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COASTAL GREENLAND LIMITED

沿海綠色家園有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 01124)

**UNAUDITED INTERIM RESULTS FOR
THE SIX MONTHS ENDED 30 SEPTEMBER 2014**

HIGHLIGHTS:

1. Contracted sales for the period amounted to about HK\$1,612 million, an increase of 4% from the last corresponding period.
2. Revenue for the period amounted to HK\$541.9 million, a decrease of approximately 58% from the last corresponding period.
3. Loss for the period attributable to owners of the Company was about HK\$273.1 million.

The Board of Directors (the “Board”) of Coastal Greenland Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2014 together with the comparative figures for the corresponding period in 2013. The interim financial report for the six months ended 30 September 2014 has been reviewed by the Company’s Audit Committee and the Company’s external auditor, Messrs. Deloitte Touche Tohmatsu.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2014

		Six months ended 30 September	
		2014	2013
	Notes	(unaudited) HK\$'000	(unaudited) HK\$'000
Revenue	3	541,935	1,280,123
Cost of sales		<u>(459,794)</u>	<u>(973,218)</u>
Gross profit		82,141	306,905
Other income and gains	4	63,633	95,284
Marketing and selling expenses		(51,803)	(48,676)
Administrative expenses		(174,260)	(142,136)
Other expenses		(6,130)	(41,790)
Finance costs	5	(119,264)	(210,869)
Gain on disposal of a property-based subsidiary		–	184,010
Share of loss of associates		(9,347)	(6,406)
Share of loss of joint ventures		<u>(4,070)</u>	<u>(4,586)</u>
(Loss) profit before taxation		(219,100)	131,736
Taxation	6	<u>(55,226)</u>	<u>(98,892)</u>
(Loss) profit for the period	7	(274,326)	32,844
Other comprehensive income			
<i>Item that will not be subsequently reclassified to profit or loss</i>			
Exchange differences arising on translation to presentation currency		<u>4,904</u>	<u>128,691</u>
Total comprehensive (expense) income for the period		<u>(269,422)</u>	<u>161,535</u>
(Loss) profit for the period attributable to			
Owners of the Company		(273,058)	34,168
Non-controlling interests		<u>(1,268)</u>	<u>(1,324)</u>
		<u>(274,326)</u>	<u>32,844</u>
Total comprehensive (expense) income attributable to:			
Owners of the Company		(267,619)	160,529
Non-controlling interests		<u>(1,803)</u>	<u>1,006</u>
		<u>(269,422)</u>	<u>161,535</u>
		<i>HK cents</i>	<i>HK cents</i> (Restated)
(Loss) earnings per share			
Basic	8	<u>(6.52)</u>	<u>1.15</u>
Diluted		<u>(6.52)</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2014

	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000
<i>Notes</i>		
NON-CURRENT ASSETS		
Property, plant and equipment	242,809	260,077
Investment properties	230,535	230,364
Prepaid land lease payments	53,538	54,214
Interests in joint ventures	419,664	416,679
Interests in associates	53,045	179,161
Available-for-sale investments	194,175	178,485
	1,193,766	1,318,980
CURRENT ASSETS		
Properties under development	6,735,736	6,554,122
Completed properties for sale	1,721,581	1,619,076
Trade receivables	18,771	19,328
Prepayments, deposits and other receivables	3,642,626	2,633,477
Amounts due from associates	653,249	681,463
Amounts due from joint ventures	768,584	667,800
Amount due from a customer for contract work	–	46,511
Held-for-trading investments	31,753	24,905
Prepaid tax	88,267	80,264
Pledged bank deposits	800,634	746,650
Cash and bank balances	529,444	1,946,834
	14,990,645	15,020,430
Assets classified as held for sale	2,571,318	1,581,149
	17,561,963	16,601,579
CURRENT LIABILITIES		
Trade payables	288,554	467,420
Deposits received from pre-sales of properties	1,640,148	1,434,745
Other payables and accruals	1,211,481	1,168,640
Amount due to a substantial shareholder of the Company	6,236	2,715
Amount due to a non-controlling interest	–	56,743
Tax payable	758,378	876,316
Interest-bearing bank and other borrowings	4,770,032	1,945,251
	8,674,829	5,951,830
Liabilities classified as held for sale	1,901,068	1,254,364
	10,575,897	7,206,194
NET CURRENT ASSETS	6,986,066	9,395,385
TOTAL ASSETS LESS CURRENT LIABILITIES	8,179,832	10,714,365

	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000
CAPITAL AND RESERVES		
Share capital	418,587	418,587
Reserves	4,259,729	4,514,906
	<hr/>	<hr/>
Equity attributable to owners of the Company	4,678,316	4,933,493
Non-controlling interests	17,777	19,580
	<hr/>	<hr/>
Total equity	4,696,093	4,953,073
	<hr/>	<hr/>
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	3,202,054	5,488,656
Deferred tax liabilities	281,685	272,636
	<hr/>	<hr/>
Total non-current liabilities	3,483,739	5,761,292
	<hr/>	<hr/>
	8,179,832	10,714,365
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NOTES

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2014.

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

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 report about components of the Group that are regularly reviewed by the Board of Directors of the Company, being the chief operating decision maker (the "CODM") in order to allocate resources to segments and to assess their performance. Summary details of the Group's reportable and operating segments are as follows:

- (a) the property development segment engages in the development of properties for sale in the PRC;
- (b) the property investment segment invests in commercial and residential properties located in the PRC for their rental income potential and/or for capital appreciation;
- (c) the property management segment engages in the management of properties in the PRC;
- (d) the project management and construction segment engages in the provision of project management and construction services in the PRC; and
- (e) the project investment services segment engages in the investment in and sale of property development/land development projects in the PRC.

Segment revenue and results

The Group's revenue and results were substantially derived from operations in the PRC. The following is an analysis of the Group's revenue and results by reportable and operating segment:

	Property development		Property investment		Property management		Project management and construction		Project investment services		Total		Elimination		Operating segment		Reconciliation		Consolidated	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Segment revenue:	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales to external customers	518,095	1,081,173	1,212	304	6,333	3,815	16,295	194,831	-	-	541,935	1,280,123	-	-	541,935	1,280,123	-	541,935	1,280,123	
Inter-segment revenue	-	-	-	-	-	-	415,586	131,550	-	-	415,586	131,550	(415,586)	(131,550)	-	-	-	-	-	-
Sales of projects	-	-	-	-	-	-	-	-	-	353,147	-	353,147	-	-	-	353,147	(353,147)	-	-	-
Total	518,095	1,081,173	1,212	304	6,333	3,815	431,881	326,381	-	353,147	957,521	1,764,820	(415,586)	(131,550)	541,935	1,633,270	(353,147)	541,935	1,280,123	
Segment (losses) profits	(107,108)	172,195	443	(209)	2,027	3,614	(6,098)	40,052	-	184,010	(110,736)	399,662	(897)	(14,258)	(111,633)	385,404	-	(111,633)	385,404	
Net foreign exchange (losses) gains															(1,876)	3,301	-	(1,876)	3,301	
Interest income															920	1,657	-	920	1,657	
Other interest income															25,684	-	-	25,684	-	
Finance costs															(119,264)	(210,869)	-	(119,264)	(210,869)	
Amortisation of prepaid land lease payments															(715)	(712)	-	(715)	(712)	
Share of loss of associates															(9,347)	(6,406)	-	(9,347)	(6,406)	
Share of loss of joint ventures															(4,070)	(4,586)	-	(4,070)	(4,586)	
Gain on disposal of an associate															8,261	-	-	8,261	-	
Gain on disposal of a joint venture															5,915	-	-	5,915	-	
Other net unallocated expenses															(12,975)	(36,053)	-	(12,975)	(36,053)	
(Loss) profit before taxation															(219,100)	131,736	-	(219,100)	131,736	

Inter-segment revenue is charged at amounts agreed amongst the transacting segment parties.

Note a: The segment revenue of project investment services operating segment for the six months ended 30 September 2013 has been restated to align with the change in measurement of segment revenue in the consolidated financial statements for the year ended 31 March 2014.

Note b: The adjustment reflects the reconciliation of revenue from the reportable and operating segment – project investment services which is identified by the CODM in 2013 to the Group's consolidated revenue.

Segment results represents the profit before taxation made by each reportable segment without allocation of income and expenses of the Group's head office, net foreign exchange differences, amortisation of prepaid land lease payments, interest income, finance costs, share of results of associates and joint ventures and gain on disposal of an associate and a joint venture. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Segment assets and liabilities

The Group's CODM does not review the segment assets and liabilities for the purposes of allocating resources to segments and assessing their performance. Therefore, no segment assets and liabilities are presented.

4. OTHER INCOME AND GAINS

	Six months ended 30 September	
	2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000
Interest income from banks	920	1,657
Net foreign exchange gains	–	3,301
Subsidies from the local government	–	675
Reversal of provision for legal claims (<i>note a</i>)	–	71,644
Gain on disposal of property, plant and equipment	5,080	–
Gain on disposal of an associate (<i>note b</i>)	8,261	–
Gain on disposal of a joint venture (<i>note c</i>)	5,915	–
Increase in fair value of held-for-trading investment	6,763	2,964
Other interest income	25,684	–
Others	11,010	15,043
	<u>63,633</u>	<u>95,284</u>

Notes:

- (a) During the six months ended 30 September 2013, the legal claims have been settled based on the finalisation of the amount claimed and the type of properties compensated to the plaintiffs under the litigation.
- (b) During the six months ended 30 September 2014, the Group entered into a sale and purchase agreement to dispose of 25% interest in an associate to a third party for a consideration of HK\$119,685,000. The Group recognised gain on disposal of HK\$8,261,000.
- (c) During the six months ended 30 September 2014, the Group entered into a sale and purchase agreement to dispose of 40% interest in a joint venture to a third party for a consideration of HK\$74,582,000. The Group recognised gain on disposal of HK\$5,915,000.

5. FINANCE COSTS

	Six months ended 30 September	
	2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000
Interest on bank loans wholly repayable within five years	131,160	105,657
Interest on other loans wholly repayable within five years	183,770	286,736
	<u>314,930</u>	<u>392,393</u>
Less: Amounts capitalised in properties under development	(195,666)	(181,524)
	<u>119,264</u>	<u>210,869</u>

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

6. TAXATION

	Six months ended	
	30 September	
	2014	2013
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Current tax:		
PRC Enterprise Income Tax (“EIT”)	29,502	71,230
PRC Land Appreciation Tax (“LAT”)	16,366	51,821
	<u>45,868</u>	<u>123,051</u>
Deferred tax (<i>Note</i>)		
PRC LAT	–	(1,937)
Other	9,358	(22,222)
	<u>9,358</u>	<u>(24,159)</u>
Total tax charge for the period	<u><u>55,226</u></u>	<u><u>98,892</u></u>

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 periods.

The Group’s income tax expense represents tax charges on the assessable profits of subsidiaries operating in the PRC calculated at the rates of tax prevailing in the locations in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the statutory tax rate of the Company’s PRC subsidiaries is 25% from 1 January 2008 onwards.

The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

Note: The deferred tax credit recognised during the six months ended 30 September 2013 mainly resulted from the combined effect relating to release of deferred tax liabilities arising from the reversal of temporary differences relating to fair value adjustments to the carrying amounts of properties under development at the time of acquisition of property holding subsidiaries under business combination. Such deferred tax liabilities were released upon the sale of properties by those subsidiaries.

7. (LOSS) PROFIT FOR THE PERIOD

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

	Six months ended	
	30 September	
	2014	2013
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	3,750	2,152
Less: Amounts capitalised in properties under development	(861)	(1,954)
	<u>2,889</u>	<u>198</u>
Amortisation of prepaid land lease payments	715	712
Net foreign exchange losses (gains)	1,876	(3,301)
(Gain) loss on disposal of properties, plant and equipment	(5,080)	929
Impairment loss of other receivables (included in “other expenses”)	–	5,281
Interest compensation for late handover of completed properties (included in “other expenses”)	–	12,694
	<u><u>–</u></u>	<u><u>12,694</u></u>

8. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to the owners of the Company is based on the loss for the period attributable to owners of the Company of HK\$273,058,000 (2013: profit attributable to owners of the Company of HK\$34,168,000) and the number of 4,185,874,285 (2013: 2,983,036,847 (restated)) ordinary shares in issue.

The weighted average number of shares for the purpose of calculating basic earnings per share for the six months ended 30 September 2013 has been retrospectively adjusted for the effect of bonus element in connection to the open offer completed in March 2014.

The calculation of diluted loss per share for the six months ended 30 September 2014 did not assume the exercise of the Company's options as the exercise price of the options was higher than the average market price of the Company's shares for the period and therefore anti-dilutive to the loss per share.

The Company has no potential ordinary share outstanding during the six months ended 30 September 2013. Accordingly, no diluted earnings per share information is presented.

9. TRADE RECEIVABLES

Except for the proceeds from sales of properties and rental income from lease of properties which are payable in accordance with the terms of the relevant agreements, the Group generally allows a credit period of not exceeding 60 days to its customers.

An aged analysis of trade receivables as at the end of the reporting period based on invoice date, which approximate revenue recognition date, net of allowance for bad and doubtful debts, is as follows:

	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000
0 – 30 days	535	1,875
31 – 60 days	266	117
61 – 90 days	473	7,337
Over 90 days	17,497	9,999
	<u>18,771</u>	<u>19,328</u>

10. TRADE PAYABLES

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

	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000
0 – 30 days	76,264	185,913
31 – 60 days	25,562	55,011
61 – 90 days	49,583	73,604
Over 90 days	137,145	152,892
	<u>288,554</u>	<u>467,420</u>

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2014 (2012: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the first half of the financial year, the Group has recorded a revenue of HK\$541.9 million, a decrease of approximately 58% as compared to the HK\$1,280.1 million for the last corresponding period. The decrease in revenue for the period was mainly attributable to lesser amount of properties were completed and delivered to purchasers during the period.

Loss before taxation for the period was HK\$219.1 million as compared to the profit before taxation of HK\$131.7 million for the last corresponding period. Loss for the period attributable to owners of the Company was HK\$273.1 million comparing to a profit of HK\$34.2 million for the last corresponding period.

Property Development

During the period under review, the recognised revenue from property development segment was HK\$518.1 million, a decrease from HK\$1,081.2 million or approximately 52% from the corresponding period in 2013, which corresponds to a decrease by 61% in the total GFA delivered by the Group decreased to 57,119 sq.m. from 145,161 sq.m. in 2013. The property revenue for the period mainly came from the sale of Phase VI of Dongguan Riviera Villa, Phase V section AB of Wuhan Silo City, Phase III of Dongguan Riviera Villa and Phase II section B2 of Dalian Jianzhu Project which respectively represented approximately 42%, 19%, 9% and 7% of the total property revenue. The remaining 23% was derived from sale of the prior phases of completed development projects.

During the period, the Group recorded contracted revenue of HK\$1,612 million and a total GFA of 137,630 sq.m., versus contracted revenue of HK\$1,554 million and a total GFA of 170,158 sq.m. for the last corresponding period.

As at 30 September 2014, the Group has generated a total revenue of HK\$1,352 million from pre-sale of its properties under development with a total GFA of 151,660 sq.m., contributing mainly from Phase VI section A2 of Wuhan Silo City, Chongqing Coastal Silo City, Shenyang Coastal International Centre and Phase VII of Wuhan Silo City which are expected to be completed and delivered in the coming two years.

Property Investment

Revenue from property rental increased to HK\$1.2 million from HK\$0.3 million for the last corresponding period. The property investment segment recorded a profit was HK\$0.4 comparing to a loss of HK\$0.2 million for the last corresponding period.

Property Management

The Group's property management operation recorded a profit of HK\$2.0 million for the period as compared to last corresponding period of HK\$3.6 million. The Group is committed to providing integrated and value-added property management services to foster good relations with tenants and owners and strengthen its brand image.

Project Management and Construction Service

Revenue from project management and construction segment decreased by 92% to HK\$16.3 million from last corresponding period's HK\$194.8 million. The project management and construction segment for the period recorded a loss of HK\$6.1 million comparing to a profit of HK\$40.1 million for the last corresponding period.

Project Investment Services

In the corresponding period of year, the Group generated a profit of about HK\$184.0 million from the operations of this segment during the last period.

Gross Profit Margin

The gross profit margin for the current period dropped to 15% from 24% for the last corresponding period. The decrease was mainly due to a lower level of selling price attained for the properties completed and delivered to purchasers during the period.

Other Income and Gains

Other income and gains for the period was HK\$63.6 million as compared to HK\$95.3 million for the last corresponding period. Other income for the period mainly represented the interest income from banks of HK\$0.9 million (2013: HK\$1.7 million), gain on disposal of property, plant and equipment of HK\$5.1 million (2013: nil), other interest income of HK\$25.7 million (2013: nil), gain on disposal of an associate of HK\$8.3 million (2013: nil), gain on disposal of a joint venture of HK\$5.9 million (2013: nil) and increase in fair value of held-for-trading investment of HK\$6.8 million (2013: HK\$3.0 million). Included in the last corresponding period's other income was the reversal of provision of legal claims of HK\$71.6 million, subsidies from the local government of HK\$0.7 million and the net foreign exchange gain of HK\$3.3 million on translation of the Company's United States dollar denominated debts into the Company's functional currency, Renminbi.

Marketing, Selling and Administrative Expenses

Marketing and selling expenses increased to HK\$51.8 million from HK\$48.7 million as a result of the increase in the Group's selling activities. The contracted revenue for the period increased to HK\$1,612 million from HK\$1,554 million for the last corresponding period.

Administrative expenses for the period was HK\$174.3 million as compared to HK\$142.1 million for the last corresponding period. The increase was attributable to increase in staff costs. The Group will continue to implement cost control measures so as to enhance its operational efficiency and competitiveness.

Other Expenses

Other expenses for the period decreased to HK\$6.1 million from HK\$41.8 million for the last corresponding period. Other expenses mainly represented other compensation of HK\$2.4 million (2013: HK\$8.0 million) to the property purchasers. Included in the last corresponding period's other expenses were interest compensation of HK\$12.7 million for a delay in the handover of certain completed properties to the purchasers and impairment loss recognised on trade and other receivables of HK\$5.3 million.

Finance Costs

During the period, the Group incurred finance costs before capitalisation (mainly interest for bank and other borrowings) of HK\$314.9 million, representing a decrease of approximately 20% as compared to HK\$392.4 million incurred for the last corresponding period. The decrease was mainly attributable to a decrease in the average cost of bank and other borrowings as compared to last period.

Interest expenses charged to profit or loss for the period were HK\$119.3 million as compared to last corresponding period's HK\$210.9 million. The decrease was mainly due to higher amount of finance costs were qualified for capitalisation to properties under development as compared to last corresponding period.

Gain on disposal of a property-based subsidiary

In March 2013, the Group entered into a sale and purchase agreement with an independent third party to dispose of its 60% equity interest in a subsidiary, which holds a piece of land in the PRC, for a cash consideration of RMB280.0 million (equivalent to HK\$353.1 million). The disposal was completed during the last period and realised a profit of about HK\$184.0 million.

Corporate Brand

Coastal Greenland, the corporate brand, had been ranked among the top ten most valuable Chinese real estate company brands for the eleven consecutive years between 2004 and 2014 by an authoritative PRC real estate research team formed by the Development Research Center of the State Council, the Tsinghua University Real Estate Research Center and the China Index Research Team.

FINANCIAL REVIEW

Financial Resources and Liquidity

The Group's principal source of fund is the cashflow generated from property sales and leasings, and provision of project management and construction services and project investment services supplemented by bank and other borrowings.

At 30 September 2014, the Group's cash and bank deposits amounted to approximately HK\$1,330.1 million (31 March 2014: HK\$2,693.5 million). An analysis by currency denomination of the cash and bank deposits is as follows:

	30 September 2014 <i>HK\$'000</i>	31 March 2014 <i>HK\$'000</i>
Renminbi	1,313,498	2,504,988
Hong Kong dollar	9,966	120,767
United States dollar	6,614	67,729
	<u>1,330,078</u>	<u>2,693,484</u>

At 30 September 2014, 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\$6,642.0 million (31 March 2014: HK\$4,740.4 million). Net debt to total equity ratio, which is expressed as a percentage of net borrowings over total equity of the Group, increased from 96% as at 31 March 2014 to 141% as at 30 September 2014. The increase in net debt to total equity ratio was mainly due to the increase in net borrowings of the Group at 30 September 2014.

Borrowings and Charges

At 30 September 2014, the level of bank and other borrowings of the Group and their maturity profile are as follows:

	30 September 2014 HK\$'000	31 March 2014 HK\$'000
Bank loans repayable:		
Within one year	1,309,508	340,458
In the second year	974,182	1,650,311
In the third to fifth years inclusive	1,622,163	1,518,189
Bank loan that is repayable within one year from the end of the reporting period and contain a repayment on demand clause	170,425	84,126
Bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause	429,387	515,686
	4,505,665	4,108,770
Other borrowings repayable:		
Within one year	2,860,712	1,004,981
In the second year	605,709	2,156,232
In the third to fifth year inclusive	–	163,924
	3,466,421	3,325,137
	7,972,086	7,433,907

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

	30 September 2014 HK\$'000	31 March 2014 HK\$'000
Renminbi	7,294,374	6,756,195
Hong Kong dollar	162,026	162,026
United States dollar	515,686	515,686
	7,972,086	7,433,907

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

- (a) Certain of the Group's bank and other loans as at 30 September 2014 were secured by:
- (i) certain land and buildings of the Group with an aggregate carrying value of approximately HK\$170 million (31 March 2014: HK\$169 million);
 - (ii) certain bank deposits of the Group with an aggregate carrying value of approximately HK\$659 million (31 March 2014: HK\$614 million);
 - (iii) certain properties under development of the Group with an aggregate carrying value of approximately HK\$1,560 million (31 March 2014: HK\$1,309 million);
 - (iv) certain completed properties for sale of the Group with an aggregate carrying value of approximately HK\$503 million (31 March 2014: HK\$637 million);
 - (v) amount due from an associate of the Group with carrying value of nil (31 March 2014: HK\$83 million);
 - (vi) the Group's 100% equity interests in four property-based subsidiaries; and
 - (vii) corporate guarantees from the Company and certain of its subsidiaries.

Exposure to Fluctuations in Exchange Rates

The Group's operations are principally in the PRC and accordingly a majority part of its income and expenditure is denominated in Renminbi. Renminbi continued to appreciate against Hong Kong dollars and United States dollar. The Group's major assets, mainly property development projects, are located in the PRC and will generate Renminbi revenue to the Group. Except certain bank and other loans which are denominated in United States dollar or Hong Kong dollar, most of the Group's liabilities are denominated in Renminbi. Therefore, the Directors do not foresee that movement in the exchange rates of foreign currencies against Renminbi in the foreseeable future will cause a material adverse impact on the Group's operations.

Contingent Liabilities

At 30 September 2014, the Group had given guarantees to the extent of approximately HK\$3,314.0 million (2013: HK\$3,546.1 million) to banks in respect of mortgage loan facilities granted to the property purchasers. The Group had also given guarantees amounting to approximately HK\$157.7 million (2013: HK\$195.4 million) to banks in connection with banking facility granted to the associate, against which a counter-guaranteed was given by the associate to the Group.

EMPLOYEES AND REMUNERATION POLICY

The Group employs a total of approximately 2,000 employees in the mainland China and Hong Kong. Employees are remunerated based on their work performance, skills and experience, and prevailing industry practice. Apart from basic salary and performance related bonus, the Group also provides other benefits to its employees including mandatory provident fund, medical insurance coverage, housing allowances and share options.

PROSPECTS

Looking forward, China's economy is expected to remain vibrant in the second half of 2014. Following the relaxation of the austerity measures on property purchase policy in a substantial number of cities in the PRC, the real estate market is gradually recovering. Regulations on house purchasing have become less restrictive and market confidence has gradually restored. We expect that the recent lowering of the Renminbi interest rate, the possible further loosening up of control measures, the ongoing urbanisation and the continued increase in the household income are the major drivers that will boost the end users' demand for quality properties in the coming years. Concurrently, the Group will leverage on its experience and expertise in property development business seeking to expand its property investment services and project management services businesses. The Group is committed to offering value-for-money property, enhancing the living experience for customers and creating value and satisfactory results for shareholders.

The Group has a pre-eminent brand and consummate experience in the property market. It will optimise its operations with its geographically well-distributed and diversified prominent property portfolio and will continue to enrich its land reserves and ameliorate the competitiveness of its products. Also, the Group will continuously explore different funding opportunities so as to enhance its financial capability.

CORPORATE GOVERNANCE

The Company is committed to ensure high standards of corporate governance in the interest of all its shareholders. The Company has applied and complied with the applicable code provisions set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") contained in Appendix 14 of the Listing Rules, 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. Mr. Jiang Ming is the founder and a substantial shareholder of the Company and has considerable industry experience. The board of directors of the Company (the "Board") considers that this situation will not impair the balance of power and authority between the Board and the management of the Company. This is because the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals with demonstrated integrity. Further, decisions of the Board are made by way of majority voting. The Board believes that this structure is conducive to strong, prompt response and efficient management and implementation.

Code provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings. Two non-executive directors were unable to attend the annual general meeting and special general meeting of the Company held on 15 September 2014 and 30 September 2014 respectively due to other important engagements. One independent non-executive director was unable to attend the annual general meeting of the Company held on 15 September 2014 and two independent non-executive directors were unable to attend the special general meeting of the Company held on 30 September 2014 due to other important engagements.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry of all Directors, the Directors confirmed that they have complied with the requirements as set out in the Model Code during the six months ended 30 September 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 September 2014.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including a general review of the unaudited interim financial report for the six months ended 30 September 2014.

REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements of the Company for the six months ended 30 September 2014 have been reviewed by the Company’s external auditor, Messrs. Deloitte Touche Tohmatsu, in accordance with the Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

PUBLICATION OF INTERIM REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The interim report of the Company for the six months ended 30 September 2014 containing all the information required by Appendix 16 to the Listing Rules will be published on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.coastal.com.cn>) in due course.

By Order of the Board
Jiang Ming
Chairman

Hong Kong, 28 November 2014

As at the date of this announcement, the board of Directors comprises Mr. Jiang Ming, Mr. Tao Lin, Mr. Cai Shaobin and Ms. Wang Hongmei as executive Directors, Mr. Lu Jiqiang and Dr. Dai Jingming as non-executive Directors and Mr. Chen Xiaotian, Mr. Wong Kai Cheong and Mr. Yang Jian Gang as independent non-executive Directors.

* For identification purpose only