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## **ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021**

### **FINANCIAL HIGHLIGHTS:**

- Revenue for the year amounted to about HK\$129.6 million, an increase of about 319% from last year.
- Loss for the year attributable to owners of the Company was about HK\$281.0 million, a mitigation of 17% from last year.
- As at 31 March 2021, net debt to total equity ratio was 55%, maintaining at a manageable level.

The board (the “Board”) of directors (the “Director(s)”) of Coastal Greenland Limited (the “Company”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2021 (the “Year” or “FY2021”), together with comparative audited figures for the year ended 31 March 2020. The following financial information is extracted from the audited consolidated financial statements as contained in the Group’s 2020/21 annual report which is to be published by the Group.

\* For identification purpose only

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 March 2021*

|   | <i>Notes</i> | <b>2021</b><br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| Revenue   | 4            | <b>129,588</b>                 | 30,964                  |
| Cost of sales   |              | <u><b>(96,178)</b></u>         | <u>(27,846)</u>         |
| Gross profit  |              | <b>33,410</b>                  | 3,118                   |
| Other income and gains  | 5            | <b>163,181</b>                 | 144,546                 |
| Marketing and selling expenses                                |              | <b>(2,815)</b>                 | (2,461)                 |
| Administrative expenses                                       |              | <b>(120,487)</b>               | (158,930)               |
| Other expenses  |              | <b>(200,136)</b>               | (253,374)               |
| Finance costs   | 6            | <b>(143,155)</b>               | (166,909)               |
| Share of loss of a joint venture                              |              | <u><b>(16,495)</b></u>         | <u>(2,307)</u>          |
| Loss before taxation  |              | <b>(286,497)</b>               | (436,317)               |
| Taxation  | 7            | <u><b>1,340</b></u>            | <u>66,752</u>           |
| <b>Loss for the year</b>                                      | 8            | <b>(285,157)</b>               | (369,565)               |
| <b>Other comprehensive income</b>                             |              |                                |                         |
| <i>Items that will not be reclassified to profit or loss:</i> |              |                                |                         |
| Exchange differences arising                                  |              |                                |                         |
| on translation to presentation currency                       |              | <b>297,566</b>                 | (343,419)               |
| (Deficit) surplus on revaluation of buildings                 |              | <b>(13,237)</b>                | 40,302                  |
| Deferred tax credit (charge) arising                          |              |                                |                         |
| on revaluation of buildings                                   |              | <b>3,299</b>                   | (10,075)                |
| Deferred tax credit arising on disposal of                    |              |                                |                         |
| property, plant and equipment                                 |              | <b>2,864</b>                   | 1,153                   |
| Fair value changes of financial assets at                     |              |                                |                         |
| fair value through other comprehensive                        |              |                                |                         |
| income ("FVTOCI")   |              | <u>–</u>                       | <u>11,163</u>           |
| <b>Other comprehensive income for the year</b>                |              | <u><b>290,492</b></u>          | <u>(300,876)</u>        |
| <b>Total comprehensive income for the year</b>                |              | <u><b>5,335</b></u>            | <u>(670,441)</u>        |

|   | <i>Note</i> | <b>2021</b><br><b><i>HK\$'000</i></b> | 2020<br><i>HK\$'000</i> |
|---|-------------|---------------------------------------|-------------------------|
| Loss for the year attributable to:                              |             |                                       |                         |
| Owners of the Company   |             | <b>(281,028)</b>                      | (336,784)               |
| Non-controlling interests                                       |             | <u><b>(4,129)</b></u>                 | <u>(32,781)</u>         |
|   |             | <u><b>(285,157)</b></u>               | <u>(369,565)</u>        |
| <br>Total comprehensive income for the year<br>attributable to: |             |                                       |                         |
| Owners of the Company   |             | <b>(140)</b>                          | (628,447)               |
| Non-controlling interests                                       |             | <u><b>5,475</b></u>                   | <u>(41,994)</u>         |
|   |             | <u><b>5,335</b></u>                   | <u>(670,441)</u>        |
|   |             | <b><i>HK cents</i></b>                | <i>HK cents</i>         |
| <br><b>Loss per share</b>                                       |             |                                       |                         |
| Basic and diluted   | <i>10</i>   | <u><b>(6.78)</b></u>                  | <u>(8.12)</u>           |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March 2021*

|   | <i>Notes</i> | <b>2021</b>            | 2020            |
|---|--------------|------------------------|-----------------|
|   |              | <b><i>HK\$'000</i></b> | <i>HK\$'000</i> |
| <b>NON-CURRENT ASSETS</b>                                 |              |                        |                 |
| Property, plant and equipment                             |              | <b>257,260</b>         | 290,633         |
| Investment properties                                     |              | <b>77,718</b>          | 71,890          |
| Right-of-use assets                                       |              | <b>15,390</b>          | 18,197          |
| Interest in a joint venture                               |              | <b>145,900</b>         | 150,747         |
| Amount due from a joint venture                           |              | <b>118,318</b>         | 109,445         |
| Financial assets at FVTOCI                                |              | <b>81,996</b>          | 66,871          |
|   |              | <hr/>                  | <hr/>           |
| Total non-current assets                                  |              | <b>696,582</b>         | 707,783         |
| <b>CURRENT ASSETS</b>                                     |              |                        |                 |
| Properties under development                              |              | <b>1,339,330</b>       | 1,523,550       |
| Completed properties for sale                             |              | <b>317,542</b>         | 154,189         |
| Prepayments, deposits and other receivables               | <i>11</i>    | <b>6,929,097</b>       | 5,769,142       |
| Amounts due from an associate and a joint venture         |              | <b>242,364</b>         | 228,011         |
| Financial assets at fair value through profit or loss     |              | <b>5,916</b>           | 4,378           |
| Pledged bank deposits                                     |              | <b>262,045</b>         | 755,646         |
| Cash and bank balances                                    |              | <b>176,285</b>         | 83,359          |
|   |              | <hr/>                  | <hr/>           |
| Total current assets                                      |              | <b>9,272,579</b>       | 8,518,275       |
| <b>CURRENT LIABILITIES</b>                                |              |                        |                 |
| Trade payables  | <i>12</i>    | <b>87,925</b>          | 79,866          |
| Contract liabilities                                      |              | <b>171,992</b>         | 224,834         |
| Other payables and accruals                               |              | <b>1,931,620</b>       | 2,139,705       |
| Amount due to a substantial shareholder<br>of the Company |              | <b>220,876</b>         | 143,727         |
| Lease liabilities   |              | <b>2,151</b>           | 2,552           |
| Tax payable   |              | <b>173,212</b>         | 159,372         |
| Interest-bearing bank and other borrowings                |              | <b>1,972,859</b>       | 340,799         |
|   |              | <hr/>                  | <hr/>           |
| Total current liabilities                                 |              | <b>4,560,635</b>       | 3,090,855       |

|  | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| <b>NET CURRENT ASSETS</b>                        | <u>4,711,944</u>        | <u>5,427,420</u>        |
| <b>TOTAL ASSETS LESS CURRENT<br/>LIABILITIES</b> | <u>5,408,526</u>        | <u>6,135,203</u>        |
| <b>NON-CURRENT LIABILITIES</b>                   |                         |                         |
| Interest-bearing bank and other borrowings       | 922,880                 | 1,647,149               |
| Lease liabilities                                | 425                     | 2,923                   |
| Deferred tax liabilities                         | <u>49,207</u>           | <u>56,017</u>           |
| Total non-current liabilities                    | <u>972,512</u>          | <u>1,706,089</u>        |
| <b>NET ASSETS</b>                                | <u><b>4,436,014</b></u> | <u><b>4,429,114</b></u> |
| <b>CAPITAL AND RESERVES</b>                      |                         |                         |
| Share capital                                    | 414,602                 | 414,602                 |
| Reserves   | <u>3,948,641</u>        | <u>3,948,781</u>        |
| Equity attributable to owners of the Company     | 4,363,243               | 4,363,383               |
| Non-controlling interests                        | <u>72,771</u>           | <u>65,731</u>           |
| Total equity                                     | <u><b>4,436,014</b></u> | <u><b>4,429,114</b></u> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2021*

## 1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations 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.

The consolidated financial statements have been prepared under the historical cost basis except for certain property, plant and equipment, investment properties and financial assets which are stated at revalued amounts or fair values, as appropriate.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) which is different from functional currency of the Company, Renminbi (“RMB”), as the Directors consider that HK\$ is the appropriate presentation currency in view of its place of listing.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current year, the Group has applied for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are relevant for the preparation of the Group’s consolidated financial statements:

|   |  |
|---|--|
| Amendments to HKAS 1<br>and HKAS 8            | Definition of Material   |
| Amendments to HKFRS 3                         | Definition of a Business   |
| Amendments to HKFRS 7,<br>HKFRS 9 and HKAS 39 | Interest Rate Benchmark Reform   |
| Amendment to HKFRS 16                         | Covid-19-Related Rent Concessions (early adopted)                        |
| Amendment to HKFRS 16                         | Covid-19-Related Rent Concessions beyond 30 June 2021<br>(early adopted) |

The application of the above amendments to HKFRSs that are effective from 1 April 2021 did not have any significant impact on the Group’s account policies. The Group has not early applied any amended HKFRSs that is not yet effective for the current accounting period except for the amendments to HKFRS 16, Covid-19-Related Rent Concessions. Impact on the applications of amended HKFRS 16 are summarised below.

### **Amendments to HKFRS 16 – Covid-19-Related Rent Concession (early adopted)**

The amendments provide a practical expedient to lessees in accounting for rent concessions arising as a result of the covid-19 pandemic, by including an additional practical expedient in HKFRS 16 that permits entities to elect not to account for rent concessions as modifications. The Group has no rent concessions noted for the year, it resulted in no impact of its financial statements due to the early application of this amendments.

### **Amendment to HKFRS 16, Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)**

The amendment extends the practical expedient available to lessees in accounting for Covid-19-related rent concessions by one year. The reduction in lease payments could only affect payments originally due on or before 30 June 2021 is extended to 30 June 2022. The amendment is effective for annual reporting periods beginning on or after 1 April 2021, with earlier application permitted. The Group has no rent concessions noted, it resulted in no impact of its financial statements due to the early application of this amendments.

## **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, being the chief operating decision maker (the "CODM") in order to allocate resources to segments and to assess their performance. No operating segment identified by the CODM has been aggregated in arriving at the reportable segments of the Group. Summary details of the Group's reportable and operating segments are as follows:

- the property development segment engages in the development of properties for sale in the People's Republic of China (the "PRC");
- the property investment segment invests in commercial and residential properties located in the PRC for their rental income potential and/or for capital appreciation;
- the project management services segment engages in the provision of project management services in the PRC; and
- 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 |                  | Project management services |                  | Project investment services |                  | Consolidated     |                  |
|------------------------------------|----------------------|------------------|---------------------|------------------|-----------------------------|------------------|-----------------------------|------------------|------------------|------------------|
|                                    | 2021<br>HK\$'000     | 2020<br>HK\$'000 | 2021<br>HK\$'000    | 2020<br>HK\$'000 | 2021<br>HK\$'000            | 2020<br>HK\$'000 | 2021<br>HK\$'000            | 2020<br>HK\$'000 | 2021<br>HK\$'000 | 2020<br>HK\$'000 |
| <b>Segment revenue:</b>            |                      |                  |                     |                  |                             |                  |                             |                  |                  |                  |
| Sales to external customers        | 124,669              | 29,601           | 4,919               | 910              | -                           | 453              | -                           | -                | 129,588          | 30,964           |
| <b>Disaggregation of revenue:</b>  |                      |                  |                     |                  |                             |                  |                             |                  |                  |                  |
| Primary geographical markets       |                      |                  |                     |                  |                             |                  |                             |                  |                  |                  |
| Anshan                             | 88,427               | 4,577            | -                   | -                | -                           | -                | -                           | -                | 88,427           | 4,577            |
| Dalian                             | 3,653                | 25,024           | -                   | -                | -                           | -                | -                           | -                | 3,653            | 25,024           |
| Shanghai                           | 32,589               | -                | 102                 | 247              | -                           | 275              | -                           | -                | 32,691           | 522              |
| Shenzhen                           | -                    | -                | 4,400               | 649              | -                           | -                | -                           | -                | 4,400            | 649              |
| Others                             | -                    | -                | 417                 | 14               | -                           | 178              | -                           | -                | 417              | 192              |
| <b>Total</b>                       | <b>124,669</b>       | <b>29,601</b>    | <b>4,919</b>        | <b>910</b>       | <b>-</b>                    | <b>453</b>       | <b>-</b>                    | <b>-</b>         | <b>129,588</b>   | <b>30,964</b>    |
| <b>Time of revenue recognition</b> |                      |                  |                     |                  |                             |                  |                             |                  |                  |                  |
| At a point in time                 | 124,669              | 29,601           | -                   | -                | -                           | -                | -                           | -                | 124,669          | 29,601           |
| Transferred over time              | -                    | -                | 4,919               | 910              | -                           | 453              | -                           | -                | 4,919            | 1,363            |
| <b>Total</b>                       | <b>124,669</b>       | <b>29,601</b>    | <b>4,919</b>        | <b>910</b>       | <b>-</b>                    | <b>453</b>       | <b>-</b>                    | <b>-</b>         | <b>129,588</b>   | <b>30,964</b>    |
| <b>Segment results:</b>            |                      |                  |                     |                  |                             |                  |                             |                  |                  |                  |
| Segment (loss) profit              | (184,930)            | (378,025)        | 7,284               | (1,223)          | (3,515)                     | (2,970)          | -                           | -                | (181,161)        | (382,218)        |
| Finance costs                      |                      |                  |                     |                  |                             |                  |                             |                  |                  |                  |
| Interest income                    |                      |                  |                     |                  |                             |                  |                             |                  | (143,155)        | (166,909)        |
| Interest expense recharged         |                      |                  |                     |                  |                             |                  |                             |                  | 12,819           | 13,081           |
| Net foreign exchange gain (loss)   |                      |                  |                     |                  |                             |                  |                             |                  | 117,770          | 128,686          |
| Share of loss of a joint venture   |                      |                  |                     |                  |                             |                  |                             |                  | 780              | (49)             |
| Other net unallocated expenses     |                      |                  |                     |                  |                             |                  |                             |                  | (16,495)         | (2,307)          |
|                                    |                      |                  |                     |                  |                             |                  |                             |                  | (77,055)         | (26,601)         |
| Loss before taxation               |                      |                  |                     |                  |                             |                  |                             |                  | (286,497)        | (436,317)        |

Segment results represent the loss before taxation made by each reportable segment without allocation of income and expenses of the Group's head office, finance costs, interest income, interest expense recharged, net foreign exchange differences and share of results of associates and joint ventures. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

## Segment assets and liabilities

The 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. REVENUE

An analysis of the Group's revenue for the year is as follows:

|  | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| <b>Revenue from contracts with customers</b> |                         |                         |
| Sale of properties                           | 124,669                 | 29,601                  |
| Project management services income           | –                       | 453                     |
| <b>Revenue from other sources</b>            |                         |                         |
| Rental income                                | <u>4,919</u>            | <u>910</u>              |
|  | <b><u>129,588</u></b>   | <b><u>30,964</u></b>    |

### 5. OTHER INCOME AND GAINS

|  | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Bank interest income   | 9,512                   | 12,239                  |
| Gain on disposal of property, plant and equipment  | 2,749                   | 1,234                   |
| Gain on lease modification   | 24                      | –                       |
| Interest expense recharged ( <i>note 11(a)(i)</i> )                                      | 117,770                 | 128,686                 |
| Other interest income  | 3,307                   | 842                     |
| Reversal of impairment loss recognised on prepayments,<br>deposits and other receivables | –                       | 243                     |
| Waiver of other payables and accruals  | 28,584                  | –                       |
| Others   | <u>1,235</u>            | <u>1,302</u>            |
|  | <b><u>163,181</u></b>   | <b><u>144,546</u></b>   |

## 6. FINANCE COSTS

|   | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Interest on bank borrowings                               | 25,663                  | 40,309                  |
| Interest on other borrowings ( <i>note 11(a)(i)</i> )     | 117,770                 | 128,686                 |
| Interest on lease liabilities                             | 354                     | 450                     |
|   | <u>143,787</u>          | <u>169,445</u>          |
| Less: Amounts capitalised in properties under development | <u>(632)</u>            | <u>(2,536)</u>          |
|   | <u><u>143,155</u></u>   | <u><u>166,909</u></u>   |

Borrowing costs capitalised during the year arose on the funds borrowed specifically for the purpose of obtaining qualifying assets and are calculated by applying a capitalisation rate of 6.18% (2020: 6.18%) per annum.

## 7. TAXATION

|                                   | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|-----------------------------------|-------------------------|-------------------------|
| Current tax:                      |                         |                         |
| PRC Enterprise Income Tax ("EIT") | –                       | 65                      |
| PRC Land Appreciation Tax ("LAT") | 16                      | 1,727                   |
| Deferred tax*                     | <u>(1,356)</u>          | <u>(68,544)</u>         |
| Total tax credit for the year     | <u><u>(1,340)</u></u>   | <u><u>(66,752)</u></u>  |

\* The deferred tax credit recognised during the year ended 31 March 2020 mainly resulted from the reversal of deferred tax upon deregistration of the respective subsidiaries.

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 EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory tax rate of the Company's PRC subsidiaries is 25%.

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.

## 8. LOSS FOR THE YEAR

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

|   | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Depreciation of property, plant and equipment   | 3,087                   | 5,601                   |
| Less: Amounts capitalised in properties under development                             | <u>(16)</u>             | <u>(35)</u>             |
|   | <u><b>3,071</b></u>     | <u><b>5,566</b></u>     |
| Compensation in respect of a land development project disposed of*#                   | –                       | 72,509                  |
| Cost of completed properties sold   | 96,178                  | 27,846                  |
| Depreciation of right-of-use assets   | 2,706                   | 3,428                   |
| Gain on disposal of property, plant and equipment                                     | (2,749)                 | (1,234)                 |
| Impairment loss recognised on properties under development*                           | 67,139                  | 134,523                 |
| Result on acquisition of assets*  | 20,202                  | –                       |
| Loss on write-off of assets and liabilities of deregistration of subsidiaries*        | 42,836                  | 20,988                  |
| Net foreign exchange (gain) loss  | (780)                   | 49                      |
| Reversal of impairment loss recognised on prepayments, deposits and other receivables | –                       | (243)                   |
| Rental expenses on short-term leases  | 544                     | 130                     |
| Waiver of other payables and accruals   | (28,584)                | –                       |
| Write-off of prepayments, deposits and other receivables*                             | <u><b>46,379</b></u>    | <u><b>1,210</b></u>     |

\* These items are included in “other expenses” of the consolidated statement of profit or loss and other comprehensive income.

# The amount represented compensation for a land development project disposed of in the previous years in relation to the delay in the construction progress which gave rise to an additional cost to the purchaser.

## 9. DIVIDENDS

The Board does not recommend the payment of a dividend for the year ended 31 March 2021 (2020: nil).

## 10. LOSS PER SHARE

### (a) Basic loss per share

The calculation of the basic loss per share is based on the loss for the year attributable to owners of the Company of HK\$281,028,000 (2020: HK\$336,784,000) and the number of 4,146,020,285 ordinary shares in issue for the years ended 31 March 2021 and 2020.

### (b) Diluted loss per share

Diluted loss per share for the years ended 31 March 2021 and 2020 are not presented as there were no dilutive potential ordinary shares in issue during the respective years.

## 11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

|  | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Other receivables ( <i>note a</i> )                                  | 3,462,179               | 3,298,509               |
| Deposits for future acquisition of land use rights ( <i>note b</i> ) | 3,379,987               | 2,386,657               |
| Prepaid operating expenses and other deposits                        | <u>86,931</u>           | <u>83,976</u>           |
|  | <u><b>6,929,097</b></u> | <u><b>5,769,142</b></u> |

### Notes:

(a) As at 31 March 2021, included in other receivables are mainly:

- (i) an amount of HK\$1,814,998,000 (2020: HK\$1,678,888,000) in relation to the guarantee dividend (the “Guaranteed Dividend”) distributable to Coastal Greenland Development (Wuhan) Ltd. (“Coastal Wuhan”), a formerly subsidiary of the Group, by Tianjin Harmonious Realty Development Co., Limited (“Tianjin Harmonious”), an associate of Coastal Wuhan.

Tianjin Harmonious has a property development project in Tianjin. Pursuant to the disposal agreement between Coastal Wuhan and new shareholders of Tianjin Harmonious, Coastal Wuhan is entitled to receive the Guaranteed Dividend from Tianjin Harmonious amounting to RMB1,834,000,000 (equivalent to HK\$2,169,952,000). Pursuant to the disposal agreement in respect of the disposal of the entire equity interests in the Century East Group Limited (the “Disposal”) completed in previous years, the Group is still entitled to receive the Guaranteed Dividend from Tianjin Harmonious after the Disposal. During the year ended 31 March 2021, no Guaranteed Dividend (2020: RMB300,000,000) was received. The balance of the Guaranteed Dividend receivable amounted to RMB1,534,000,000 (equivalent to HK\$1,814,998,000) as at 31 March 2021.

In previous years, Coastal Wuhan raised a loan of RMB1,601,000,000 (equivalent to HK\$1,894,271,000) from a financial institution, for which the right to receive the Guaranteed Dividend from Tianjin Harmonious is pledged. The obligation to repay the outstanding loan balance has been assigned to the Group upon completion of the Disposal. Even if the Group does not receive the Guaranteed Dividend, the Group is still obliged to repay this amount by 1 November 2019, which is the original maturity of the loan. As at the date of this announcement, the maturity date of the said loan has been extended to 1 November 2021. During the year ended 31 March 2021, the Group did not make any repayment (2020: repayment of RMB300,000,000). The outstanding loan balance was RMB1,301,000,000 (equivalent to HK\$1,539,317,000) as at 31 March 2021.

The loan interest is payable by the Group. However, Tianjin Harmonious agreed to pay to the Group the same amount of the loan interest as the interest for the outstanding Guaranteed Dividend. During the year ended 31 March 2021, the loan interest payable on the loan and the interest expense recharged on the outstanding Guaranteed Dividend is HK\$117,770,000 (2020: HK\$128,686,000).

(ii) an amount of HK\$1,292,567,000 (2020: HK\$1,195,635,000) due from a purchaser regarding the balance of the consideration payable by the purchaser under the Disposal as set out above.

(b) The amounts represent payments made for the acquisitions of land use rights in the PRC which will be developed for sale purpose. These deposits will be wholly refundable in case if the acquisitions are terminated subsequently.

## 12. TRADE PAYABLES

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

|              | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|--------------|-------------------------|-------------------------|
| 0 – 30 days  | 2,286                   | 6,631                   |
| 31 – 60 days | –                       | 2,698                   |
| 61 – 90 days | 1,560                   | 1,645                   |
| Over 90 days | <u>84,079</u>           | <u>68,892</u>           |
|              | <u><u>87,925</u></u>    | <u><u>79,866</u></u>    |

The average credit period on purchase is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit period granted.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OPERATIONAL REVIEW

### Property Development

The Group's business strategy for its property development business is to develop quality residential estates for the upper to middle class domestic market.

During the Year, the Group recorded contracted sales in the amount of HK\$25 million (2020: HK\$88 million) which corresponds to a total GFA of about 5,000 sq.m. (2020: 11,000 sq.m.). Included in the amount was HK\$5 million (2020: HK\$15 million) related to contracted sales attributable to the development project in which the Group has equity interests of 35% (2020: 35%) and of which the Group is the project manager. Such development project accounted for a corresponding GFA of about 1,000 sq.m. (2020: 5,000 sq.m.).

### Property Investment

The Group holds some of its properties for investment purposes. The property investment portfolio of the Group includes commercial and residential properties located in the PRC. In managing the investment property portfolio, the Group takes into account the long-term growth potential and overall market conditions of the properties. The Group may sell some of its investment properties when it is in its interests to do so. Rental income for the Year mainly derived from properties in Shenzhen.

### Project Management Services

During the Year, the Group was engaged as the project managers of two (2020: two) development projects namely Beijing Bay Project Phase II and Chongqing Silo City, both of the project's construction have been completed.

### Project Investment Services

During the years ended 31 March 2021 and 2020, the Group did not generate any profit from the operations of this segment. The Group will continue to look for opportunities in relation to investment in and sale of property development/land development projects in the PRC.

## **FINANCIAL REVIEW**

### **Overall performance**

During the Year, the Group generated revenue of HK\$129.6 million, representing an increase of about 319% as compared to the HK\$31.0 million for last year. For the FY2021, the Group incurred a loss before taxation of HK\$286.5 million, compared to HK\$436.3 million for last year. Loss for the year attributable to owners of the Company was HK\$281.0 million, compared to HK\$336.8 million for last year.

### **Revenue**

The revenue of the Group was primarily derived from sales of properties, property rental income and project management services income. For the FY2021, revenue increased by about 319% to about HK\$129.6 million from about HK\$31.0 million in last year. Approximately 96% (2020: 96%) of the Group's revenue was generated from the sales of properties and about 4% (2020: 4%) from property rental income and project management services income.

### **Sales of Properties**

During the Year, the recognised sales revenue from sales of properties was HK\$124.7 million, representing an increase of about 321% from last year's HK\$29.6 million, which corresponds to an increase by 361% in the total GFA delivered by the Group of 14,750 sq.m. (2020: 3,200 sq.m.). The property sales revenue for the FY2021 came from the sale of Anshan Coastal Xintiandi and Shanghai Golden Bridge Mansion which respectively accounted for about 71% and 26% of the total property sales revenue.

### **Rental Income**

Revenue from property rental increased to HK\$4.9 million from last year's HK\$0.9 million. The increase was primarily attributable to the increased GFA for rental purpose. The property investment segment for the Year recorded a profit of HK\$7.3 million which included a gain on disposal of property, plant and equipment of about HK\$6.4 million during the year, comparing to a loss of HK\$1.2 million for last year.

### **Project Management Services Income**

During FY2021, the Group did not generate any revenue from project management services (2020: HK\$0.5 million) as the Group is phasing out from the business in this segment. The project management services segment recorded a loss of about HK\$3.5 million for the Year comparing to HK\$3.0 million for last year.

## **Gross Profit Margin**

The gross profit margin for the Year was about 26% as compared to 10% for last year. An increase in the gross profit margin was primarily attributable to sale of higher value properties during the Year.

## **Other Income and Gains**

Other income and gains for the Year was HK\$163.2 million as compared to HK\$144.5 million for last year. Other income and gains for the Year mainly represented interest expense recharged of HK\$117.8 million (2020: HK\$128.7 million) (see note 11(a)(i) to the consolidated financial statements), waiver of other payables and accruals of HK\$28.6 million (2020: nil), bank interest income of HK\$9.5 million (2020: HK\$12.2 million), other interest income of HK\$3.3 million (2020: HK\$0.8 million) and gain on disposal of property, plant and equipment of HK\$2.8 million (2020: HK\$1.2 million).

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

Marketing and selling costs slightly increased by about 12% to HK\$2.8 million from last year's HK\$2.5 million as a result of the Group's increased level of selling activities for promoting its sales.

Administrative expenses decreased by about 24% to HK\$120.5 million from last year's HK\$158.9 million. The Group will continue to implement cost control measures so as to enhance its operational efficiency.

## **Other Expenses**

Other expenses for the Year was HK\$200.0 million as compared to last year's HK\$253.4 million. Other expenses mainly comprised of impairment loss recognised on properties under development of HK\$67.1 million (2020: HK\$134.5 million), write-off of prepayment, deposits and other receivables of HK\$46.4 million (2020: HK\$1.2 million), loss on write-off of assets and liabilities of deregistration of subsidiaries of HK\$42.8 million (2020: HK\$21.0 million), indemnity against a legal case of HK\$22.0 million (2020: HK\$21.7 million) and result on acquisition of assets of HK\$20.2 million (2020: nil). Apart from the above, included in last year's other expenses was mainly a compensation in respect of a land development project disposed of in the previous years of HK\$72.5 million.

## Finance Costs

During the Year, the Group incurred finance costs before capitalisation (mainly interest for bank and other borrowings) of HK\$143.8 million, representing a decrease of about 15% as compared to the HK\$169.4 million incurred for last year. Interest expenses charged to profit or loss for the Year was HK\$143.2 million as compared to last year's HK\$166.9 million. The decrease was mainly attributable to a decrease in the average outstanding balance of bank and other borrowings during the year as compared to last year.

## Financial Resources and Liquidity

The Group's principal source of fund is the cash flow generated from property sales and leasing supplemented by bank and other borrowings.

As at 31 March 2021, the Group's cash and bank balances amounted to approximately HK\$438.3 million (2020: HK\$839.0 million). An analysis by currency denomination of the cash and bank balances is as follows:

|                               | <b>2021</b>            | 2020            |
|-------------------------------|------------------------|-----------------|
|                               | <b><i>HK\$'000</i></b> | <i>HK\$'000</i> |
| RMB                           | <b>429,249</b>         | 823,280         |
| HK\$                          | <b>6,270</b>           | 13,032          |
| United States dollar ("US\$") | <b>2,811</b>           | 2,693           |
|                               | <b><u>438,330</u></b>  | <u>839,005</u>  |

As at 31 March 2021, the net borrowings of the Group, being interest-bearing bank and other borrowings less cash and bank balances and pledged bank deposits, amounted to approximately HK\$2,457.4 million (2020: HK\$1,148.9 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 29% to 55% from last year's 26%.

## **Borrowings and Charges**

As at 31 March 2021, the Group's total bank and other borrowings amounted to HK\$2,895.7 million (2020: HK\$1,987.9 million), of which HK\$1,261.8 million (2020: HK\$476.5 million) were variable-rate borrowings and the remaining were fixed rate borrowings. Long-term borrowings amounted to HK\$922.9 million (2020: HK\$1,647.1 million), representing approximately 32% (2020: 83%) of the total borrowings, and short-term borrowings were HK\$1,972.9 million (2020: HK\$340.8 million) representing approximately 68% (2020: 17%) of the total borrowings. During the Year, the ranges of effective interest rate per annum of the Group in respect of its fixed and variable rate borrowings were 7.52% to 10.80% (2020: 6.67% to 10.80%) and 2.22% to 6.50% (2020: 2.95% to 9.90%) respectively.

As at 31 March 2021, certain assets of the Group including land and buildings, investment properties, bank deposits, properties under development and completed properties for sale with aggregate carrying value of HK\$553.0 million (2020: HK\$766.1 million), corporate guarantee given by the Company and certain subsidiaries, personal guarantee given by a substantial shareholder of the Company and the Guarantee Dividend (see note 11(a)(i) to the consolidated financial statements) were pledged to secure the bank and other borrowings.

## **Material Acquisitions and Disposals**

There was no plan authorised by the Board for any material investments or additions of capital assets as at the date of this announcement.

## **Contingent Liability**

As at 31 March 2021, the Group had no contingent liability (2020: nil).

## **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 RMB. The exchange rates of RMB against HK\$ and US\$ 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 RMB revenue to the Group. Except certain bank and other borrowings which are denominated in US\$ or HK\$, most of the Group's liabilities are denominated in RMB. Therefore, the Directors do not foresee that movement in the exchange rates of foreign currencies against RMB in the foreseeable future will cause a material adverse impact on the Group's operations.

The Group does not have a foreign currency hedging policy. However, the management of the Group continuously monitors the Group's foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

### **Employees and Remuneration Policy**

As at 31 March 2021, the Group had about 85 employees (2020: 100 employees) in the PRC and Hong Kong. The related employees' cost (including the Directors' remuneration and certain staff retrenchment costs) for the Year amounted to approximately HK\$58 million (2020: HK\$59 million). 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 and housing allowances.

### **PROSPECTS**

The covid-19 outbreak occurred last year has caused disruptions to many industries which have inevitably posed a significant threat to the PRC as well as the global economy. To tackle with the crisis, the central government has implemented a series of stringent measures to contain the epidemic. With signs of stabilisation, we believe consumer confidence will be gradually recovered and potentially housing demand will also be resuming gradually. However the construction and sales progress of the Group may be exposed to short-term volatility because of the covid-19 outbreak. The Group remains cautiously optimistic on the outlook and the prospects for the real estate market.

Against the backdrop of these profound changes in the real estate market, the Group will continue to formulate its business strategy along the direction of government policies. Over the past years, the Group continues to look for opportunities to realise its investment in its development projects as part of the Group's business activities.

Going forward, with the Group's well established brand and seasoned experience in the PRC property market, the Group will continue to seek opportunities of participation in city redevelopment of old villages or old plants and factories so as to replenish its property portfolio as an ongoing business exercise and as a means of replenishing a lower cost land bank. For business development, the Group will also look for different thriving business opportunities that will benefit the Group in the years ahead.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company acknowledges the importance of good corporate governance practices and is committed to maintaining sound internal control, transparency and accountability to all shareholders. The Company has continued to apply and comply with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules during the Year, except for below deviations:

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. He is also one of the founders and a substantial shareholder of the Company and has considerable industry experience. The Board considers that this situation will not impair the balance of power and authority between the Board and the management of the Company because the balance of power and authority is governed 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 votes. The Board believes that this structure is conducive to a more precise and more promptly response to the fast changing business environment and a more efficient management and implementation of business process.

Code provision A.6.7 of the CG Code stipulates that independent non-executive Directors and other non-executive Directors should attend general meetings. One non-executive Director was unable to attend the annual general meeting of the Company held on 17 September 2020 (the “2020 AGM”) due to other important engagements.

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the AGM. Mr. Jiang Ming, the Chairman of the Board, was unable to attend the 2020 AGM due to other business commitment. However, Mr. Lin Chen Hsin, an executive Director, had taken the chair of the 2020 AGM in accordance with the bye-laws of the Company. Mr. Lin was of sufficient calibre and knowledge for communication with the shareholders at the 2020 AGM.

Further information will be set out in the Corporate Governance Report to be contained in annual report for the year ended 31 March 2021.

## **DIRECTORS' SECURITIES TRANSACTIONS**

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 the Company's code of conduct regarding Directors' securities transactions. Having made specific enquiry, all Directors confirmed that they have complied with the requirements as set out in the Model Code during the Year. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the shares during the Year.

## **SCOPE OF WORK OF THE AUDITORS**

The figures in respect of this announcement of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereon for the year ended 31 March 2021 have been agreed by the Group's auditor, BDO Limited ("BDO"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2021. The work performed by BDO 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 HKICPA and consequently no assurance has been expressed by BDO on this announcement.

## **AUDIT COMMITTEE**

The audit committee of the Company (the "Audit Committee") has reviewed the accounting principles and practices adopted by the Group and discussed the audit objectives, the scopes and the report of the internal audit department of the Group. The annual results of the Group for the year ended 31 March 2021 have been reviewed by the Audit Committee.

## **ANNUAL GENERAL MEETING**

The forthcoming annual general meeting of the Company (the "2021 AGM") is proposed to be held on Friday, 17 September 2021. A notice convening the 2021 AGM will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

## **DIVIDENDS**

The Board does not recommend the payment of a dividend for the year ended 31 March 2021 (2020: nil).

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining shareholders' eligibility to attend and vote at the 2021 AGM, the register of members of the Company will be closed from Tuesday, 14 September 2021 to Friday, 17 September 2021 (both days inclusive). In order to be eligible to attend and vote at the 2021 AGM, all transfers accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 13 September 2021.

## **PUBLICATION OF ANNUAL REPORT**

The annual report of the Group for the year ended 31 March 2021 containing all the information required by the Listing Rules will be despatched to the shareholders and 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  
**Coastal Greenland Limited**  
**Jiang Ming**  
*Chairman*

Hong Kong, 28 June 2021

*As at the date of this announcement, the Board comprises Mr. Jiang Ming, Mr. Xia Xianglong, Dr. Li Ting and Mr. Lin Chen Hsin as executive Directors, Mr. Zhu Guoqiang and Mr. Qiu Guizhong as non-executive Directors and Mr. Wong Kai Cheong, Mr. Yang Jiangang and Mr. Huang Xihua as independent non-executive Directors.*