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COASTAL 沿海
COASTAL GREENLAND LIMITED
沿海綠色家園有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 01124)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

HIGHLIGHTS:

1. Contracted sales for the year amounted to about HK\$4,033 million, an increase of 13% from last year.
2. Revenue for the year amounted to about HK\$2,781 million, a decrease of about 25% from last year.
3. Profit for the year attributable to owners of the Company was about HK\$65 million, a decrease of about 30% from last year.

The Board of Directors (the “Board”) of Coastal Greenland Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2014, together with comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	2014 HK\$'000	2013 HK\$'000
Revenue	3	2,780,503	3,717,094
Cost of sales		<u>(2,263,852)</u>	<u>(2,829,710)</u>
Gross profit		516,651	887,384
Increase (decrease) in fair value of held-for-trading investment		2,189	(4,322)
Other income and gains	4	247,291	483,549
Marketing and selling expenses		(131,007)	(136,720)
Administrative expenses		(330,316)	(335,264)
Other expenses		(89,375)	(179,724)
Finance costs	5	(258,345)	(304,118)
Share of losses of associates		(3,187)	(3,088)
Share of profit (loss) of joint ventures		14,265	(1,072)
Decrease in fair value of investment properties		–	(313,143)
Net gain (loss) on disposal of property-based subsidiaries		65,851	(66,742)
Gain on disposal of an associate		–	377,423
Profit before taxation		34,017	404,163
Taxation	6	26,414	(320,931)
Profit for the year	7	<u>60,431</u>	<u>83,232</u>
Other comprehensive income (expense)			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation to presentation currency		72,851	2,874
Surplus on revaluation of buildings		10,169	1,566
Deferred tax liability arising on revaluation of buildings		(2,389)	(259)
Other comprehensive income for the year		<u>80,631</u>	<u>4,181</u>
Total comprehensive income for the year		<u>141,062</u>	<u>87,413</u>
Profit (loss) for the year attributable to:			
Owners of the Company		64,824	92,567
Non-controlling interests		(4,393)	(9,335)
		<u>60,431</u>	<u>83,232</u>
Total comprehensive income (expense) attributable to:			
Owners of the Company		149,453	96,280
Non-controlling interests		(8,391)	(8,867)
		<u>141,062</u>	<u>87,413</u>
Earnings per share	8	<i>HK cents</i>	<i>HK cents</i> (Restated)
Basic and diluted		<u>2.14</u>	<u>3.10</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*At 31 March 2014*

	<i>Notes</i>	2014 HK\$'000	2013 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		260,077	251,068
Investment properties		230,364	226,222
Prepaid land lease payments		54,214	54,641
Interests in joint ventures		416,679	159,897
Interests in associates		179,161	178,124
Amount due from an associate		–	240,087
Amount due from a joint venture		–	123,828
Available-for-sale investments		178,485	175,329
Total non-current assets		1,318,980	1,409,196
CURRENT ASSETS			
Properties under development		6,554,122	6,865,152
Completed properties for sale		1,619,076	1,376,209
Trade receivables	9	19,328	37,755
Prepayments, deposits and other receivables		2,633,477	2,763,480
Amounts due from associates		681,463	155,360
Amount due from joint ventures		667,800	75,535
Amount due from a customer for contract work		46,511	–
Held-for-trading investment		24,905	22,306
Prepaid tax		80,264	4,481
Pledged bank deposits		746,650	831,631
Cash and bank balances		1,946,834	1,793,085
Assets classified as held for sale		15,020,430	13,924,994
		1,581,149	674,722
Total current assets		16,601,579	14,599,716
CURRENT LIABILITIES			
Trade payables	10	467,420	465,666
Deposits received from pre-sales of properties		1,434,745	1,362,164
Other payables and accruals		1,168,640	1,431,708
Amount due to a customer for contract work		–	14,351
Amount due to a substantial shareholder of the Company		2,715	16,638
Amount due to a non-controlling interest		56,743	–
Tax payable		876,316	1,439,737
Interest-bearing bank and other borrowings		1,945,251	1,062,761
Liabilities classified as held for sale		5,951,830	5,793,025
		1,254,364	557,891
Total current liabilities		7,206,194	6,350,916

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
NET CURRENT ASSETS		9,395,385	8,248,800
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,714,365</u>	<u>9,657,996</u>
CAPITAL AND RESERVES			
Share capital		418,587	279,058
Reserves		4,514,906	4,145,912
Equity attributable to owners of the Company		4,933,493	4,424,970
Non-controlling interests		19,580	80,036
Total equity		<u>4,953,073</u>	<u>4,505,006</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		5,488,656	4,735,904
Deferred tax liabilities		272,636	417,086
Total non-current liabilities		<u>5,761,292</u>	<u>5,152,990</u>
		<u>10,714,365</u>	<u>9,657,996</u>

NOTES:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these consolidated financial statements as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

HKFRS 10 “Consolidated Financial Statements”

HKFRS 10 replaces the requirements in HKAS 27 “Consolidated and Separate Financial Statements” relating to the preparation of consolidated financial statements and HK(SIC) – Int 12 “Consolidation – Special Purpose Entities”. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns. As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not have any material impact on the financial position and the financial result of the Group.

HKFRS 11 “Joint Arrangements”

HKFRS 11, which replaces HKAS 31 “Interests in Joint Ventures”, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator’s interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group’s consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice. The adoption does not have any material impact on the financial position and the financial result of the Group.

HKFRS 13 “Fair Value Measurement”

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are within the scope of HKAS 17 “Leases”, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 contains a new definition for ‘fair value’ and defines fair value of an assets as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 “Presentation of Items of Other Comprehensive Income”

The amendments to HKAS 1 introduce new terminology for statement of profit or loss and other comprehensive income. Upon application of the amendments to HKAS 1, the Group’s statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The Group has not early applied the following new and revised HKFRSs, amendments and interpretation that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle ²
HKFRS 9	Financial Instruments ³
HKFRS 14	Regulatory Deferral Accounts ⁵
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁶
Amendments to HKAS 16 and HKAS 38	Classification of Acceptable Methods of Depreciation and Amortisation ⁶
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ²
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ¹
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets ¹
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting ¹
HK(IFRIC) – Int 21	Levies ¹

¹ Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted

² Effective for annual periods beginning on or after 1 July 2014

³ Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

⁴ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

⁵ Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

⁶ Effective for annual periods beginning on or after 1 January 2016

The directors of the Company are in the process of ascertaining the financial effect of the application of these new and revised HKFRSs, amendments and interpretation on the Group's consolidated financial statements.

3. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors of the Company, being the chief operating decision maker (the "CODM") in order to allocate resources to segments and to assess their performance. During the year ended 31 March 2014, the Group initiated a new operating segment – project investment services in relation to its investment in property development/land development projects and subsequent sale of the whole or a partial of the equity interests in such projects which are usually transacted in the form of the acquisition and disposal of property-based entities in the PRC. The comparative information for the year ended 31 March 2013 has been re-presented accordingly. Summary of details of the Group's reportable and operating segments are as follows:

- (a) the property development segment engages in the development of properties for sale in the PRC;
- (b) the property investment segment invests in commercial and residential properties located in the PRC for their rental income potential and/or for capital appreciation;
- (c) the property management segment engages in the management of properties in the PRC;
- (d) the project management and construction segment engages in the provision of project management and construction services in the PRC; and
- (e) the project investment services segment engages in the investment in and sale of property development/land development projects in the PRC.

Segment revenue and results

The Group's revenue and results are substantially derived from operations in the PRC. The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Property development		Property investment		Property management		Project management and construction		Project investment services		Total		Eliminations		Operating segment		Reconciliation		Consolidated		
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	
	<i>(Note)</i>																				
Segment revenue:																					
Sales to external customers	2,375,131	3,333,167	2,043	2,602	7,792	7,188	395,537	374,137	-	-	2,780,503	3,717,094	-	-	2,780,503	3,717,094	-	-	2,780,503	3,717,094	
Inter-segment revenue	-	-	-	-	-	-	351,122	158,074	-	-	351,122	158,074	(351,122)	(158,074)	-	-	-	-	-	-	
Sales of projects	-	-	-	-	-	-	-	-	1,294,239	-	1,294,239	-	-	-	1,294,239	-	(1,294,239)	-	-	-	
Total	2,375,131	3,333,167	2,043	2,602	7,792	7,188	746,659	532,211	1,294,239	-	4,425,864	3,875,168	(351,122)	(158,074)	4,074,742	3,717,094	(1,294,239)	-	2,780,503	3,717,094	
Segment profits (loss)	159,575	576,334	1,069	(256,505)	6,372	9,047	53,343	57,017	65,851	-	286,210	385,893	(33,905)	(21,192)	252,305	364,701	-	-	252,305	364,701	
Income from hotel operation																-	70,000	-	-	-	70,000
Expenses of hotel operation																-	(74,042)	-	-	-	(74,042)
Net foreign exchange gains																10,994	3,852	-	-	10,994	3,852
Interest income																113,062	31,656	-	-	113,062	31,656
Finance costs																(258,345)	(304,118)	-	-	(258,345)	(304,118)
Amortisation of prepaid land lease payments																(1,427)	(1,393)	-	-	(1,427)	(1,393)
Share of losses of associates																(3,187)	(3,088)	-	-	(3,187)	(3,088)
Share of profit (loss) of joint ventures																14,265	(1,072)	-	-	14,265	(1,072)
Gain on disposal of an associate																-	377,423	-	-	-	377,423
Gain on disposal of financial assets designated at fair value through profit or loss																-	29,173	-	-	-	29,173
Other net unallocated expense																(93,650)	(88,929)	-	-	(93,650)	(88,929)
Profit before taxation																34,017	404,163	-	-	34,017	404,163

Inter-segment revenue is charged at amounts agreed by both parties.

Note: The adjustment reflects the reconciliation of revenue from the new reportable and operating segment – project investment services which is identified by the CODM in the current year to the Group's consolidated revenue.

Segment results represent the profit before taxation made by each reportable segment without allocation of income and expenses of the Group's head office and hotel operation, net foreign exchange differences, amortisation of prepaid land lease payments, interest income, finance costs, share of results of associates, share of results of joint ventures, gain on disposal of financial assets designated at fair value through profit or loss and gain on disposal of an associate. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The Group's CODM does not review the segment assets and liabilities for the purposes of allocating resources to segments and assessing their performance. Therefore, no segment assets and liabilities are presented.

4. OTHER INCOME AND GAINS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest income from banks	4,998	31,656
Gain on disposal of property, plant and equipment	–	2,029
Income from hotel operation	–	70,000
Forfeiture of deposits received	–	139,114
Net foreign exchange gains	10,994	3,852
Gain on disposal of an investment property	–	121,556
Subsidies from the local government	8,464	39,725
Reversal of provision for legal claims	71,987	–
Gain on disposal of financial assets designated at fair value through profit or loss	–	29,173
Other interest income	108,064	–
Others	42,784	46,444
	<u>247,291</u>	<u>483,549</u>

5. FINANCE COSTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest on bank loans wholly repayable within five years	227,299	135,245
Interest on other loans wholly repayable within five years	518,906	180,013
Interest on bank loans not wholly repayable within five years	–	49,601
Interest on senior notes	–	94,242
	<u>746,205</u>	<u>459,101</u>
Less: Amounts capitalised in properties under development	<u>(487,860)</u>	<u>(154,983)</u>
	<u>258,345</u>	<u>304,118</u>

Borrowing costs capitalised during the year arose on the funds borrowed specifically for the purpose of obtaining qualifying assets.

6. TAXATION

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current tax:		
PRC Enterprise Income Tax (“EIT”) for current year	135,675	391,034
PRC Land Appreciation Tax (“LAT”)		
Provision for the year	47,624	239,009
Overprovision in prior years	(64,417)	–
PRC withholding tax	–	40,244
	<u>118,882</u>	<u>670,287</u>
Deferred tax		
PRC LAT	–	(213,005)
Others	(145,296)	(136,351)
	<u>(145,296)</u>	<u>(349,356)</u>
Total tax (credit) charge for the year	<u>(26,414)</u>	<u>320,931</u>

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits sourced in Hong Kong for both years.

The Group's income tax expense represents tax charges on the assessable profits of subsidiaries operating in the PRC calculated at the rates of tax prevailing in the locations in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory tax rate of the Company's PRC subsidiaries is 25% from 1 January 2008 onwards.

The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

As approved by a PRC tax bureau, a PRC subsidiary is subject to statutory tax rate of 25% on the assessable income, which is determined based on 8% of the subsidiary's revenue in accordance with the prescribed tax calculation method pursuant to the applicable PRC tax regulations.

7. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Depreciation of property, plant and equipment	10,039	50,699
Less: Amounts capitalised in properties under development	(2,227)	(2,037)
	7,812	48,662
Amortisation of prepaid land lease payments	1,427	1,393

8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the Company of HK\$64,824,000 (2013: HK\$92,567,000) and the number of 3,032,468,523 (2013: 2,983,036,847 (restated)) ordinary shares in issue. The weighted average number of shares for the purpose of calculating basic earnings per share for both periods has been retrospectively adjusted for the effect of bonus element in connection to the open offer completed in March 2014.

The calculation of diluted earnings per share for the years ended 31 March 2014 and 31 March 2013 did not assume the exercise of the Company's options and warrants as the exercise prices of the options and warrants were higher than the average market price of the Company's shares for the respective years and therefore anti-dilutive to the earnings per share.

9. TRADE RECEIVABLES

Except for the proceeds from sales of properties and rental income from lease of properties which are payable in accordance with the terms of the relevant agreements, the Group generally allows a credit period of not exceeding 60 days to its customers.

An aged analysis of trade receivables as at the end of the reporting period based on invoice date which approximate revenue recognition date, net of allowance for bad and doubtful debts, is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 – 30 days	1,875	7,923
31 – 60 days	117	1,123
61 – 90 days	7,337	118
Over 90 days	9,999	28,591
	19,328	37,755

10. TRADE PAYABLES

An aged analysis of trade payables as at the end of the reporting period based on invoice date is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 – 30 days	185,913	218,424
31 – 60 days	55,011	39,730
61 – 90 days	73,604	54,660
Over 90 days	152,892	152,852
	467,420	465,666

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 March 2014 (2013: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the financial year ended 31 March 2014, the Group has recorded a revenue of HK\$2,781 million, a decrease of about 25% as compared to the HK\$3,717 million for last year. The decrease in the revenue for the year was attributable to lesser amount of properties were completed and delivered to purchasers during the year.

Profit before taxation for the year was HK\$34.0 million, a decrease of about 92% as compared to the HK\$404.2 million for last year. Profit for the year attributable to owners of the Company decreased by about 30% to HK\$64.8 million.

Revenue

The following table sets out an analysis of the Group's revenue together with the contribution to operating results by activity:

	Year ended 31 March			
	2014	Contribution to operating results	2013	Contribution to operating results
	Revenue HK\$'000	results HK\$'000	Revenue HK\$'000	results HK\$'000
Property development	2,375,131	159,575	3,333,167	576,334
Property investment (<i>Note</i>)	2,043	1,069	2,602	(256,505)
Property management	7,792	6,372	7,188	9,047
Project management and construction	395,537	19,438	374,137	35,825
Project investment services	–	65,851	–	–
Total	<u>2,780,503</u>	<u>252,305</u>	<u>3,717,094</u>	<u>364,701</u>

Note: Contribution to operating results by the property investment activity for the year ended 31 March 2013 included a deficit of HK\$313.1 million arising from the revaluation of investment properties.

The Group derived revenue for the year mainly from operations in the mainland of the PRC.

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 Group to 272,000 sq.m. (2013: 355,000 sq.m.). 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. The remaining 26% was derived from sale of remaining inventory in the prior phases of the Group's completed development projects.

For the year ended 31 March 2014, the Group recorded contracted sales of HK\$4,033 million (2013: HK\$3,567 million), which corresponds to a total GFA of about 431,000 sq.m. (2013: 338,000 sq.m.).

As at 31 March 2014, the Group has generated total sales revenue of about HK\$1,704 million from pre-sale of its properties under development with a total GFA of about 282,000 sq.m., contributing mainly from Phase VI section A2 of Wuhan Silo City, Phase VI section A of Dongguan Riveria Villa, Chongqing Coastal Silo City and Shenyang Coastal International Centre which are expected to be completed and delivered in the coming two years.

During the year ended 31 March 2014, the Group completed development projects, namely Phase VI section A1 of Wuhan Silo City, Phase V section AB of Wuhan Silo City, Phase II sections B1 and B2 of Dalian Jianzhu Project with a total GFA of approximately 280,000 sq.m. (2013: 304,000 sq.m.).

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.

Under the current business strategy, the Group will lessen its investment in the property investment segment.

Property Management

The 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. The Group is committed to providing integrated and value-added property management services to foster good relations with tenants and owners and strengthen its brand image.

Project Management and Construction Service

Revenue from project management and construction increased by about 6% to HK\$396 million from last year's HK\$374 million. The project management and construction segment for the year recorded a profit of HK\$19.4 million comparing to HK\$35.8 million for last year.

Under the current business strategy, the Group will devote more of its efforts and resources for boosting the business of this segment.

Project Investment Services

In recent years, the Group has been searching for co-investment opportunities in the development projects such that it can enlarge its property portfolio without escalating its financial burden.

During the year, the Group has established a new operating segment – project investment services in relation to its investment in property development/land development projects and subsequent sale of the whole or a partial of the equity interests in such projects which are usually transacted in the form of the acquisition and disposal of property-based entities in the PRC. During the year, the Group generated a profit of about HK\$65.9 million from the operations of this segment. See the details in the following paragraph headed “Net gain on disposal of a property-based subsidiary”.

Gross Profit Margin

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

Other Income and gains

Other income and gains for the year was HK\$247.3 million as compared to HK\$483.5 million for the last year. Other income for the year mainly represented the reversal of provision of legal claims of HK\$72.0 million (2013: nil), interest income from banks of HK\$5.0 million (2013: HK\$31.7 million), other interest income of HK\$108.1 million (2013: nil), subsidies from the local government of HK\$8.5 million (2013: HK\$39.7 million) and the net foreign exchange gain of HK\$11.0 million (2013: HK\$3.9 million) on translation of the Company's United States dollar denominated debts into the Company's functional currency, Renminbi, which has appreciated against United States dollar during the year. Included in last year's other income was forfeiture of deposit received of HK\$139.1 million in respect of a sale of development project, the income of HK\$70.0 million from hotel operation of Marriott hotel at Suzhou Coastal International Centre which was disposed of in last year, the gain on disposal of an investment property of HK\$121.6 million and gain on disposal of financial assets designated at fair value through profit or loss of HK\$29.2 million.

Marketing, Selling and Administrative Expenses

Marketing and selling costs decreased by about 4% to HK\$131.0 million from last year's HK\$136.7 million.

Administrative expenses for the year were HK\$330.3 million as compared to last year's HK\$335.3 million. The Group will continue to implement cost control measures so as to enhance its operational efficiency and competitive edges.

Other Expenses

Other expenses for the year were HK\$89.4 million as compared to last year's HK\$179.7 million. Other expenses mainly represented the interest compensation of HK\$7.7 million (2013: HK\$15.7 million) for a delay in the handover of certain completed properties to the purchasers, and impairment loss recognised on trade and other receivables of HK\$14.4 million (2013: HK\$5.3 million). Included in the last period's other expenses were depreciation provided for and hotel operation expenses of Marriott hotel in Suzhou amounting to HK\$57.3 million which was disposed of in last year and impairment loss on completed properties for sale of HK\$33.1 million.

Finance Costs

During the year, the Group incurred finance costs before capitalisation (mainly interest for bank and other borrowings, including senior notes) of HK\$746.2 million, representing an increase of about 63% as compared to the HK\$459.1 million incurred for last year. The increase was mainly attributable to an overall increase in the average level of bank and other borrowings as compared to last year.

Interest expenses charged to profit or loss for the year were HK\$258.3 million as compared to last year's HK\$304.1 million. The decrease was mainly due to higher amount of finance costs were capitalised as compared to last year.

Net gain on disposal of property-based subsidiaries

During the year, the Group dispose of its equity interest in certain property-based subsidiaries, and realised a net gain of HK\$65.9 million.

Gain on disposal of an associate

In last year, the Group entered into a sale and purchase agreement to dispose of 20.05% equity interest in Shanghai Fenghwa Group Co., Ltd. (“Shanghai Fenghwa”) to a third party for a total consideration of RMB452.4 million (equivalent to approximately HK\$560.2 million). The Group realised a profit of HK\$377.4 million in last year.

Corporate Brand

Coastal Greenland, the corporate brand, had been ranked among the top ten most valuable Chinese real estate company brands for the ten consecutive years between 2004 and 2013 by an authoritative PRC real estate research team formed by the Development Research Center of the State Council, the Tsinghua University Real Estate Research Center and the China Index Research Team.

FINANCIAL REVIEW

Financial Resources and Liquidity

The Group’s principal source of fund is the cashflow generated from property sales and leasings, and provision of project management and construction services supplemented by bank and other borrowings.

At 31 March 2014, the Group’s cash and bank deposits amounted to approximately HK\$2,693 million (2013: HK\$2,625 million). An analysis by currency denomination of the cash and bank deposits is as follows:

	2014	2013
	<i>HK\$’000</i>	<i>HK\$’000</i>
Renminbi	2,504,988	2,202,557
Hong Kong dollar	120,767	238,332
United States dollar	67,729	183,827
	<u>2,693,484</u>	<u>2,624,716</u>

At 31 March 2014, the net borrowings of the Group, being interest-bearing bank and other borrowings less cash and bank balances and pledged bank deposits, amounted to about HK\$4,740 million (2013: HK\$3,174 million). Net debt to total equity ratio, which is expressed as a percentage of net borrowings over total equity of the Group, increased by about 26% to 96% from 70% last year.

Profit before interest, taxation, depreciation, amortisation and non-cash items arising from fair value change of investment properties and held-for-trading investment was about HK\$437.1 million comparing to last year's HK\$1,270.7 million on the same basis. Profit before interest, taxation, depreciation, amortisation and the non-cash items in respect of fair value change of investment properties and held-for-trading investment had a coverage of 0.59 times (2013: 2.77 times) over the interest costs for the financial year of HK\$746.2 million (2013: HK\$459.1 million).

Borrowings and Charges

At 31 March 2014, the level of bank and other borrowings of the Group and their maturity profile are as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Bank loans repayable:		
Within one year	340,458	779,335
In the second year	1,650,311	92,872
In the third to fifth years inclusive	1,518,189	1,979,271
Bank loan that is repayable within one year from the end of the reporting period and contain a repayment on demand clause	84,126	119,590
Bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause	515,686	–
	4,108,770	2,971,068
Other borrowings repayable:		
Within one year	1,004,981	163,836
In the second year	2,156,232	2,663,761
In the third to fifth years inclusive	163,924	–
	3,325,137	2,827,597
	7,433,907	5,798,665

An analysis by currency denomination of the above borrowings is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Renminbi	6,756,195	4,692,571
Hong Kong dollar	162,026	119,590
United States dollar	515,686	986,504
	7,433,907	5,798,665

The bank and other borrowings bear interest rates based on normal commercial terms.

Certain of the Group's bank and other loans as at 31 March 2014 were secured by:

- (i) certain land and buildings of the Group with an aggregate carrying value of approximately HK\$169 million (2013: HK\$219 million);
- (ii) certain bank deposits of the Group with an aggregate carrying value of approximately HK\$614 million (2013: HK\$724 million);
- (iii) certain properties under development of the Group with an aggregate carrying value of approximately HK\$1,104 million (2013: HK\$2,444 million);
- (iv) certain completed properties for sale of the Group with aggregate carrying value of approximately HK\$566 million (2013: nil);
- (v) amount due from an associate of the Group with carrying value of approximately HK\$83 million (2013: nil);
- (vi) the Group's 100% equity interests in four property-based subsidiaries; and
- (vii) corporate guarantees from the Company and certain of its subsidiaries.

Capital structure

In March 2014, the Company issued 1,395,291,428 shares at a price of HK\$0.25 per share by way of an open offer on the basis of one offer share for every two existing shares pursuant to a circular dated 19 February 2014. Accordingly, the total equity was increased by HK\$349 million.

Exposure to Fluctuations in Exchange Rates

The Group's operations are principally in the PRC and accordingly a majority part of its income and expenditure is denominated in Renminbi. The exchange rates of Renminbi against Hong Kong dollar and United States dollar have been on an overall rising trend, which is in favour of the Group's operations as all the major assets, mainly property development projects, of the Group are located in the PRC and will generate Renminbi revenue to the Group. Except certain bank and other loans which are denominated in United States dollar or Hong Kong dollar, most of the Group's liabilities are denominated in Renminbi. Therefore, the Directors do not foresee that movement in the exchange rates of foreign currencies against Renminbi in the foreseeable future will cause a material adverse impact on the Group's operations.

Contingent Liabilities

At 31 March 2014, the 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 Group had also given guarantees amounting to approximately HK\$195 million (2013: HK\$223 million) to banks in connection with banking facility granted to the associate, against which a counter-guaranteed was given by the associate to the Group.

EMPLOYEES AND REMUNERATION POLICY

The 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 Group also provides other benefits to its employees including mandatory provident fund, medical insurance coverage, housing allowances and share options.

PROSPECTS

In 2013 and early 2014, the 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. However, due to robust demand, both the prices and the number of transactions continued to rise despite these austerity measures were in place. Property developers' appetite in the land acquisition remained strong. The Group considers that the property developers will continue to face a challenging environment because of the intense competition and a volatile real estate market.

Notwithstanding the opaque circumstances, the Group is optimistic about the real estate market which is buttressed by the government's macro-economic policy, namely 'stabilizing growth, restructuring the economy and promoting reforms'. Other long term favorable factors include steady economic growth, continuous urbanization growth leading to increasing the number of first-time home-buyers and the middle-class' desire to improve living conditions. The Group will consistently review and evaluate its business strategy in view of the evolving economic and regulatory environment. In recent years, the Group has been searching for co-investment opportunities in the development projects such that it can enlarge its property portfolio without escalating its financial burden. The Group is keen to promote its new business segment of project investment services as well as project management and construction.

The Group has a pre-eminent brand and consummate experience in the property market. It will heed its geographically well-distributed and diversified prominent property portfolio. It will continue to optimize the land reserves, ameliorate the competitiveness of its products and the project management and construction services. Finally, the Group will strenuously appraise various sources of funding so as to consolidate its financial capability for sustainable development in the foreseeable future.

CORPORATE GOVERNANCE

The Company is committed to ensure high standards of corporate governance in the interest of all its shareholders. The Company has applied and complied with the applicable code provisions set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") contained in Appendix 14 of the Listing Rules, except for below deviation:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual for a balance of power and authority. Mr. Jiang Ming is the chairman and managing director of the Company. Mr. Jiang Ming is the founder and a substantial shareholder of the Company and has considerable industry experience. The board of directors of the Company (the "Board") considers that this situation will not impair the balance of power and authority between the Board and the management of

the Company. This is because the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals with demonstrated integrity. Further, decisions of the Board are made by way of majority voting. The Board believes that this structure is conducive to strong, prompt response and efficient management and implementation.

Code provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings. Two non-executive directors were unable to attend the annual general meeting.

Further information is set out in the Corporate Governance Report contained in annual report for the year ended 31 March 2014.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry of all Directors, the Directors confirmed that they have complied with the requirements as set out in the Model Code during the year ended 31 March 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 March 2014.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2014 as set out in the preliminary announcement have been agreed by the Group’s auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Deloitte Touche Tohmatsu on the preliminary announcement.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the Group’s consolidated financial statements for the year ended 31 March 2014.

ANNUAL GENERAL MEETING

The 2014 Annual General Meeting (“AGM”) of the shareholders of the Company will be held on Friday, 12 September 2014 at 2:30 p.m. and the Notice of AGM will be published and despatched to the shareholders in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders’ eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 10 September 2014 to Friday, 12 September 2014 (both days inclusive), during which period no transfer of shares will be effected. In order to entitle to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on Monday, 8 September 2014.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The annual report of the Company for the year ended 31 March 2014 containing all the information required by Appendix 16 to the Listing Rules will be published on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.coastal.com.cn>) in due course.

By Order of the Board

Jiang Ming

Chairman

Hong Kong, 26 June 2014

As at the date of this announcement, the Board comprises Mr. Jiang Ming, Mr. Tao Lin, Mr. Cai Shaobin and Ms. Wang Hongmei as executive Directors, Mr. Lu Jiqiang and Dr. Dai Jingming as non-executive Directors and Mr. Chen Xiaotian, Mr. Wong Kai Cheong and Mr. Yang Jiangan as independent non-executive Directors.

* *For identification purpose only*