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ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

FINANCIAL HIGHLIGHTS:

- Revenue for the year amounted to approximately HK\$6.7 million, a decrease of approximately 95% from last year.
- Loss for the year attributable to owners of the Company was approximately HK\$942.6 million, compared to a loss of approximately HK\$281.0 million for last year.
- As at 31 March 2022, net debt to total equity ratio was 36%, representing an improvement from last year's 55%.

The board (the “Board”) of directors (the “Director(s)”) of Coastal Greenland Limited (the “Company”) hereby announces the audited consolidated annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2022 (the “Year” or “FY2022”), together with comparative audited figures for the year ended 31 March 2021. The following financial information is extracted from the audited consolidated financial statements as contained in the Group’s 2021/22 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 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Revenue	4	6,741	129,588
Cost of sales		(2,610)	(96,178)
Gross profit		4,131	33,410
Other income and gains	5	96,700	163,181
Marketing and selling expenses		(621)	(2,815)
Administrative expenses		(116,599)	(120,487)
Impairment loss recognised on properties under development	8	(494,060)	(67,139)
Loss on surrender of lands	8	(408,224)	–
Other expenses		(65,804)	(132,997)
Finance costs	6	(99,320)	(143,155)
Share of loss of a joint venture		(989)	(16,495)
Share of loss of an associate		(832)	–
Loss before taxation		(1,085,618)	(286,497)
Taxation	7	4,131	1,340
Loss for the year	8	(1,081,487)	(285,157)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences arising on translation to presentation currency		161,443	297,566
Deficit on revaluation of buildings		(1,711)	(13,237)
Deferred tax credit arising on revaluation of buildings		428	3,299
Deferred tax credit arising on disposal of property, plant and equipment		11,407	2,864
Other comprehensive income for the year		171,567	290,492
Total comprehensive income for the year		(909,920)	5,335

	2022 <i>Notes</i>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year attributable to:		
Owners of the Company	(942,595)	(281,028)
Non-controlling interests	<u>(138,892)</u>	<u>(4,129)</u>
	<u>(1,081,487)</u>	<u>(285,157)</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	(774,294)	(140)
Non-controlling interests	<u>(135,626)</u>	<u>5,475</u>
	<u>(909,920)</u>	<u>5,335</u>
	<i>HK cents</i>	<i>HK cents</i>
Loss per share		
	<i>10</i>	
Basic and diluted	<u>(22.73)</u>	<u>(6.78)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		205,101	257,260
Investment properties		78,785	77,718
Right-of-use assets		13,733	15,390
Interest in a joint venture		151,041	145,900
Amount due from a joint venture		123,303	118,318
Financial assets at fair value through other comprehensive income		68,429	81,996
Total non-current assets		640,392	696,582
CURRENT ASSETS			
Properties under development		484,730	1,339,330
Completed properties for sale		305,212	317,542
Prepayments, deposits and other receivables	11	5,949,827	6,929,097
Amounts due from associates and a joint venture		240,513	242,364
Financial assets at fair value through profit or loss		224	5,916
Pledged bank deposits		99,617	262,045
Cash and bank balances		251,158	176,285
Total current assets		7,331,281	9,272,579
CURRENT LIABILITIES			
Trade payables	12	95,111	87,925
Contract liabilities		190,387	171,992
Other payables and accruals	13	2,140,003	1,931,620
Amount due to a substantial shareholder of the Company		180,883	220,876
Lease liabilities		1,056	2,151
Tax payable		175,729	173,212
Interest-bearing bank and other borrowings		281,283	1,972,859
Total current liabilities		3,064,452	4,560,635

	2022 HK\$'000	2021 HK\$'000
NET CURRENT ASSETS	4,266,829	4,711,944
TOTAL ASSETS LESS CURRENT LIABILITIES	4,907,221	5,408,526
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	1,350,612	922,880
Lease liabilities	–	425
Deferred tax liabilities	<u>30,318</u>	<u>49,207</u>
Total non-current liabilities	1,380,930	972,512
NET ASSETS	<u>3,526,291</u>	<u>4,436,014</u>
CAPITAL AND RESERVES		
Share capital	414,602	414,602
Reserves	<u>3,174,347</u>	<u>3,948,641</u>
Equity attributable to owners of the Company	3,588,949	4,363,243
Non-controlling interests	<u>(62,658)</u>	<u>72,771</u>
Total equity	<u>3,526,291</u>	<u>4,436,014</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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 (“HKASs”) 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.

The Group incurred a net loss of approximately HK\$1,081,487,000 during the year ended 31 March 2022, this condition may cast significant doubt about the Group’s ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

For assessing the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements, the Directors prepared a cash flow projection for a fifteen month period from 31 March 2022. The Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern for at least 12 months from 31 March 2022, after taking into consideration a number of plans and measures:

- Subsequent to the reporting period, a substantial shareholder of the Company to whom the Group owed HK\$180,883,000 as at 31 March 2022 has undertaken not to demand repayment of debts due from the Group in next twelve months from the reporting date; in addition, the substantial shareholder further advanced HK\$79,000,000 to the Group with the same terms as with the HK\$180,883,000 as stated above to strength the Group’s liquidity position;
- The Group is endeavoring to complete the settlement of other payables and accruals of HK\$365,352,000 as disclosed in note 13;

- In respect of the advances of HK\$1,569,124,000 from a third-party for a re-development project (note 13) which is located in Zhuhai City of the PRC, the Group is progressing its contemplated disposal of the related project to the creditor who showed an intention to acquire that re-development project. Based on the assessment made by the Directors, the value of the re-development project is sufficient for the settlement of this advance; and
- Exploring other financing alternatives when necessary, including disposal of the re-development project to other parties.

Based on the above plans and measures, the Directors is of the view that the Group would have sufficient working capital to finance its operation and meet its financial obligations as and when they fall due over the period of the cash flow projection. Accordingly, the Directors considered that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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 HKFRS 4, HKFRS 7, HKFRS 9, HKFRS 16 and HKAS 39	Interest Rate Benchmark Reform – Phase 2
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The application of the above amendments to HKFRSs that are effective from 1 April 2022 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.

Amendments to HKFRS 4, HKFRS 7, HKFRS 9, HKFRS 16 and HKAS 39, Interest Rate Benchmark Reform – Phase 2

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

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 2022 HK\$'000	Property investment 2022 HK\$'000	Project management services 2022 HK\$'000	Project investment services 2022 HK\$'000	Consolidated 2022 HK\$'000	2021 HK\$'000
Segment revenue:						
Sales to external customers	2,117	124,669	4,624	4,919	-	-
Disaggregation of revenue:						
Primary geographical markets						
Anshan	1,305	88,427	-	-	-	1,305
Dalian	812	3,653	-	-	-	812
Shanghai	-	32,589	199	102	-	32,691
Shenzhen	-	-	4,180	4,400	-	4,180
Others	-	-	245	417	-	417
Total	2,117	124,669	4,624	4,919	-	6,741
Time of revenue recognition						
At a point in time	2,117	124,669	4,624	4,919	-	-
Transferred over time	-	-	-	-	-	-
Total	2,117	124,669	4,624	4,919	-	6,741
Segment results:						
Segment (loss) profit	(1,001,688)	(184,930)	(19,495)	7,284	(2,316)	(3,515)
Finance costs					(99,330)	(143,155)
Interest income					23,318	12,819
Interest expense recharged					72,570	117,770
Net foreign exchange gain					1,270	780
Share of loss of a joint venture					(989)	(16,495)
Share of loss of an associate					(832)	-
Other net unallocated expenses					(58,136)	(77,055)
Loss before taxation					(1,085,618)	(286,497)

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:

	2022 HK\$'000	2021 HK\$'000
Revenue from contracts with customers		
Sale of properties	2,117	124,669
Revenue from other sources		
Rental income	4,624	4,919
	6,741	129,588

5. OTHER INCOME AND GAINS

	2022 HK\$'000	2021 HK\$'000
Bank interest income	6,229	9,512
Gain on disposal of property, plant and equipment	–	2,749
Gain on lease modification	–	24
Interest expense recharged (<i>note 11(a)(i)</i>)	72,570	117,770
Other interest income	17,089	3,307
Waiver of other payables and accruals	–	28,584
Others	812	1,235
	96,700	163,181

6. FINANCE COSTS

	2022 HK\$'000	2021 HK\$'000
Interest on bank borrowings	107,106	36,646
Interest on other borrowings (<i>note 11(a)(i)</i>)	72,570	117,770
Interest on lease liabilities	170	354
	179,846	154,770
Less: Amounts capitalised on qualifying assets	(80,526)	(11,615)
	99,320	143,155

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% (2021: 6.48%) per annum.

7. TAXATION

	2022 HK\$'000	2021 HK\$'000
Current tax:		
– PRC Land Appreciation Tax (“LAT”)	4,683	16
Deferred tax	(8,814)	(1,356)
Total tax credit for the year	(4,131)	(1,340)

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 (“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):

	2022 HK\$'000	2021 HK\$'000
Depreciation of property, plant and equipment	2,388	3,087
Less: Amounts capitalised on qualifying assets	<u>(259)</u>	<u>(16)</u>
	<u>2,129</u>	<u>3,071</u>
Cost of completed properties sold	2,610	96,178
Depreciation of right-of-use assets	2,869	2,706
Impairment loss recognised on completed properties for sale*	19,962	–
Impairment loss recognised on properties under development ⁺	494,060	67,139
Loss (gain) on disposal of property, plant and equipment*	11,977	(2,749)
Loss on deemed disposal of a subsidiary*	208	–
Loss on disposal of a subsidiary*	9,870	–
Loss on surrender of lands [#]	408,224	–
Loss on write-off of assets and liabilities upon deregistration of subsidiaries*	9,963	42,836
Net foreign exchange gain	<u>(1,270)</u>	<u>(780)</u>
Rental expenses on short-term leases	814	544
Result on acquisition of assets*	–	20,202
Waiver of other payables and accruals	–	(28,584)
Write-off of prepayments, deposits and other receivables*	<u>11,547</u>	<u>46,379</u>

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

On 9 August 2021, the Group entered into an agreement with the Jixi Municipal People's Government of Heilongjiang Province (the “Jixi Municipal People's Government”) and an independent third party in which the Group agreed to surrender four parcels of land located at Jixi City, Heilongjiang, the PRC, to the Jixi Municipal People's Government with a compensation amount of RMB224,000,000 (equivalent to approximately HK\$268,888,000). Resulting from the surrender of lands completed on 18 August 2021, the exceed HK\$408,224,000 of waiver of payables over the book value of the lands surrendered was recognised as a loss in profit or loss for the year. Details of the surrender of lands are set out in the announcement and circular of the Company dated 15 November 2021 and 25 February 2022 respectively.

+ The amount mainly represented impairment loss recognised on development project namely Jixi Silo City of HK\$493,618,000 (2021: HK\$66,832,000). Resulting from the surrender of lands completed on 18 August 2021, the only interests in the development project remained to the Group are restricted to affordable houses which are for resettlement of local residents and can only be sold at lower amount than the original estimated amount.

9. DIVIDENDS

The Board does not recommend the payment of a dividend for the year ended 31 March 2022 (2021: 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\$942,595,000 (2021: HK\$281,028,000) and the number of 4,146,020,285 ordinary shares in issue for the years ended 31 March 2022 and 2021.

(b) Diluted loss per share

Diluted loss per share for the years ended 31 March 2022 and 2021 are not presented as there were no dilutive potential ordinary shares in issue during the respective years.

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022 HK\$'000	2021 HK\$'000
Other receivables (<i>note a</i>)	2,072,664	3,462,179
Deposits for future acquisition of land use rights (<i>note b</i>)	3,799,283	3,379,987
Prepaid operating expenses and other deposits	77,880	86,931
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	5,949,827	6,929,097
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Notes:

(a) As at 31 March 2022, included in other receivables are mainly:

- (i) an amount of HK\$287,296,000 (2021: HK\$1,814,998,000) 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\$2,261,378,000). 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. In addition to the RMB300,000,000 Guaranteed Dividend received in previous years, the Guaranteed Dividend of RMB1,301,000,000 (equivalent to approximately HK\$1,604,173,000) was received during the year ended 31 March 2022. The balance of the Guaranteed Dividend receivable amounted to RMB233,000,000 (equivalent to HK\$287,296,000) as at 31 March 2022.

In previous years, Coastal Wuhan raised a loan of RMB1,601,000,000 (equivalent to HK\$1,974,082,000) 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. The maturity date of the said loan has been further extended to 1 November 2021. In addition to the repayment of RMB300,000,000 in previous years, the outstanding loan balance of RMB1,301,000,000 (equivalent to approximately HK\$1,604,173,000) has been fully settled during the year ended 31 March 2022.

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 2022, the loan interest payable on the loan and the interest expense recharged on the outstanding Guaranteed Dividend is HK\$72,570,000 (2021: HK\$117,770,000).

- (ii) an amount of HK\$1,180,923,000 (2021: HK\$1,292,567,000) 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:

	2022 HK\$'000	2021 HK\$'000
0 – 30 days	2,577	2,286
31 – 60 days	–	–
61 – 90 days	10	1,560
Over 90 days	<u>92,524</u>	<u>84,079</u>
	<u>95,111</u>	<u>87,925</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.

13. OTHER PAYABLES AND ACCRUALS

	2022 HKD'000	2021 HKD'000
Sales and other taxes payable	31,361	30,797
Other payables (<i>note</i>)	235,069	342,197
Advances from third parties for a re-development project	1,569,124	1,270,812
Accrued construction costs	17,191	16,496
Other accrued operating expenses (<i>note</i>)	287,258	271,318
	2,140,003	1,931,620

Note: Included in other payables and other accrued operating expenses was an indemnity against a legal case of approximately RMB296,304,000 (2021: RMB296,304,000) (equivalent to approximately HK\$365,352,000 (2021: HK\$350,581,000)) by Hengxiang Real Estate Development Company Limited (“Hengxiang Real Estate”). The amount represented loan principal and interest payable to a lender and the associated legal cost of the litigation according to the judgement by the Liaoning High People’s Court dated 28 January 2018.

On 17 September 2020, the Liaoning Intermediate People’s Court concluded that the final indemnity, as agreed by Hengxiang Real Estate and the lender, was amounted to RMB296,304,000 and to be settled with the completed properties for sale of the Group and an associate with carrying amount of RMB149,525,000 (2021: RMB154,883,000) and RMB27,017,000 (2021: RMB31,337,000) respectively as at 31 March 2022. The management expected that the indemnity would be settled within one year from the end of the reporting period.

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\$17.3 million (2021: HK\$25.2 million) which corresponds to a total GFA of approximately 6,100 sq.m. (2021: 5,000 sq.m.). Included in the amount was HK\$14.1 million (2021: HK\$5.4 million) related to contracted sales attributable to a development project in which the Group has equity interests of 35% (2021: 35%) and of which the Group is the project manager. Such development project accounted for a corresponding GFA of approximately 5,600 sq.m. (2021: 1,000 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 (2021: 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 2022 and 2021, 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\$6.7 million, representing a decrease of approximately 95% as compared to the HK\$129.6 million for last year. For the FY2022, the Group incurred a loss before taxation of HK\$1,085.6 million, compared to HK\$286.5 million for last year. Loss for the year attributable to owners of the Company was HK\$942.6 million, compared to HK\$281.0 million for last year.

Revenue

The revenue of the Group was primarily derived from sales of properties and property rental income. For the FY2022, revenue decreased by approximately 95% to HK\$6.7 million from HK\$129.6 million in last year. Approximately 31% (2021: 96%) of the Group's revenue was generated from the sales of properties and approximately 69% (2021: 4%) from property rental income.

Sales of Properties

During the Year, the recognised sales revenue from sales of properties was HK\$2.1 million, representing a decrease of approximately 98% from last year's HK\$124.7 million, which corresponds to a decrease by 96% in the total GFA delivered by the Group of 520 sq.m. (2021: 14,750 sq.m.). The property sales revenue for the FY2022 mainly came from the sale of inventory in developments completed in prior years, namely Anshan Coastal Xintiandi, Anshan Wisdom New City and Dalian Jianzhu Project which respectively accounted for approximately 33%, 29% and 25% of the total property sales revenue.

Rental Income

Revenue from property rental slightly decreased to HK\$4.6 million from last year's HK\$4.9 million. The decrease was primarily attributable to the decreased GFA for rental purpose. The property investment segment for the Year recorded a loss of HK\$19.5 million which included a loss on disposal of property, plant and equipment of approximately HK\$11.9 million during the year, comparing to a profit of HK\$7.3 million for last year.

Project Management Services Income

During the years ended 31 March 2022 and 2021, the Group did not generate any revenue from project management services as the Group is phasing out from the business in this segment. The project management services segment recorded a loss of approximately HK\$2.3 million for the Year comparing to HK\$3.5 million for last year.

Gross Profit Margin

The gross profit margin for the Year was approximately 61% as compared to 26% for last year. A significant increase in the gross profit margin was primarily attributable to the change in revenue mix in which a majority of revenue was derived from rental income during the Year.

Other Income and Gains

Other income and gains for the Year was HK\$96.7 million as compared to HK\$163.2 million for last year. Other income and gains for the Year mainly represented interest expense recharged of HK\$72.6 million (2021: HK\$117.8 million) (see note 11(a)(i) to the consolidated financial statements), other interest income of HK\$17.1 million (2021: HK\$3.3 million) and bank interest income of HK\$6.2 million (2021: HK\$9.5 million).

Marketing, Selling and Administrative Expenses

Marketing and selling expenses decreased by approximately 79% to HK\$0.6 million from last year's HK\$2.8 million as a result of the Group's decreased level of selling activities for promoting its sales during the Year.

Administrative expenses decreased by approximately 3% to HK\$116.6 million from last year's HK\$120.5 million. The Group will continue to implement cost control measures so as to enhance its operational efficiency.

Impairment Loss Recognised on Properties Under Development/Loss on Surrender of Lands/Other Expenses

Other expenses for the Year was HK\$65.8 million as compared to last year's HK\$133.0 million. Other expenses mainly comprised of impairment loss recognised on completed properties for sale of HK\$20.0 million (2021: nil), loss on disposal of property, plant and equipment of HK\$12.0 million (2021: nil), write-off of prepayment, deposits and other receivables of HK\$11.5 million (2021: HK\$46.4 million), loss on write-off of assets and liabilities upon deregistration of subsidiaries of HK\$10.0 million (2021: HK\$42.8 million) and loss on disposal and deemed disposal of subsidiaries of HK\$10.1 million (2021: nil).

For impairment loss recognised on properties under development of HK\$494.1 million (2021: HK\$67.1 million) and loss on surrender of lands of HK\$408.2 million (2021: nil), please refer to note 8 to the consolidated financial statements.

Finance Costs

During the Year, the Group incurred finance costs before capitalisation (mainly interest for bank and other borrowings) of HK\$179.8 million, representing an increase of approximately 16% as compared to the HK\$154.8 million incurred for last year. The increase was mainly attributable to an increase in the average outstanding balance of bank and other borrowings as compared to last year.

Interest expenses charged to profit or loss for the Year was HK\$99.3 million as compared to last year's HK\$143.2 million. The decrease was mainly due to a higher amount of finance costs were qualified for capitalisation 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 2022, the Group's cash and bank balances amounted to approximately HK\$350.8 million (2021: HK\$438.3 million). An analysis by currency denomination of the cash and bank balances is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
RMB	344,692	429,249
HK\$	3,190	6,270
United States dollar ("US\$")	2,893	2,811
	<u>350,775</u>	<u>438,330</u>

As at 31 March 2022, 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\$1,281.1 million (2021: HK\$2,457.4 million). Net debt to total equity ratio, which is expressed as a percentage of net borrowings over total equity of the Group, decreased by approximately 19% to 36% from last year's 55%. The significant improvement was due to the repayment of a loan balance of approximately HK\$1,604.2 million during the year as noted in note 11(a)(i) to the consolidated financial statements.

Borrowings and Charges

As at 31 March 2022, the Group's total bank and other borrowings amounted to HK\$1,631.9 million (2021: HK\$2,895.7 million), of which HK\$1,533.3 million (2021: HK\$1,261.8 million) were variable-rate borrowings and the remaining were fixed rate borrowings. Long-term borrowings amounted to HK\$1,350.6 million (2021: HK\$922.9 million), representing approximately 83% (2021: 32%) of the total borrowings, and short-term borrowings were HK\$281.3 million (2021: HK\$1,972.9 million) representing approximately 17% (2021: 68%) of the total borrowings. As at 31 March 2022, 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% (2021: 7.52% to 10.80%) and 2.32% to 7.00% (2021: 2.22% to 6.50%) respectively.

As at 31 March 2022, total facilities granted to the Group amounting to HK\$5,918.5 million (2021: HK\$5,679.3 million) of which HK\$1,202.2 million (2021: HK\$828.2 million) were utilised. The facilities are restricted to be used for a re-development project which is located in Zhuhai City of the PRC.

As at 31 March 2022, certain assets of the Group including land and buildings, investment properties, right-of-use assets, deposits for future acquisition of land use rights and bank deposits with aggregate carrying value of HK\$4,152.2 million (2021: HK\$3,685.5 million), personal guarantee and pledged assets given by a substantial shareholder of the Company and corporate guarantee given by the Company, certain subsidiaries and third parties were pledged to secure the bank and other borrowings.

Material Acquisitions and Disposals

On 9 August 2021, the Group entered into an agreement with the Jixi Municipal People's Government and an independent third party in which the Group agreed to surrender four parcels of land located at Jixi City, Heilongjiang, the PRC, to the Jixi Municipal People's Government with a compensation amount of RMB224.0 million. Details of which are set out in the announcement and circular of the Company dated 15 November 2021 and 25 February 2022 respectively.

Save for the aforementioned, 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 Liabilities

As at 31 March 2022, the Group had no contingent liabilities (2021: 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 2022, the Group had approximately 70 employees (2021: 85 employees) in the PRC and Hong Kong. The related employees' cost (including the Directors' remuneration) for the Year amounted to approximately HK\$48.0 million (2021: HK\$57.5 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 over the past years 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 in combating the COVID-19, we believe consumer confidence will be gradually recovered and potentially housing demand will also be resuming gradually. Nevertheless, the credit crisis emerged from certain big names of the PRC property developers during the year has casted an uncertain atmosphere over the PRC property sector. Therefore, the construction and sales progress of the Group may be exposed to short-term volatilities and challenges. However, 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, 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 2021 (the “2021 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 annual general meetings. Mr. Jiang Ming, the Chairman of the Board, was unable to attend the 2021 AGM due to other business commitment. However, Mr. Lin Chen Hsin, an executive Director, had taken the chair of the 2021 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 2021 AGM.

Further information will be set out in the Corporate Governance Report to be contained in annual report for the year ended 31 March 2022.

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 of the Company 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 2022 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 2022. 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 has discussed and reviewed 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 2022 have been reviewed by the Audit Committee.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the “2022 AGM”) is proposed to be held on Friday, 16 September 2022. A notice convening the 2022 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 2022 (2021: nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders’ eligibility to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Tuesday, 13 September 2022 to Friday, 16 September 2022 (both days inclusive). In order to be eligible to attend and vote at the 2022 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 (which will be relocated to 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong with effect from 15 August 2022), not later than 4:30 p.m. on Friday, 9 September 2022.

PUBLICATION OF ANNUAL REPORT

The annual report of the Group for the year ended 31 March 2022 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, 29 June 2022

As at the date of this announcement, the Board comprises Mr. Jiang Ming, Dr. Li Ting, Mr. Lin Chen Hsin and Ms. Tong Xinhua as executive Directors, Mr. Qiu Guizhong and Mr. Zhou Xiya as non-executive Directors and Mr. Wong Kai Cheong, Mr. Yang Jiangang and Mr. Huang Xihua as independent non-executive Directors.