

COASTAL 沿海

COASTAL GREENLAND LIMITED

(incorporated in Bermuda with limited liability)

Stock Code : 01124

Creating Long-Term Value



Interim Report 2015

CORPORATE INFORMATION

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business in Hong Kong

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Principal Registrars

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

Registrars in Hong Kong

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
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Company Website

<http://www.coastal.com.cn>

Investor Relations Website

<http://www.irasia.com/listco/hk/coastal>

Executive Directors

Mr. JIANG Ming (*Chairman
and Managing Director*)
Mr. TAO Lin
Mr. CAI Shaobin
Ms. WANG Hongmei

Non-executive Directors

Mr. LU Jiqiang
Dr. DAI Jingming

Independent Non-executive Directors

Mr. CHEN Xiaotian
Mr. WONG Kai Cheong
Mr. YANG Jiangan

Company Secretary

Mr. CHENG Wing Bor FCCA, CPA

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants

Stock Code

1124

The Board of Directors (the “Board”) of Coastal Greenland Limited (the “Company”) herein presents the unaudited condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2015 together with the unaudited comparative figures for the last corresponding period and the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2015 together with the audited comparative figures as at 31 March 2015. The interim financial report for the six months ended 30 September 2015 has been reviewed by the Company’s Audit Committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2015

		Six months ended 30 September	
		2015	2014
		(unaudited)	(unaudited)
	Notes	HK\$'000	HK\$'000
Revenue	3	309,566	541,935
Cost of sales		<u>(289,150)</u>	<u>(459,794)</u>
Gross profit		20,416	82,141
Other income and gains	4	4,961	63,633
Marketing and selling expenses		(22,970)	(51,803)
Administrative expenses		(103,521)	(174,260)
Other expenses		(7,124)	(6,130)
Finance costs	5	(98,567)	(119,264)
Share of profit (loss) of associates		3,935	(9,347)
Share of loss of joint ventures		<u>(14,710)</u>	<u>(4,070)</u>
Loss before taxation		(217,580)	(219,100)
Taxation	6	<u>25,977</u>	<u>(55,226)</u>
Loss for the period	7	(191,603)	(274,326)
Other comprehensive (expense) income			
Item that will not be subsequently reclassified to profit or loss			
Exchange differences arising on translation to presentation currency		<u>(124,776)</u>	<u>4,904</u>
Total comprehensive expense for the period		<u>(316,379)</u>	<u>(269,422)</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME** (continued)

For the six months ended 30 September 2015

	Six months ended 30 September	
	2015	2014
	(unaudited)	(unaudited)
Notes	HK\$'000	HK\$'000
Loss for the period attributable to:		
Owners of the Company	(191,363)	(273,058)
Non-controlling interests	(240)	(1,268)
	<u>(191,603)</u>	<u>(274,326)</u>
 Total comprehensive expense attributable to:		
Owners of the Company	(314,744)	(267,619)
Non-controlling interests	(1,635)	(1,803)
	<u>(316,379)</u>	<u>(269,422)</u>
	HK cents	HK cents
Loss per share	8	
Basic	<u>(4.57)</u>	<u>(6.52)</u>
Diluted	<u>(4.57)</u>	<u>(6.52)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

	Notes	30 September 2015 (unaudited) HK\$'000	31 March 2015 (audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	233,850	235,201
Investment properties	10	222,573	230,643
Prepaid land lease payments		50,309	52,850
Interests in joint ventures		409,718	427,800
Interests in associates		736,599	745,313
Available-for-sale investments		172,548	178,697
		<u>1,825,597</u>	<u>1,870,504</u>
Total non-current assets			
CURRENT ASSETS			
Properties under development		7,936,388	7,808,925
Completed properties for sale		1,275,002	1,574,764
Trade receivables	11	18,218	21,986
Prepayments, deposits and other receivables	12	3,068,099	2,588,034
Amounts due from associates and joint ventures	18(b)(ii)(iii)(iv)(v)	1,572,238	1,620,539
Amounts due from customers for contract work		–	59,169
Prepaid tax		129,685	92,889
Pledged bank deposits		1,139,562	1,551,678
Cash and bank balances		432,653	843,951
		<u>15,571,845</u>	<u>16,161,935</u>
Total current assets			

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 30 September 2015

	Notes	30 September 2015 (unaudited) HK\$'000	31 March 2015 (audited) HK\$'000
CURRENT LIABILITIES			
Trade and bills payables	13	790,275	1,370,894
Deposits received from pre-sales of properties		1,511,490	1,143,001
Other payables and accruals		1,125,441	1,214,871
Amount due to a substantial shareholder of the Company	18(b)(i)	3,366	3,948
Tax payable		732,777	808,850
Interest-bearing bank and other borrowings	14	4,087,704	4,670,570
Total current liabilities		8,251,053	9,212,134
NET CURRENT ASSETS		7,320,792	6,949,801
TOTAL ASSETS LESS CURRENT LIABILITIES		9,146,389	8,820,305
CAPITAL AND RESERVES			
Share capital	15	418,587	418,587
Reserves		3,698,454	4,013,198
Equity attributable to owners of the Company		4,117,041	4,431,785
Non-controlling interests		3,146	4,781
Total equity		4,120,187	4,436,566
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	14	4,803,121	4,139,681
Deferred tax liabilities		223,081	244,058
Total non-current liabilities		5,026,202	4,383,739
		9,146,389	8,820,305

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Share Contributed surplus HK\$'000	Capital reserve HK\$'000	Leasehold property revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	PRC reserve funds HK\$'000	Share options reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2014	418,587	1,336,094	37,560	929	59,765	658,938	9,697	10,247	2,401,676	4,933,493	19,580	4,953,073
Exchange differences arising on translation to presentation currency	-	-	-	-	-	5,439	-	-	-	5,439	(535)	4,904
Loss for the period	-	-	-	-	-	-	-	-	(273,058)	(273,058)	(1,268)	(274,326)
Total comprehensive income (expense) for the period	-	-	-	-	-	5,439	-	-	(273,058)	(267,619)	(1,803)	(269,422)
Recognition of equity-settled share-based payment	-	-	-	-	-	-	-	12,442	-	12,442	-	12,442
At 30 September 2014 (unaudited)	418,587	1,336,094	37,560	929	59,765	664,377	9,697	22,689	2,128,618	4,678,316	17,777	4,696,093
At 1 April 2015	418,587	1,336,094	37,560	929	58,496	653,634	9,697	22,689	1,894,099	4,431,785	4,781	4,436,566
Exchange differences arising on translation to presentation currency	-	-	-	-	-	(123,381)	-	-	-	(123,381)	(1,395)	(124,776)
Loss for the period	-	-	-	-	-	-	-	-	(191,363)	(191,363)	(240)	(191,603)
Total comprehensive expense for the period	-	-	-	-	-	(123,381)	-	-	(191,363)	(314,744)	(1,635)	(316,379)
At 30 September 2015 (unaudited)	418,587	1,336,094	37,560	929	58,496	530,253	9,697	22,689	1,702,736	4,117,041	3,146	4,120,187

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the six months ended 30 September 2015

Contributed surplus of the Company represents the surpluses arising from the issue of shares by Coastal Realty (BVI) Limited, the intermediate holding company of the Company, (i) in the acquisition of Coastal Realty Development Co. Limited, the former holding company of the Company in 1995; and (ii) at a premium to third parties in 1997, less dividends paid to shareholders in previous years.

PRC reserve funds are reserves required by the relevant laws in the People's Republic of China ("PRC") applicable to the Company's PRC subsidiaries for staff welfare and expansion of working capital.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

	Six months ended 30 September 2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Net cash used in operating activities		
Increase in properties under development	(235,194)	(93,220)
Decrease (increase) decrease in completed properties for sales	295,620	(123,778)
Increase in prepayments, deposits and other receivables	(467,133)	(1,477,302)
Increase in deposits received from pre-sales of properties	560,452	594,441
(Decrease) increase in trade and bills payables	(628,734)	166,360
(Decrease) increase in other payables and accruals	(319,598)	61,478
Tax paid	(75,559)	(167,686)
Other operating cash flows	(50,827)	(293,382)
	<u>(920,973)</u>	<u>(1,333,089)</u>
Net cash from (used in) investing activities		
Purchases of property, plant and equipment	(11,543)	(8,311)
Net proceeds from disposal of property, plant and equipment	–	8,307
Proceeds from disposal of an associate	–	119,685
Proceeds from disposal of a joint venture	–	74,582
Acquisition of interest in/capital injection to joint ventures	(10,510)	(56,780)
Purchase of an available-for-sale investment	–	(15,560)
Repayment from (advances to) joint ventures and associates	48,301	(100,784)
Decrease (increase) in pledged bank deposits	324,133	(79,250)
Decrease in restricted bank deposits	412,116	–
Other investing cash flows	(264)	(37,979)
	<u>762,233</u>	<u>(96,090)</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six months ended 30 September 2015

	Six months ended 30 September	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Net cash from financing activities		
New bank and other borrowings	3,502,678	1,585,330
Repayment of bank and other borrowings	(3,137,888)	(1,162,890)
Interest paid	(339,982)	(338,221)
Other financing cash flows	(582)	(53,222)
	<u>24,226</u>	<u>30,997</u>
Net decrease in cash and cash equivalents	(134,514)	(1,398,182)
Cash and cash equivalents at the beginning of period	322,704	1,946,834
Effect of foreign exchange rate changes	<u>47,349</u>	<u>(19,208)</u>
Cash and cash equivalents at the end of period	<u>235,539</u>	<u>529,444</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

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 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2015.

During the interim period, the Group has adopted all the new and amended Hong Kong Financial Reporting Standards (“HKFRSs”) which are first effective for the reporting period. The application of these new and amended HKFRSs has had no impact on the disclosures or on the amounts recognised in the Group’s condensed consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of 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 provision of investment services in relation to investment in and sale of property development/land development projects in the PRC.

3. SEGMENT INFORMATION (continued)

Segment revenue and results

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

	Property development		Property investment		Property management and construction		Project investment services		Total		Eliminations		Consolidated	
	Six months ended 30 September 2015	2014 (unaudited)	Six months ended 30 September 2015	2014 (unaudited)	Six months ended 30 September 2015	2014 (unaudited)	Six months ended 30 September 2015	2014 (unaudited)	Six months ended 30 September 2015	2014 (unaudited)	Six months ended 30 September 2015	2014 (unaudited)	Six months ended 30 September 2015	2014 (unaudited)
	HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000	
Segment revenue:														
Sales to external customers	272,919	316,095	918	1,212	5,964	6,333	29,765	16,295	-	-	309,566	541,935	-	-
Inter-segment revenue	-	-	-	-	-	-	29,409	415,586	-	-	29,409	415,586	(29,409)	(415,586)
Total	272,919	316,095	918	1,212	5,964	6,333	59,174	431,881	-	-	338,975	957,521	(29,409)	(415,586)
Segment (losses) profits	(90,863)	(107,520)	610	855	2,773	2,027	4,930	(6,098)	-	-	(82,550)	(110,736)	(340)	(897)
Net foreign exchange losses														
Interest income														(13)
Finance costs														(1,876)
Amortisation of prepaid land lease payments														402
Share of profit/loss of associates														(98,567)
Share of loss of joint ventures														(711)
Gain on disposal of an associate														3,835
Gain on disposal of a joint venture														(9,347)
Other net unallocated expenses														(14,710)
Loss before taxation														8,261
														-
														5,915
														(25,026)
														(12,975)
														(217,580)
														(219,100)

Inter-segment revenue is charged at amounts agreed by both parties.

3. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

Segment results represent the loss 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 resource allocation and performance assessment.

Segment assets and liabilities

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

4. OTHER INCOME AND GAINS

	Six months ended 30 September	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Interest income from banks	402	920
Gain on disposal of property, plant and equipment	–	5,080
Gain on disposal of an associate (Note a)	–	8,261
Gain on disposal of a joint venture (Note b)	–	5,915
Increase in fair value of held-for-trading investment	–	6,763
Other interest income	–	25,684
Others	4,559	11,010
	<u>4,961</u>	<u>63,633</u>

4. OTHER INCOME AND GAINS (continued)

Notes:

- (a) 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.
- (b) 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	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Interest on bank borrowings wholly repayable within five years	152,493	131,160
Interest on other borrowings wholly repayable within five years	185,241	183,770
	<u>337,734</u>	<u>314,930</u>
Less: Amounts capitalised in properties under development	(239,167)	(195,666)
	<u>98,567</u>	<u>119,264</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	
	2015	2014
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Current tax:		
PRC Enterprise Income Tax ("EIT")	(21,263)	29,502
PRC Land Appreciation Tax ("LAT")	8,179	16,366
	(13,084)	45,868
Deferred tax (Note):		
Others	(12,893)	9,358
Total tax (credit) charge for the period	(25,977)	55,226

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 2015 mainly resulted from combined effect relating to (i) 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; and (ii) reversal of over-provided dividend withholding tax.

7. LOSS FOR THE PERIOD

Six months ended
30 September
2015
(unaudited)
HK\$'000

2014
(unaudited)
HK\$'000

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

Depreciation of property, plant and equipment	3,723	3,750
Less: Amounts capitalised in properties under development	(287)	(861)
	3,436	2,889
Amortisation of prepaid land lease payments	711	715
Net foreign exchange losses	13	1,876
Loss (gain) on disposal of property, plant and equipment	1,325	(5,080)

8. LOSS PER SHARE

The calculation of the basic loss 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\$191,363,000 (2014: HK\$273,058,000) and the number of 4,185,874,285 (2014: 4,185,874,285) ordinary shares in issue.

The calculation of diluted loss per share for the six months ended 30 September 2015 and 2014 did not assume the exercise of the Company's options as the exercise prices of the options were higher than the average market price of the Company's shares for the respective periods and therefore was anti-dilutive to the loss per share.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2015, the Group acquired property, plant and equipment at a cost of HK\$11,543,000 (2014: HK\$8,311,000). In addition, the Group disposed of certain property, plant and equipment with a carrying value of HK\$1,325,000 (2014: HK\$3,227,000).

10. INVESTMENT PROPERTIES

	30 September 2015 (unaudited) HK\$'000	31 March 2015 (audited) HK\$'000
Completed investment properties		
– at fair value	4,252	4,406
Investment property under construction		
– at cost	<u>218,321</u>	<u>226,237</u>
	<u>222,573</u>	<u>230,643</u>

The fair values of the Group's completed investment properties at 30 September 2015 and 31 March 2015 have been estimated by the directors with reference to recent sale transactions of similar properties.

For completed investment properties, the valuations have been arrived at by considering the capitalised net rental income or where appropriate, by reference to market evidence of recent transaction prices for similar properties in similar location and condition. In arriving at the capitalised net rental income, the market rentals of all lettable units of the property were assessed and capitalised at market yield expected by investors for this type of property. The market rentals are also assessed by reference to the rentals achieved in other similar properties in the neighbourhood. The capitalisation rate adopted was made by reference to the yields achieved in analysed market sales transactions and the valuer's knowledge of the market expectation from property investors.

In estimating the fair values of the properties, the highest and best use of the properties is their current use.

All of the Group's property interests held under operating leases to earn rentals or remained vacant and being held to be leased out or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment properties.

11. 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 2015 (unaudited) HK\$'000	31 March 2015 (audited) HK\$'000
0 – 30 days	–	7,560
31 – 60 days	1,453	–
61 – 90 days	130	118
Over 90 days	16,635	14,308
	<u>18,218</u>	<u>21,986</u>

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2015 (unaudited) HK\$'000	31 March 2015 (audited) HK\$'000
Other receivables (Note a)	614,607	599,048
Deposits for future acquisition of land use rights (Note b)	1,788,093	1,628,302
Prepaid operating expenses and other deposits (Note c)	665,399	360,684
	<u>3,068,099</u>	<u>2,588,034</u>

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Notes:

- (a) Included in other receivables at 30 September 2015 is an amount of HK\$173,635,000 (31 March 2015: HK\$176,935,000) due from a buyer in respect of disposal of a property-based subsidiary.
- (b) The amounts represent payments made for the possible acquisition of land use rights in the PRC which will be developed for sale purpose. At 30 September 2015, an amount of HK\$141,601,000 (31 March 2015: HK\$147,619,000) were paid to an independent third party which is secured by the equity interests of certain PRC companies owned by the independent third party. For the remaining deposits paid, no assets were pledged to secure the amounts paid by the Group. These deposits will be wholly refundable if the acquisition is terminated subsequently.

Included in deposits for future acquisition of land use rights is an amount of HK\$191,244,000 (31 March 2015: HK\$198,178,000) due from a local government of the PRC in respect of reclamation of land use right of an investment property in Shenyang being transferred from other receivables pursuant to the agreement entered with the local government during the year ended 31 March 2015.

- (c) Included in prepaid operating expenses and other deposits at 30 September 2015 is an amount of HK\$121,831,000 (31 March 2015: nil) paid to a PRC trust company to secure for other borrowings.

13. TRADE AND BILLS PAYABLES

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

	30 September 2015 (unaudited) HK\$'000	31 March 2015 (audited) HK\$'000
0 – 30 days	262,090	290,874
31 – 60 days	198,604	158,194
61 – 90 days	12,180	14,950
Over 90 days	317,401	906,876
	<u>790,275</u>	<u>1,370,894</u>

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 September 2015 (unaudited) HK\$'000	31 March 2015 (audited) HK\$'000
CURRENT		
Bank borrowings – secured	1,772,918	2,170,854
Other borrowings – secured	950,281	2,499,716
Other borrowings – unsecured	<u>1,364,505</u>	<u>–</u>
	4,087,704	4,670,570
NON-CURRENT		
Bank borrowings – secured	3,512,689	3,773,561
Other borrowings – secured	<u>1,290,432</u>	<u>366,120</u>
	4,803,121	4,139,681
	8,890,825	8,810,251
Analysed into:		
Bank borrowings repayable:		
Within one year	1,392,141	1,561,317
In the second year	2,446,669	1,583,153
In the third to fifth years inclusive	<u>1,066,020</u>	<u>2,190,408</u>
	4,904,830	5,334,878
Bank borrowings that is repayable within one year from the end of the reporting period and contain a repayment on demand clause		
	380,777	609,537
	<u>5,285,607</u>	<u>5,944,415</u>
Other borrowings repayable:		
Within one year	2,314,786	2,499,716
In the second year	<u>1,290,432</u>	<u>366,120</u>
	3,605,218	2,865,836
	8,890,825	8,810,251

14. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes:

- (a) The Group's other borrowings of HK\$2,630,572,000 (31 March 2015: HK\$1,211,983,000) and HK\$974,647,000 (31 March 2015: HK\$1,653,853,000) as at 30 September 2015 are borrowed from PRC trust companies and independent third parties respectively which carry interest ranging from 4.1% to 20% (31 March 2015: 5.4% to 14%) per annum and have repayment terms ranging from 2 months to 35 months (31 March 2015: 12 months to 35 months). They are secured by:
- (i) certain properties under development of the Group with an aggregate carrying value of approximately HK\$438 million (31 March 2015: HK\$367 million);
 - (ii) no completed properties for sale of the Group was pledged as at 30 September 2015 (31 March 2015: HK\$237 million);
 - (iii) other deposit of the Group with carrying value of approximately HK\$122 million (31 March 2015: nil) (note 12(c));
 - (iv) the Group's 100% equity interests in four property-based subsidiaries; and
 - (v) corporate guarantees from certain subsidiaries of the Company.
- (b) Certain of the Group's bank borrowings as at 30 September 2015 and 31 March 2015 are secured by:
- (i) certain land and buildings of the Group with an aggregate carrying value of approximately HK\$205 million (31 March 2015: HK\$212 million);
 - (ii) certain bank deposits of the Group with an aggregate carrying value of approximately HK\$940 million (31 March 2015: HK\$1,004 million);
 - (iii) certain properties under development of the Group with an aggregate carrying value of approximately HK\$1,365 million (31 March 2015: HK\$1,321 million);
 - (iv) no completed properties for sale of the Group was pledged as at 30 September 2015 (31 March 2015: HK\$207 million); and
 - (v) corporate guarantees from the Company and certain of its subsidiaries.

14. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

- (c) The ranges of effective interest rates (which also approximate to contracted interest rates) on the Group's interest-bearing bank and other borrowings are as follows:

	30 September 2015		31 March 2015	
	Borrowings HK\$'000	Interest rate	Borrowings HK\$'000	Interest rate
Effective interest rate:				
Fixed-rate borrowings	4,158,752	2.47% to 20%	3,475,373	2.47% to 13.20%
Variable-rate borrowings	4,732,073	2.93% to 8.5%	5,334,878	2.42% to 8.5%

The effective interest rate of variable-rate borrowings is based on People's Bank of China prescribed interest rate or Hong Kong Interbank Offered Rate or London Interbank Offered Rate plus a specified margin.

15. SHARE CAPITAL

	Number of ordinary shares	Nominal value HK\$'000
Authorised:		
Ordinary shares of HK\$0.10 each at 1 April 2014, 30 September 2014, 31 March 2015 and 30 September 2015	<u>7,000,000,000</u>	<u>700,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.10 each at 1 April 2014, 30 September 2014, 31 March 2015 and 30 September 2015	<u>4,185,874,285</u>	<u>418,587</u>

16. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had given guarantees as follows:

	30 September 2015 (unaudited) HK\$'000	31 March 2015 (audited) HK\$'000
Guarantees given to banks in connection with:		
– mortgage loans granted to property purchasers	2,902,431	2,540,976
– banking facilities granted to an associate (Note)	<u>–</u>	<u>157,810</u>
	<u>2,902,431</u>	<u>2,698,786</u>

Note: A counter-guarantee was given by the associate to the Group

The directors of the Company consider that the fair values of these financial guarantee contracts at their initial recognition are insignificant. At the end of the reporting period, the directors of the Company consider that the possibility of default is low due to the basis of short maturity periods and low default rates.

17. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments:

	30 September 2015 (unaudited) HK\$'000	31 March 2015 (audited) HK\$'000
Contracted but not provided for:		
Acquisition of a property-based subsidiary	<u>391,881</u>	<u>406,090</u>
Authorised but not contracted for:		
Acquisition of investment properties	<u>209,549</u>	<u>217,147</u>

18. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances disclosed elsewhere in the notes to the condensed consolidated financial statements, the Group had the following significant transactions with related parties:
- (i) During the six months ended 30 September 2015, the Group received the net project management service income of HK\$543,000 (2014: HK\$3,190,000) from an associate.
 - (ii) During the six months ended 30 September 2015, the Group received construction income of HK\$29,205,000 (2014: HK\$10,721,000) from associates.
- (b) Outstanding balances with related parties:
- (i) The amount due to a substantial shareholder of the Company represents amount due to Coastal International Holdings Limited, which holds 36.58% interests in the Company. The amount is unsecured, interest-free and repayable on demand.
 - (ii) The amounts due from associates and joint ventures of HK\$1,007,464,000 (31 March 2015: HK\$1,017,779,000) are non-trade, unsecured, interest-free and repayable on demand.
 - (iii) The amount due from an associate of HK\$205,579,000 (31 March 2015: HK\$230,541,000) represents trade and retention receivables balances due from Foshan Harmonious Realty Development Co., Ltd. The retention receivable balance is interest-free and recoverable at the end of the retention period of individual construction contracts ranging from 1 to 2 years.
 - (iv) The amount due from an associate of HK\$237,364,000 (31 March 2015: HK\$245,971,000) represents amount due from Huizhou Shum Yip Southern Land Company Limited. The amount is unsecured and carries interest at PBOC interest rate.
 - (v) The amount due from a joint venture of HK\$121,831,000 at (31 March 2015: HK\$126,248,000) represents an amount due from Beijing Huichao Real Estate Development Co., Ltd (“Beijing Huichao”). The amount is non-trade and secured by 11% equity interest in Beijing Huichao.

18. RELATED PARTY TRANSACTIONS (continued)

(c) Compensation of key management personnel of the Group

	Six months ended	
	30 September	
	2015	2014
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Short term benefits	6,418	5,282
Share-based payments	–	3,880
Post-employment benefits	51	60
	<hr/>	<hr/>
Total compensation paid to key management personnel	6,469	9,222
	<hr/>	<hr/>

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2015 (2014: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the first half of the financial year, the Group has recorded a revenue of HK\$309.6 million, a decrease of about 43% as compared to the HK\$541.9 million for last corresponding period. The decrease in the revenue for the period was attributable to lesser amount of properties were completed and delivered to purchasers during the period.

Loss before taxation for the period was HK\$217.6 million, compared to HK\$219.1 million for last corresponding period. Loss for the period attributable to owners of the Company was HK\$191.4 million, compared to HK\$273.1 million for last corresponding period.

Property Development

During the period under review, the recognised sales revenue from property development segment was HK\$272.9 million, representing a decrease of about 47% from last corresponding period's HK\$518.1 million, which corresponds to a decrease by 45% in the total GFA delivered by the Group to 31,660 sq.m. (2014: 57,119 sq.m.). The property sales revenue for the period mainly came from the sale of Phase VI of Dongguan Riviera Villa, Phase II section B2 of Dalian Jianzhu Project, Phase I of Dalian Coastal International Centre and Phase V section A of Dongguan Riviera Villa which respectively represented about 51%, 20%, 9% and 8% of the total property sales revenue. The remaining 12% was derived from sale of the remaining inventory in the prior phases of the Group's completed development projects.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

BUSINESS REVIEW (continued)

Property Development (continued)

During the period, the Group recorded contracted sales in the amount of HK\$2,193 million (2014: HK\$1,612 million) which corresponds to a total GFA of about 198,969 sq.m. (2014: 137,630 sq.m.).

Property Investment

Revenue from property rental decreased by 24% to HK\$0.9 million from HK\$1.2 million for last corresponding period due to the disposal of certain retail shops towards the end of last year. The property investment segment for the period recorded a profit of HK\$0.6 million as compared to HK\$0.9 million for last corresponding period.

Property Management

The Group's property management operations recorded a profit of about HK\$2.8 million for the period as compared to last corresponding period of HK\$2.0 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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

BUSINESS REVIEW (continued)

Project Management and Construction

Revenue from project management and construction increased by 83% to HK\$29.8 million from last corresponding period's HK\$16.3 million due to more construction project undertaken by the Group during the period. The project management and construction segment for the period recorded a profit of HK\$4.9 million comparing to a loss of HK\$6.1 million for last corresponding period.

Project Investment Services

The Group did not generate any profit from the operations of this segment during both periods.

Gross Profit Margin

The gross profit margin for the current period was about 7% which was lower than the gross profit margin for last corresponding period's 15%. The decrease was mainly due to a lower level of selling price attained for the properties completed and delivered to purchasers during the period as a result of the overall decline in the property price level in the PRC property market over the past two years.

Other Income and Gains

Other income and gains for the period was HK\$5.0 million as compared to HK\$63.6 million for last corresponding period. Other income for the period mainly represented the interest income from banks of HK\$0.4 million (2014: HK\$0.9 million). Included in last corresponding period's other income was a gain on disposal of property, plant and equipment of HK\$5.1 million, a gain on disposal of an associate of HK\$8.3 million, a gain on disposal of a joint venture of HK\$5.9 million, the increase in the fair value of held-for-trading investment of HK\$6.8 million and other interest income of HK\$25.7 million.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

BUSINESS REVIEW (continued)

Marketing, Selling and Administrative Expenses

Marketing and selling costs decreased by about 56% to HK\$23.0 million from last corresponding period's HK\$51.8 million in line with the decrease in the level of business activities for the period.

Administrative expenses decreased by about 41% to HK\$103.5 million from last corresponding period's HK\$174.3 million due to cost retrenchment made in response to the slow down in the business of the Group. The Group will continue to implement cost control measures so as to enhance its operational efficiency and competitive edges.

Other Expenses

Other expenses for the period was HK\$7.1 million as compared to last corresponding period's HK\$6.1 million. Other expenses mainly represented tax penalty of HK\$4.9 million (2014: HK\$0.4 million) and other compensation of HK\$0.3 million (2014: HK\$2.4 million) to the property purchasers.

Finance Costs

During the period, the Group incurred finance costs before capitalisation (mainly interest for bank and other borrowings) of HK\$337.7 million, representing an increase of about 7% as compared to HK\$314.9 million incurred for last corresponding period. The increase was mainly attributable to an increase in the average level of bank and other borrowings as compared to last corresponding period.

Interest expenses charged to profit or loss for the period were HK\$98.6 million as compared to last corresponding period's HK\$119.3 million. The decrease was mainly due to higher amount of finance costs were capitalised as compared to last corresponding period.

Corporate Brand

Coastal Greenland, the corporate brand, had been ranked among the top ten most valuable Chinese real estate company brands for the twelve consecutive years between 2004 and 2015 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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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 and project investment services supplemented by bank and other borrowings.

At 30 September 2015, the Group's cash and bank deposits amounted to approximately HK\$1,572 million (31 March 2015: HK\$2,396 million). An analysis by currency denomination of the cash and bank deposits is as follows:

	30 September 2015 HK\$'000	31 March 2015 HK\$'000
Renminbi	1,560,909	2,363,842
Hong Kong dollar	8,217	28,177
United States dollar	3,089	3,610
	<u>1,572,215</u>	<u>2,395,629</u>

At 30 September 2015, the net borrowings of the Group, being interest-bearing bank and other borrowings less cash and bank balances and pledged bank deposits, amounted to about HK\$7,319 million (31 March 2015: HK\$6,415 million). Net debt to total equity ratio, which is expressed as a percentage of net borrowings over total equity of the Group, increased by about 33% to 178% from 145% as at 31 March 2015.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL REVIEW (continued)

Borrowings and Charges

At 30 September 2015, the level of bank and other borrowings of the Group and their maturity profile are as follows:

	30 September 2015 HK\$'000	31 March 2015 HK\$'000
Bank borrowings repayable:		
Within one year	1,392,141	1,561,317
In the second year	2,446,669	1,583,153
In the third to fifth years inclusive	1,066,020	2,190,408
Bank borrowings that is repayable within one year from the end of the reporting period and contain a repayment on demand clause	<u>380,777</u>	<u>609,537</u>
	<u>5,285,607</u>	<u>5,944,415</u>
Other borrowings repayable:		
Within one year	2,314,786	2,499,716
In the second year	<u>1,290,432</u>	<u>366,120</u>
	<u>3,605,218</u>	<u>2,865,836</u>
	<u>8,890,825</u>	<u>8,810,251</u>

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL REVIEW (continued)

Borrowings and Charges (continued)

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

	30 September 2015 HK\$'000	31 March 2015 HK\$'000
Renminbi	8,434,278	8,122,814
Hong Kong dollar	159,896	162,026
United States dollar	296,651	525,411
	<u>8,890,825</u>	<u>8,810,251</u>

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

- (a) Certain of the Group's bank and other borrowings as at 30 September 2015 were secured by:
- (i) certain land and buildings of the Group with an aggregate carrying value of approximately HK\$205 million (31 March 2015: HK\$212 million);
 - (ii) certain bank deposits of the Group with an aggregate carrying value of approximately HK\$940 million (31 March 2015: HK\$1,004 million);
 - (iii) certain properties under development of the Group with an aggregate carrying value of approximately HK\$1,803 million (31 March 2015: HK\$1,688 million);
 - (iv) no completed properties for sale of the Group was pledged as at 30 September 2015 (31 March 2015: HK\$444 million);
 - (v) corporate guarantees from the Company and certain of its subsidiaries; and
 - (vi) the Group's 100% equity interests in four property-based subsidiaries.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL REVIEW (continued)

Exposure to Fluctuations in Exchange Rates

The Group's operations are principally in the PRC and accordingly a majority part of its income and expenditure is denominated in Renminbi. The exchange rates of Renminbi against Hong Kong dollar and United States dollar have been quite stable over the past years. Also the Group's operations will not be unduly expose to exchange rates fluctuations as all the major assets, mainly property development projects of the Group are located in the PRC and will generate Renminbi revenue to the Group. Except certain bank and other borrowings 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 2015, the Group had given guarantees to the extent of approximately HK\$2,902 million (31 March 2015: HK\$2,541 million) to banks in respect of mortgage loan facilities granted to the property purchasers. The Group had also given guarantees amounting to nil (31 March 2015: HK\$158 million) to banks in connection with a banking facility granted to an associate against which a counter-guarantee was given by the associate to the Group.

EMPLOYEES AND REMUNERATION POLICY

The Group employs a total of about 1,000 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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

PROSPECTS

China's economy is facing the challenge of consolidation amidst uncertainties in the global market. In response to the sluggish economic outlook, the Central Government has taken measures to release more liquidity into the market and has made positive adjustments to the policies so as to maintain a stable development of the property market. Furthermore, with the continuation of implementation of the urbanization policy by the Central Government and the continual growth in gross domestic product, it is expected that the real estate industry in China will be heading into a healthy direction. We expect that the recent lowering of the Renminbi interest rate, the possible further loosening up of control measures on property sector, 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 with respect to the property market development.

The Group has a well established brand and seasoned 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.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 September 2015, the interests (including short positions) of the directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES (continued)

(A) Interests in shares and underlying shares of the Company

(i) Interests in the ordinary shares of the Company

Name of director	Note	Number of shares held or short positions, capacity and nature of interest		Percentage of the Company's issued share capital
		Directly beneficially owned	Through controlled corporation	
Mr. Jiang Ming	(a)	–	1,531,261,978 (L) – (S)	36.58%
Mr. Tao Lin	(a)	–	1,531,261,978 (L) – (S)	36.58%
Ms. Wang Hongmei	(a)	1,344,000 (L) – (S)	1,531,261,978 (L) – (S)	36.61%
Mr. Cai Shaobin		47,701,000 (L) – (S)	–	1.19%

L: Long position

S: Short position

Note:

- (a) 1,531,261,978 shares are beneficially owned by Coastal International Holdings Limited ("CIH"), of which the entire issued voting share capital is held as to 37.58% by Mr. Jiang Ming, 21.56% by Mr. Chan Boon Teong, 5.38% by Mr. Tao Lin, 5.38% by Mr. Cheng Wing Bor, 3.30% by Mr. Lin Chen Hsin, 21.42% by Great Scope Investments Limited (the entire issued voting share capital of which is held by Mr. Jiang Ming) and 5.38% by Cyberich Development Limited (the entire issued voting share capital of which is held by Ms. Wang Hongmei). These 1,531,261,978 shares represent an aggregate of approximately 36.58% of the issued share capital of the Company.
- (ii) The interests of the directors in the share options of the Company are separately disclosed under the heading "Share option scheme" below.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES (continued)

(B) Interests in shares of the associated corporation of the Company

*Long positions in shares of Coastal International Holdings Limited ("CIH")
(a substantial shareholder of the Company)*

Name of director	Number of shares held	Capacity and nature of interest	Percentage of the associated corporation's issued share capital
Mr. Jiang Ming	3,758	Directly beneficially owned	37.58%
	2,142	Through controlled corporation	21.42%
Mr. Tao Lin	538	Directly beneficially owned	5.38%
Ms. Wang Hongmei	538	Through controlled corporation	5.38%

Save as disclosed above, as at 30 September 2015, none of the directors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Share option scheme" below, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors of the Company or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

On 14 September 2011, the Company adopted a share option scheme (the “Scheme 2011”). The purpose of the Scheme 2011 is to provide incentives or rewards to eligible participants (“Participants”) (as defined in the Scheme 2011, and include the employees and directors of the Company and its subsidiaries) thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. The principal terms of the Scheme 2011 are summarised in appendix II to the Company’s circular dated 25 July 2011.

Up to the date of this report, 279,000,000 share options under the Scheme 2011 were granted.

The following share options were outstanding under the Scheme 2011 during the period:

Name or category of Participant	Number of share options		Outstanding and exercisable at 30 September 2015	Date of grant of share options (Note 1)	Exercise period of share options (Note 2)	Exercise price of share options HK\$ (Note 3)
	Outstanding at 1 April 2015	Granted during the period				
Directors						
Tao Lin	27,000,000	-	27,000,000	17 March 2014	16 April 2014 to 15 March 2019	0.345
Wang Hongmei	27,000,000	-	27,000,000	17 March 2014	16 April 2014 to 15 March 2019	0.345
Cai Shaobin	27,000,000	-	27,000,000	17 March 2014	16 April 2014 to 15 March 2019	0.345
Chen Xiaotian	2,000,000	-	2,000,000	17 March 2014	16 April 2014 to 15 March 2019	0.345
Yang Jiangan	2,000,000	-	2,000,000	17 March 2014	16 April 2014 to 15 March 2019	0.345
Wong Kai Cheong	2,000,000	-	2,000,000	17 March 2014	16 April 2014 to 15 March 2019	0.345

SHARE OPTION SCHEME (continued)

Name or category of Participant	Number of share options			Date of grant of share options (Note 1)	Exercise period of share options (Note 2)	Exercise price of share options HK\$ (Note 3)
	Outstanding at 1 April 2015	Granted during the period	Outstanding and exercisable at 30 September 2015			
Other employees and participants						
In aggregate	192,000,000	-	192,000,000	17 March 2014	16 April 2014 to 15 March 2019	0.345
	<u>279,000,000</u>	<u>-</u>	<u>279,000,000</u>			

Notes:

- (1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- (2) The share options are exercisable during the period from 16 April 2014 to 15 March 2019, as specified in the share option certificates.
- (3) The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

Apart from the interests of CIH as disclosed under the heading "Directors' interests in shares and underlying shares" above, the register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30 September 2015, the Company had been notified of the following interests of 5% or more in the issued share capital of the Company:

Name	Nature of Interest	Number of ordinary shares held or short positions	Percentage of the Company's issued share capital
Ms. Yang Sun Xin	Family (Note)	1,531,261,978 (L) – (S)	36.58%
Shenzhen Investment Limited	Corporate	631,092,857 (L) – (S)	15.08%

L: Long position

S: Short position

Note: Ms. Yang Sun Xin is the spouse of Mr. Jiang Ming (chairman and a director of the Company) and is deemed to be interested in the 1,531,261,978 shares of the Company, which is the number of shares that CIH is interested in the issued share capital of the Company.

Save as disclosed above, as at 30 September 2015, no persons, other than the directors of the Company, whose interests are set out in the section "Directors' interests in shares and underlying shares" above, had registered an interest or a short position in the shares or underlying shares of the Company that was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

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 the Company 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. Furthermore, 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 non-executive directors and independent non-executive directors should attend general meetings. Two non-executive directors were unable to attend the special general meeting and annual general meeting of the Company held on 23 July 2015 and 15 September 2015 respectively due to other important engagements. Two independent non-executive directors were unable to attend the annual general meeting of the Company held on 15 September 2015 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 2015.

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 2015.

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 2015.

By Order of the Board
Jiang Ming
Chairman

Hong Kong, 27 November 2015