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 沿海

COASTAL GREENLAND LIMITED

沿海綠色家園有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1124)

VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF 70% EQUITY INTERESTS IN A WHOLLY OWNED SUBSIDIARY 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 19 October 2016 at 2:00 p.m. or any adjournment thereof is set out on pages 61 to 62 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.

* *For identification purpose only*

30 September 2016

CONTENTS

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

"Board"	the board of Directors
"Coastal Wuhan"	Coastal Greenland Development (Wuhan) Ltd., a company established in the PRC with limited liability and a wholly owned subsidiary of the Company
"Company"	Coastal Greenland Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the 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 consideration for the Disposal amounting to RMB875 million (equivalent to approximately HK$1,029.4 million)
"Director(s)"	director(s) of the Company
"Disposal"	the disposal of the Sale Capital by the Vendors to the Purchaser, on and subject to the terms and conditions of the Disposal Agreement
"Disposal Agreement"	the agreement dated 3 August 2016 entered into between the Vendors, the Target Company and the Purchaser in respect of the Disposal
"GFA"	gross floor area
"Government Agreements"	天津市北辰區北倉示範小城鎮項目投資建設合作協議 (the Tianjin Beichen District Beicang Town Model Small Town Investments and Construction Cooperation Agreement)* in 2010 and its supplemental agreement in 2011 entered between the Target Company and the Beichen District Government
"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
"Jingdian"	Jingdian Construction Co., Ltd, a company established in the PRC with limited liability and was a wholly owned subsidiary of the Company and was subsequently disposed of by the Group to an Independent Third Party on 31 March 2016 (for further details, please refer to the Company's announcements dated 20 January 2016 and 31 March 2016)
"Latest Practicable Date"	29 September 2016, 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
"PRC"	the People's Republic of China, which, for the purpose of this circular, shall exclude Hong Kong, Macau and Taiwan
"Preferred Profits"	the guaranteed profits distributable to Coastal Wuhan by the Target Company pursuant to the Disposal Agreement
"Project"	the small town model project cooperatively executed by the Target Company and Beichen District Government in Beicang Town, Beichen District, Tianjin, pursuant to the Government Agreements
"Purchaser"	Tianjin Vanke Real Estate Company Limited, an Independent Third Party
"Remaining Group"	the Group excluding the Target Company after Completion
"Sale Capital"	70% of the registered capital of the Target Company

"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 and the transactions contemplated thereunder
"Shanghai Coastal"	Shanghai Coastal Greenland Real Estate Ltd., a company established in the PRC with limited liability and a wholly owned subsidiary of the Company
"Share(s)"	ordinary share(s) of HK$0.1 each in the share capital of the Company
"Shareholder(s)"	the holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Tianjin Harmonious Realty Development Co., Limited, a company established in the PRC on 3 December 2009 with limited liability and a wholly owned subsidiary of the Company
"Vendors"	Coastal Wuhan and Shanghai Coastal
"HK$"	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 RMB0.85. 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. Cai Shaobin
Mr. Xia Xianglong

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

30 September 2016

To the Shareholders

Dear Sir/Madam,

VERY SUBSTANTIAL DISPOSAL
IN RELATION TO
THE DISPOSAL OF 70% EQUITY INTERESTS
IN A WHOLLY-OWNED SUBSIDIARY
AND
NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

On 3 August 2016 (after trading hours of the Stock Exchange), the Vendors, the Target Company and the Purchaser entered into the Disposal Agreement, pursuant to which the Vendors conditionally agreed to transfer an aggregate of 70% equity interests in the Target Company to the Purchaser for a total consideration of RMB875 million (equivalent to approximately HK$1,029.4 million).

Completion of the Disposal Agreement is conditional upon passing by the Shareholders at a general meeting of the Company of the ordinary resolution(s) to approve the Disposal Agreement 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 SGM will be convened and held for the Shareholders to consider and, if though fit, to approve the Disposal. 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 or are required to abstain from voting at the SGM of the Company to approve the Disposal.

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.

THE DISPOSAL AGREEMENT

Reference is made to the Company's announcement dated 9 August 2016 in relation to the Disposal.

On 3 August 2016 (after trading hours of the Stock Exchange), the Vendors, the Target Company and the Purchaser entered into the Disposal Agreement, the principal terms of which are set out below:

Date

3 August 2016

Parties

Vendors:	Coastal Greenland Development (Wuhan) Ltd.
	Shanghai Coastal Greenland Real Estate Ltd.
Target Company:	Tianjin Harmonious Realty Development Co., Limited
Purchaser:	Tianjin Vanke Real Estate Company Limited

Coastal Wuhan is a company established in the PRC with limited liability. It is a wholly owned subsidiary of the Company and is principally engaged in property development. As at the date of this circular, Coastal Wuhan is holding 61.87% equity interests in the Target Company.

Shanghai Coastal is a company established in the PRC with limited liability. It is a wholly owned subsidiary of the Company and is principally engaged in investment holding. As at the date of this circular, Shanghai Coastal is holding 38.13% equity interests in the Target Company.

Assets to be disposed of

Pursuant to the Disposal Agreement, Coastal Wuhan shall dispose of its 31.87% interests in the Target Company and Shanghai Coastal shall dispose of its 38.13% interests in the Target Company, representing in aggregate 70% of the equity interests in the Target Company to the Purchaser, upon Completion. The underlying assets of the Target Company mainly comprise a property under development which represents costs incurred in the construction and preparation works on the land parcels owned by the Beichen District Government. The valuation report on the property under development is set out in Appendix IV to this circular. After the Disposal, the Target Company will be owned as to 70% by the Purchaser and 30% by Coastal Wuhan.

Consideration

The Consideration is RMB875 million (equivalent to approximately HK$1,029.4 million), which is payable as follows:

(i) cash deposit in the sum of RMB100 million (equivalent to approximately HK$117.6 million) and the first instalment of the Consideration in the sum of RMB337.5 million (equivalent to approximately HK$397.1 million) shall be payable by the Purchaser to Shanghai Coastal within 5 days after the date of signing of the Disposal Agreement; and

(ii) RMB437.5 million (equivalent to approximately HK$514.7 million) shall be payable by the Purchaser to the Vendors within 5 days after the date of Completion.

Preferred Profits of RMB1,834 million (equivalent to approximately HK$2,157.6 million) shall be payable by the Purchaser to Coastal Wuhan within 24 months after the date of Completion according to the payment schedule pursuant to the Disposal Agreement.

As at 30 June 2016, the unaudited net asset value of the Target Company was approximately RMB1,249.1 million (equivalent to approximately HK$1,461.5 million). The Consideration was determined after arms' length negotiations with reference to the net asset value of the Target Company.

The Directors consider each of the factors above is a fair and reasonable basis as (i) RMB875 million represents approximately 70% of the unaudited net asset value of the Target Company of RMB1,249.1 million as at 30 June 2016; (ii) the Target Company is only entitled to carry out construction works on the property under development without having any ownership title on such land; (iii) the Preferred Profits provide a guaranteed return that recognise the preparatory works and initial investment efforts of the Group in the Project; and (iv) after the Completion, the 30% interests in the Target Company enables the Group to share the result of the Target Company in the future.

The Directors consider that the terms and conditions of the Disposal are fair and reasonable and are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Major terms of the Disposal Agreement

Preferred Profits to Coastal Wuhan

Due to the preparatory works performed and investment by the Vendors, the Purchaser agreed to distribute profits (the "Preferred Profits") of RMB1,834 million (equivalent to approximately HK$2,157.6 million) to Coastal Wuhan after the completion of the transfer of the Sale Capital in the following ways:

(i) a profit distribution by the Target Company to Coastal Wuhan in the amount of RMB600 per sq.m. of the GFA developable by the land sold by the Target Company within 5 days upon the receipt of proceeds from such sale;

(ii) in the event Coastal Wuhan receives (a) less than RMB100 million of the Preferred Profits within 6 months after Completion; (b) cumulatively less than RMB300 million of the Preferred Profits within 12 months after Completion; (c) cumulatively less than RMB600 million of the Preferred Profits within 18 months after Completion; and (d) cumulatively less than RMB1,834 million of the Preferred Profits within 24 months after Completion, the Target Company shall make up the shortfall accordingly;

(iii) in the event Jingdian, being engaged by the Target Company in relation to the construction of resettlement area of approximately GFA 0.6 million sq.m., fails to deliver the construction of such resettlement area to the Beichen District Government within 2 years after Completion, the Target Company shall deduct from the Preferred Profits payable to Coastal Wuhan (a) 150% of the development cost for the incomplete portion of such resettlement area; and (b) any loss incurred by the Target Company as a result of the late delivery of such resettlement area to the Beichen District Government; and

(iv) in the event the Target Company does not have sufficient funds to distribute the Preferred Profits, the Purchaser shall be responsible to resolve the issue or to provide funds to the Target Company and the Target Company shall pay the amount as an interest-free loan to Coastal Wuhan, such interest-free loan shall offset against the Preferred Profits upon the Target Company receiving of the proceeds from each land sale. If the total distributable profits of the Target Company is less than RMB1,834 million upon the sale of all land in the Project, Coastal Wuhan shall be exempted from the obligation to repay the remaining balance of the interest-free loan due to the Target Company and the Purchaser shall then be obligated to settle such remaining balance.

One parcel of land was sold on 27 June 2016 before the signing of the Disposal Agreement (the "**Previous Sale of Land**"). Coastal Wuhan and Shanghai Coastal shall be entitled to the profits arising from the Previous Sale of Land, which shall be payable by the Target Company within 30 days upon the receipt of proceeds from the Previous Sale of Land by the Target Company.

The Preferred Profits of RMB1,834 million is determined based on the calculation of RMB600 per sq.m. for the GFA of the total saleable construction area in relation to the Project of approximately 3.1 million sq.m. Having considered that (i) the parcel of land disposed of in the Previous Sale of Land is part of the Project and in close proximity of other saleable construction area subject to the Preferred Profits; and (ii) the disposed of such land was completed recently and the selling price of which represents a fair and reasonable reference, the profit distribution of RMB600 per sq.m. is benchmarked against the profits distributed to Coastal Wuhan and Shanghai Coastal from the Previous Sale of Land.

The Directors are of the view that the arrangement that the Group has to bear 150% of the development cost for the incomplete portion of such resettlement area and all loss incurred by the Target Company as a result of the late delivery of construction work as disclosed in (iii) above are fair and reasonable since the Group should be responsible for its decision solely made in relation to the appointment of Jingdian as its contractor. In case of any late delivery of construction work, Target Company is given the right to take legal action against or request remedies from Jingdian. The maximum exposure of the Group to any compensation cost in relation to the late delivery of construction work will be 150% of development cost for the incomplete portion and all loss incurred by the Target Company as mentioned in (iii) above.

Profit sharing arrangement after Completion

Saved as the Preferred Profits to Coastal Wuhan as disclosed in the above paragraph, the profits of the Target Company shall be distributed among its shareholders in proportion to their shareholding. Accordingly, Coastal Wuhan and the Purchaser shall be entitled to 30% and 70% of profits of the Target Company, respectively. Such profits shall be distributed after the payment of Preferred Profits to Coastal Wuhan.

Default by the Purchaser

In the event the Purchaser fails to make the relevant payments according to the payment schedule for the Consideration pursuant to the Disposal Agreement, for each overdue day, the Purchaser shall pay a penalty of 0.06% of the respective payments. If the number of overdue days exceed 60, the Vendors have the right to terminate the Disposal Agreement and the termination shall take effect from the date of written notice issued by the Vendors. Accordingly, the deposit paid by the Purchaser shall be forfeited and the Purchaser shall compensate any loss incurred by the Vendors.

Default by the Target Company

In the event the Target Company fails to make payments of the Preferred Profits by the way of profits distribution, interest-free loan, or other means, for each overdue day, the Target Company shall pay a penalty of 0.06% of any unpaid amounts and the Purchaser shall be liable to such penalty.

Default by the Vendors

Should the Vendors fail to transfer 70% equity interests in the Target Company to the Purchaser within 120 days from the date of signing of the Disposal Agreement (except for reasons due to the Government), for each overdue day, the Vendors shall pay a penalty of 0.06% of the Consideration to the Purchaser. If the number of overdue days exceeds 60, the Purchaser has the right to terminate the Disposal Agreement and the termination shall take effect from the date of written notice issued by the Purchaser. A penalty of RMB200 million (being two times of the cash deposit pursuant to the Disposal Agreement) and the first instalment in the sum of RMB337.5 million shall be payable by the Vendors within 7 days upon the date of receipt of the notice of termination.

Conditions Precedent

Completion of the Disposal Agreement is conditional upon passing by the Shareholders at a general meeting of the Company of the ordinary resolution(s) to approve the Disposal Agreement and the transactions contemplated thereunder.

In the event that the above condition is not fulfilled on or before 120 days after the date of signing the Disposal Agreement (or such other date that may be agreed by the parties in writing), the Disposal Agreement shall lapse and none of the parties to the Agreement shall have any further obligations towards the other thereunder except for any antecedent breaches (if any).

Completion

Completion shall take place on the date the Purchaser having been registered as a 70% shareholder of the Target Company and upon fulfilment of the condition precedent under the Disposal Agreement.

Other cooperation terms

(i) after Completion, the Purchaser shall be responsible for the debt optimization of the Target Company;

(ii) after Completion, Coastal Wuhan, the Purchaser and the Target Company shall collaborate with the Target Company's creditors in relation to the provision of counter-guarantee or replacement of guarantee to ensure the guarantee borne by the Group is in proportion to its shareholding in the Target Company;

(iii) if the Purchaser and its affiliates subsequently obtain a project in relation to the secondary development of the Project pursuant to the mutual agreement of both parties, Coastal Wuhan is entitled to a priority option to invest in such secondary development project in proportion to the equity interests between Coastal Wuhan and the Purchaser in the Target Company; and

(iv) each of the Purchaser and Coastal Wuhan has the right to transfer 5% of their respective equity interests in the Target Company to other potential parties to develop the Project in the future and the separate agreements shall be signed in due course.

As at the Latest Practicable Date, Coastal Wuhan has no intention and there is no indication that the Purchaser has intention to dispose 5% of their respective interest in the Target Company to other parties.

INFORMATION OF THE PURCHASER

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, (i) the Purchaser is a company established in the PRC with limited liability and is principally engaged in property development; and (ii) the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company established in the PRC in 2009 with limited liability and is principally engaged in property development. As at the date of this circular, the Target Company is a wholly-owned subsidiary of the Company.

In 2010 and 2011, the Target Company entered into the Government Agreements with the Beicang Town Government, pursuant to which the Beichen District Government authorises the Target Company as the major responsible party for the investment, financing and construction in Beicang Town of a small town model project. The Beichen District Government has the ownership title and land use right of the land parcels and properties developed in the Project while the Target Company is given the right to carry out construction and preparation works on such land in accordance with the Government Agreement.

The Project is executed in Beicang Town, Beichen District, Tianjin, the PRC with a total site area of approximately 2.9 million sq.m., upon which a total GFA of approximately 4.3 million sq.m. would be developed. The resettlement construction area, the saleable construction area and the non-saleable ancillary facilities area comprise approximately 1.1 million sq.m., 3.1 million sq.m. and 0.1 million sq.m., respectively. The Project involves the demolition of a total of seven villages which comprise approximately 4,500 households and up to the date of the signing of the Disposal Agreement, the Target Company has coordinated with the Beicang Town Government, and completed the demolition of approximately 1,300 households.

In relation to the future transfer of saleable land, the Beichen District Government approved the detailed planning of the model town project in 2012, pursuant to which the tentative schedule for total saleable construction area for residential use and commercial use in relation to such model town project was approximately 3.1 million sq.m.. Furthermore, according to the Tianjin Development and Reform Commission, the total investment cost in relation to the Project was estimated to be RMB10.7 billion. Pursuant to the Government Agreements, the expected demolition costs in relation to the Project was approximately RMB2.8 billion, of which any excess of the actual demolition costs required shall be paid by the Beicang Town Government.

The construction part of the Project mainly consists of costs for the construction of resettlement area, long-term livelihood protection allowances for the resettled population, public facilities construction, underground construction and financing; while the demolition costs mainly consist of costs for demolition of land and land acquisition. The construction cost of approximately RMB7.9 billion will be borne by the Target Company while the demolition costs of approximately RMB2.8 billion shall be borne by the Beicang Town Government.

Upon completion of the Project, the Beichen District Government will sell the land through open tendering. Pursuant to the Government Agreements, (i) all land premium in relation to the sale of land from the Project net of the related cost and the related income of the Beicang Town Government and Beichen District Government shall be transferred to the Target Company; and (ii) the land revenue (including land costs and land premium) shall first be transferred from the Beichen District Government to the Beicang Town Government, then to the Target Company upon full payment of the consideration for the sales of land from the respective bidder.

The Beicang Town Government would provide funding of demolition costs while the scope of work of the Target Company is to provide a construction investment platform, including but not limited to financing, construction, fund management and debt repayment in relation to the Project. Except for the demolition costs that would be borne by the Beicang Town Government, all other costs in relation to the Project shall be borne by the Target Company. As at 31 July 2016, the Target Company has incurred total costs of RMB4,169.0 million in relation to the Project. The Group plans to deliver an aggregate of approximately 0.5 million sq.m. of saleable construction area by the end of year 2016 and the remaining part of the Project is expected to be completed by year 2020.

The total GFA of resettlement construction area is approximately 1.1 million sq.m. and as at the date of the signing of the Disposal Agreement, the Target Company has signed a construction agreement with Jingdian in relation to the construction of resettlement area of approximately 0.6 million sq.m. while the remaining of approximately 0.5 million sq.m. of the resettlement area is expected to be tendered by the Target Company after Completion.

As at the Latest Practicable Date, the Target Company is an indirect wholly-owned subsidiary of the Company. Upon Completion, the Target Company will cease to be a subsidiary of the Group and the Company will be beneficially interested in 30% of the registered capital of the Target Company. The remaining 30% interest in the Target Company is to be retained by the Company and the Target Company will be an associate of the Company after the Disposal.

INFORMATION OF THE GROUP AND THE REMAINING GROUP AND REASONS FOR THE DISPOSAL

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

Taking into account the fact that (i) after the Disposal, the Group could divest the Target Company and deploy resources to other investment opportunities with better prospect; (ii) the Disposal could reduce the financial burden of the Group by reducing the debt due and owing by the Group at the Target Company level through the disposal of the Target Company and (iii) it is the Group's business strategy that it will continue to leverage its experience and expertise in property development business seeking to expand its property investment services and project management services business, the Directors are of the view that the Disposal provides a good opportunity for the Group to reallocate resources and management focus from the Target Company to other business of the project investment service and project management service of the Group.

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 INFORMATION AND IMPACT OF THE DISPOSAL

As at 31 March 2016, the Target Company had an unaudited total assets and net assets of approximately HK$6,763,722,000 and HK$1,447,399,000 respectively. Total assets of the Target Company of approximately HK$6,763,722,000 as at 31 March 2016 were mainly made up of (i) property under development of approximately HK$5,264,982,000 due to capitalised construction costs in relation to the Project; and (ii) cash and bank balances of approximately HK$29,644,000. Selected unaudited financial information of the Target Company is set out as below:

	For the year ended 31 March 2016 (unaudited) *HK$'000*	**For the year ended 31 March 2015 (unaudited)** *HK$'000*
Revenue	–	–
Net loss before tax	(14,847)	(12,811)
Net loss after tax	(14,847)	(12,811)

	As at 31 March 2016 (unaudited) *HK$'000*	**As at 31 March 2015 (unaudited)** *HK$'000*
Total assets	6,763,722	5,921,525
Total liabilities	(5,316,323)	(5,012,624)
Net assets	1,447,399	908,901

Based on the unaudited net asset value of the Target Company as at 30 June 2016, it is expected that the Company will realise an unaudited gain on the Disposal, being the difference between (i) the Consideration and the discounted present value of the expected cash flow, for which RMB1,834 million to be settled as the Preferred Profits with any excess to be shared by the Group as its 30% equity interest to be retained upon completion of the Disposal, after taking into account the valuation of the property under development stated in the valuation report in Appendix IV to this circular; and (ii) the unaudited net asset value of the Target Company, for the financial year during which the Disposal is completed. With reference to the imputed interest rates, the gain on disposal is estimated to be approximately HK$1,826 million. The unaudited gain based on the financial information as at 30 June 2016 is calculated as below:

	HK$ (million)
Cash consideration (70% equity interest) *(Note 1)*	1,029.4
Fair value of the 30% retained equity interest in the Target Company *(Note 2)*	2,259.4
	3,288.8
Less:	
Unaudited net asset value of the Target Company as at 30 June 2016 (100% equity interest)	(1,461.5)
Transaction cost – professional fee *(Note 3)*	(1.13)
Tax imposed on gain on the Disposal *(Note 4)*	–
Unaudited gain on disposal at 30 June 2016	1,826.17

Notes:

1. Cash consideration is RMB875,000,000 (equivalent to HK$1,029,412,000 based on the exchange rates prevailing on 30 June 2016 as appropriate).

2. Fair value of the 30% retained equity interest in the Target Company at 30 June 2016 of RMB1,920.5 million (equivalent to HK$2,259.4 million) is determined with reference to the present value of the expected cash flow of approximately RMB2.2 billion as shown below which includes the Preferred Profit of RMB1,834 million and any excess of which arising from the sale of property to be shared by the Group on its 30% equity interest in the Target Company to be retained upon completion of the Disposal after taking into account of valuation of the property under development stated in the valuation report in Appendix IV of this Circular. Calculation of the fair value is shown as below:

	RMB (in billion)
Expected inflow from sales of properties (extracted from valuation report in Appendix IV to this circular)	27.5
Less: demolition cost borne by the Beicang Town Government	(2.8)
Net sales proceed from the sales of properties	24.7
Less: Total budget cost borne by the Target Company (*Note A*)	(7.0)
Gross profit generated from the sales of properties	17.7
Less: Profit shared by the government	(7.8)
Less: Tax charged (25%)	(2.5)
Profit attributable to the Target Company	7.4
Profit shared by the Group (30%) (Future value of expected cash flow)	2.2

Note A: The total budget cost represents the estimated total investment cost in relation to the Project of RMB10.7 billion, net of the cost attributable to the Previous Sale of Land of RMB0.9 billion and the demolition cost borne by the Beicang Town Government of RMB2.8 billion.

3. The Group estimated that the professional fee directly attributable to the Disposal is HK$1,130,000.

4. Taxation in relation to the Disposal is charged at the People's Republic of China Enterprise Income Tax rate of 25% which is determined based on cash consideration of RMB875,000,000 less 70% of the attributable investment cost of RMB875,000,000.

The difference between the expected gain calculated above and the amount set out in Appendix III to this circular is mainly due to the difference of net asset value of the Target Company and the present value effect arising from the difference reference time adopted. For details of the expected gain on disposal as at 31 March 2016 and 1 April 2015, please refer to the section headed "Unaudited pro forma financial information of the Remaining Group" in Appendix III to this circular.

Any actual gain or loss from the Disposal will depend on the carrying value of the net assets of the Target Company upon Completion.

According to the audited consolidated financial statements of the Company for the year ended 31 March 2016, the audited consolidated total assets and total liabilities of the Group as at 31 March 2016 were approximately HK$17.89 billion and HK$13.76 billion respectively. Based on the pro forma financial information of the Remaining Group as set out in the Appendix III to this circular, assuming Completion had taken place on 31 March 2016, the unaudited pro forma consolidated total assets and total liabilities of the Remaining Group would be approximately HK$16.51 billion and HK$10.55 billion respectively.

Upon Completion, the Target Company will cease to be a subsidiary of the Group and the Company will be beneficially interested in 30% of the registered capital of the Target Company. The remaining 30% interest in the Target Company is to be retained by the Company and the Target Company will be an associate of the Company after the Disposal.

USE OF PROCEEDS FROM THE DISPOSAL

It is currently intended that the net proceeds amounting to HK$3,185.9 million will be applied in the following ways: (i) 65% of net proceeds to repay bank borrowings by November 2016; (ii) 30% of net proceeds to finance the development cost of existing property projects undertaken by the Group namely Zhuhai Da Chong Village Project and Guangzhou Tang Yong Village Project during the year 2017 and 2018; and the remaining 5% will be used as general working capital. The net proceeds may also be used for business development of the Group if suitable opportunities arise. As at the Latest Practicable Date, the Group has not identified any specific business opportunities or commenced any negotiation for any investment.

LISTING RULES IMPLICATIONS

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 SGM will be convened and held for the Shareholders to consider and, if though fit, to approve the Disposal. 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 or are required to abstain from voting at the SGM of the Company to approve the Disposal.

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 19 October 2016 at 2:00 p.m. is set out on pages 61 and 62 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.

The resolution approving the Disposal 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 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 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 31 August 2016, 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$7,156,920,000 comprising secured bank loans of approximately HK$3,841,905,000, other secured loans of approximately HK$2,851,247,000 and other unsecured loan of approximately HK$463,768,000. The Group's banking facilities and other loans were secured by charges over its assets, including bank deposits, land and buildings, properties under development, completed properties for sale, equity interests of certain subsidiaries of the Group, corporate guarantees from certain subsidiaries of the Group and certain other deposits.

Contingent liabilities

As at 31 August 2016, the Group had contingent liabilities of approximately HK$2,233,359,000 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 31 August 2016.

Foreign currency amounts have been translated into Hong Kong dollars at the rates of exchange prevailing at the close of business on 31 August 2016. The Directors are not aware of any material changes in the Group's indebtedness and contingent liabilities since the close of business on 31 August 2016.

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 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 Company which is principally engaged in property development and reallocate resources and management focus to project investment service and project management service of the Group. The Remaining Group will be principally engaged in property development, property investment, provision of property management services, project management and project investment service.

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 recent lowering of the Renminbi interest rate, the possible further loosening up of control measures on property sector, 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 (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$2,949 million, a decrease of about 21% as compared to the HK$3,717 million for last year. The property sales revenue for the period 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$68.5 million, a decrease of about 83% as compared to the HK$404.2 million for last year. The decrease in profit before taxation by HK$335.7 million was mainly attributable to the decrease in gross profit by HK$351.6 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 increased by about 7% to HK$99.3 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$175 million, represented a decrease of about 70% 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$564 million from last year's HK$374 million. The project management and construction segment for the year recorded a profit of HK$52.2 million comparing to HK$57.0 million for last year.

Gross Profit Margin

The gross profit margin for the year was about 18% 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$2,425 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$2,216 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$5,819 million and HK$7,137 million respectively. The current ratio of the Remaining Group was approximately 169% and the net debt gearing ratio was 55%. The Remaining Group's bank borrowings are denominated in RMB, HK$ 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$2,916 million while those arranged at floating rate amounting to approximately HK$1,725 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 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 loans 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$2,580 million, (ii) the Remaining Group's 100% equity interest in four property-based subsidiary; (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 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 mainland China 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$3,104 million, an increase of about 5% as compared to the HK$2,949 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. Although there were less properties delivered and recognised as revenue during the year resulted from the drawback in the PRC properties market, the revenue from construction work increased by about 73% to HK$973 million from last year's HK$564 million. 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$291.1 million, compared to a profit before taxation of HK$68.5 million for last year. The loss before taxation was mainly attributable to (i) the decrease in gross profit by HK$225.6 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$387.1 million, compared to a profit attributable to owners of the Company of HK$99.3 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$269 million, represented a decrease of about 254% compared with profit of HK$175 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 increased by about 73% to HK$973 million from last year's HK$564 million. The project management and construction segment for the year recorded a profit of HK$97.3 million comparing to a profit of HK$52.2 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 18%. 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$1,706 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$3,096 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$3,501 million and HK$5,371 million respectively. The current ratio of the Remaining Group was approximately 156% and the net debt gearing ratio was 87%. The Remaining Group's bank borrowings are denominated in RMB, HK$ 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$2,465 million while those arranged at floating rate amounting to approximately HK$2,336 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 loans 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 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$3,348 million; (ii) the Remaining Group's 100% equity interest in four property-based subsidiary; (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 1,260 employees in the mainland China 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 75% as compared to the HK$3,104 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$564.8 million, compared to HK$291.1 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$298.5 million, compared to HK$387.1 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$452 million, represented an increase of about 68% compared with HK$269 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.

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$794 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$2,982 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$2,349 million and HK$4,566 million respectively. The current ratio of the Remaining Group was approximately 130% and the net debt gearing ratio was 107%. The Remaining Group's bank borrowings are denominated in RMB, HK$ 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$2,452 million while those arranged at floating rate amounting to approximately HK$1,324 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 loans 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 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$2,565 million; (ii) the Remaining Group's 100% equity interest in three property-based subsidiary; (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 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 880 employees in the mainland China 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 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

2. 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

3. 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 Company as at 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 Company for the three years ended 31 March 2016 and explanatory notes (the "**Financial Information**").

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 1 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 accountant of the Target Company, Deloitte Touche Tohmatsu was engaged to review the Financial Information of the Target Company set out on pages 31 to 37 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 accountant does not express an audit opinion.

Based on the review, nothing has come to the reporting accountant's attention that causes them to believe that the Financial Information of the Target Company for the relevant years is not prepared, in all material respects, in accordance with the basis of preparation set out in note 1 to the Financial Information.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 March		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Other income	1,326	298	2,814
Administrative expenses	(14,768)	(13,109)	(17,661)
Loss before taxation	(13,442)	(12,811)	(14,847)
Income tax	–	–	–
Loss for the year	(13,442)	(12,811)	(14,847)
Other comprehensive income (expenses)	–	–	–
Item that will not be reclassified subsequently to profit or loss			
Exchange differences arising on translation to presentation currency	11,942	1,144	(46,879)
Total comprehensive expenses for the year	(1,500)	(11,667)	(61,726)

STATEMENTS OF FINANCIAL POSITION

		As at 31 March		
	Notes	**2014**	**2015**	**2016**
		HK$'000	*HK$'000*	*HK$'000*
		(Unaudited)	**(Unaudited)**	**(Unaudited)**
NON-CURRENT ASSETS				
Property, plant and equipment		472	398	321
Pledged deposits for other borrowing		–	–	76,686
Total non-current assets		472	398	77,007
CURRENT ASSETS				
Property under development	*2*	2,090,065	5,190,209	5,264,982
Prepayment, deposits and other receivables		8,625	41,316	271,614
Amounts due from fellow subsidiaries	*3*	1,323,560	–	1,120,175
Amounts due from immediate holding company	*3*	98,260	–	–
Amount due from a related party	*4*	–	–	300
Cash and bank balances	*5*	268,387	689,602	29,644
Total current assets		3,788,897	5,921,127	6,686,715
CURRENT LIABILITIES				
Trade payable		–	–	178,761
Other payables and accruals		130	16,413	305,103
Amounts due to fellow subsidiaries	*3*	75,657	623,075	90,430
Amounts due to immediate holding company	*3*	–	364,753	900,367
Interest-bearing bank and other borrowings		126,095	1,325,607	1,110,111
Total current liabilities		201,882	2,329,848	2,584,772
NET CURRENT ASSETS		3,587,015	3,591,279	4,101,943
TOTAL ASSETS LESS CURRENT LIABILITIES		3,587,487	3,591,677	4,178,950
CAPITAL AND RESERVES				
Share capital		897,697	897,697	1,497,921
Reserves (deficit)		22,871	11,204	(50,522)
TOTAL EQUITY		920,568	908,901	1,447,399
NON-CURRENT LIABILITY				
Interest bearing bank and other borrowings		2,666,919	2,682,776	2,731,551
TOTAL EQUITY AND NON-CURRENT LIABILITY		3,587,487	3,591,677	4,178,950

STATEMENTS OF CHANGES IN EQUITY

	Registered capital	Exchange fluctuation reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
At 1 April 2013	706,913	35,998	(11,627)	731,284
Exchange differences arising on translation to presentation currency	–	11,942	–	11,942
Loss for the year	–	–	(13,442)	(13,442)
Total comprehensive income (expenses) for the year	–	11,942	(13,442)	(1,500)
Capital injection	190,784	–	–	190,784
At 31 March 2014	897,697	47,940	(25,069)	920,568
Exchange differences arising on translation to presentation currency	–	1,144	–	1,144
Loss for the year	–	–	(12,811)	(12,811)
Total comprehensive income (expenses) for the year	–	1,144	(12,811)	(11,667)
At 31 March 2015	897,697	49,084	(37,880)	908,901
Exchange differences arising on translation to presentation currency	–	(46,879)	–	(46,879)
Loss for the year	–	–	(14,847)	(14,847)
Total comprehensive expense for the year	–	(46,879)	(14,847)	(61,726)
Capital injection	600,224	–	–	600,224
At 31 March 2016	1,497,921	2,205	(52,727)	1,447,399

STATEMENTS OF CASH FLOWS

	Year ended 31 March		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
OPERATING ACTIVITIES			
Loss before taxation	(13,442)	(12,811)	(14,847)
Adjustments for:			
Interest income	(1,326)	(298)	(2,814)
Depreciation	70	75	73
Operating cash flows before movements in working capital	(14,698)	(13,034)	(17,588)
Increase in property under development	(771,589)	(2,875,499)	(100,116)
Increase in prepayment, deposits and other receivables	(3,914)	(32,647)	(237,384)
(Decrease) increase in amounts due to fellow subsidiaries	(55,465)	371,526	7,106
(Increase) decrease in restricted bank balance	(198,969)	(228,299)	413,627
Increase in other payables and accruals	111	16,269	295,824
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(1,044,524)	(2,761,684)	361,469
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(96)	–	(16)
Repayment from immediate holding company	40,499	98,278	–
Advance to a related party	–	–	(307)
(Advance to) repayment from fellow subsidiaries	(383,669)	1,132,635	(1,144,709)
Interest received	1,326	298	2,814
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(341,940)	1,231,211	(1,142,218)

	Year ended 31 March		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
FINANCING ACTIVITIES			
New bank and other borrowings	2,162,537	1,578,103	1,241,164
Repayment of bank and other borrowings	(1,009,435)	(367,363)	(1,213,535)
Advance from immediate holding company	–	364,379	565,364
(Repayment to) advance from fellow subsidiaries	(6,468)	366,416	(337,963)
Placement of pledged deposit for other borrowing	–	–	(78,365)
Capital contribution from shareholders	190,784	–	600,224
Interest paid	(252,415)	(218,943)	(232,675)
NET CASH FROM FINANCING ACTIVITIES	1,085,003	1,722,592	544,214
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(301,461)	192,119	(236,535)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	365,754	69,380	262,296
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	5,087	797	(9,796)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	69,380	262,296	15,965

1. BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION

The financial information of the Tianjin Harmonious Realty Development Co., Limited (天津和諧家園房地產開發有限公司) (the "Disposal Company") for each of the three years ended 31 March 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 Coastal Greenland Limited (the "Company") in connection with the immediate holding company of the Disposal Company, Coastal Greenland Development (Wuhan) Limited and shareholder of the Disposal Company, Shanghai Coastal Greenland Real Estate Limited, conditionally agreed to transfer 70% equity interests in the Disposal Company to Tianjin Vanke Real Estate Company Limited (the "Disposal").

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" 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 three years ended 31 March 2016 which conform with Hong Kong Financial Reporting Standards issued by the HKICPA.

2. PROPERTY UNDER DEVELOPMENT

The amounts represent the construction costs capitalised in relation to the land development carried out in Beicang Town, Beicang District, Tianjin, the People's Republic of China. When the land parcels are sold by the local government, the Disposal Company is entitled to receive from the local authority a proportion of the proceeds from land sales pursuant to agreements with the local authority. Though the Disposal Company does not have ownership title or land use rights to such land, the Disposal Company is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities over the land parcels. The amounts are expected to be recovered though land sales within normal operation cycle, and thus they are current in nature.

3. AMOUNTS DUE FROM (TO) IMMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARIES

Except for an amount due from a fellow subsidiary of HK$191,140,000 as of 31 March 2014 and an amount due to a fellow subsidiary of HK$180,535,000 as of 31 March 2015, which is trade in nature and is unsecured, interest-free and repayable on demand, the remaining amounts are non-trade in nature and are unsecured, interest-free and repayable on demand.

All the amounts are expected to be recovered within 12 months from the end of the relevant reporting periods, and thus they are current in nature.

4. AMOUNT DUE FROM A RELATED PARTY

The related party is a joint venture of a fellow subsidiary of the Disposal Company.

The amount is non-trade in nature, unsecured, interest-free and repayable on demand. The amount is expected to be recovered within 12 months from the end of the reporting periods, and thus it is current in nature.

5. CASH AND BANK BALANCES

Cash and cash equivalents at the end of the reporting periods as shown in the statements of cash flows can be reconciled as follows:

	As at 31 March		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Cash and bank balances	268,387	689,602	29,644
Less: restricted bank balances	(199,007)	(427,306)	(13,679)
Cash and cash equivalents	69,380	262,296	15,965

INDEPENDENT REPORTING ACCOUNTANT'S 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 unaudited 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 unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 March 2016, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2016, the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2016 and related notes as set out on pages 41 to 49 of the circular issued by the Company dated 30 September 2016 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages 46 to 49 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed disposal of 70% equity interests in Tianjin Harmonious Realty Development Co., Limited (天津和諧家園房地產開發有限公司) (the "Disposal") on the Group's financial position as at 31 March 2016 and the Group's financial performance and cash flows for the year ended 31 March 2016 as if the Disposal had taken place at 31 March 2016 and 1 April 2015 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 year ended 31 March 2016, on which an auditor's report 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 Accountants' 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 accountants plan and perform 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 31 March 2016 or 1 April 2015 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 unaudited 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 accountants' judgment, having regard to the reporting accountants' 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
30 September 2016

INTRODUCTION

Basis of preparation of the unaudited pro forma financial information of the remaining group

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 (collectively referred to as the "Unaudited Pro Forma Financial Information") of Coastal Greenland Limited and its subsidiaries (the "Group") as if the proposed disposal of 70% equity interests in the Tianjin Harmonious Realty Development Co., Limited (天津和諧家園房地產開發有限公司) (the "Disposal Company") (the Group excluding Disposal Company is hereinafter referred to as the "Remaining Group") (the "Disposal") had been completed on 31 March 2016 for the unaudited pro forma consolidated statement of financial position, and on 1 April 2015 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 audited consolidated financial statements of the Group for the year ended 31 March 2016 as disclosed in the annual report of the Company for the year ended 31 March 2016 (the "2016 Annual 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 audited consolidated statement of financial position of the Group as at 31 March 2016 as extracted from the 2016 Annual Report after making pro forma adjustments which are directly attributable to the Disposal and factually supportable, as if the Disposal had been completed on 31 March 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 audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2016 as extracted from the 2016 Annual 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 2015.

The Unaudited Pro Forma Financial Information of the Remaining 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 true picture of the financial position of the Group upon completion of the Disposal as at 31 March 2016 or at any future date, or the financial performance and cash flows of the Group upon the completion of the Disposal for the year ended 31 March 2016 or any future period.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2016

	The Group (Audited)	Pro forma adjustments					The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note (a)	*Note (b)*	*Note (d)*	*Note (f)*	*Note (g)*	*Note (i)*	
NON-CURRENT ASSETS							
Property, plant and equipment	241,596	(321)					241,275
Investment properties	219,250						219,250
Prepaid land lease payments	48,876						48,876
Pledged deposit for other borrowing	196,698	(76,686)					120,012
Interests in associates	724,963			2,216,965			2,941,928
Interests in joint ventures	382,233						382,233
Amounts due from associates and joint venture	233,820						233,820
Available-for-sale investments	170,017						170,017
Total non-current assets	2,217,453						4,357,411
CURRENT ASSETS							
Properties under development	9,776,748	(5,264,982)					4,511,766
Completed properties for sale	992,917						992,917
Trade receivables	2,040						2,040
Prepayments, deposits and other receivables	2,968,203	(271,614)					2,696,589
Amounts due from fellow subsidiaries	–	(1,120,175)				1,120,175	–
Amount due from a related party	–	(300)			300		–
Amounts due from associates and joint ventures	1,015,834				(300)	990,797	2,006,331
Prepaid tax	94,999						94,999
Pledged bank deposits	390,305						390,305
Cash and bank balances	433,535	(29,644)	1,050,105				1,452,866
			(1,130)				
Total current assets	15,674,581						12,147,813
CURRENT LIABILITIES							
Trade and bills payables	342,753	(178,761)					163,992
Deposits received from pre-sales of properties	1,472,495						1,472,495
Other payables and accruals	3,719,767	(305,103)					3,414,664
Amount due to a substantial shareholder of the Company	7,948						7,948
Tax payable	363,604						363,604
Amounts due to follow subsidiaries	–	(90,430)				90,430	–
Amount due to immediate holding company	–	(900,367)				900,367	–
Amount due to an associate	–					1,120,175	1,120,175
Interest-bearing bank and other borrowings	3,310,054	(1,110,111)					2,199,943
Total current liabilities	9,216,621						8,742,821
NET CURRENT ASSETS	6,457,960						3,404,992
TOTAL ASSETS LESS CURRENT LIABILITIES	8,675,413						7,762,403
CAPITAL AND RESERVES							
Share capital	418,587						418,587
Reserves	3,715,428		1,818,541				5,533,969
Equity attributable to owners of the Company	4,134,015						5,952,556
Non-controlling interests	2,114						2,114
Total equity	4,136,129						5,954,670
NON-CURRENT LIABILITIES							
Interest-bearing bank and other borrowings	4,307,471	(2,731,551)					1,575,920
Deferred tax liabilities	231,813						231,813
Total non-current liabilities	4,539,284						1,807,733
	8,675,413						7,762,403

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

	The Group (Audited)	**Pro forma adjustments**			**The Remaining Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note(a)	*Note (c)*	*Note (e)*	*Note (j)*	
Continuing operations					
Revenue	786,483				786,483
Cost of sales	(818,173)				(818,173)
Gross loss	(31,690)				(31,690)
Other income and gains	71,577	(2,814)			68,763
Marketing and selling expenses	(54,148)				(54,148)
Administrative expenses	(213,094)	17,661			(195,433)
Other expenses and other losses	(206,551)			(315,555)	(522,106)
Finance costs	(126,814)				(126,814)
Share of profit (loss) of associates	3,696			368,098	367,340
				(4,454)	
Share of loss of joint ventures	(13,417)				(13,417)
Net gain on disposal of subsidiaries	5,670		2,608,111		2,613,781
(Loss) profit before taxation	(564,771)				2,106,276
Taxation	266,256				266,256
(Loss) profit for the year from continuing operations	(298,515)				2,372,532
Discontinued operation					
Profit for the year from discontinued operation	175,230				175,230
(Loss) profit for the year	(123,285)				2,547,762
Other comprehensive (expense) income					
Items that will not be reclassified subsequently to profit or loss					
Exchange differences arising on translation to presentation currency	(195,574)	46,879		(14,064)	(162,759)
Surplus on revaluation of buildings	24,563				24,563
Deferred tax charge arising on revaluation of buildings	(6,141)				(6,141)
Total comprehensive (expense) income for the year	(300,437)				2,403,425
(Loss) profit for the year attributable to owners of the Company:					
From continuing operations	(298,498)	14,847	2,608,111	48,089	2,372,549
From discounted operation	175,230				175,230
	(123,268)				2,547,779
(Loss) profit for the year attributable to non-controlling interest:					
From continuing operation	(17)				(17)
	(123,285)				2,547,762
Total comprehensive (expense) income attributable to:					
Owners of the Company	(298,477)	61,726	2,608,111	34,025	2,405,385
Non-controlling interests	(1,960)		–		(1,960)
	(300,437)				2,403,425

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	The Group (Audited)	Pro forma adjustments				The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note (a)	*Note (c)*	*Note (e)*	*Note (h)*	*Note (j)*	
CASH FLOWS FROM OPERATING ACTIVITIES						
(Loss) profit before taxation	(307,793)	14,847	2,608,111		48,089	2,363,254
Adjustments for:						
Finance costs	209,563					209,563
Share of (profit) loss of associates	(3,696)				(368,098) 4,454	(367,340)
Share of loss of joint ventures	13,417					13,417
Interest income	(56,951)	2,814				(54,137)
Depreciation	7,111	(73)				7,038
Amortisation of prepaid land lease payments	1,393					1,393
Gain on disposal of property, plant and equipment	(8,950)					(8,950)
Impairment loss recognised on prepayments, deposits and other receivables	179,434					179,434
Impairment loss recognised on trade receivables	18,040					18,040
Impairment loss recognised on properties under development	78,148					78,148
Impairment loss recognised on interests in associates	–				315,555	315,555
Net gain on disposal of subsidiaries	(328,232)		(2,608,111)			(2,936,343)
Gain on disposal of joint ventures	(998)					(998)
Unrealised profit on the construction income from an associate	3,102					3,102
Operating cash flows before working capital changes	(196,412)					(178,824)
Increase in properties under development	(2,226,412)	100,116				(2,126,296)
Decrease in completed properties for sale	721,434					721,434
Increase in trade receivables	(312)					(312)
(Increase) decrease in prepayments, deposits and other receivables	(207,533)	237,384				29,851
Decrease in amount due from customers for contract work	59,169					59,169
Increase in amount due to fellow subsidiaries	–	(7,106)		7,106		–
Increase in amount due from an associate	–			(7,106)		(7,106)
(Increase) decrease in restricted bank balances	337,632	(413,627)				(75,995)
Decrease in trade and bills payables	(873,907)					(873,907)
Increase in deposits received from pre-sales of properties	503,499					503,499
Increase in other payables and accruals	2,067,980	(295,824)				1,772,156
Cash from operations	185,138					(176,331)
PRC Enterprise Income Tax, PRC withholding tax and PRC Land Appreciation Tax paid	(241,594)					(241,594)
Net cash used in operating activities	(56,456)					(417,925)

	The Group (Audited)	**Pro forma adjustments**				**The Remaining Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note (a)	*Note (c)*	*Note (e)*	*Note (h)*	*Note (j)*	
CASH FLOWS FROM INVESTING ACTIVITIES						
Advances to associates and joint ventures	(209,641)			(565,364) 307		(774,698)
Repayment from associates and joint ventures	386,752			337,963		724,715
Purchases of property, plant and equipment	(12,811)	16				(12,795)
Capital injection to an associate	–			(600,224)		(600,224)
Disposal of subsidiaries	2,981		1,104,672 (1,130)			1,106,523
Preferred Profits received	–				368,098	368,098
Proceeds from disposal of joint ventures	23,503					23,503
Placement of pledged bank deposits	(223)					(223)
Withdrawal of pledged bank deposits	1,161,596					1,161,596
Proceeds from disposal of property, plant and equipment	21,737					21,737
Payment of deposit for acquisition of subsidiaries	(331,951)					(331,951)
Advance to related parties	–	307		(307)		–
Advance to fellow subsidiaries	–	1,144,709		(1,144,709)		–
Interest received	56,951	(2,814)				54,137
Net cash from investing activities	1,098,894					1,740,418
CASH FLOWS FROM FINANCING ACTIVITIES						
New bank and other borrowings raised	4,912,062	(1,241,164)				3,670,898
Repayment of bank and other borrowings	(5,151,191)	1,213,535				(3,937,656)
Repayment to fellow subsidiaries	–	337,963		(337,963)		–
Advance from an associate	–			1,144,709		1,144,709
Advance from immediate holding company	–	(565,364)		565,364		–
Interest paid	(659,223)	232,675				(426,548)
Advance from a substantial shareholder of the Company	4,000					4,000
Placement of pledged deposits for other borrowing	(196,698)	78,365				(118,333)
Capital contribution from shareholders	–	(600,224)		600,224		–
Net cash used in financing activities	(1,091,050)					337,070
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(48,612)					1,659,563
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	322,704	(262,296)				60,408
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(24,172)	9,796				(14,376)
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	249,920					1,705,595

Notes:

(a) The audited consolidated statement of financial position of the Group as at 31 March 2016, the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows for the year ended 31 March 2016 are extracted from the 2016 Annual Report.

(b) The adjustment reflects the deconsolidation of the assets and liabilities of the Disposal Company as at 31 March 2016 as if the Disposal had been completed on 31 March 2016. The financial information of the Disposal Company was extracted from its unaudited financial information for the year ended 31 March 2016 ("Unaudited Financial Information") as set out in Appendix II to this circular.

(c) The adjustment reflects the deconsolidation of the financial performance and cash flows of the Disposal Company for the year ended 31 March 2016 as if the Disposal had been completed on 1 April 2015. The financial information of the Disposal Company was extracted from the Unaudited Financial Information as set out in Appendix II to this circular.

(d) The adjustment reflects the pro forma gain on the Disposal assuming that the Disposal had been taken place on 31 March 2016. Based on the unaudited net asset value of the Disposal Company as at 31 March 2016, it is expected that the Group will realise an unaudited gain on the Disposal, being the difference between (i) the Consideration and the discounted present value of the expected cash flow, for which RMB1,834 million to be settled as the Preferred Profits with any excess to be shared by the Group as its 30% equity interest to be retained upon completion of the Disposal, after taking into account the valuation of the property under development stated in the valuation report in Appendix IV to this circular; and (ii) the unaudited net asset value of the Disposal Company, for the financial year during which the Disposal is completed. With reference to the imputed interest rates, the gain on disposal is estimated to be approximately HK$1,819 million. The unaudited gain based on the financial information as at 31 March 2016 is calculated as below:

	HK$'000
Carrying amount of the net assets and liabilities of the Disposal Company as at 31 March 2016 (extracted from Unaudited Financial Information)	1,447,399
Consideration	
– Cash consideration *(note 1)*	1,050,105
– Fair value of the 30% retained equity interest in the Disposal Company *(note 2)*	2,216,965
	3,267,070
Transaction cost – professional fee *(note 3)*	1,130
Tax imposed on gain on the Disposal *(note 4)*	–
Gain on the Disposal at 31 March 2016	1,818,541

(Note 1) Cash consideration is RMB875,000,000 (equivalent to HK$1,050,105,000 and HK$1,104,672,000 based on the exchange rates prevailing on 31 March 2016 and 1 April 2015 as appropriate).

(Note 2) Fair value of the 30% retained equity interest in the Disposal Company at 31 March 2016 and 1 April 2015 is RMB1,847,286,000 and RMB1,911,685,000 (equivalent to HK$2,216,965,000 and HK$2,413,470,000 based on the exchange rates prevailing on 31 March 2016 and 1 April 2015 as appropriate) which is determined with reference to the present value of the expected cash flow to be generated after taking into account of valuation of the property under development stated in the valuation report in Appendix IV of this Circular.

(Note 3) The Group estimated that the professional fee directly attributable to the Disposal is HK$1,130,000 on 31 March 2016 and 1 April 2015.

(Note 4) Taxation in relation to the Disposal is charged at the People's Republic of China Enterprise Income Tax rate of 25% which is determined based on cash consideration of RMB875,000,000 less 70% of the attributable investment cost of RMB875,000,000.

(Note 5) Pursuant to the disposal agreement, the Disposal Company shall distribute profits (the "Preferred Profits") of RMB1,834,000,000 to the Remaining Group after completion of the Disposal which are the agreed profits distribution as set out on page 7 to this circular.

In the event the Disposal Company does not have sufficient funds to distribute any or all of pre-set Preferred Profits as set out in the disposal agreement to the Remaining Group in some or all relevant periods, Tianjin Vanke Real Estate Company Limited (the "Purchaser") will be obligated to inject funds to the Disposal Company to enable it to pay the Preferred Profits to the Remaining Group.

For the purpose of preparation of this Unaudited Pro Forma Financial Information, it is assumed the Disposal Company has sufficient funds to distribute the Preferred Profits and the Preferred Profits of RMB100,000,000, RMB200,000,000, RMB300,000,000 and RMB1,234,000,000 will be received by the Remaining Group from the Disposal Company in 6 months, 12 months, 18 months and 24 months respectively after completion of the Disposal. If the property under development disposed is lower than the amount stated in the Valuation report in Appendix IV to this Circular, the fair value of the 30% retained equity interest will be decreased. Accordingly, the gain on the disposal will be decreased moderately or significantly.

In addition, since it is assumed the Preferred Profits will be recovered from the Disposal Company in form of profit distribution and the group entity holding the remaining 30% equity interest in the Disposal Company is also a tax resident of the People's Republic of China, the fair value gain on interest is not expected to have tax exposure when such temporary difference is reversed.

(Note 6) Subsequent to the Disposal, in the event the Disposal Company does not have sufficient funds to distribute any or all of pre-set Preferred Profits as set out in the disposal agreement to the Remaining Group in some or all relevant periods, the Purchaser will be obligated to inject funds to the Disposal Company to enable it to pay the Preferred Profits to the Remaining Group. As a result, the actual profit and loss impact from the above-mentioned arrangements and the related tax effect may increase the Remaining Group's future profit moderately or significantly, depending on the amount of injection into the Disposal Company by the Purchaser, which has not yet been reflected in the above pro forma adjustment.

(e) The adjustment reflects the pro forma gain on the Disposal assuming the Disposal had been taken place on 1 April 2015 (note 5 stated in note (d)). Based on the unaudited net asset value of the Disposal Company as at 1 April 2015, it is expected that the Group will realise an unaudited gain on the Disposal, being the difference between (i) the Consideration and the discounted present value of the expected cash flow, for which RMB1,834 million to be settled as the Preferred Profits with any excess to be shared by the Group as its 30% equity interest to be retained upon completion of the Disposal, after taking into account the valuation of the property under development stated in the valuation report in Appendix IV to this circular; and (ii) the unaudited net asset value of the Disposal Company, for the financial year during which the Disposal is completed. With reference to the imputed interest rates, the gain on disposal is estimated to be approximately HK$2,608 million. The unaudited gain based on the financial information as at 1 April 2015 is calculated as below:

	HK$'000
Carrying amount of assets and liabilities of the Disposal Company as at 1 April 2015 (extracted from Unaudited Financial Information)	908,901
Consideration	
– Cash consideration *(note 1 stated in note (d))*	1,104,672
– Fair value of the 30% retained equity interest in the Disposal Company *(note 2 stated in note (d))*	2,413,470
	3,518,142
Transaction cost – professional fee *(note 3 stated in note (d))*	1,130
Tax imposed on gain on the Disposal*	–
Gain on the Disposal at 1 April 2015	2,608,111

* Taxation amounting to RMB87,500,000 (equivalent to HK$110,467,000 based on the exchange rate prevailing on 1 April 2015) in relation to the Disposal is charged at the People's Republic of China Enterprise Income Taxation of 25% which is determined based on cash consideration of RMB875,000,000 less 70% of the attributable investment cost of RMB525,000,000. The directors of Coastal Greenland Limited (the "Company") are of the view that the tax expense will not have a significant impact on the Group, and therefore it has not been reflected in this pro forma adjustment.

(f) The adjustment reflects the recognition of the Disposal Company as interests in associates upon completion of the Disposal. The Disposal Company will cease to be a subsidiary of the Company. It will be classified as an associate and accounted for in the Remaining Group's consolidated financial statements using the equity method of accounting.

(g) In order to conform with the presentation and classification adopted in the Group's audited consolidated financial statements for the year ended 31 March 2016, reclassification adjustment is made in respect of amount due from a related party to amounts due from associates and joint ventures.

(h) In order to conform with the presentation and classification adopted in the Group's audited consolidated statement of cash flows for the year ended 31 March 2016, cash flows arising from advance to a related party of HK$307,000 has been reclassified to cash flow arising from advances to associates and joint ventures.

In addition, cash flows between the Remaining Group and the Disposal Company for year ended 31 March 2016 have been reclassified as increase in amount due from an associate amounting to HK$7,106,000, advances to associates and joint ventures amounting to HK$565,364,000, repayment from associates and joint ventures amounting to HK$337,963,000 and advance from an associate amounting to HK$1,144,709,000. Capital contribution to the Disposal Company of HK$600,224,000 has been reclassified to Capital injection to an associate under investing activities.

(i) The adjustment reflects the reinstatement of amounts due from/to an associate which had previously been eliminated in full on consolidation. As at 31 March 2016, the Remaining Group has a receivable balance due from the Disposal Company of HK$990,797,000 and a payable balance due to the Disposal Company of HK$1,120,175,000. As a result of the Disposal, such balances between the group entities within the Remaining Group and the Disposal Company would no longer be eliminated.

(j) The adjustment represents the Remaining Group's share of results of the Disposal Company for the year ended 31 March 2016 as if the Disposal had taken place on 1 April 2015.

In addition, the adjustment reflects RMB300,000,000 (equivalent to HK$368,098,000) of the Preferred Profits received from the Disposal Company as described in Note 5 stated in note (d).

Furthermore, the adjustment reflects RMB257,177,000 (equivalent to HK$315,555,000) of the impairment loss recognised on interests in associates.

(k) The pro forma adjustments (c), (e) 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.

The pro forma adjustment (j) is 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.

(l) No other adjustments have been made to reflect any trading result or other transactions of the Remaining Group and the Disposal Company entered into subsequent to 31 March 2016.

In addition, to the above, pursuant to the disposal agreement, in the event Jingdian Construction Co., Ltd ("Jingdian"), being engaged by the Disposal Company in relation to the construction of resettlement area of approximately gross floor area 0.6 million sq.m. to the Government within 2 years after completion of the Disposal, fails to deliver the construction of such resettlement area, the Disposal Company shall deduct from the Preferred Profits payable to the Remaining Group (a) 150% of the development cost for the incomplete portion of such resettlement area; and (b) any loss incurred by the Disposal Company as a result of the late delivery of such resettlement area to the Government.

A letter of indemnity is obtained from Jingdian in which Jingdian shall indemnify the Remaining Group and the Disposal Company from and against all losses incurred as a result of the late delivery of such resettlement area to the Government. The directors of the Company are of the view that the above arrangement will not have significant impact on the Remaining Group, and therefore it has not been reflected in the Unaudited Pro Forma Financial Information as detailed above.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this Circular received from DTZ Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of value of the property interests as at 31 July 2016.

DTZ CUSHMAN & WAKEFIELD
戴 德 梁 行

16/F
Jardine House
1 Connaught Place
Central
Hong Kong

30 September 2016

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 interests of Coastal Greenland Limited (the "Company") and its subsidiaries (together referred to as the "Group") in the People's Republic of China (the "PRC") (as more particularly described in the attached valuation certificate), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such property interests as at 31 July 2016 ("valuation date").

DEFINITION OF MARKET VALUE

Our valuations of each of the properties represent 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

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 published by The Stock Exchange of the Hong Kong Limited, The Codes on Takeovers and Mergers issued by the Securities and Futures Commission and The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors.

Our valuations 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 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 their respective terms 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 and advice given by the Group regarding the title to the property and the interests of the Group in the property.

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 respective valuation certificate.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

METHOD OF VALUATION

In valuing property interests which are held by the Group in the PRC, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market.

SOURCES 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, regarding the title to the property and the interests of the Group in the property. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land, completion date of construction land, site and floor areas, interest attributable to the Group and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificate 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 valuations. 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.

SITE INSPECTION

Mr. Robert Liang of our Tianjin office has inspected the property on 21 September 2016. However, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the property and we have assumed that the area shown on the documents handed to us are correct.

Mr. Robert Liang, our Tianjin office valuer, is a Registered China Real Estate Appraiser and has 11 years' experience in property valuation in the PRC.

CURRENCY

Unless otherwise stated, all sums stated in our valuations are in Renminbi ("RMB"), the 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, M.H.K.I.S.
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	Particulars of occupancy	Market value in existing state as at 31 July 2016
Various development sites situated to the north of Jinyong Road, to the east of Tiexi Road, to the south of Tengnan Road and to the west of Jingbao Industrial Park, Beicang Town, Beichen District, Tianjin, the PRC 中國天津市北辰區北倉鎮北至津永路,南至藤泰道,東至鐵西路,西至京保工業園一些可發展地塊	The project comprises various parcels of land with a total site area of approximately 2.9 million sq.m. on which 7 villages are erected. The immediate locality of the property is a sub-urban area in Tianjin where is currently village environment. The locality of the property is close to the terminus station of Metro Line No. 1 in Tianjin. As advised by the Group, the households of the villages will be resettled and the existing old structures on the land will be demolished. This land will be provided with infrastructure and will be developed as various parcels of land for residential and commercial uses with a total site area of approximately 1.58 million sq.m.. These developable land parcels will be put in the market for sale by the local government in the period scheduled between 2016 and 2020. As advised by the Group, a planned total construction gross floor area of approximately 4.3 million sq.m. will be developed on the project. The resettlement construction area, the saleable construction area and the non-saleable ancillary facilities area comprises approximately 1.1 million sq.m., 3.1 million sq.m. and 0.1 million sq.m. respectively. As advised by the Group, the property under valuation comprises various parcels of land with a total site area of approximately 1.58 million sq.m. and the saleable construction area of 3.1 million sq.m. for residential and commercial uses.	As at the valuation date, the property was land with village structures pending the process of resettlement and demolition for future development.	No commercial value

Notes:–

(1) According to 天津市北辰區北倉示範小城鎮項目投資建設合作協議 (the Tianjin Beichen District Beicang Town Model Small Town Investments and Construction Cooperation Agreement) and its supplemental agreement entered into between Beicang Town Government and 天津和諧家園房地產開發有限公司 (Tianjin Harmonious Realty Development Co., Ltd.) (the "Target Company") on 20 October 2010 and 11 May 2011, Beicang Town Government authorizes the Target Company as the major responsible party for the investment, financing and construction in Becang Town of a small town model project. Beicang Town Government has the ownership title and land use rights of the land parcels and properties developed in the project while the Target Company is given the right to carry out construction and preparation works on such land in accordance with the agreement.

(2) As advised by the Group, the estimated total cost of resettlement, demolition of existing structures and provision of infrastructure is approximately RMB10,700,000,000 and the expended cost as at valuation date was RMB4,169,000,000.

(3) As advised by the Group, the property under valuation comprises various parcels of land with a total site area of approximately 1.58 million sq.m. and the saleable construction area of 3.1 million sq.m. for residential and commercial uses.

We have ascribed no commercial value to the property under valuation as valid State-owned Land Use Rights Certificates have not been obtained by the Group. For illustrative purpose, had the Group obtained valid State-owned Land Use Rights Certificates for the property and the development of the property under valuation had been completed to the state that such property was available for sale in the market, the market value of the property under valuation in the state available for sale in the market as at 31 July 2016 would be RMB27,525,000,000.

(4) According to Business Licence No. BC1500880 dated 2 November 2015, the Target Company was established on 3 December 2009 with a registered capital of RMB1,250,000,000 for an operation period from 3 December 2009 to 2 December 2029.

(5) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:–

The Tianjin Beichen District Beicang Town Model Small Town Investments and Construction Cooperation Agreement and its supplemental agreement	Yes
Business Licence	Yes

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

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

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

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

Name of Director	*Note*	Number of Shares held or short positions, capacity and nature of interest: Beneficial owner	Number of Shares held or short positions, capacity and nature of interest: 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)	1,531,261,978 (L)	37.23%
Mr. Cai Shaobin		76,701,000 (L)	–	1.83%
Mr. Xia Xianglong		17,492,000 (L)	–	0.42%
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 or short positions, 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; and

(iv) the Disposal Agreement.

7. EXPERT AND CONSENT

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 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 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 letter of consent referred to under the paragraph headed "Expert and Consent" 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;

(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 19 October 2016 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 3 August 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. and Shanghai Coastal Greenland Real Estate Ltd. as vendors and Tianjin Vanke Real Estate Company Limited as purchaser in relation to, among others, the disposal of an aggregate of 70% equity interest in Tianjin Harmonians Realty Development Co., Limited for a consideration of RMB875 million and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

(b) 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, 30 September 2016

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.