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 2009

HIGHLIGHTS:

1. Revenue for the year amounted to about HK$2,956 million, a decrease of about 5% from last year (as restated).

2. The profit attributable to equity holders of the Company for the year is about HK$215 million, an increase of about 84% over that of last year (as restated). The last year profit was after a non-cash charge of HK$222.5 million arising from fair value adjustment for derivative component of the convertible bonds issued by the Company.

3. Profit before interest, taxation, depreciation, amortisation and non-cash items arising from fair value adjustments for derivative component of the convertible bonds and warrants issued by the Company was about HK$740.4 million, a decrease of about 11% from last year on the same basis.

4. As at 31 March 2009, the Group has pre-sold HK$3,857 million of properties under development which will be recognised as revenue in coming years upon delivery of the relevant properties to purchasers.

The Board of Directors (the "Directors") of Coastal Greenland Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2009, together with comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2009

	Notes	**2009** *HK$'000*	2008 *HK$'000* (Restated)
Revenue	*3*	**2,956,174**	3,114,980
Cost of sales		**(2,094,530)**	(2,341,838)
Gross profit		**861,644**	773,142
(Decrease) increase in fair value of investment properties		**(63,430)**	57,272
Gain on change in value of completed properties for sale upon transfer to investment properties		**–**	23,907
(Loss) gain on disposal of property based subsidiaries		**(4,920)**	40,775
Gain on partial disposal of a property based subsidiary		**2,380**	–
Fair value gain on warrants		**47,399**	49,776
Gain on repurchase of senior notes		**71,183**	–
Other income	*4*	**65,989**	89,857
Marketing and selling costs		**(157,879)**	(101,382)
Administrative expenses		**(168,794)**	(152,286)
Fair value loss on derivative component of convertible bonds		**–**	(222,503)
Fair value loss on currency swap contract		**–**	(37,405)
Other expenses		**(39,153)**	(45,749)
Finance costs	*5*	**(87,377)**	(49,170)
Share of profit of associates		**21,647**	3,691
Profit before taxation		**548,689**	429,925
Taxation	*6*	**(332,888)**	(306,975)
Profit for the year	*7*	**215,801**	122,950
Attributable to:			
Equity holders of the Company		**215,008**	116,674
Minority interests		**793**	6,276
		215,801	122,950
Dividends			
Paid		**–**	27,906
		HK cents	*HK cents*
Earnings per share	*8*		
Basic		**7.70**	4.42
Diluted		**7.70**	4.39

CONSOLIDATED BALANCE SHEET
At 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**1,124,619**	854,372
Investment properties		**563,605**	616,476
Prepaid land lease payments		**97,507**	97,671
Goodwill		**82,861**	81,032
Interests in associates		**224,653**	189,872
Available-for-sale investments		**2,960**	2,960
Pledged bank deposits		**69,914**	70,360
Total non-current assets		**2,166,119**	1,912,743
CURRENT ASSETS			
Properties under development		**6,530,517**	5,662,804
Completed properties for sale		**1,889,426**	2,324,775
Trade receivables	*9*	**210,952**	164,140
Prepayments, deposits and other receivables		**1,795,120**	1,391,292
Amounts due from jointly controlled entities		**–**	28,098
Amounts due from associates		**39,926**	42,076
Tax recoverable		**25,102**	35,808
Pledged bank deposits		**179,038**	69,197
Cash and bank balances		**1,654,690**	1,205,727
Total current assets		**12,324,771**	10,923,917
CURRENT LIABILITIES			
Trade payables	*10*	**232,333**	92,699
Deposits received and deferred revenue		**3,111,219**	2,551,173
Other payables and accruals		**1,213,686**	924,662
Amount due to a substantial shareholder of the Company		**34,874**	100
Amounts due to jointly controlled entities		**6,444**	6,361
Tax payable		**695,450**	569,068
Interest-bearing bank and other borrowings		**1,460,825**	1,560,643
Derivative financial liability – warrants		**7,330**	54,729
Total current liabilities		**6,762,161**	5,759,435
NET CURRENT ASSETS		**5,562,610**	5,164,482
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,728,729**	7,077,225

	2009	2008
	HK$'000	*HK$'000*
		(Restated)
CAPITAL AND RESERVES		
Share capital	**279,058**	279,058
Reserves	**2,848,706**	2,538,139
Equity attributable to equity holders of the Company	**3,127,764**	2,817,197
Minority interests	**490,046**	435,942
Total equity	**3,617,810**	3,253,139
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**3,529,996**	3,149,689
Long term payables	**729**	154,881
Deferred tax liabilities	**580,194**	519,516
Total non-current liabilities	**4,110,919**	3,824,086
	7,728,729	7,077,225

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 on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

2. **APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")/CHANGES IN ACCOUNTING POLICIES**

a. **Revenue recognition**

In previous years, when a development property is sold in advance of completion, revenue and profit are recognised upon completion of the development as evidenced by the issuance of the relevant completion certificates by the respective government authorities, at which point the equitable interest in the property has been vested in the buyers. With the issuance of Hong Kong (IFRIC) Interpretation ("HK(IFRIC) – Int") 15 *Agreements for the Construction of Real Estate* by the HKICPA, which is effective for annual periods beginning on or after 1 January 2009 and contains more detailed guidance on the accounting treatment for such real estate transactions, the Directors of the Company have reassessed the Group's accounting policy on revenue recognition of sales of properties and are of the view that revenue recognition on sale of development property upon delivery of properties to the purchasers pursuant to the sales agreement will result in the financial statements providing more relevant information. Accordingly, the Directors determined that it is appropriate to change its revenue recognition for sales of its properties by recognising revenue and profit upon delivery of the properties to the purchasers.

The Directors of the Company considered this change in accounting policy to be applied retrospectively as required by Hong Kong Accounting Standard ("HKAS") 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The comparative figures have been restated to exclude the revenue and profit which arose from properties not yet delivered as at the end of the comparable periods.

Analysis of increase (decrease) in profit for the current and prior year by line items presented according to their function:

	2009	2008
	HK$'000	*HK$'000*
Increase (decrease) in revenue	**981,762**	(607,176)
(Increase) decrease in cost of sales	**(335,168)**	167,441
(Increase) decrease in taxation	**(300,841)**	191,715
	345,753	(248,020)

The cumulative effects of the change in accounting policy on revenue recognition as at 31 March 2008 are summarised below:

	As at 31 March 2008 (Originally stated) *HK$'000*	**Effects of the change in accounting policy** *HK$'000*	**As at 31 March 2008 (Restated)** *HK$'000*
Balance sheet items			
Completed properties for sale	1,338,079	986,696	2,324,775
Trade receivables	280,378	(116,238)	164,140
Prepayments, deposits and other receivables	1,330,014	61,278	1,391,292
Tax recoverable	66,205	(30,397)	35,808
Deposits received and deferred revenue	(799,434)	(1,751,739)	(2,551,173)
Other payables and accruals	(974,302)	49,640	(924,662)
Tax payable	(759,588)	190,520	(569,068)
Deferred tax liabilities	(686,462)	166,946	(519,516)
	(205,110)	(443,294)	(648,404)
Retained profits	1,358,668	(395,779)	962,889
Exchange fluctuation reserve	403,464	(47,515)	355,949
	1,762,132	(443,294)	1,318,838

The financial effects of the change in accounting policy on the Group's equity as at 1 April 2007 are summarised below:

	As at 31 March 2007 (Originally stated) *HK$'000*	**Effects of the change in accounting policy** *HK$'000*	**As at 31 March 2007 (Restated)** *HK$'000*
Retained profits	993,974	(147,759)	846,215
Exchange fluctuation reserve	166,243	(6,298)	159,945
	1,160,217	(154,057)	1,006,160

The effects of the change in accounting policy on the Group's basic and diluted earnings per share for the prior year are as follows:

Impact on basic earnings per share

	2008
	HK cent
Before adjustments	13.81
Adjustments arising from change in accounting policy	(9.39)
Restated	4.42

Impact on diluted earnings per share

	2008
	HK cent
Before adjustments	13.73
Adjustments arising from change in accounting policy	(9.34)
Restated	4.39

b. Other new standards, amendments and interpretations

In the current year, the Group has applied the following amendments to HKAS and new HK(IFRIC)-Int (collectively referred to as the "new HKFRSs") issued by the HKICPA, which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early adopted the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible Hedged Items[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[5]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[6]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[7]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[4]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[8]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

2 Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate

3 Effective for annual periods beginning on or after 1 January 2009

4 Effective for annual periods beginning on or after 1 July 2009

5 Effective for annual periods ending on or after 30 June 2009

6 Effective for annual periods beginning on or after 1 July 2008

7 Effective for annual periods beginning on or after 1 October 2008

8 Effective for transfers on or after 1 July 2009

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combinations for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

The application of the amendment to HKAS 40 *Investment Property* arising from improvements to HKFRSs may affect the accounting for property under construction or development for future use as an investment property of the Group. The amendment to HKAS 40 brings such property within the scope of HKAS 40 which, therefore, shall be accounted for under the fair value model in accordance with the Group's accounting policy. Such property is currently accounted for at cost less impairment in accordance with HKAS 16 *Property, Plant and Equipment*. The amendment is to be applied prospectively and is effective for the Group's financial year beginning on or after 1 April 2009.

The Directors of the Company are in the process of assessing the potential impact and so far concluded that the application of the other new or revised standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

3. SEGMENT INFORMATION

The Group's revenue and results were substantially derived from operations in the mainland of the People's Republic of China (the "PRC"). The following is an analysis of the Group's revenue and results by business segment for the year under review:

	Property development		Property investment		Property management		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (Restated)
Segment revenue:								
Sales to external customers	**2,943,218**	3,103,505	**9,141**	6,823	**3,815**	4,652	**2,956,174**	3,114,980
Segment results	**591,641**	595,899	**(61,744)**	83,961	**(109)**	555	**529,788**	680,415
Unallocated corporate expenses							**(68,954)**	(58,057)
Net foreign exchange gains							**28,777**	56,450
Fair value gain on warrants							**47,399**	49,776
Gain on repurchase of senior notes							**71,183**	–
Fair value loss on derivative component of convertible bonds							**–**	(222,503)
Fair value loss on currency swap contract							**–**	(37,405)
Interest income							**6,226**	6,728
Finance costs							**(87,377)**	(49,170)
Share of profit of associates							**21,647**	3,691
Profit before taxation							**548,689**	429,925
Taxation							**(332,888)**	(306,975)
Profit for the year							**215,801**	122,950

4. OTHER INCOME

	2009	2008
	HK$'000	*HK$'000*
Interest income from banks	**831**	6,728
Other interest income	**5,395**	–
Net foreign exchange gains	**28,777**	56,450
Project management fee income from an associate	**–**	7,395
Return on termination of land development	**13,265**	–
Subsidies from the PRC government	**2,015**	7,419
Waiver of other payables	**2,159**	2,826
Others	**13,547**	9,039
	65,989	89,857

5. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**232,149**	173,085
Interest on other loans wholly repayable within five years	**61,001**	79,171
Interest on other loans not wholly repayable within five years	**–**	1,186
Interest on senior notes	**160,374**	117,614
Interest on convertible bonds	**–**	19,754
Imputed interest expenses on long term payables	**18,349**	54,520
	471,873	445,330
Less: Amounts capitalised in properties under development	**(384,496)**	(396,160)
	87,377	49,170

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

6. TAXATION

	2009	2008
	HK$'000	*HK$'000*
		(Restated)
PRC Enterprise Income Tax		
Provision for the year	**90,712**	304,614
Overprovision in prior years	**(8,564)**	(13,499)
PRC Land Appreciation Tax ("LAT")	**201,097**	149,519
Deferred tax		
Current year	**49,643**	17,410
Attributable to change in tax rate	**–**	(151,069)
Total tax charge for the year	**332,888**	306,975

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 and jointly controlled entities 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. In accordance with the relevant tax rules and regulations in the PRC, certain of the Group's subsidiaries enjoy reductions and preferential tax rates.

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.

According to a joint circular of the Ministry of Finance and State Administration of Taxation, Cai Shui (2008) No. 1, dividend distributed out of the profits generated since 1 January 2008 held by the PRC entity shall be subject to PRC Enterprise Income Tax pursuant to Articles 3 and 27 of the Income Tax Law Concerning Foreign Investment Enterprises and Foreign Enterprises and Article 91 of the Detailed Rules for the Implementation of the Income Tax Law for Enterprises with Foreign Investment and Foreign Enterprises. Deferred tax liabilities of HK$31,867,000 on the undistributed earnings of subsidiaries have been charged to the consolidated income statement for the year.

7. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2009	2008
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**11,862**	9,280
Less: Amounts capitalised in properties under development	**(4,181)**	(2,851)
	7,681	6,429
Amortisation of prepaid land lease payments	**2,275**	2,195

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2009	2008
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Profit for the year attributable to equity holders of the Company and earnings for the purposes of basic and diluted earnings per share	**215,008**	116,674

	2009	2008
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,790,582,857**	2,641,182,576
Effect of dilutive potential ordinary shares – share options	**–**	15,270,801
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,790,582,857**	2,656,453,377

The calculation of diluted earnings per share for the year ended 31 March 2009 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 year.

The calculation of diluted earnings per share for the year ended 31 March 2008 did not assume the exercise of the Company's warrants as the exercise price of the warrants was higher than the average market price of the Company's shares for that year.

The calculation of diluted earnings per share for the year ended 31 March 2008 has not taken into account the conversion of the Company's convertible bonds as it would result in an increase in 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 the trade receivables as at the balance sheet date based on contract date, net of allowance for bad and doubtful debts, is as follows:

	2009	2008
	HK$'000	*HK$'000*
		(Restated)
0 – 30 days	**67,429**	18,161
31 – 60 days	**17,557**	7,934
61 – 90 days	**4,308**	19,045
Over 90 days	**121,658**	119,000
	210,952	164,140

10. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date based on invoice date is as follows:

	2009	2008
	HK$'000	*HK$'000*
0 – 30 days	**148,348**	20,643
31 – 60 days	**33,102**	12,749
61 – 90 days	**6,219**	3,624
Over 90 days	**44,664**	55,683
	232,333	92,699

DIVIDEND

In order to maintain a stronger cash position to finance ongoing property development projects, the Directors do not recommend the payment of any dividend for the year ended 31 March 2009 (2008: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Results of Operations

In current year, in light of the introduction of new guideline – Hong Kong (IFRIC) Interpretation ("HK(IFRIC) – Int") 15 *Agreements for the Construction of Real Estate* – issued by the Hong Kong Institute of Certified Public Accountants, the Directors of the Company have reassessed and changed the Company's accounting policy on revenue recognition of sales of properties. In previous years, when a development property is sold in advance of completion, revenue and profit are recognised upon completion of the development at which the relevant completion certificates are issued by the respective government authorities when equitable interest in the property has been vested in the buyers. The Directors of the Company are of the view that revenue recognition on sale of development property upon delivery of properties to the purchasers pursuant to the sales agreement is more appropriate in accordance with HK(IFRIC) – Int 15. This change in accounting policy has been applied retrospectively and the comparative figures have been restated to exclude the revenue and profit which arose from properties not yet delivered as at the end of the comparable periods.

For the financial year ended 31 March 2009, the Group has recorded a revenue of HK$2,956 million, a decrease of about 5% as compared to the HK$3,115 million for last year. The Group derived the revenue mainly from the sale of properties of Phase V of Beijing Silo City, Phase II of Dongguan Riviera Villa, Phase IB of Wuhan Silo City, Phases III and IV of Jiangxi Riviera Garden, Phase IIB of Beijing Sunvilla Realhouse and Phase I of Shanghai Riviera Garden which have been completed and delivered to purchasers in current year.

Profit before taxation for the year was HK$548.7 million, an increase of about 28% as compared to the HK$429.9 million for last year. Profit attributable to equity holders of the Company increased by about 84% to HK$215.0 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				
	2009		2008		
	Revenue	**Contribution to operating results**	Revenue	Contribution to operating results	
	HK$'000	***HK$'000***	*HK$'000* (Restated)	*HK$'000* (Restated)	
Property development	**2,943,218**	**591,641**	3,103,505	595,899	
Property investment	**9,141**	**(61,744)**	6,823	83,961	*(Note)*
Property management	**3,815**	**(109)**	4,652	555	
Total	**2,956,174**	**529,788**	3,114,980	680,415	

Note: Contribution to operating results by the property investment activity included a deficit of HK$63.4 million (2008: surplus of HK$81.2 million) arising from revaluation of investment properties.

The Group derived revenue for the year mainly from operations in the mainland of the People's Republic of China (the "PRC").

Property Development

In the year under review, revenue from sale of properties of HK$2,943 million mainly came from sales of Phase V of Beijing Silo City, Phase II of Dongguan Riviera Villa, Phase I of Shanghai Riviera Garden, Phase IB of Wuhan Silo City, Phases III and IV of Jiangxi Riviera Garden and Phase IIB of Beijing Sunvilla Realhouse, which respectively accounted for about 31%, 15%, 15%, 13%, 12% and 3% of the revenue from property sale. The remaining 11% mainly came from the provision of levelling and clearance services for a parcel of land jointly developed by the Group and the local government in Beijing, the PRC.

At 31 March 2009, the Group has pre-sold HK$3,857 million of properties under development, including HK$870 million for the Northern section of Phase VII of Beijing Silo City and Phase II of Wuhan Silo City which were completed but not yet delivered to the purchasers at the balance sheet date and will be recognised as revenue in coming years upon delivery of the relevant properties to the purchasers.

The Group completed development projects with total gross floor area ("GFA") of approximately 395,100 sq.m. (2008: 795,800 sq.m.) during the year ended 31 March 2009. Of the total GFA completed, about 368,900 sq.m. (2008: 762,700 sq.m.) were attributable to the Group.

Property Investment

Revenue from property rental increased by about 34% to HK$9.1 million from last year's HK$6.8 million. Rental income for the year was mainly derived from the properties in Shanghai Golden Bridge Mansion, Shenyang Dongbei Furniture and Ornaments Plaza, retail shops in Phases I and II of Beijing Silo City and certain office area in Shenzhen Noble Center which was used by the Group as office in prior year.

The property investment segment incurred a loss of HK$61.7 million (2008: profit of HK$84.0 million) which was largely attributable to a revaluation deficit of the investment properties of HK$63.4 million (2008: revaluation surplus of HK$81.2 million) occurred for the year.

Property Management

The Group's property management operations recorded a loss of about HK$0.1 million for the year as compared to last year's profit of HK$0.6 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.

Gross Profit Margin

The gross profit margin for the year was about 29% which was higher than last year's 25% (as restated). The improvement was mainly due to higher level of selling price attained for the properties completed and delivered to purchasers during the year.

(Loss) Gain on Disposal of Property Based Subsidiaries

The loss for the current year mainly arose from the disposal of 100% equity interest in Beijing Shengming Kexueyuan Project. The gain recorded last year came from the disposal of the 80% equity interest in Shenyang Hunnan Residential Development Project. These transactions were made by means of disposal of the equity interests in the relevant project holding companies.

Gain on Partial Disposal of a Property Based Subsidiary

The gain for the current year mainly arose from the disposal of 20% equity interest in Shenyang Hunnan Commercial Project.

Fair Value Gain on Warrants

The Company issued in last year 111,622,500 unlisted warrants conferring rights to subscribe for up to 111,622,500 new ordinary shares of HK$0.10 each in the Company at the exercise price of HK$2.46 per share (subject to adjustments) from the issue date to 8 November 2012. The exercise price was adjusted to HK$1.23 per share during the year in accordance with the terms and conditions of the warrants. The fair value of the warrants is determined, upon issuance, and is carried as a derivative financial liability. The changes in fair value of the warrants are dealt with in the income statement. The fair value gain on warrants arose because of the decrease in the share price of the Company during the year.

Gain on Repurchase of Senior Notes

During the year, the Company repurchased senior notes with par value and amortised cost of US$18 million (equivalent to approximately HK$140.4 million) and US$16.1 million (equivalent to approximately HK$125.7 million) respectively for a total consideration of approximately US$7.0 million (equivalent to approximately HK$54.5 million), resulting in a gain of HK$71.2 million.

Other Income

Other income for the year mainly represented (i) a net foreign exchange gain of HK$28.8 million on translation of the Company's United States dollars denominated debts into the Group's functional currency, Renminbi, which had appreciated against United States dollars during the year; and (ii) an investment return of HK$13.3 million received by the Group on termination of land development in Dujiangyan, the PRC as agreed with the local government.

Marketing, Selling and Administrative Expenses

Marketing and selling costs increased to HK$157.9 million from HK$101.4 million last year as a result of the increase in the Group's selling activities to promote its sales in times of sluggish market.

Administrative expenses increased to HK$168.8 million from HK$152.3 million last year mainly because of the increase in operating activities of the Group.

Other Expenses

Other expenses for the year was HK$39.2 million as compared to last year's HK$45.7 million which consisted of interest compensation of HK$29.8 million for delay in the handover of certain completed properties whereas such compensation for the year has been significantly reduced to an amount of about HK$2.8 million. Current year's other expenses mainly represented provision for other receivables and loss on the termination of property sales contract.

Finance Costs

During the year, the Group incurred finance costs before capitalisation (mainly interest for bank and other borrowings, including senior notes) of HK$471.9 million, representing an increase of about 6% as compared to the HK$445.3 million incurred last year. The increase was mainly due to an overall increase in the average level of bank and other borrowings as compared to last year.

Acquisition of New Project

During the year under review, the Group completed the acquisition of the following project:

Project	Estimated gross floor area	Group's interests	Type of development
Beijing Jian Guo Men Wai Project	44,922 sq.m.	65%	Offices

Corporate Brand

Coastal Greenland, the corporate brand, had been ranked among the top ten most valuable Chinese real estate company brands for the five consecutive years between 2004 and 2008 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, supplemented by bank and other borrowings.

At 31 March 2009, 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$3,087 million (2008: HK$3,365 million). Net debt to total equity ratio, which is expressed as a percentage of net borrowings over total equity of the Group, decreased by about 18% to 85% from 103% last year. The improvement in net debt to total equity ratio was mainly due to the decrease in the net borrowings coupled with an increase in the net assets value of the Group at 31 March 2009.

Profit before interest, taxation, depreciation, amortisation and non-cash items arising from fair value adjustments for derivative component of the convertible bonds and warrants issued by the Company was HK$740.4 million as compared to last year's HK$829.8 million on the same basis. Profit before interest, taxation, depreciation, amortisation and the non-cash items in respect of the convertible bonds and warrants had a coverage of 1.57 times over the interest costs for the financial year of HK$471.9 million (2008: HK$445.3 million), a decrease of 16% from 1.86 times last year.

Borrowings and Charges

At 31 March 2009, the level of bank and other borrowings of the Group and their maturity profile are as follows:

	2009	2008
	HK$'000	*HK$'000*
Bank loans repayable:		
Within one year or on demand	**992,517**	1,069,742
In the second year	**1,184,467**	1,346,092
In the third to fifth years inclusive	**1,274,943**	586,872
	3,451,927	3,002,706
Other borrowings (including senior notes) repayable:		
Within one year or on demand	**468,308**	490,901
In the second year	**145,804**	180,655
In the third to fifth years inclusive	**924,782**	1,035,385
Beyond five years	**–**	685
	1,538,894	1,707,626
	4,990,821	4,710,332

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

	2009	2008
	HK$'000	*HK$'000*
Renminbi	**4,074,388**	3,686,107
United States dollars	**916,433**	1,024,225
	4,990,821	4,710,332

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

(a) Certain of the Group's bank and other loans as at 31 March 2009 were secured by:

(i) certain land and buildings of the Group with an aggregate carrying value of approximately HK$67 million (2008: HK$70 million);

(ii) certain construction-in-progress of the Group with an aggregate carrying value of approximately HK$792 million (2008: HK$694 million);

(iii) certain investment properties of the Group with an aggregate carrying value of approximately HK$60 million (2008: HK$64 million);

(iv) certain leasehold lands of the Group with an aggregate carrying value of approximately HK$95 million (2008: HK$95 million);

(v) certain bank deposits of the Group with an aggregate carrying value of approximately HK$45 million (2008: nil);

(vi) certain properties under development of the Group with an aggregate carrying value of approximately HK$5,544 million (2008: HK$3,897 million);

(vii) certain completed properties for sale of the Group with an aggregate carrying value of approximately HK$1,464 million (2008: HK$1,721 million (restated));

(viii) the 58.65% equity interest in a property based subsidiary; and

(ix) corporate guarantees from the Company and certain of its subsidiaries.

(b) The senior notes (included in other borrowings) as at 31 March 2009 were secured by certain bank deposits of the Group amounting to approximately HK$70 million (2008: HK$70 million) and share charges over the entire issued share 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 dollars and United States dollars 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 the senior notes which are denominated in United States dollars, most of the Group's liabilities are also 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 2009, the Group had given guarantees to the extent of approximately HK$2,131 million (2008: HK$1,515 million) to banks in respect of mortgage loan facilities granted to the property purchasers. The Group had also given guarantees amounting to approximately HK$283 million (2008: HK$268 million) to banks in connection with banking facilities granted to associates.

EMPLOYEES AND REMUNERATION POLICY

The Group employs a total of about 2,010 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

The inclined aggressive financial policy adopted by the PRC government as well as its moderate relaxed monetary policy has benefited the recovery of the property market since the first quarter of 2009. The Group believes that the consolidation of property sector in 2008, augmented by the effective implementation of government's recent stimulating economic measures will enhance the healthy development of the property sector in the long run.

In the coming year, the Group is setting the milestone of its twentieth anniversary. Throughout the years, the Group has vouched to maintaining a stable and perpetual business operation and has overcome a number of market downturns. The Group will continue to focus on the development of its geographically well-diversified quality property portfolio, optimise its land reserve and strengthen its product competitiveness. The Group will also leverage on its well-recognised corporate brand for boosting its sales.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to high standards of corporate governance. The Company has complied throughout the year ended 31 March 2009 with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

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 of the Company, the Directors confirmed that they have complied with the required standard as set out in the Model Code during the year ended 31 March 2009.

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 securities listed in Hong Kong during the year.

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 control and financial reporting matters including the review of the Group's consolidated financial statements for the year ended 31 March 2009.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

The annual report of the Company for the year ended 31 March 2009 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
Chan Boon Teong
Chairman

Hong Kong, 23 July 2009

As at the date of this announcement, the board of Directors comprises Mr. Chan Boon Teong, Mr. Jiang Ming, Mr. Tao Lin, Mr. Cheng Wing Bor, Mr. Lin Chen Hsin, Mr. Wu Xin and Mr. Cai Shaobin as executive Directors, Mr. Zheng Hong Qing, Mr. Hu Aimin and Mr. Zhang Yijun as non-executive Directors and Mr. Tang Lap Yan, Mr. Law Kin Ho and Mr. Wong Kai Cheong as independent non-executive Directors.