



**CGL**  
沿海綠色家園®

**沿海綠色家園有限公司**\*

**COASTAL GREENLAND LIMITED**

(incorporated in Bermuda with limited liability)

(Stock Code: 1124)

## UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2004

### RESULTS

The Board of Directors of Coastal Greenland Limited (the “Company”) announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September, 2004 together with the unaudited comparative figures for the last corresponding period. The interim report for the six months ended 30th September, 2004 has been reviewed by the Company’s Audit Committee on 23rd December, 2004.

		<b>(Unaudited)</b>	
		<b>Six months ended</b>	
		<b>30th September,</b>	
		<b>2004</b>	<b>2003</b>
	<i>Notes</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
<b>Turnover</b>		<b>427,165</b>	534,436
Cost of sales		<b>(353,842)</b>	(456,959)
<b>Gross profit</b>		<b>73,323</b>	77,477
Other revenue and gains		<b>39,713</b>	9,873
Marketing and selling costs		<b>(1,734)</b>	(114)
Administrative expenses		<b>(21,780)</b>	(17,708)
Other operating expenses, net		<b>(6,846)</b>	(6,001)
<b>Profit from operating activities</b>	2	<b>82,676</b>	63,527
Finance costs	3	<b>(8,111)</b>	(5,729)
Share of profits and losses of:			
Jointly-controlled entities		<b>(2,430)</b>	–
Associate		<b>(432)</b>	–
Amortisation of goodwill on acquisition of an associate		<b>(162)</b>	–
<b>Profit before tax</b>		<b>71,541</b>	57,798
Tax	4	<b>(30,926)</b>	(26,502)
<b>Profit before minority interests</b>		<b>40,615</b>	31,296
Minority interests		<b>424</b>	44

<b>Net profit from ordinary activities attributable to shareholders</b>		<b>41,039</b>	31,340
		<u>                    </u>	<u>                    </u>
Earnings per share			
– Basic	5	<b>2.03 cents</b>	2.00 cents
		<u>                    </u>	<u>                    </u>
– Diluted	5	<b>not applicable</b>	not applicable
		<u>                    </u>	<u>                    </u>

*NOTES:*

**1. Basis of preparation**

The unaudited interim condensed financial statements of the Group are prepared in accordance with Hong Kong Statement of Standard Accounting Practices (“SSAP”) 25 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (formerly the Hong Kong Society of Accountants). The accounting policies and basis of preparation adopted are the same as those used in the annual financial statements for the year ended 31st March, 2004.

**2. Profit from operating activities**

The Group’s profit from operating activities is arrived at after charging:

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30th September,</b>	
	<b>2004</b>	2003
	<i>HK\$’000</i>	<i>HK\$’000</i>
Depreciation	<b>3,991</b>	3,853
<i>Less: Amounts capitalised in properties under development</i>	<b>(386)</b>	( 758)
	<u>                    </u>	<u>                    </u>
	<b>3,605</b>	3,095
	<u>                    </u>	<u>                    </u>

**3. Finance costs**

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30th September,</b>	
	<b>2004</b>	2003
	<i>HK\$’000</i>	<i>HK\$’000</i>
Interest on bank loans, overdrafts and other loans wholly repayable within five years	<b>26,689</b>	17,422
<i>Less: Amounts capitalised in properties under development</i>	<b>(18,578)</b>	(11,693)
	<u>                    </u>	<u>                    </u>
	<b>8,111</b>	5,729
	<u>                    </u>	<u>                    </u>

#### 4. Tax

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30th September,</b>	
	<b>2004</b>	<b>2003</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Group:		
Current – Elsewhere		
Charge for the period	<b>9,279</b>	13,242
Deferred tax	<b>21,647</b>	13,260
	<hr/>	<hr/>
Total tax charge for the period	<b>30,926</b>	26,502
	<hr/> <hr/>	<hr/> <hr/>

No Hong Kong profits tax has been provided as the Group did not generate any assessable profits arising in Hong Kong during the period (2003: Nil).

The Group's profits tax represents tax charges on assessable profits of subsidiaries operating in the People's Republic of China (the "PRC") calculated at the rates of tax prevailing in the locations in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. In accordance with the relevant tax rules and regulations in the PRC, certain of the Group's subsidiaries enjoy income tax reductions and preferential tax rates.

#### 5. Earnings per share

The calculation of basic earnings per share is based on the net profit from ordinary activities attributable to shareholders for the period of HK\$41,039,000 (2003: HK\$31,340,000) and the number of 2,024,000,000 shares (2003: weighted average number of 1,570,448,087 shares) in issue during the period.

As the exercise price of the outstanding share options was higher than the average market price of the Company's shares during the periods ended 30th September, 2004 and 2003, they exerted no dilution effect on the basic earnings per share for the periods ended 30th September, 2004 and 2003.

### **INTERIM DIVIDEND**

The directors have decided not to declare any interim dividend for the six months ended 30th September, 2004.

## REVIEW OF OPERATIONS

The Group's turnover and contribution to profit from operating activities analysed by principal activity are as follows:

### Six months ended 30th September, 2004

	(Unaudited)				
	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue:					
Sales to external customers	<u>412,236</u>	<u>13,329</u>	<u>1,600</u>	<u>-</u>	<u>427,165</u>
Segment results	<u>91,387</u>	<u>4,193</u>	<u>(559)</u>	<u>(12,619)</u>	82,402
Interest income					<u>274</u>
Profit from operating activities					<u>82,676</u>

### Six months ended 30th September, 2003

	(Unaudited)				
	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue:					
Sales to external customers	<u>520,593</u>	<u>12,299</u>	<u>1,544</u>	<u>-</u>	<u>534,436</u>
Segment results	<u>66,935</u>	<u>6,696</u>	<u>(253)</u>	<u>(10,015)</u>	63,363
Interest income					<u>164</u>
Profit from operating activities					<u>63,527</u>

The Group's turnover and contribution to profit from operating activities were substantially derived from operations in the mainland of the People's Republic of China.

The performance of the Group for the first half financial year continues to be encouraging. The net profit attributable to shareholders for the period has increased by about 31% to about HK\$41.04 million from last corresponding period's HK\$31.34 million, although the turnover has decreased from last period's HK\$534 million to HK\$427 million in current period as last period's amount was affected by the clear up sales of inventory units in Phase III of Anshan Greenland IT City, Fuzhou Mansion and Phase II of Shenzhen Dragon Court in last period.

For sale of properties, turnover decreased from last corresponding period's HK\$521 million to about HK\$412 million for the period. The reason for the decrease is stated in the preceding paragraph. The turnover for the period was mainly attributable to the sales and pre-sales of Phase III of Shanghai Riviera Villa and Phase II and Phase III of Wuhan Lakeside Apartment, Anshan Riviera Garden, Phase I of Beijing Sunvilla Realhouse and Phase VI and Phase V of Anshan Greenland IT City which respectively accounted for 52.42%, 12.88%, 12.22%, 12.19% and 7.23% of the turnover for sale of properties. The balance of 3.06% was contributed from sales of the remaining inventory commercial area in Phase IV of Xiamen Lu Jiang New City and certain commercial area in Wuhan Wah Zhong Trade Plaza.

During the period, rental income from leasing of properties increase by about 8.37% as compared to last corresponding period to about HK\$13 million. The increase in rental revenue was mainly attributable to the improvement in the rental rate per square meter attained in the leasing of Wuhan Wah Zhong Trade Plaza. The leasing performance of the commercial/office area held in Shanghai Golden Bridge Mansion remained weak due to continued keen competition for commercial/office floor area in the rental market. Towards the period end, the Group disposed of certain commercial area in Wuhan Wah Zhong Trade Plaza so as to generate working capital for new development projects. The disposal did not affect the rental income for the period under review although the rental income from this property will be reduced correspondingly in the second half of the year.

For property management operations, the turnover for the period has improved slightly. A growth of about 3.63% in the turnover of property management was recorded.

To strengthen the management team in anticipation of business expansion, the Group has added certain new recruits to its management team and has revised its human resources policy so as to attract and retain high-calibre employees which involves increase in the remuneration level for employees in terms of basic salary, benefits in kind and performance related bonus. As a result administrative expenses increased by about 23% as compared to that of the last corresponding period.

Comparing to last corresponding period, the amount of finance costs (mainly interest for bank and other borrowings) before capitalisation increased by about 53% to about HK\$26.69 million. The increase was mainly due to an overall increase in the total amount of bank and other borrowings for financing the development of ongoing projects and acquisition of new development projects.

The net profit attributable to shareholders for the period registered a growth of about 31% over that of last corresponding period. The improvement in the results of the Group was mainly attributable to higher profit margin attained in the sale of properties amid a thriving property market in the PRC and higher other revenue and gains which was mainly generated from the disposal of certain investment properties in Wuhan Wah Zhong Trade Plaza.

In response to the newly introduced rules regarding the grant of land by way of tender, auction and announcement and tightened bank credit policy in the PRC, the Group has reassessed its business strategy that it has taken a more aggressive approach to realise its longer term investment projects so as to generate additional working capital to enable the Group to take on new development projects with better profitability and cashflow potentials. In this regard the Group has disposed of certain investment properties in Wuhan Wah Zhong Trade Plaza and its interests in the Tangshan Tourism Project during the period. Such disposals have provided additional working capital to the Group and resulted in other revenue and gains to the Group. In respect of new development projects, the Group has acquired interests in three major developments in Beijing, Shanghai and Nanchang respectively during the period. These three developments will be developed by phases and it is expected that they will make positive contributions to the results of the Group in the coming few years.

## **PROSPECTS**

The ongoing development projects of the Group are expected to continue to contribute positively to the operating results of the Group for the second half financial year. The Group is optimistic about the property market in the PRC and is actively seeking opportunities to add new development projects to its property development portfolio.

## **FINANCIAL RESOURCES AND LIQUIDITY**

The Group's principal source of fund comes from the cashflow generated from property sales and leaseings, supplemented by bank and other borrowings.

As at 30th September, 2004, the net borrowings of the Group, being interest-bearing bank and other borrowings less cash and bank balances and bank deposits, amounted to about HK\$477 million. The net debt to equity ratio as at 30th September, 2004 is about 37.10%, which is expressed as a percentage of the net borrowings over the total net assets of the Group of about HK\$1,286 million, a decrease of about 1.13% from that of about 38.23% as at 31st March, 2004.

## BORROWINGS AND CHARGES

As at 30th September, 2004, the level of bank and other borrowings of the Group and their maturity profile are as follows:

	<i>HK\$'000</i>
Bank overdrafts repayable:	
Within one year or on demand	8,895
Bank loans repayable:	
Within one year or on demand	394,713
In the second year	195,474
In the third to fifth years, inclusive	107,807
	<u>697,994</u>
Other loans repayable:	
Within one year or on demand	51,844
In the second year	2,934
In the third to fifth years, inclusive	8,802
Beyond five years	18,067
	<u>81,647</u>
	<u><u>788,536</u></u>

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

	<i>HK\$'000</i>
Renminbi	718,543
Hong Kong dollars	57,545
United States dollars	12,448
	<u>788,536</u>

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

- (a) Certain of the Group's bank loans are secured by:
- (i) Certain investment properties of the Group with aggregate carrying value at 30th September, 2004 of approximately HK\$293 million;
  - (ii) Certain properties under development of the Group with aggregate carrying value at 30th September, 2004 of approximately HK\$282 million;

- (iii) Certain properties held for development of the Group with aggregate carrying value at 30th September, 2004 of approximately HK\$470 million;
  - (iv) Certain completed properties for sale of the Group with aggregate carrying value at 30th September, 2004 of approximately HK\$27 million;
  - (v) Corporate guarantees from the Company and certain of its subsidiaries.
- (b) Certain other loans are secured by certain completed properties for sale of the Group with an aggregate carrying value of approximately HK\$42 million at 30th September, 2004 and a 50% equity interest in Shanghai Golden Bridge Real Estate Ltd., a wholly owned subsidiary of the Company.

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES**

The Group's operations are principally in the People's Republic of China. Majority part of the Group's income and expenditure is in Renminbi. The exchange rate for Renminbi has been stable over the past few years and the directors do not foresee any circumstances that will lead to erratic fluctuation in the exchange rate for Renminbi in the foreseeable future which will cause a material adverse impact on the Group's operations. Therefore, the directors consider the Group does not have undue exposure to fluctuation in exchange rates.

## **CONTINGENT LIABILITIES**

At 30th September, 2004, the Group had given guarantees to the extent of approximately HK\$378,220,000 (31st March, 2004: HK\$339,921,000) to banks in respect of mortgage loan facilities granted by the banks to the buyers of certain properties developed by the Group and a property of which the sales were underwritten by the Group.

## **EMPLOYEES AND REMUNERATION POLICY**

The Group employs a total of about 1,424 employees in the mainland China and Hong Kong. Employees are remunerated based on their work performance, skills and experience, and prevailing industry practice. Apart from basic salary and performance related bonus, the Group also provides other benefits to its employees including mandatory provident fund, medical insurance coverage, housing and share options.

## **COMPLIANCE WITH THE CODE OF BEST PRACTICE**

In the opinion of the directors, the Company complied with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by the interim report, except that the non-executive directors are not appointed for specific terms as required by paragraph 7 of the Code of Best Practice but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's bye-laws. The Company has established an audit committee in accordance with paragraph 14 of the Code of Best Practice.



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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th September, 2004.

## **PUBLICATION OF RESULTS ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")'S WEBSITE**

The unaudited interim report of the Group containing all the information required by paragraphs 46(1) to 46(6) of Appendix 16 to the Listing Rules will be subsequently published on the website of the Stock Exchange in due course.

By Order of the Board  
**Chan Boon Teong**  
*Chairman*

Hong Kong, 23rd December, 2004

\* *For identification purposes only*