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 2012

HIGHLIGHTS:

1. Revenue for the year amounted to about HK$7,178 million, an increase of about 91% from last year.

2. Gross profit margin for the year was about 33% which marked an improvement from last year's 28%.

3. Profit before taxation was about HK$1,546 million, an increase of about 105% from last year.

4. Profit for the year attributable to owners of the Company was about HK$593 million, an increase of about 300% from last year.

5. Total comprehensive income attributable to owners of the Company was about HK$780 million, an increase of about 147% 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 2012, together with comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Revenue	3	**7,177,603**	3,753,191
Cost of sales		**(4,835,907)**	(2,683,903)
Gross profit		**2,341,696**	1,069,288
(Decrease) increase in fair value of investment properties		**(56,291)**	55,685
Fair value gain on warrants		**960**	17,703
Other income and gains	4	**357,267**	372,243
Marketing and selling expenses		**(106,380)**	(116,000)
Administrative expenses		**(246,856)**	(184,820)
Other expenses		**(245,260)**	(193,534)
Impairment loss on goodwill		**(90,205)**	–
Finance costs	5	**(394,677)**	(273,107)
Share of (loss) profit of associates		**(14,330)**	7,939
Profit before taxation		**1,545,924**	755,397
Taxation	6	**(960,464)**	(586,650)
Profit for the year	7	**585,460**	168,747
Other comprehensive income (expense)			
Exchange differences arising on translation to presentation currency		**173,737**	152,723
Surplus on revaluation of buildings		**21,056**	26,474
Deferred tax liability arising on revaluation of buildings		**(4,178)**	(6,397)
Other comprehensive income for the year		**190,615**	172,800
Total comprehensive income for the year		**776,075**	341,547
Profit (loss) for the year attributable to:			
Owners of the Company		**593,431**	148,539
Non-controlling interests		**(7,971)**	20,208
		585,460	168,747
Total comprehensive income (expense) attributable to:			
Owners of the Company		**780,330**	316,197
Non-controlling interests		**(4,255)**	25,350
		776,075	341,547
		HK cents	*HK cents*
Earnings per share	8		
Basic and diluted		**21.27**	5.32

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,005,929**	982,946
Investment properties		**1,645,526**	1,760,155
Prepaid land lease payments		**55,832**	55,084
Goodwill		**–**	86,771
Interests in associates		**419,887**	349,266
Available-for-sale investments		**2,960**	2,960
Pledged bank deposits		**–**	61,940
Total non-current assets		**3,130,134**	3,299,122
CURRENT ASSETS			
Properties under development		**6,059,972**	9,008,028
Completed properties for sale		**2,668,152**	1,423,624
Trade receivables	*9*	**265,619**	44,358
Prepayments, deposits and other receivables		**1,366,384**	1,853,299
Amounts due from associates		**113,324**	37,726
Prepaid tax		**5,913**	167,206
Pledged bank deposits		**601,447**	543,668
Cash and bank balances		**1,913,030**	1,897,256
		12,993,841	14,975,165
Assets classified as held for sale		**51,042**	60,072
Total current assets		**13,044,883**	15,035,237
CURRENT LIABILITIES			
Trade payables	*10*	**500,585**	317,928
Deposits received from pre-sales of properties		**864,298**	4,973,372
Other payables and accruals		**1,652,001**	1,471,314
Amount due to a substantial shareholder of the Company		**11,594**	12,156
Amounts due to associates		**67,085**	–
Tax payable		**1,545,788**	1,488,774
Interest-bearing bank and other borrowings		**5,036,936**	1,531,547
Derivative financial liability – warrants		**–**	960
Total current liabilities		**9,678,287**	9,796,051
NET CURRENT ASSETS		**3,366,596**	5,239,186
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,496,730**	8,538,308

	2012	2011
	HK$'000	*HK$'000*
CAPITAL AND RESERVES		
Share capital	**279,058**	279,058
Reserves	**4,210,292**	3,424,575
Equity attributable to owners of the Company	**4,489,350**	3,703,633
Non-controlling interests	**70,788**	75,043
Total equity	**4,560,138**	3,778,676
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**1,310,092**	4,215,043
Long term payable	**–**	59,365
Deferred tax liabilities	**626,500**	485,224
Total non-current liabilities	**1,936,592**	4,759,632
	6,496,730	8,538,308

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 HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

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 and interpretations issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle[1]
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[2]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013.
[2] Effective for annual periods beginning on or after 1 July 2011.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 January 2012.
[5] Effective for annual periods beginning on or after 1 July 2012.
[6] Effective for annual periods beginning on or after 1 January 2014.

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

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK (SIC)-Int 12 "Consolidation – Special Purpose Entities". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013. The application of these standards will have no material impact on the Group's financial performance and position.

HKFRS 13 "Fair Value Measurement"

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it 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 in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial Instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the new standard will result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income"

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income 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 to HKAS 1 will be adopted in the Group's consolidated financial statements for annual period beginning 1 April 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Amendments to HKAS 12 "Deferred Tax – Recovery of Underlying Assets"

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 will be adopted in the Group's consolidated financial statements for annual periods beginning 1 April 2012. The directors anticipate that the application of the amendments to HKAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale. The Group is in the process of assessing and quantifying the potential financial impact on deferred tax recognised for investment properties that are measured using the fair value method.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the results and financial position of the Group.

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. Summary 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 People's Republic of China (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; and

(c) the property management segment engages in the management of properties in the PRC.

There were no intersegment sales and transfers for both years.

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 segment:

	Property development		Property investment		Property management		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**7,162,960**	3,735,288	**8,555**	10,126	**6,088**	7,777	**7,177,603**	3,753,191
Segment results	**2,054,208**	1,022,901	**(57,493)**	61,478	**1,907**	2,824	**1,998,622**	1,087,203
Net unallocated expenses							**(53,932)**	(64,206)
Income from hotel operation							**89,900**	57,901
Expenses of hotel operation							**(134,879)**	(120,988)
Net foreign exchange gains							**48,194**	31,284
Fair value gain on warrants							**960**	17,703
Interest income							**6,066**	11,668
Finance costs							**(394,677)**	(273,107)
Share of (loss) profit of associates							**(14,330)**	7,939
Profit before taxation							**1,545,924**	755,397

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, change in fair value of warrants, interest income, finance costs, share of results of associates. 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

	2012	2011
	HK$'000	*HK$'000*
Interest income from banks	**6,066**	11,668
Gain on disposal of property, plant and equipment	**962**	–
Income from hotel operation	**89,900**	57,901
Net foreign exchange gains	**48,194**	31,284
Net project management service income from associates	**2,694**	9,997
Gain on reclamation of land use rights by local government	**–**	200,834
Gain on disposal of property-based subsidiaries	**131,007**	27,650
Gain on repurchase of senior notes	**1,110**	–
Subsidies from the local government	**15,895**	493
Others	**61,439**	32,416
	357,267	372,243

5. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**140,681**	188,081
Interest on bank loans not wholly repayable within five years	**52,297**	43,047
Interest on other loans wholly repayable within five years	**244,960**	109,241
Interest on senior notes	**155,995**	151,292
Interest on long term payable	**–**	8,743
	593,933	500,404
Less: Amounts capitalised in properties under development	**(199,256)**	(227,297)
	394,677	273,107

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

6. TAXATION

	2012	2011
	HK$'000	*HK$'000*
PRC Enterprise Income Tax		
Provision for the year	**323,381**	396,800
Under(over) provision in prior years	**1,889**	(3,129)
PRC Land Appreciation Tax ("LAT")	**528,137**	370,780
Deferred tax	**107,057**	(177,801)
Total tax charge for the year	**960,464**	586,650

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. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2012	2011
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**61,501**	57,837
Less: Amounts capitalised in properties under development	**(2,991)**	(2,411)
	58,510	55,426
Amortisation of prepaid land lease payments	**1,381**	1,312

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$593,431,000 (2011: HK$148,539,000) and the number of 2,790,582,857 (2011: 2,790,582,857) ordinary shares in issue.

The calculation of diluted earnings per share for the years ended 31 March 2012 and 31 March 2011 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 both years.

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 contract date, net of allowance for bad and doubtful debts, is as follows:

	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**14,584**	3,694
31 – 60 days	**618**	1,015
61 – 90 days	**11,208**	1,022
Over 90 days	**239,209**	38,627
	265,619	44,358

10. TRADE PAYABLES

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

	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**277,717**	152,126
31 – 60 days	**21,445**	37,277
61 – 90 days	**12,425**	55,355
Over 90 days	**188,998**	73,170
	500,585	317,928

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 March 2012 (2011: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the financial year ended 31 March 2012, the Group has recorded a revenue of HK$7,178 million, an increase of about 91% as compared to the HK$3,753 million for last year. The Group derived the revenue mainly from the sale of properties of Phase I of Dalian Coastal International Centre, Western section of Phase IV of Beijing Silo City, Phase I of Dalian Jianzhu Project, Phase III section A of Wuhan Silo City and Phase III of Beijing Sunvilla Realhouse which have been completed and delivered to purchasers in the current year.

Profit before taxation for the year was HK$1,545.9 million, an increase of about 105% as compared to the HK$755.4 million for last year. Profit for the year attributable to owners of the Company increased by about 300% to HK$593.4 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			
	2012		2011	
	Revenue	**Contribution to operating results**	Revenue	Contribution to operating results
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Property development	**7,162,960**	**2,054,208**	3,735,288	1,022,901
Property investment *(Note)*	**8,555**	**(57,493)**	10,126	61,478
Property management	**6,088**	**1,907**	7,777	2,824
Total	**7,177,603**	**1,998,622**	3,753,191	1,087,203

Note: Contribution to operating results by the property investment activity included a deficit of HK$56.3 million (2011: surplus of HK$55.7 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$7,163 million, representing an increase of about 92% from last year's HK$3,735 million, which corresponds to an increase by 80% in the total GFA delivered by the Group to 536,000 sq.m. (2011: 298,600 sq.m.). The property sales revenue for the year mainly came from the completion and delivery of Phase I of Dalian Coastal International Centre, Western section of Phase IV of Beijing Silo City, Phase I of Dalian Jianzhu Project, Phase III section A of Wuhan Silo City and Phase III of Beijing Sunvilla Realhouse which respectively represented about 42%, 13%, 8%, 7% and 7% of the total property sales revenue. The remaining 23% was derived from sale of remaining inventory in the prior phases of the Group's completed development projects namely Beijing Silo City, Shanghai Riviera Garden, Wuhan Silo City, Anshan Wisdom New City and Dongguan Riviera Villa which respectively accounted for about 6%, 6%, 4% 4% and 3% of the property sales revenue.

For the year ended 31 March 2012, the Group recorded contracted sales of HK$3,024 million (2011: HK$4,619 million), which corresponds to a total GFA of about 263,000 sq.m. (2011: 313,000 sq.m.).

As at 31 March 2012, the Group has generated total sales revenue of about HK$1,020 million from pre-sale of its properties under development with a total GFA of about 130,000 sq.m., contributing mainly from Shenyang Hunnan Project, Phase IV of Dongguan Riviera Villa and Phase III of Anshan Wisdom New City which are expected to be completed and delivered in the next financial year.

During the year ended 31 March 2012, the Group completed development projects, namely Phase I of Dalian Coastal International Centre, Phase III section A and Phase IV section A of Wuhan Silo City, Phase I of Dalian Jianzhu Project, Western section of Phase IV of Beijing Silo City, Phase III of Beijing Sunvilla Realhouse, Phase III section B of Dongguan Riviera Villa and Phase II of Anshan Wisdom New City with a total GFA of approximately 653,030 sq.m. (2011: 329,800 sq.m.).

Property Investment

Revenue from property rental decreased by about 16% to HK$8.6 million from last year's HK$10.1 million. Rental income for the period was mainly derived from the properties in Suzhou Coastal International Centre and retail shops in Beijing Silo City. The decrease was mainly due to the disposal of certain retail shops in Beijing Silo City during the year.

The contribution from property investment segment for the year has turned into a loss of HK$57.5 million comparing to a profit of HK$61.5 million for last year as there was a revaluation deficit of investment properties of HK$56.3 million recorded for the year whereas a revaluation surplus of HK$55.7 million was recorded for last year.

Property Management

The Group's property management operations recorded a profit of about HK$1.9 million for the year as compared to last year's profit of HK$2.8 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 33% which marked an improvement from last year's 28%. The improvement was mainly due to a higher level of selling price attained in general for the properties completed and delivered to the purchasers during the year.

Fair Value Gain on Warrants

At 31 March 2012, the Company had outstanding 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 adjusted exercise price of HK$1.23 per share at any time on or before 8 November 2012. These warrants are classified as derivative financial liabilities which are measured at fair value with movement recognised in profit or loss. The fair value gain on warrants arose as a result of the decrease in the share price of the Company during the year.

Other Income

Other income for the year was HK$357.3 million which mainly represented the gain on disposal of a property-based subsidiary of HK$131.0 million (2011: HK$27.7 million), the income of HK$89.9 million (2011: 57.9 million) from hotel operation of Marriott hotel at Suzhou Coastal International Centre, and the net foreign exchange gain of HK$48.2 million (2011: HK$31.3 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 the current year's other income were also the interest income from banks of HK$6.1 million (2011: HK$11.7 million), the net project management fee income of HK$2.7 million (2011: HK$10.0 million) from associates, and subsidies from the PRC government of HK$16.0 million (2011: HK$0.5 million).

Marketing, Selling and Administrative Expenses

Marketing and selling costs decreased by about 8% to HK$106.4 million from last year's HK$116.0 million in line with the decrease in Group's contracted sales as compared to last year.

Administrative expenses increased by 34% to HK$246.9 million from last year's HK$184.8 million mainly due to increase in staff costs as a result of increase in headcount and annual salary adjustment and increase in other tax expenses. 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$245.3 million as compared to last year's HK$193.5 million. Other expenses mainly represented the depreciation provided for and hotel operation expenses of Marriott hotel in Suzhou amounting to HK$134.9 million (2011: HK$121.0 million), interest compensations of about HK$22.5 million (2011: HK$50.9 million) for a delay in the handover of certain completed properties to the purchasers and provision for legal claims of HK$69.5 million (2011: nil).

Impairment loss on goodwill

During the year, the Group has fully impaired the amount of goodwill of HK$90.2 million (2011: nil) as the properties developed by the cash generating unit in property segment to which the goodwill had been allocated were substantially sold at 31 March 2012.

Finance Costs

During the year, the Group incurred finance costs before capitalisation (mainly interest for bank and other borrowings, including senior notes) of HK$593.9 million, representing an increase of about 19% as compared to the HK$500.4 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$394.7 million as compared to last year's HK$273.1 million. The increase was mainly due to the fact that lesser amount of interest expenses was capitalised during the year as certain interest expenses on borrowings used for financing the deposits for acquisition of land use rights were not qualified for capitalisation.

Corporate Brand

Coastal Greenland, the corporate brand, had been ranked among the top ten most valuable Chinese real estate company brands for the eight consecutive years between 2004 and 2011 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 2012, the Group's cash and bank deposits amounted to approximately HK$2,514 million (2011: HK$2,503 million). An analysis by currency denomination of the cash and bank deposits is as follows:

	2012	2011
	HK$'000	*HK$'000*
Renminbi	**2,384,061**	2,384,440
Hong Kong dollar	**1,051**	1,407
United States dollar	**129,365**	117,017
	2,514,477	2,502,864

At 31 March 2012, 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$3,833 million (2011: HK$3,244 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 1% to 85% from 86% last year.

Profit before interest, taxation, depreciation, amortisation and non-cash items arising from fair value adjustment for warrants issued by the Company and impairment loss on goodwill was about HK$2,350 million comparing to last year's HK$1,299.0 million on the same basis. Profit before interest, taxation, depreciation, amortisation and the non-cash items in respect of warrants and impairment loss on goodwill had a coverage of 3.96 times (2011: 2.60 times) over the interest costs for the financial year of HK$593.9 million (2011: HK$500.4 million).

Borrowings and Charges

At 31 March 2012, the level of bank and other borrowings of the Group and their maturity profile are as follows:

	2012 *HK$'000*	2011 *HK$'000*
Bank loans repayable:		
Within one year	**2,499,008**	1,229,230
In the second year	**74,017**	1,716,830
In the third to fifth years inclusive	**302,502**	277,293
Beyond five years	**415,458**	393,529
Bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause	**26,400**	28,600
	3,317,385	3,645,482
Other borrowings (including senior notes) repayable:		
Within one year	**2,511,528**	273,717
In the second year	**518,115**	1,827,277
In the third to fifth years inclusive	**–**	114
	3,029,643	2,101,108
	6,347,028	5,746,590

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

	2012 *HK$'000*	2011 *HK$'000*
Renminbi	**4,514,637**	3,922,111
Hong Kong dollar	**28,600**	30,800
United States dollar	**1,803,791**	1,793,679
	6,347,028	5,746,590

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 2012 were secured by:

   (i) certain land and buildings of the Group with an aggregate carrying value of approximately HK$86 million (2011: HK$144 million);

   (ii) certain land and hotel property of the Group with an aggregate carrying value of approximately HK$437 million (2011: HK$419 million);

   (iii) certain investment properties of the Group with an aggregate carrying value of approximately HK$849 million (2011: HK$1,055 million);

   (iv) prepaid land lease payments of the Group with an aggregate carrying value of nil (2011: HK$56 million);

   (v) certain bank deposits of the Group with an aggregate carrying value of approximately HK$380 million (2011: HK$401 million);

   (vi) certain properties under development of the Group with an aggregate carrying value of approximately HK$3,422 million (2011: HK$5,639 million);

   (vii) certain completed properties for sale of the Group with an aggregate carrying value of approximately HK$202 million (2011: HK$203 million);

   (viii) the Group's 90% and 100% equity interests respectively in two property-based subsidiaries; and

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

(b) The senior notes (included in other borrowings) as at 31 March 2012 were secured by certain bank deposits of the Group amounting to approximately HK$62 million (2011: HK$62 million) and share charges over the entire issued share capital of certain wholly-owned subsidiaries of the Group.

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 the senior notes and certain bank 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 2012, the Group had given guarantees to the extent of approximately HK$4,001 million (2011: HK$4,419 million) to banks in respect of mortgage loan facilities granted to the property purchasers. The Group had also given guarantees amounting to approximately HK$123 million (2011: HK$59 million) to banks in connection with banking facility granted to an associate.

EMPLOYEES AND REMUNERATION POLICY

The Group employs a total of about 2,500 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 2011, the central government has implemented a series of austerity measures such as home purchase restriction, price control and tightened monetary policy, resulting in a slowdown in the volume of transactions in the market and a downward adjustment in housing price in general.

The Group expects that the central government will not in near future relieve the present regulatory measures imposed but we do not expect any new austerity measures either. Developers will continue to expose to the existing austerity control pressure from the central government. Although facing an uncertain international external environment for the short term, the Group is positive about the long term prospects of the PRC property market, with the optimistic outlook of Renminbi appreciation, continual development of urbanization and increasing household income level. The Group will closely monitor its business strategy with respect to the changes in the economic and regulatory environment and the property market sentiment in the PRC.

The Group will continue to focus on the development of its geographically well diversified quality property portfolio, optimise its land reserve and strengthen its product competitiveness. The Group will also leverage on its well-recognised corporate brand and its long experience in the PRC property market. Besides, under the tight credit environment, the Group will actively seek funding alternatives so as to broaden its financial resources and support the sustainable development of the Group.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to the maintenance of good corporate governance practices and procedures. The Company has complied throughout the year ended 31 March 2012 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, the Directors confirmed that they have complied with the requirements as set out in the Model Code during the year ended 31 March 2012.

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 2012.

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 2012.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The annual report of the Company for the year ended 31 March 2012 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, 29 June 2012

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

* *For identification purpose only*