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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 2015**

**HIGHLIGHTS:**

1. Contracted sales for the year amounted to about HK\$3,190 million, a decrease of 21% from last year.
2. Revenue for the year amounted to about HK\$2,167 million, a decrease of 22% from last year.
3. Loss for the year attributable to owners of the Company was about HK\$508 million, compared to a profit attributable to owners of the Company of about HK\$65 million for last year.

The Board of Directors (the “Board”) of Coastal Greenland Limited (the “Company”) announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2015, together with the comparative figures for the previous year, as follows:

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Revenue	3	2,166,795	2,780,503
Cost of sales		(1,940,509)	(2,263,852)
Gross profit		226,286	516,651
Increase in fair value of held-for-trading investment		302	2,189
Other income and gains	4	188,845	247,291
Marketing and selling expenses		(94,079)	(131,007)
Administrative expenses		(327,261)	(330,316)
Other expenses		(231,494)	(89,375)
Finance costs	5	(202,284)	(258,345)
Share of profit (loss) of associates		23,685	(3,187)
Share of (loss) profit of joint ventures		(5,671)	14,265
Net gain on disposal of property-based subsidiaries		9,205	65,851
(Loss) profit before taxation		(412,466)	34,017
Taxation	6	(111,622)	26,414
<b>(Loss) profit for the year</b>	7	<b>(524,088)</b>	60,431
Other comprehensive (expense) income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation to presentation currency		(4,972)	72,851
(Deficit) surplus on revaluation of buildings		(1,690)	10,169
Deferred tax asset (liability) arising on revaluation of buildings		421	(2,389)
Other comprehensive (expense) income for the year		(6,241)	80,631
<b>Total comprehensive (expense) income for the year</b>		<b>(530,329)</b>	141,062
(Loss) profit for the year attributable to:			
Owners of the Company		(508,414)	64,824
Non-controlling interests		(15,674)	(4,393)
		<b>(524,088)</b>	60,431
Total comprehensive (expense) income attributable to:			
Owners of the Company		(514,150)	149,453
Non-controlling interests		(16,179)	(8,391)
		<b>(530,329)</b>	141,062
		<i>HK cents</i>	<i>HK cents</i>
(Loss) earnings per share	8		
Basic and diluted		(12.15)	2.14

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	<i>Notes</i>	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>235,201</b>	260,077
Investment properties		<b>230,643</b>	230,364
Prepaid land lease payments		<b>52,850</b>	54,214
Interests in joint ventures		<b>427,800</b>	416,679
Interests in associates		<b>745,313</b>	179,161
Available-for-sale investments		<b>178,697</b>	178,485
		<hr/>	<hr/>
Total non-current assets		<b>1,870,504</b>	1,318,980
<b>CURRENT ASSETS</b>			
Properties under development		<b>7,808,925</b>	6,554,122
Completed properties for sale		<b>1,574,764</b>	1,619,076
Trade receivables	9	<b>21,986</b>	19,328
Prepayments, deposits and other receivables		<b>2,588,034</b>	2,633,477
Amounts due from associates and joint ventures		<b>1,620,539</b>	1,349,263
Amounts due from customers for contract work		<b>59,169</b>	46,511
Held-for-trading investment		–	24,905
Prepaid tax		<b>92,889</b>	80,264
Pledged bank deposits		<b>1,551,678</b>	746,650
Cash and bank balances		<b>843,951</b>	1,946,834
		<hr/>	<hr/>
Assets classified as held for sale		<b>16,161,935</b>	15,020,430
		<hr/>	<hr/>
		–	1,581,149
		<hr/>	<hr/>
Total current assets		<b>16,161,935</b>	16,601,579
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	10	<b>1,370,894</b>	467,420
Deposits received from pre-sales of properties		<b>1,143,001</b>	1,434,745
Other payables and accruals		<b>1,214,871</b>	1,168,640
Amount due to a substantial shareholder of the Company		<b>3,948</b>	2,715
Amount due to a non-controlling interest		–	56,743
Tax payable		<b>808,850</b>	876,316
Interest-bearing bank and other borrowings		<b>4,670,570</b>	1,945,251
		<hr/>	<hr/>
Liabilities classified as held for sale		<b>9,212,134</b>	5,951,830
		<hr/>	<hr/>
		–	1,254,364
		<hr/>	<hr/>
Total current liabilities		<b>9,212,134</b>	7,206,194

<i>Notes</i>	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
<b>NET CURRENT ASSETS</b>	<b>6,949,801</b>	9,395,385
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b><u>8,820,305</u></b>	<b><u>10,714,365</u></b>
<b>CAPITAL AND RESERVES</b>		
Share capital	418,587	418,587
Reserves	<b>4,013,198</b>	4,514,906
Equity attributable to owners of the Company	<b>4,431,785</b>	4,933,493
Non-controlling interests	<b>4,781</b>	19,580
Total equity	<b><u>4,436,566</u></b>	<u>4,953,073</u>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank and other borrowings	<b>4,139,681</b>	5,488,656
Deferred tax liabilities	<b>244,058</b>	272,636
Total non-current liabilities	<b><u>4,383,739</u></b>	<u>5,761,292</u>
	<b><u>8,820,305</u></b>	<b><u>10,714,365</u></b>

## 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 HKFRSs issued by the HKICPA.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

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.

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

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>3</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle <sup>4</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle <sup>5</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle <sup>6</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>6</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception <sup>6</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>6</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>6</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>6</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>6</sup>
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions <sup>5</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>6</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted

<sup>2</sup> Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted

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

<sup>5</sup> Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted

<sup>6</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted

## **HKFRS 15 “Revenue from contracts with Customer”**

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipates that the application of HKFRS 15 in the future may have an impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

For other new and revised standards, amendments and interpretations, the directors of the Company do not anticipate that their application will have a material effect on the Group’s consolidated financial statements.

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 the Company, being the chief operating decision maker (the “CODM”) in order to allocate resources to segments and to assess their performance. 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 provision of investment services in relation to 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	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:																				
Sales to external customers	2,120,738	2,375,131	3,270	2,043	6,862	7,792	35,925	395,537	-	-	2,166,795	2,780,503	-	-	2,166,795	2,780,503	-	-	2,166,795	2,780,503
Inter-segment revenue	-	-	-	-	-	-	1,185,272	351,122	-	-	1,185,272	351,122	(1,185,272)	(351,122)	-	-	-	-	-	-
Sales of projects	-	-	-	-	-	-	-	-	6,060	1,294,239	6,060	1,294,239	-	-	6,060	1,294,239	(6,060)	(1,294,239)	-	-
Total	2,120,738	2,375,131	3,270	2,043	6,862	7,792	1,221,197	746,659	6,060	1,294,239	3,358,127	4,425,864	(1,185,272)	(351,122)	2,172,855	4,074,742	(6,060)	(1,294,239)	2,166,795	2,780,503
Segment (loss) profits	(306,867)	159,575	2,199	1,069	4,185	6,372	13,345	53,343	9,205	65,851	(277,933)	286,210	(1,127)	(33,905)	(279,060)	252,305	-	-	(279,060)	252,305
Net foreign exchange (losses) gains															(1,906)	10,994	-	-	(1,906)	10,994
Interest income															151,908	113,062	-	-	151,908	113,062
Finance costs															(202,284)	(258,345)	-	-	(202,284)	(258,345)
Amortisation of prepaid land lease payments															(1,428)	(1,427)	-	-	(1,428)	(1,427)
Share of profit (loss) of associates															23,685	(3,187)	-	-	23,685	(3,187)
Share of (loss) profit of joint ventures															(5,671)	14,265	-	-	(5,671)	14,265
Gain on disposal of a joint venture															5,915	-	-	-	5,915	-
Gain on disposal of an associate															8,261	-	-	-	8,261	-
Increase in fair value of held-for-trading investment															302	2,189	-	-	302	2,189
Other net unallocated expense															(112,188)	(95,839)	-	-	(112,188)	(95,839)
(Loss) profit before taxation															(412,466)	34,017	-	-	(412,466)	34,017

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

Note: The adjustment reflects the reconciliation of revenue from the reportable and operating segment – project investment services to the Group's consolidated revenue.

Segment results represent the (loss) profit before taxation made by each reportable segment without allocation of income and expenses of the Group's head office, 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 a joint venture, gain on disposal of an associate and increase in fair value of held-for-trading investment. 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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest income from banks	2,411	4,998
Net foreign exchange gains	–	10,994
Subsidies from the local government	–	8,464
Reversal of provision for legal claims	–	71,987
Gain on disposal of an associate	8,261	–
Gain on disposal of a joint venture	5,915	–
Other interest income	149,497	108,064
Others	22,761	42,784
	<u>188,845</u>	<u>247,291</u>

### 5. FINANCE COSTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest on bank loans wholly repayable within five years	245,238	227,299
Interest on other loans wholly repayable within five years	383,755	518,906
	<u>628,993</u>	<u>746,205</u>
Less: Amounts capitalised in properties under development	(426,709)	(487,860)
	<u>202,284</u>	<u>258,345</u>

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

### 6. TAXATION

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax:		
PRC Enterprise Income Tax ("EIT")		
Provision for current year	92,782	135,675
Overprovision in prior years	(44,294)	–
	<u>48,488</u>	<u>135,675</u>
PRC Land Appreciation Tax ("LAT")		
Provision for current year	83,898	47,624
Underprovision (overprovision) in prior years	8,271	(64,417)
	<u>92,169</u>	<u>(16,793)</u>
PRC withholding tax	12,611	–
	<u>153,268</u>	<u>118,882</u>
Deferred tax		
Others	(41,646)	(145,296)
	<u>(41,646)</u>	<u>(145,296)</u>
Total tax charge (credit) for the year	<u>111,622</u>	<u>(26,414)</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.

## 7. (LOSS) PROFIT FOR THE YEAR

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

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Depreciation of property, plant and equipment	<b>7,668</b>	10,039
Less: Amounts capitalised in properties under development	<b>(1,219)</b>	(2,227)
	<b>6,449</b>	7,812
Amortisation of prepaid land lease payments	<b>1,428</b>	1,427

## 8. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share is based on the loss for the year attributable to owners of the Company of HK\$508,414,000 (2014: profit attributable to owners of the Company of HK\$64,824,000) and the number of 4,185,874,285 (2014: 3,032,468,523) ordinary shares in issue.

The calculation of diluted earnings per share for the years ended 31 March 2015 and 2014 did not assume the exercise of the Company's options as the exercise prices of the options were higher than the average market price of the Company's shares for the respective years and therefore was anti-dilutive to the (loss) 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:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 – 30 days	<b>7,560</b>	1,875
31 – 60 days	–	117
61 – 90 days	<b>118</b>	7,337
Over 90 days	<b>14,308</b>	9,999
	<hr/> <b>21,986</b> <hr/>	<hr/> 19,328 <hr/>

## 10. TRADE AND BILLS PAYABLES

An aged analysis of trade and bills payables as at the end of the reporting period based on invoice date and issuance date of each bill is as follows:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 – 30 days	<b>290,874</b>	185,913
31 – 60 days	<b>158,194</b>	55,011
61 – 90 days	<b>14,950</b>	73,604
Over 90 days	<b>906,876</b>	152,892
	<hr/> <b>1,370,894</b> <hr/>	<hr/> 467,420 <hr/>

## DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 March 2015 (2014: nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

For the financial year ended 31 March 2015, the Group has recorded a revenue of HK\$2,167 million, a decrease of about 22% as compared to the HK\$2,781 million for last year. The decrease in the revenue for the year was attributable to lesser amount of properties were completed and delivered to purchasers during the year.

Loss before taxation for the year was HK\$412.5 million, compared to a profit before taxation of HK\$34.0 million for last year. Loss for the year attributable to owners of the Company was HK\$508.4 million, compared to a profit attributable to owners of the Company of HK\$64.8 million for last year.

## 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			
	2015	2015	2014	2014
	Revenue	Contribution	Revenue	Contribution
	HK\$'000	to operating	HK\$'000	to operating
		results		results
		HK\$'000		HK\$'000
Property development	2,120,738	(306,867)	2,375,131	159,575
Property investment	3,270	2,199	2,043	1,069
Property management	6,862	4,185	7,792	6,372
Project management and construction	35,925	12,218	395,537	19,438
Project investment services	–	9,205	–	65,851
Total	<u>2,166,795</u>	<u>(279,060)</u>	<u>2,780,503</u>	<u>252,305</u>

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\$2,121 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 gross floor area ("GFA") delivered by the Group to 255,000 sq.m. (2014: 272,000 sq.m.). 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. The remaining 30% was derived from sale of the remaining inventory in the prior phases of the Group's completed development projects.

For the year ended 31 March 2015, the Group recorded contracted sales in the amount of HK\$3,190 million (2014: HK\$4,033 million), which corresponds to a total GFA of about 271,000 sq.m. (2014: 431,000 sq.m.).

During the year ended 31 March 2015, the Group completed development projects, namely Phase VI section A2 of Wuhan Silo City, Phase VI section A of Dongguan Riveria Villa, Chongqing Coastal Silo City with a total GFA of approximately 269,000 sq.m. (2014: 280,000 sq.m.).

## **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 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. 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**

Revenue from project management and construction decreased by about 91% to HK\$36 million from last year's HK\$396 million. The project management and construction segment for the year recorded a profit of HK\$12.2 million comparing to a profit of HK\$19.4 million for last year.

## **Project Investment Services**

During the year, the Group generated a profit of about HK\$9.2 million as compared to HK\$65.9 million for last year from the operations of this segment.

## **Gross Profit Margin**

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

## **Other Income and gains**

Other income and gains for the year was HK\$188.8 million as compared to HK\$247.3 million for last year. Other income for the year mainly represented the interest income from banks of HK\$2.4 million (2014: HK\$5.0 million), other interest income of HK\$149.5 million (2014: HK\$108.1 million) and gain on disposal of an associate and a joint venture of HK\$8.3 million and HK\$5.9 million respectively. Included in last year's other income was a reversal of provision of legal claims of HK\$72.0 million, subsidies from the local government of HK\$8.5 million and net foreign exchange gain of HK\$11.0 million on translation of the Company's United States dollar denominated debts into the Company's functional currency, Renminbi, which had appreciated against United States dollar during last year.

## **Marketing, Selling and Administrative Expenses**

Marketing and selling costs decreased by about 28% to HK\$94.1 million from last year's HK\$131.0 million in line with the decrease in the level of business activities for the year.

Administrative expenses for the year were HK\$327.3 million as compared to last year's HK\$330.3 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\$231.5 million as compared to last year's HK\$89.4 million. Other expenses mainly represented the impairment loss recognised on prepayments, deposits and other receivables of HK\$189.2 million in relation to property development projects acquisitions (2014: HK\$14.4 million). Included in the last year's other expenses were interest compensation of HK\$7.7 million for a delay in the handover of certain completed properties to the purchasers.

## Finance Costs

During the year, the Group incurred finance costs before capitalisation (mainly interest for bank and other borrowings) of HK\$629.0 million, representing a decrease of about 16% as compared to the HK\$746.2 million incurred for last year. The decrease was mainly attributable to a decrease in the average cost of bank and other borrowings as compared to last year.

Interest expenses charged to profit or loss for the year were HK\$202.3 million as compared to last year's HK\$258.3 million. The decrease was mainly due to higher amount of finance costs were capitalised as compared to 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 eleven consecutive years between 2004 and 2014 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 leaseings, and provision of project management and construction and project investment services supplemented by bank and other borrowings.

At 31 March 2015, the Group's cash and bank deposits amounted to approximately HK\$2,396 million (2014: HK\$2,693 million). An analysis by currency denomination of the cash and bank deposits is as follows:

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Renminbi	<b>2,363,842</b>	2,504,988
Hong Kong dollar	<b>28,177</b>	120,767
United States dollar	<b>3,610</b>	67,729
	<b><u>2,395,629</u></b>	<u>2,693,484</u>

At 31 March 2015, 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\$6,415 million (2014: HK\$4,740 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 49% to 145% from 96% last year.

Loss before interest, taxation, depreciation, amortisation and non-cash items arising from fair value change of held-for-trading investment was about HK\$120.1 million comparing to last year's HK\$437.1 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 0.19 times (2014: 0.59 times) over the interest costs for the financial year of HK\$629.0 million (2014: HK\$746.2 million).

## Borrowings and Charges

At 31 March 2015, the level of bank and other borrowings of the Group and their maturity profile are as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Bank loans repayable:		
Within one year	1,561,317	340,458
In the second year	1,583,153	1,650,311
In the third to fifth years inclusive	2,190,408	1,518,189
Bank loan that is repayable within one year from the end of the reporting period and contain a repayment on demand clause	609,537	84,126
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
	<u>5,944,415</u>	<u>4,108,770</u>
Other borrowings repayable:		
Within one year	2,499,716	1,004,981
In the second year	366,120	2,156,232
In the third to fifth years inclusive	–	163,924
	<u>2,865,836</u>	<u>3,325,137</u>
	<u><b>8,810,251</b></u>	<u><b>7,433,907</b></u>

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Renminbi	8,122,814	6,756,195
Hong Kong dollar	162,026	162,026
United States dollar	525,411	515,686
	<u>8,810,251</u>	<u>7,433,907</u>

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 2015 were secured by:

- (i) certain land and buildings of the Group with an aggregate carrying value of approximately HK\$212 million (2014: HK\$169 million);
- (ii) certain bank deposits of the Group with an aggregate carrying value of approximately HK\$1,004 million (2014: HK\$620 million);
- (iii) certain properties under development of the Group with an aggregate carrying value of approximately HK\$1,688 million (2014: HK\$1,309 million);
- (iv) certain completed properties for sale of the Group with an aggregate carrying value of approximately HK\$444 million (2014: HK\$637 million);
- (v) amount due from an associate of the Group with carrying value of nil (2014: HK\$83 million);
- (vi) corporate guarantees from the Company and certain of its subsidiaries;
- (vii) the Company's 100% equity interests in four property-based subsidiaries; and
- (viii) share charge over the entire issued capital of certain wholly-owned subsidiaries of the Company.

### **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 quite stable over the past years. Also the Group's operations will not be unduly exposed to exchange rates fluctuations 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 2015, the 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 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-guaranteed was given by the associate to the Group.

## **Subsequent Event**

On 14 April 2015, the Group entered into the agreement with independent third parties, in relation to the acquisition of 81% of the registered and paid up capital of the Hengxiang Real Estate Development Company Limited together with its subsidiaries for an aggregate consideration of RMB602,700,000 (equivalent to approximately HK\$746,840,000) (the “Acquisition”). The Acquisition is not completed up to the date these consolidated financial statements were authorised for issuance.

Details of the transaction are set out in the announcement issued by the Company on 14 April 2015.

## **EMPLOYEES AND REMUNERATION POLICY**

The Group employs a total of about 1,300 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**

China’s economy is expected to enter into a consolidation phase whereby the gross domestic product growth rate is slowing down to a more modest growth rate of around 7%. Nevertheless, following the relaxation of the austerity measures on property purchase policy in a substantial number of cities in the PRC, the real estate market is gradually recovering. Regulations on house purchasing have become less restrictive and market confidence has gradually restored. We expect that the recent lowering of the Renminbi interest rate, the possible further loosening up of control measures, 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 seeking to expand its property investment services and project management services businesses.

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 prominent 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.

## **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. Furthermore, 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 and special general meeting of the Company held on 15 September 2014 and 30 September 2014 respectively due to other important engagements. One independent non-executive director was unable to attend the annual general meeting of the Company held on 15 September 2014 and two independent non-executive directors were unable to attend the special general meeting of the Company held on 30 September 2014 due to other important engagements.

Further information is set out in the Corporate Governance Report contained in annual report for the year ended 31 March 2015.

## **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 2015.

## **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 2015.

## **SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group’s consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2015 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 2015.

## **ANNUAL GENERAL MEETING**

The 2015 Annual General Meeting ("AGM") of the shareholders of the Company will be held on Tuesday, 15 September 2015 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 Friday, 11 September 2015 to Tuesday, 15 September 2015 (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 Thursday, 10 September 2015.

## **PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE**

The annual report of the Company for the year ended 31 March 2015 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 2015

*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