately HK\$243,902,000) will be paid by Loncin to the Escrow Account within two Business Days after the transfer of the Sale Shares is approved by the relevant regulatory authorities and will be released to Coastal Realty Investment after completion of the registration of the transfer of the Tranche 1 Sale Shares in the PRC;
- (c) RMB12,000,000 (equivalent to approximately HK\$14,634,000) will be paid by Loncin to Coastal Realty Investment in cash before the registration of the transfer of the Tranche 2 Sale Shares in the PRC;
- (d) RMB48,000,000 (equivalent to approximately HK\$58,537,000) will be paid by Loncin to the Escrow Account before the registration of the transfer of the Tranche 2 Sale Shares in the PRC and will be released to Coastal Realty Investment after completion of the registration of the transfer of the Tranche 2 Sale Shares in the PRC; and
- (e) RMB164,400,000 (equivalent to approximately HK\$200,488,000) will be paid by Loncin to the Escrow Account before the registration of the transfer of the Tranche 3 Sale Shares in the PRC and will be released to Coastal Realty Investment after completion of the registration of the transfer of the Tranche 3 Sale Shares in the PRC.

The consideration was arrived at after arm's length negotiations between the parties to the Agreement at approximately 16% premium over the average closing price of the Sale Shares of RMB10.37 for the last five trading days immediately prior to the date of the Agreement on the Shanghai Stock Exchange.

Conditions

Conditions precedent as set out under the Agreement include, but not limited to, compliance with the requirements under the Listing Rules by the Company and the obtaining of the approvals from the Shareholders and relevant PRC authorities in relation to the Disposal. The Agreement also includes a "force majeure" provision which frees both parties from liability or obligation in case of the happening of an extraordinary event or circumstance beyond the control of the parties.

LETTER FROM THE BOARD

Completion

Pursuant to the Agreement, (i) completion of the transfer of the Tranche 1 Sale Shares will take place after satisfaction of all conditions precedent as set out under the Agreement; (ii) completion of the transfer of the Tranche 2 Sale Shares will take place after completion of the registration of the transfer of the Tranche 1 Sale Shares in the PRC and upon Coastal Realty Investment has received from Loncin part of the consideration in the amount of RMB28,000,000 (equivalent to approximately HK\$34,146,000); (iii) completion of the transfer of the Tranche 3 Sale Shares will take place on a date to be further agreed between the parties to the Agreement; and (iv) Coastal Realty Investment will cooperate with Loncin to attend to the procedures for the registration of the transfer of the Sale Shares in the PRC.

As at the Latest Practicable Date, Coastal Realty Investment holds 39,719,503 Shanghai Fenghua Shares, representing approximately 21.13% of the entire issued Shanghai Fenghua Shares. Upon completion of the Disposal, Coastal Realty Investment will hold 2,019,503 Shanghai Fenghua Shares, representing approximately 1.07% of the entire issued Shanghai Fenghua Shares and Shanghai Fenghua will cease to be an associated company of the Company. The Directors expect that the remaining 2,019,503 Shanghai Fenghua Shares will be retained by the Group in the future.

INFORMATION ON SHANGHAI FENGHWA

Shanghai Fenghua is a company established in the PRC. Shanghai Fenghua and its subsidiaries are principally engaged in property development for sale in the PRC and property investment for commercial and residential properties located in the PRC.

According to the audited consolidated financial statements of Shanghai Fenghua for the year ended 31 December 2010, which is prepared in accordance with generally accepted accounting principles in the PRC, the turnover was approximately RMB281,289,000 and the net profit before and after tax and extraordinary items was approximately RMB35,614,000 and approximately RMB30,195,000 respectively. The audited consolidated net asset value of Shanghai Fenghua was approximately RMB506,366,000 as at 31 December 2010.

According to the audited consolidated financial statements of Shanghai Fenghua for the year ended 31 December 2011, which is prepared in accordance with generally accepted accounting principles in the PRC, the turnover was approximately RMB114,876,000 and the net loss before and after tax and extraordinary items was approximately RMB18,308,000 and approximately RMB15,087,000 respectively. The audited consolidated net asset value of Shanghai Fenghua was approximately RMB491,279,000 as at 31 December 2011.

LETTER FROM THE BOARD

REASON FOR THE DISPOSAL

The Group is principally engaged in property development, property investment and provision of property management services.

The Directors consider that the Disposal represents a good opportunity for the Group to realise its investment in Shanghai Fenghua at a fair and reasonable price. In addition, the proceeds from the Disposal will bring an immediate cash inflow to the Group, which will improve the working capital position of the Group.

As a result of the Disposal, the Directors expect that the Group would record an unaudited gain on the Disposal of RMB230,000,000 (equivalent to approximately HK\$280,488,000). Such gain is estimated based on the gross proceeds from the Disposal of RMB452,400,000 (equivalent to approximately HK\$551,707,000) less the carrying value of Shanghai Fenghua of RMB135,525,000 (equivalent to approximately HK\$165,275,000) as at 31 March 2012 in the accounts of the Group and taxes and all relevant fees and expenses. The Disposal will have a positive effect on the assets of the Group and a neutral effect on its liabilities.

The Directors intend to apply the net proceeds from the Disposal as general working capital of the Group.

Taking into account the benefits of the Disposal as described above, the Board is of the view that the terms of the Disposal are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceed 25% but are less than 75%, the Disposal under the Agreement constitutes a major transaction on the part of the Company under the Listing Rules and is subject to notification, publication and Shareholders' approval requirements under the Listing Rules. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting at a special general meeting of the Shareholders to approve the Disposal.

Under Rule 14.40 of the Listing Rules, a major transaction must be made conditional on approval by shareholders of an issuer. In this regard and in lieu of holding a special general meeting of the Shareholders to approve the Disposal, the Company has, according to the Listing Rules, obtained written approvals on the Disposal from CIH, GVI, CEG and SIL respectively, which are a closely allied group of Shareholders to dispense with such special general meeting requirement.

As at the Latest Practicable Date, CIH, a substantial Shareholder, beneficially owns 484,280,792 Shares. GVI and CEG, both being a wholly-owned subsidiary of CIH, beneficially own 52,350,000 Shares and 484,210,527 Shares respectively. CIH (including Shares held by its subsidiaries) beneficially owns an aggregate of 1,020,841,319 Shares, representing

LETTER FROM THE BOARD

approximately 36.58% of the issued share capital of the Company. SIL is also a substantial Shareholder. As at the Latest Practicable Date, SIL beneficially owns 631,092,857 Shares, representing approximately 22.62% of the issued share capital of the Company. SIL is a company incorporated in Hong Kong and the shares of which is listed on the main board of the Stock Exchange.

This circular is despatched to the Shareholders for their information only.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully
For and on behalf of the Board
Coastal Greenland Limited
Chan Boon Teong
Chairman

1. INDEBTEDNESS**Borrowings**

At the close of business on 31 July 2012, 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\$6,109,446,000 comprising secured senior notes of approximately HK\$990,939,000, secured bank loans of approximately HK\$3,337,072,000, other secured loans of approximately HK\$1,640,804,000, unsecured loan from a substantial shareholder of the Company of approximately HK\$57,827,000, other unsecured loan of approximately HK\$14,004,000 and unsecured loans from associates of approximately HK\$68,800,000. The Group's banking facilities and other loans were secured by charges over its assets, including bank deposits, property, plant and equipment, land use rights, properties under development, inventories of completed properties, investment properties and share charges over the issued share capital of certain subsidiaries of the Company.

In addition, the Group had contingent liabilities approximately HK\$4,069,388,000 in respect of guarantees given to banks for mortgage loan facilities granted to property purchasers.

Save as aforesaid or as otherwise disclosed herein, the Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, any term loans (secured, unsecured, guaranteed or not), any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments (whether secured or unsecured, guaranteed or not), any mortgages or charges, or other material contingent liabilities or guarantees at the close of business of 31 July 2012.

Foreign currency amounts have been translated into Hong Kong dollars at the rates of exchange prevailing at the close of business on 31 July 2012. The Directors are not aware of any material changes in the Group's indebtedness and contingent liabilities since the close of business on 31 July 2012.

2. 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 2012, being the date to which the latest published audited accounts of the Company were made up to.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account of the Group's internal resources, cash flow from operations, banking facilities available to the Group and net proceeds from the Disposal, the Group will have sufficient working capital to satisfy its present requirements that is, for at least the next twelve months from the date of this circular in the absence of unforeseen circumstances.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Upon the completion of the Disposal, the Group will continue to focus on the development of its geographically well diversified quality property portfolio, optimise its land reserve and strengthen its product competitiveness. The Group will also leverage on its well-recognised corporate brand and its long experience in the PRC property market. The Group in recent years is looking for co-investment opportunities in property projects so that on the one hand it can expand its property development portfolio and on the other hand it does not cause too much debt burden.

The Directors believe there would be no adverse impact on the Group's operation as a result of the Disposal. Further, the net proceeds from the Disposal would improve the Group's financial position. Besides, under the tight credit environment, the Group will actively seek funding alternatives so as to broaden its financial resources and support the sustainable development of the Group.

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 Group. 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' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have taken under such provisions of the SFO), to be notified to the Company and the Stock Exchange, or which were required, pursuant to Section 352 of the SFO, to be entered in the register kept by the Company, or which were required, 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:

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

Name of Director	Notes	Number of shares held or short positions, capacity and nature of interest		Percentage of the Company's issued share capital
		Directly beneficially owned	Through controlled corporation	
Mr. Chan Boon Teong	(a), (b) and (c)	6,400,000 (L)	1,020,841,319 (L)	36.81%
Mr. Jiang Ming	(a), (b) and (c)	–	1,020,841,319 (L)	36.58%
Mr. Tao Lin	(a), (b) and (c)	–	1,020,841,319 (L)	36.58%
Mr. Cheng Wing Bor	(a), (b) and (c)	6,400,000 (L)	1,020,841,319 (L)	36.81%
Mr. Lin Chen Hsin	(a), (b) and (c)	2,080,000 (L)	1,020,841,319 (L)	36.66%

L: Long Position

Notes:

- (a) 484,280,792 shares are beneficially owned by Coastal International Holdings Limited (“CIH”), of which the entire issued voting share capital is held as to 21.56% by Mr. Chan Boon Teong, 37.58% by Mr. Jiang Ming, 5.38% by Mr. Tao Lin, 5.38% by Mr. Cheng Wing Bor, 3.30% by Mr. Lin Chen Hsin and 21.42% by Great Scope Investments Limited (the entire issued voting share capital of which is held by Mr. Jiang Ming) and 5.38% by Cyberich Development Limited (the entire issued voting share capital of which is held by Ms. Wang Hongmei). These 484,280,792 shares represent an aggregate of approximately 17.35% of the issued share capital of the Company.
- (b) 52,350,000 shares are beneficially owned by Glory View Investments Limited, of which the entire issued voting share capital is held by CIH. The issued voting share capital of CIH is held in the manner as stated in the foregoing note (a). These 52,350,000 shares represent an aggregate of approximately 1.88% of the issued share capital of the Company.
- (c) 484,210,527 shares are beneficially owned by Coastal Enterprise Group Limited, of which the entire issued voting share capital is held by CIH. The issued voting share capital of CIH is held in the manner as stated in the foregoing note (a). These 484,210,527 shares represent an aggregate of approximately 17.35% of the issued share capital of the Company.

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

Long positions in shares of Coastal International Holdings Limited (“CIH”) (a substantial shareholder of the Company)

Name of Director	Number of shares held	Capacity and nature of interest	Percentage of the associated corporation's issued share capital
Mr. Chan Boon Teong	2,156	Directly beneficially owned	21.56%
Mr. Jiang Ming	3,758	Directly beneficially owned	37.58%
	2,142	Through controlled corporation	21.42%
Mr. Tao Lin	538	Directly beneficially owned	5.38%
Mr. Cheng Wing Bor	538	Directly beneficially owned	5.38%
Mr. Lin Chen Hsin	330	Directly beneficially owned	3.30%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have taken under such provisions of the SFO), to be notified to the Company and the Stock Exchange, or which were required, pursuant to Section 352 of the SFO, to be entered in the register kept by the Company, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

3 INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, to the best knowledge of the Directors and save as disclosed in paragraph headed “Disclosure of interests” in this appendix, the following parties (other than Directors or chief executives of the Company), had an interest or short position in the Shares, underlying Shares or debentures of the Company which are required to be disclosed to the Company under the provision of Divisions 2 and 3 and Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Name	Nature of interest	Number of ordinary shares held or short positions	Number of underlying shares held in respect of share options	Percentage of the Company's issued share capital
Ms. Yang Sun Xin	Family (<i>Note</i>)	1,020,841,319 (L)	10,000,000 (L)	36.94%
Shenzhen Investment Limited	Corporate	631,092,857 (L)	–	22.62%

L: Long Position

Note:

Ms. Yang Sun Xin is the spouse of Mr. Jiang Ming (a director of the Company) and is deemed to be interested in the 1,020,841,319 shares of the Company, which is the aggregate number of shares that CIH and its wholly-owned subsidiaries, Glory View Investments Limited and Coastal Enterprise Group Limited, are interested in the issued share capital of the Company, and in the 10,000,000 outstanding share options held by Mr. Jiang Ming.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other persons (other than Directors or chief executives of the Company) who have interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 and Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or any options in respect of such capital.

4. 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.

5. 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.

6. 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 2012 (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.

7. MATERIAL CONTRACTS

Save for the Agreement, there was no material 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

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any other member of the Group is engaged in any litigation, arbitration or claim of material importance and there was no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened against the Company or any of its members.

9. GENERAL

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business 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 of the Company in Hong Kong is Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, 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 14 days thereafter:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for two years ended 31 March 2011 and 31 March 2012 respectively;
- (c) the Agreement; and
- (d) this circular.