

# COASTAL 沿海

COASTAL GREENLAND LIMITED

(incorporated in Bermuda with limited liability)

Stock Code: 01124



**Interim Report 2021**

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## DEFINITIONS

In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“CG Code”	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“CIH”	Coastal International Holdings Limited, the controlling Shareholder
“Company”	Coastal Greenland Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1124)
“Director(s)”	the director(s) of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“HK\$” and “HK cent(s)”	Hong Kong dollar(s) and cent(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Period/Reporting Period”	the six months ended 30 September 2021

## DEFINITIONS

“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

*The Chinese version of this interim report is a translation of the English version and is for reference only. In case of any discrepancies or inconsistencies between the English version and the Chinese version, the English version shall prevail.*

## CORPORATE INFORMATION

### Registered Office

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

### Principal Place of Business in the PRC

38/F, Noble Center  
No.1006 Third Fuzhong Road  
Futian District  
Shenzhen

### Principal Place of Business in Hong Kong

Suite 1712-16, 17th Floor  
China Merchants Tower  
Shun Tak Centre  
200 Connaught Road Central  
Hong Kong

### Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda)  
Limited  
4th floor North Cedar House  
41 Cedar Avenue  
Hamilton HM12  
Bermuda

### Hong Kong Branch Share Registrar and Transfer Office

Tricor Tengis Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### Executive Directors

Mr. JIANG Ming  
*(Chairman and Managing Director)*  
Mr. XIA Xianglong  
Dr. LI Ting  
Mr. LIN Chen Hsin

### Non-executive Directors

Mr. ZHU Guoqiang  
Mr. QIU Guizhong

### Independent Non-executive Directors

Mr. WONG Kai Cheong  
Mr. YANG Jiangang  
Mr. HUANG Xihua

### Company Secretary

Mr. CHENG Wing Bor FCCA, CPA

### Auditor

BDO Limited  
Certified Public Accountants

### Websites

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

### Investor Relations Contact

Tel: (852) 2877 9772  
Fax: (852) 2524 0931  
Email: [investorsrelationship@coastal.com.cn](mailto:investorsrelationship@coastal.com.cn)

### Stock Code

1124

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

For the six months ended 30 September 2021

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2021</b>	<b>2020</b>
	Notes	<b>(unaudited)</b>	<b>(unaudited)</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>	4	<b>3,496</b>	34,787
Cost of sales		<u>(1,574)</u>	<u>(7,206)</u>
<b>Gross profit</b>		<b>1,922</b>	27,581
Other income and gains	5	72,572	69,558
Marketing and selling expenses		(458)	(1,246)
Administrative expenses		(54,830)	(74,451)
Other expenses		(446,921)	(13,993)
Finance costs	6	(118,986)	(70,328)
Share of loss of an associate		(825)	–
Share of loss of a joint venture		<u>(23)</u>	<u>(3,145)</u>
<b>Loss before taxation</b>		<b>(547,549)</b>	(66,024)
Taxation	7	<u>638</u>	<u>980</u>
<b>Loss for the period</b>	8	<b>(546,911)</b>	(65,044)
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences arising on translation to presentation currency		68,727	138,149
Surplus on revaluation of buildings		547	1,030
Deferred tax charge arising on revaluation of buildings		(137)	–
Deferred tax credit arising on disposal of property, plant and equipment		<u>11,451</u>	<u>1,825</u>
<b>Other comprehensive income for the period</b>		<b>80,588</b>	141,004
<b>Total comprehensive income for the period</b>		<b>(466,323)</b>	75,960

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

For the six months ended 30 September 2021

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2021</b>	2020
		<b>(unaudited)</b>	(unaudited)
Notes		<b>HK\$'000</b>	HK\$'000
	<b>Loss for the period attributable to:</b>		
	Owners of the Company	(462,617)	(65,056)
	Non-controlling interests	<u>(84,294)</u>	<u>12</u>
		<u>(546,911)</u>	<u>(65,044)</u>
	<b>Total comprehensive income</b>		
	<b>for the period attributable to:</b>		
	Owners of the Company	(384,881)	71,124
	Non-controlling interests	<u>(81,442)</u>	<u>4,836</u>
		<u>(466,323)</u>	<u>75,960</u>
		<b>HK cents</b>	HK cents
	<b>Loss per share</b>		
	Basic and diluted	<u>(11.16)</u>	<u>(1.57)</u>
		9	

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

		<b>30 September 2021 (unaudited) HK\$'000</b>	31 March 2021 (audited) HK\$'000
	Notes		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	<b>213,059</b>	257,260
Investment properties	11	<b>76,699</b>	77,718
Right-of-use assets		<b>14,192</b>	15,390
Interest in a joint venture		<b>147,999</b>	145,900
Amount due from a joint venture	17(a)(iii)	<b>120,039</b>	118,318
Financial assets at fair value through other comprehensive income ("FVTOCI")		<b>82,885</b>	81,996
Total non-current assets		<b>654,873</b>	696,582
<b>CURRENT ASSETS</b>			
Properties under development		<b>955,443</b>	1,339,330
Completed properties for sale		<b>324,089</b>	317,542
Prepayments, deposits and other receivables	12	<b>7,358,144</b>	6,929,097
Amounts due from associates and a joint venture	17(a)(ii)	<b>243,325</b>	242,364
Financial assets at fair value through profit or loss ("FVTPL")		<b>1,200</b>	5,916
Pledged bank deposits		<b>265,451</b>	262,045
Cash and bank balances		<b>341,788</b>	176,285
Total current assets		<b>9,489,440</b>	9,272,579
<b>CURRENT LIABILITIES</b>			
Trade payables	13	<b>84,101</b>	87,925
Contract liabilities		<b>182,392</b>	171,992
Other payables and accruals	14	<b>2,214,759</b>	1,931,620
Amount due to a substantial shareholder of the Company	17(a)(i)	<b>231,077</b>	220,876
Lease liabilities		<b>1,561</b>	2,151
Tax payable		<b>174,039</b>	173,212
Interest-bearing bank and other borrowings	15	<b>1,946,597</b>	1,972,859
Total current liabilities		<b>4,834,526</b>	4,560,635

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

		<b>30 September 2021 (unaudited) HK\$'000</b>	31 March 2021 (audited) HK\$'000
	Notes		
<b>NET CURRENT ASSETS</b>		<b><u>4,654,914</u></b>	<u>4,711,944</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b><u>5,309,787</u></b>	<u>5,408,526</u>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	15	<b>1,302,379</b>	922,880
Lease liabilities		–	425
Deferred tax liabilities		<b><u>37,525</u></b>	<u>49,207</u>
Total non-current liabilities		<b><u>1,339,904</u></b>	<u>972,512</u>
<b>NET ASSETS</b>		<b><u>3,969,883</u></b>	<u>4,436,014</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	16	<b>414,602</b>	414,602
Reserves		<b><u>3,563,760</u></b>	<u>3,948,641</u>
Equity attributable to owners of the Company		<b><u>3,978,362</u></b>	4,363,243
Non-controlling interests		<b><u>(8,479)</u></b>	<u>72,771</u>
Total equity		<b><u>3,969,883</u></b>	<u>4,436,014</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Attributable to owners of the Company							Total equity HK\$'000			
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Leasehold property revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	PRC reserve funds HK\$'000		Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000
At 1 April 2020	414,602	1,330,168	37,560	22,114	177,906	168,500	9,697	2,202,836	4,363,383	65,731	4,429,114
Exchange differences arising on translation to presentation currency	-	-	-	-	-	133,325	-	-	133,325	4,824	138,149
Transfer to retained profits upon disposal of property, plant and equipment	-	-	-	-	(7,551)	-	-	7,551	-	-	-
Deferred tax credit arising on disposal of property, plant and equipment	-	-	-	-	1,825	-	-	-	1,825	-	1,825
Surplus on revaluation of buildings	-	-	-	-	1,030	-	-	-	1,030	-	1,030
Other comprehensive income for the period	-	-	-	-	(4,696)	133,325	-	7,551	136,180	4,824	141,004
Loss for the period	-	-	-	-	-	-	-	(65,056)	(65,056)	12	(65,044)
Total comprehensive income for the period	-	-	-	-	(4,696)	133,325	-	(57,505)	71,124	4,836	75,960
At 30 September 2020 (unaudited)	414,602	1,330,168	37,560	22,114	173,210	301,825	9,697	2,145,331	4,434,507	70,567	4,505,074

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

		Attributable to owners of the Company										
		Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Leasehold property revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	PRC reserve funds HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2021		414,602	1,330,168	37,560	22,114	159,126	456,462	9,697	1,933,514	4,363,243	72,771	4,436,014
Exchange differences arising on translation to presentation currency		-	-	-	-	-	65,875	-	-	65,875	2,852	68,727
Surplus on revaluation of buildings		-	-	-	-	547	-	-	-	547	-	547
Deferred tax charge arising on revaluation of buildings		-	-	-	-	(137)	-	-	-	(137)	-	(137)
Transfer to retained profits upon disposal of property, plant and equipment		-	-	-	-	(45,804)	-	-	45,804	-	-	-
Deferred tax credit arising on disposal of property, plant and equipment		-	-	-	-	11,451	-	-	-	11,451	-	11,451
Other comprehensive income for the period		-	-	-	-	(33,943)	65,875	-	45,804	77,736	2,852	80,588
Loss for the period		-	-	-	-	-	-	-	(462,617)	(462,617)	(84,294)	(546,911)
Total comprehensive income for the period		-	-	-	-	(33,943)	65,875	-	(416,813)	(384,881)	(81,442)	(466,323)
Disposal of equity interest in a subsidiary		-	-	-	-	-	(24)	-	24	-	(991)	(991)
Deemed disposal of partial equity interests in a subsidiary		-	-	-	-	-	-	-	-	-	1,183	1,183
At 30 September 2021 (unaudited)		414,602	1,330,168	37,560	22,114	125,183	522,313	9,697	1,516,725	3,978,362	(8,479)	3,969,883

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
<b>Net cash used in operating activities</b>		
Increase in properties under development	(6,654)	(78,324)
(Increase) decrease in completed properties for sales	(1,883)	6,690
(Increase) decrease in prepayments, deposits and other receivables	(339,449)	276,126
(Increase) decrease in restricted bank balances	(52)	927
Increase in contract liabilities	7,909	14,558
Decrease in trade payables	(5,109)	(17,135)
Increase (decrease) in other payables and accruals	255,332	(804,217)
Tax paid	(39)	(684)
Other operating cash flows	(61,664)	12,132
	<u>(151,609)</u>	<u>(589,927)</u>
<b>Net cash from investing activities</b>		
Repayment from (advances to) a joint venture and associates	2,597	(346)
Purchases of property, plant and equipment	(612)	(23)
Acquisition of interests in financial assets at FVTOCI	–	(39,831)
Acquisition of interests in financial assets at FVTPL	(200,264)	(124,871)
Proceeds from disposal of interests in financial assets at FVTPL	205,073	100,798
Dividends received from investments in financial assets at FVTOCI	7,690	–
(Placement) withdrawal of pledged bank deposits	(3,406)	503,604
Proceeds from disposal of property, plant and equipment	31,233	21,390
Interest received	1,939	–
	<u>44,250</u>	<u>460,721</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
<b>Net cash from (used in) financing activities</b>		
New bank and other borrowings raised	462,104	–
Repayment of bank and other borrowings	(146,737)	(46,900)
Interest paid	(57,310)	(70,641)
Advance from a substantial shareholder of the Company	6,995	103,950
Repayment of principal amount of the lease liabilities	(1,166)	(744)
	<b>263,886</b>	(14,335)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>156,527</b>	(143,541)
<b>Cash and cash equivalents at the beginning of period</b>	<b>172,729</b>	79,012
<b>Effect of foreign exchange rate changes</b>	<b>8,924</b>	139,137
<b>Cash and cash equivalents at the end of period</b>	<b>338,180</b>	74,608
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	341,788	78,028
Less: restricted bank balances (note)	(3,608)	(3,420)
	<b>338,180</b>	74,608

Note: Included in cash and bank balances are restricted bank balances which are limited by the banks to be used in the development of certain designated property development projects only.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 to the Listing Rules.

## 2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2021 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2021.

## 3. SEGMENT INFORMATION

The Group’s operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board, being the chief operating decision maker (the “CODM”) in order to allocate resources to segments and to assess their performance. No operating segment identified by the CODM has been aggregated in arriving at the reportable segments of the Group. Summary details of the Group’s reportable and operating segments are as follows:

- the property development segment engages in the development of properties for sale in the PRC;
- the property investment segment invests in commercial and residential properties located in the PRC for their rental income potential and/or for capital appreciation;
- the project management services segment engages in the provision of project management services in the PRC; and
- the project investment services segment engages in the provision of investment services in relation to investment in and sale of property development/land development projects in the PRC.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 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		Project management services		Project investment services		Consolidated	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000								
<b>Segment revenue:</b>										
Sales to external customers	1,152	32,529	2,344	2,258	-	-	-	-	3,496	34,787
<b>Disaggregation of revenue:</b>										
Primary geographical markets										
Anshan	607	-	-	-	-	-	-	-	607	-
Dalian	545	778	-	-	-	-	-	-	545	778
Shanghai	-	31,751	98	37	-	-	-	-	98	31,788
Shenzhen	-	-	2,125	2,165	-	-	-	-	2,125	2,165
Others	-	-	121	56	-	-	-	-	121	56
<b>Total</b>	<b>1,152</b>	<b>32,529</b>	<b>2,344</b>	<b>2,258</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,496</b>	<b>34,787</b>
<b>Time of revenue recognition</b>										
At a point in time	1,152	32,529	-	-	-	-	-	-	1,152	32,529
Transferred over time	-	-	2,344	2,258	-	-	-	-	2,344	2,258
<b>Total</b>	<b>1,152</b>	<b>32,529</b>	<b>2,344</b>	<b>2,258</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,496</b>	<b>34,787</b>
<b>Segment results:</b>										
Segment (loss) profit	(459,325)	(36,912)	(2,284)	963	(1,247)	(4,662)	-	-	(462,856)	(40,611)
Finance costs									(118,986)	(70,328)
Interest income									1,939	8,403
Interest expense recharged									61,564	57,351
Net foreign exchange (loss) gain									(140)	12
Share of loss of an associate									(825)	-
Share of loss of a joint venture									(23)	(3,145)
Other net unallocated expenses									(28,222)	(17,706)
<b>Loss before taxation</b>									<b>(547,549)</b>	<b>(66,024)</b>

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 3. SEGMENT INFORMATION (continued)

#### 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. REVENUE

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

	Six months ended 30 September	
	2021	2020
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
<b>Revenue from contracts with customers</b>		
Sale of properties	1,152	32,529
<b>Revenue from other sources</b>		
Rental income	2,344	2,258
	<b>3,496</b>	<b>34,787</b>

### 5. OTHER INCOME AND GAINS

	Six months ended 30 September	
	2021	2020
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Bank interest income	1,606	8,192
Dividend income from financial assets at FVTOCI	7,690	–
Gain on disposal of property, plant and equipment	–	725
Gain on write-off of assets and liabilities of deregistration of subsidiaries	688	–
Interest expense recharged (note 12 (a)(i))	61,564	57,351
Other interest income	333	211
Waiver of other payables and accruals	–	2,336
Others	691	743
	<b>72,572</b>	<b>69,558</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 6. FINANCE COSTS

	<b>Six months ended 30 September</b>	
	<b>2021</b>	2020
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
Interest on bank borrowings	57,310	13,290
Interest on lease liabilities	112	137
Interest on other borrowings (note 12 (a)(i))	<u>61,564</u>	<u>57,351</u>
	<b>118,986</b>	70,778
<i>Less: Amounts capitalised in properties under development</i>	<u>-</u>	<u>(450)</u>
	<b><u>118,986</u></b>	<b><u>70,328</u></b>

Borrowing costs capitalised during the six months ended 30 September 2020 arose on the funds borrowed specifically for the purpose of obtaining qualifying assets and are calculated by applying a capitalisation rate of 4.88% per annum.

### 7. TAXATION

	<b>Six months ended 30 September</b>	
	<b>2021</b>	2020
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
Current tax:		
– PRC Land Appreciation Tax (“LAT”)	-	16
Deferred tax*	<u>(638)</u>	<u>(996)</u>
Total tax credit for the period	<b><u>(638)</u></b>	<b><u>(980)</u></b>

\* The deferred tax credit recognised during the six months ended 30 September 2021 and 2020 mainly resulted from the reversal of deferred tax upon deregistration of the respective subsidiaries and reversal of over-provided dividend withholding tax.

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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 7. TAXATION (continued)

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

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

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

### 8. LOSS FOR THE PERIOD

	Six months ended 30 September 2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Loss for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	1,414	1,699
Less: Amounts capitalised in properties under development	—	(17)
	<u>1,414</u>	<u>1,682</u>
Cost of completed properties sold	1,574	7,206
Depreciation of right-of-use assets	1,423	1,045
Gain on write-off of assets and liabilities of deregistration of subsidiaries	(688)	—
Loss (gain) on disposal of property, plant and equipment*	16,007	(725)
Loss on surrender of lands* (note 19)	408,224	—
Net foreign exchange loss (gain)	140	(12)
Rental expenses on short-term leases	188	586
Waive of other payables and accruals	—	(2,336)
Write-off of prepayment, deposits and other receivables*	10,672	2,681
	<u>10,672</u>	<u>2,681</u>

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 9. LOSS PER SHARE

#### (a) Basic loss per share

The calculation of the basic loss per share is based on the loss for the period attributable to owners of the Company of HK\$462,617,000 (2020: HK\$65,056,000) and the number of 4,146,020,285 ordinary shares in issue during the six months ended 30 September 2021 and 2020.

#### (b) Diluted loss per share

Diluted loss per share for the six months ended 30 September 2021 and 2020 are not presented as there were no dilutive potential ordinary shares in issue during the respective periods.

### 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2021, the Group acquired property, plant and equipment at a cost of HK\$612,000 (2020: HK\$23,000). In addition, during the period the Group disposed of certain property, plant and equipment with a carrying value of HK\$47,240,000 (2020: HK\$20,665,000).

The Group's land and buildings were revalued individually at 30 September 2021 and 31 March 2021 by Cushman & Wakefield Limited, independent professional valuer not connected with the Group, by reference to market evidence of recent transaction prices for similar properties.

In estimating the fair value of the leasehold land and buildings, the highest and best use of the leasehold land and buildings is their current use.

The fair value of the leasehold land and buildings were determined by the valuer on direct comparison approach assuming sale of each of these properties on an immediate vacant possession basis by reference to comparable sales evidence as available in the relevant market. Comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as location and property size. The most significant input into this valuation approach is price per square meter. There were no changes to the valuation techniques during the period.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 10. PROPERTY, PLANT AND EQUIPMENT (continued)

The following table gives information about how the fair values of these leasehold land and buildings are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Leasehold land and buildings held by the Group in the condensed consolidated statement of financial position	Fair value hierarchy	Valuation technique	Unobservable input	Range of unobservable input	Relationship of unobservable input to fair value
Leasehold land and buildings in Hong Kong of HK\$154,011,000 (31 March 2021: HK\$154,050,000)	Level 3	Direct comparison method	Price per square meter	HK\$361,118 – HK\$382,775 (31 March 2021: HK\$327,998 – HK\$465,619)	The higher the price per square meter, the higher the fair value
Leasehold land and buildings in the PRC of HK\$51,273,000 (31 March 2021: HK\$94,526,000)	Level 3	Direct comparison method	Price per square meter	HK\$14,665 – HK\$69,727 (31 March 2021: HK\$15,618 – HK\$68,624)	The higher the price per square meter, the higher the fair value
			Rental per square meter	HK\$174 – HK\$186 (31 March 2021: HK\$167 – HK\$178)	The higher the rental per square meter, the higher the fair value

There were no transfers into or out of Level 3 during the period.

In the opinion of the Directors, the allocation of leasehold land and buildings elements of certain properties located in the PRC cannot be made reliably, thus the entire amount is classified as a finance lease and accounted for as property, plant and equipment.

Had the Group's land and buildings been carried at historical cost less accumulated depreciation, their carrying amounts as at 30 September 2021 would have been HK\$101,376,000 (2020: HK\$110,657,000).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 11. INVESTMENT PROPERTIES

The fair values of the Group's investment properties as at 30 September 2021 and 31 March 2021 have been arrived at on the basis of valuations carried out on the respective dates by Cushman & Wakefield Limited, independent professional valuer not connected with the Group, who has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations respectively.

For investment properties at fair value, 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 are 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 is made by reference to the yields achieved in analysed market sales transactions and the valuer's knowledge of the market expectation from property investors.

All of the Group's property interests held under operating leases to earn rentals 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.

### Investment properties held by the Group in the condensed

consolidated statement of financial position	Valuation technique	Range of unobservable input	Relationship of unobservable input to fair value
Investment properties at fair value in the PRC of HK\$76,699,000 (31 March 2021: HK\$77,718,000)	Income approach	Reversionary yield 4.00% – 4.25% (31 March 2021: 4.00% – 4.50%)	The higher the reversionary yield, the lower the fair value

In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair value of investment properties is a level 3 recurring fair value measurement. There were no changes in fair value for investment properties held at 30 September 2021 and 31 March 2021.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30 September 2021 (unaudited) HK\$'000</b>	31 March 2021 (audited) HK\$'000
Other receivables (note a)	<b>3,524,301</b>	3,462,179
Deposits for future acquisition of land use rights (note b)	<b>3,756,827</b>	3,379,987
Prepaid operating expenses and other deposits	<b>77,016</b>	86,931
	<b><u>7,358,144</u></b>	<u>6,929,097</u>

Notes:

- (a) As at 30 September 2021, included in other receivables are mainly:
- (i) an amount of HK\$1,841,404,000 (31 March 2021: HK\$1,814,998,000) in relation to the guarantee dividend (the "Guaranteed Dividend") distributable to Coastal Greenland Development (Wuhan) Ltd. ("Coastal Wuhan"), a formerly subsidiary of the Group, by Tianjin Harmonious Realty Development Co., Limited ("Tianjin Harmonious"), an associate of Coastal Wuhan.

Tianjin Harmonious has a property development project in Tianjin. Pursuant to the disposal agreement between Coastal Wuhan and new shareholders of Tianjin Harmonious, Coastal Wuhan is entitled to receive the Guaranteed Dividend from Tianjin Harmonious amounting to RMB1,834,000,000 (equivalent to approximately HK\$2,201,522,000). Pursuant to the disposal agreement in respect of the disposal of the entire equity interests in Century East Group Limited (the "Disposal") completed in previous years, the Group is still entitled to receive the Guaranteed Dividend from Tianjin Harmonious after the Disposal. As at the date of this interim report, in addition to the RMB300,000,000 Guaranteed Dividend received in previous years, the remaining balance of the Guaranteed Dividend of RMB1,301,000,000 (equivalent to approximately HK\$1,561,712,000) has been received subsequently in November 2021.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Notes: (continued)

(a) As at 30 September 2021, included in other receivables are mainly: (continued)

(i) (continued)

In previous years, Coastal Wuhan raised a loan of RMB1,601,000,000 (equivalent to approximately HK\$1,921,830,000) from a financial institution, for which the right to receive the Guaranteed Dividend from Tianjin Harmonious is secured. The obligation to repay the outstanding loan balance has been assigned to the Group upon completion of the Disposal. Even if the Group does not receive the Guaranteed Dividend, the Group is still obliged to repay this amount by 1 November 2019, which is the original maturity of the loan. The maturity date of the said loan has been further extended to 1 November 2021. As at the date of this interim report, in addition to the repayment of RMB300,000,000 in previous years, the outstanding loan balance of RMB1,301,000,000 (equivalent to approximately HK\$1,561,712,000) has been fully settled subsequently in November 2021.

The loan interest is payable by the Group. However, Tianjin Harmonious agreed to pay to the Group the same amount of the loan interest as the interest for the outstanding Guaranteed Dividend. During the six months ended 30 September 2021, the loan interest payable on the loan and the interest expense recharged on the outstanding Guaranteed Dividend is HK\$61,564,000 (2020: HK\$57,351,000).

- (ii) an amount of HK\$1,227,344,000 (31 March 2021: HK\$1,292,567,000) due from a purchaser regarding the balance of the consideration payable by the purchaser under the Disposal as set out above. During the six months ended 30 September 2021, outstanding consideration payable of RMB70,000,000 (equivalent to approximately HK\$84,028,000) was received.
- (b) The amount represent payments made for the acquisitions of land use rights in the PRC which will be developed for sale purpose. These deposits will be wholly refundable in case if the acquisitions are terminated subsequently.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 13. TRADE PAYABLES

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

	<b>30 September 2021 (unaudited) HK\$'000</b>	31 March 2021 (audited) HK\$'000
0 – 30 days	2,319	2,286
31 – 60 days	–	–
61 – 90 days	1,582	1,560
Over 90 days	<b>80,200</b>	84,079
	<b>84,101</b>	87,925

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

### 14. OTHER PAYABLES AND ACCRUALS

	<b>30 September 2021 (unaudited) HK\$'000</b>	31 March 2021 (audited) HK\$'000
Sales and other taxes payable	30,787	30,797
Other payables (note)	265,754	342,197
Advances from third parties for a re-development project	1,614,995	1,270,812
Accrued construction costs	16,736	16,496
Other accrued operating expenses (note)	286,487	271,318
	<b>2,214,759</b>	1,931,620

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 14. OTHER PAYABLES AND ACCRUALS (continued)

Note: Included in other payables and other accrued operating expenses was an indemnity against a legal case of approximately RMB296,304,000 (equivalent to approximately HK\$355,681,000 (31 March 2021: HK\$350,581,000)) by Hengxiang Real Estate Development Company Limited (“Hengxiang Real Estate”). The amount represented loan principal and interest payable to a lender and the associated legal cost of the litigation according to the judgement by the Liaoning High People’s Court dated 28 January 2018.

On 17 September 2020, the Liaoning Intermediate People’s Court concluded that the final indemnity, as agreed by Hengxiang Real Estate and the lender, was amounted to RMB296,304,000 and to be settled with the completed properties for sale of the Group and an associate with carrying amount of HK\$183,012,000 (31 March 2021: HK\$154,883,000) and HK\$47,325,000 (31 March 2021: HK\$48,590,000) respectively. The management expected that the indemnity would be settled within one year from the end of the reporting period.

### 15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	<b>30 September 2021 (unaudited) HK\$’000</b>	31 March 2021 (audited) HK\$’000
<b>CURRENT</b>		
Bank borrowings – secured	<b>384,885</b>	433,542
Other borrowings – secured	<b>1,561,712</b>	1,539,317
	<b>1,946,597</b>	1,972,859
<b>NON-CURRENT</b>		
Bank borrowings – secured	<b>1,302,379</b>	922,880
	<b>3,248,976</b>	2,895,739

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 15. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

At the end of the reporting period, the Group's bank and other borrowings were repayable as follows:

	<b>30 September 2021 (unaudited) HK\$'000</b>	31 March 2021 (audited) HK\$'000
On demand or within one year	<b>1,946,597</b>	1,972,859
More than one year, but not exceeding two years	–	94,654
More than two years, but not exceeding five years	<b>132,043</b>	–
More than five years	<b>1,170,336</b>	828,226
	<b><u>3,248,976</u></b>	<u>2,895,739</u>

At the end of the reporting period, the Group's bank and other borrowings, based on scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause, were repayable as follows:

	<b>30 September 2021 (unaudited) HK\$'000</b>	31 March 2021 (audited) HK\$'000
Within one year	<b>1,946,597</b>	1,972,859
More than one year, but not exceeding two years	–	94,654
More than two years, but not exceeding five years	<b>132,043</b>	–
More than five years	<b>1,170,336</b>	828,226
	<b><u>3,248,976</u></b>	<u>2,895,739</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 15. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes:

- (a) As at 30 September 2021 and 31 March 2021, the Group's other borrowing is secured by the Guaranteed Dividend from Tianijn Harmonious (see note 12 (a)(i)).
- (b) Certain of the Group's bank borrowings as at 30 September 2021 and 31 March 2021 are secured by:
- certain land and buildings of the Group with an aggregate carrying value of approximately HK\$164,600,000 (31 March 2021: HK\$209,685,000);
  - certain right of use assets of the Group with an aggregate carrying value of approximately HK\$12,764,000 (31 March 2021: HK\$12,989,000);
  - certain bank deposits of the Group with an aggregate carrying value of approximately HK\$261,926,000 (31 March 2021: HK\$258,170,000);
  - certain investment properties of the Group with an aggregate carrying value of approximately HK\$74,659,000 (31 March 2021: HK\$72,174,000);
  - corporate guarantees from the Company and certain subsidiaries; and
  - personal guarantee from a substantial shareholder.
- (c) The ranges of effective interest rates per annum (which also approximate to contracted interest rates) on the Group's interest-bearing bank and other borrowings are as follows:

	30 September 2021		31 March 2021	
	Borrowings HK\$'000 (unaudited)	Interest rate (unaudited)	Borrowings HK\$'000 (audited)	Interest rate (audited)
Bank borrowings				
Fixed-rate borrowings	96,031	10.80%	94,654	10.80%
Variable-rate borrowings	1,591,233	2.22% to 7.00%	1,261,768	2.22% to 6.50%
Other borrowings				
Fixed-rate borrowings	<u>1,561,712</u>	<u>7.52%</u>	<u>1,539,317</u>	<u>7.52%</u>

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 15. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

- (d) The Group's bank and other borrowings that are denominated in currencies other than RMB, the functional currency of the respective group entities, are set out below:

	<b>30 September 2021 (unaudited) HK\$'000</b>	31 March 2021 (audited) HK\$'000
US\$	<b>204,728</b>	208,618
HK\$	<b>84,126</b>	84,126
	<b><u>288,854</u></b>	<u>292,744</u>

### 16. SHARE CAPITAL

	<b>Number of ordinary shares</b>	<b>Nominal value HK\$'000</b>
Authorised: Ordinary shares of HK\$0.10 each at 1 April 2020, 31 March 2021 and 30 September 2021	<b><u>7,000,000,000</u></b>	<u>700,000</u>
Issued and fully paid: Ordinary shares of HK\$0.10 each at 1 April 2020, 31 March 2021 and 30 September 2021	<b><u>4,146,020,285</u></b>	<u>414,602</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 17. RELATED PARTY TRANSACTIONS

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:

#### (a) Outstanding balances with related parties:

- (i) The amount due to a substantial shareholder of the Company represents amount due to CIH, which holds 36.93% (31 March 2021: 36.93%) interests in the Company. The amount is unsecured, interest-free and repayable on demand.
- (ii) The amounts due from associates and a joint venture of HK\$243,325,000 (31 March 2021: HK\$242,364,000) are non-trade, unsecured, interest-free and repayable on demand.
- (iii) The amount due from a joint venture of HK\$120,039,000 (31 March 2021: HK\$118,318,000) represents an amount due from Beijing Huichao Real Estate Development Co., Ltd (“Beijing Huichao”). The amount is non-trade, interest-free, repayable on demand and secured by 11% equity interests in Beijing Huichao beneficially owned by a third party partner in the joint venture. In the opinion of the Directors, the amount is not expected to be repaid within twelve months after the end of the reporting period and accordingly it is presented as non-current asset as at 30 September 2021 and 31 March 2021.

#### (b) Compensation of key management personnel of the Group who are the executive directors of the Company

	Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Short term benefits	4,224	2,113
Post-employment benefits	130	72
Total compensation paid to key management personnel	<u>4,354</u>	<u>2,185</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 18. FAIR VALUE MEASUREMENT

The Group followed HKFRS 7 Financial Instruments: Disclosures which introduce a three-level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements.

The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 HK\$'000	Level 2 HK\$'000 (note i)	Level 3 HK\$'000 (note ii)	Total HK\$'000
<b>As at 30 September 2021</b>				
Financial assets at FVTOCI	–	–	82,885	82,885
Financial assets at FVTPL	–	1,200	–	1,200
<b>As at 31 March 2021</b>				
Financial assets at FVTOCI	–	–	81,996	81,996
Financial assets at FVTPL	–	5,916	–	5,916

Notes:

- (i) The fair values of the wealth management products in Level 2 have been determined based on the quoted prices from the relevant financial institution.
- (ii) The fair values of the unlisted equity securities in Level 3 have been determined with reference to the fair values of underlying assets and liabilities of the investee as at 30 September 2021 and 31 March 2021.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 18. FAIR VALUE MEASUREMENT (continued)

The movements of fair values measurements in Level 3 during the period are as follows:

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Financial assets at FVTOCI</b>		
At beginning of period	<b>81,996</b>	66,871
Addition	–	39,831
Exchange realignment	<b>889</b>	1,830
	<hr/>	<hr/>
At end of period	<b>82,885</b>	108,532

The fair value of the unlisted equity securities are Level 3 recurring fair value measurement. During the six months ended 30 September 2021 and 2020, there have been no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

### 19. SURRENDER OF LANDS

On 9 August 2021, the Group entered into an agreement with the Jixi Municipal People's Government of Heilongjiang Province (the "Jixi Municipal People's Government") and an independent third party to surrender four parcels of land located at Jixi City, Heilongjiang, the PRC, to the Jixi Municipal People's Government with a compensation amount of RMB224,000,000 (equivalent to approximately HK\$268,888,000). Resulting from the surrender of lands, a loss of approximately HK\$408,224,000 was incurred as the compensation amount was lower than the book value of the lands surrendered. Details of the surrender of lands are set out in the announcement of the Company dated 15 November 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATIONAL REVIEW

#### Property Development

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

During the Period, the Group recorded contracted sales in the amount of HK\$2.0 million (2020: HK\$11.0 million) which corresponds to a total GFA of about 650 sq.m. (2020: 2,000 sq.m.). Included in the amount was HK\$1.7 million (2020: HK\$2.6 million) related to contracted sales attributable to a development project in which the Group has equity interests of 35% (2020: 35%) and of which the Group is the project manager. Such development project accounted for a corresponding GFA of about 600 sq.m. (2020: 530 sq.m.).

#### Property Investment

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

#### Project Management Services

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

#### Project Investment Services

During the six months ended 30 September 2021 and 2020, the Group did not generate any profit from the operations of this segment. The Group will continue to look for opportunities in relation to investment in and sale of property development/land development project in the PRC.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Overall Performance

During the Reporting Period, the Group generated revenue of HK\$3.5 million, representing a decrease of about 90% as compared to HK\$34.8 million for the last corresponding period. During the Period, the Group incurred a loss before taxation of HK\$547.5 million, compared to a loss of HK\$66.0 million for the last corresponding period. Loss for the period attributable to owners of the Company was HK\$462.6 million, compared to a loss of HK\$65.1 million for the last corresponding period. The loss for the Period was mainly attributable to a loss incurred upon the surrender of four parcels of land in the Jixi Silo City Project, details of which are set out in note 19 to the condensed consolidated financial statements.

#### Revenue

The revenue of the Group was primarily derived from sale of properties and property rental income. During the Period, revenue decreased by about 90% to about HK\$3.5 million from about HK\$34.8 million in the last corresponding period. The decrease was mainly attributable to the decrease in the amount of the sale of properties during the Period. Approximately 33% (2020: 94%) of the Group's revenue was generated from sale of properties and approximately 67% (2020: 6%) from property rental income.

#### Sale of Properties

During the Period, the recognised sales revenue from sale of properties was HK\$1.2 million, representing a decrease of about 96% from the last corresponding period's HK\$32.5 million, which corresponds to a decrease by 95% to the total GFA delivered by the Group of 310 sq.m. (2020: 5,700 sq.m.). The property sales revenue for the Period came from the sale of Anshan Wisdom New City, Dalian Coastal International Centre and Dalian Jianzhu Project which respectively accounted for approximately 53%, 24% and 23% respectively of the total property sales revenue.

#### Rental income

Revenue from property rental remained at HK\$2.3 million for the six months ended 2021 and 2020. The property investment segment for the Period recorded a loss of HK\$2.3 million comparing to a profit of HK\$1.0 million for the last corresponding period.

#### Gross Profit Margin

The gross profit margin for the Period was about 55% as compared to 79% for the last corresponding period. A decrease in the gross profit margin was primarily attributable to sale of lower value properties during the Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Other Income and Gains

Other income and gains for the Period was HK\$72.6 million as compared to HK\$69.6 million for the last corresponding period. Other income and gains for the Period mainly represented interest expense recharged of HK\$61.6 million (2020: HK\$57.4 million) (see note 12(a)(i) to the condensed consolidated financial statements), dividend income from financial assets at FVTOCI of HK\$7.7 million (2020: nil) and bank interest income of HK\$1.6 million (2020: HK\$8.2 million).

### Marketing, Selling and Administrative Expenses

Marketing and selling expenses decreased by about 58% to HK\$0.5 million from the last corresponding period's HK\$1.2 million as a result of the Group's decreased level of selling activities for promoting its sales during the Period.

Administrative expenses decreased by about 26% to HK\$54.8 million from the last corresponding period's HK\$74.5 million. The Group will continue to implement cost control measures so as to enhance its operational efficiency.

### Other Expenses

Other expenses for the Period was HK\$446.9 million as compared to the last corresponding period's HK\$14.0 million. Other expenses mainly comprised of loss on surrender of lands of HK\$408.2 million (see note 19 to the condensed consolidated financial statements) (2020: nil), loss on disposal of property, plant and equipment of HK\$16.0 million (2020: nil), an indemnity against a legal case of HK\$11.6 million (2020: HK\$10.7 million) and write-off of prepayment, deposits and other receivables of HK\$10.7 million (2020: HK\$2.7 million).

### Finance Costs

During the Period, the Group incurred finance costs before capitalisation (mainly interest for bank and other borrowings) of HK\$119.0 million, representing an increase of about 68% as compared to HK\$70.8 million incurred for the last corresponding period. Interest expenses charged to profit or loss for the Period was HK\$119.0 million as compared to the last corresponding period's HK\$70.3 million. The increase was mainly attributable to an increase in outstanding balance of bank and other borrowings as new bank borrowings were raised to finance the Group's development projects.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Resources and Liquidity

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

As at 30 September 2021, the Group's cash and bank balances amounted to approximately HK\$607.2 million (31 March 2021: HK\$438.3 million). An analysis by currency denomination of the cash and bank balances is as follows:

	<b>30 September 2021 HK\$'000</b>	31 March 2021 HK\$'000
RMB	<b>596,611</b>	429,249
HK\$	<b>7,784</b>	6,270
US\$	<b>2,844</b>	2,811
	<b>607,239</b>	438,330

As at 30 September 2021, the net borrowings of the Group, being interest-bearing bank and other borrowings less cash and bank balances and pledged bank deposits, amounted to approximately HK\$2,641.7 million (31 March 2021: HK\$2,457.4 million). Net debt to total equity ratio, which is expressed as a percentage of net borrowings over total equity of the Group, increased by about 12% to 67% from 55% as at 31 March 2021.

### Borrowings and Charges

As at 30 September 2021, the Group's total bank and other borrowings amounted to HK\$3,249.0 million (31 March 2021: HK\$2,895.7 million), of which HK\$1,591.2 million (31 March 2021: HK\$1,261.8 million) were variable-rate borrowings and the remaining were fixed rate borrowings. Long-term borrowings amounted to HK\$1,302.4 million (31 March 2021: HK\$922.9 million), representing approximately 40% (31 March 2021: 32%) of the total borrowings, and short-term borrowings were HK\$1,946.6 million (31 March 2021: HK\$1,972.9 million) representing approximately 60% (31 March 2021: 68%) of the total borrowings. During the Period, the ranges of effective interest rate per annum of the Group in respect of its fixed and variable rate borrowings were 7.52% to 10.80% (31 March 2021: 7.52% to 10.80%) and 2.22% to 7.00% (31 March 2021: 2.22% to 6.50%) respectively.

As at 30 September 2021, certain assets of the Group including land and buildings, investment properties, right-of-use assets and bank deposits with aggregate carrying value of HK\$513.9 million (31 March 2021: HK\$553.0 million), corporate guarantee given by the Company and certain subsidiaries, personal guarantee given by a substantial shareholder of the Company and the Guarantee Dividend (see note 12(a)(i) to the condensed consolidated financial statements) were pledged to secure the bank and other borrowings.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Material Acquisitions and Disposals

On 9 August 2021, the Group entered into an agreement with the Jixi Municipal People's Government and an independent third party to surrender four parcels of land located at Jixi City, Heilongjiang, the PRC, to the Jixi Municipal People's Government with a compensation amount of RMB224,000,000. Details of which are set out in the announcement of the Company dated 15 November 2021.

Save for the aforementioned, there was no plan authorised by the Board for any material investments or additions of capital assets as at the date of this interim report.

### Contingent Liabilities

As at 30 September 2021, the Group had no contingent liabilities (31 March 2021: nil).

### Exposure to Fluctuation in Exchange Rates

The Group's operations are principally in the PRC and accordingly a majority part of its income and expenditure is denominated in RMB. The exchange rates of RMB against HK\$ and US\$ have been quite stable over the past years. Also the Group's operations will not be unduly exposed to exchange rates fluctuations as all the major assets, mainly property development projects of the Group are located in the PRC and will generate RMB revenue to the Group. Except certain bank and other borrowings which are denominated in US\$ or HK\$, most of the Group's liabilities are denominated in RMB. Therefore, the Directors do not foresee that movement in the exchange rates of foreign currencies against RMB in the foreseeable future will cause a material adverse impact on the Group's operations.

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Employees and Remuneration Policy

As at 30 September 2021, the Group had about 80 employees (2020: about 110 employees) in the PRC and Hong Kong. The related employees' cost (including the Directors' remuneration) for the six months ended 30 September 2021 amounted to approximately HK\$21.2 million (2020: HK\$28.3 million). Employees are remunerated based on their work performance, skills and experience, and prevailing industry practice. Apart from basic salary and performance related bonus, the Group also provides other benefits to its employees including mandatory provident fund, medical insurance coverage and housing allowances.

### PROSPECTS

The COVID-19 outbreak occurred over the past years has caused disruptions to many industries which have inevitably posed a significant threat to the PRC as well as the global economy. To tackle with the crisis, the central government has implemented a series of stringent measures to contain the epidemic. With signs of stabilisation in combating the COVID-19, we believe consumer confidence will be gradually recovered and potentially housing demand will also be resuming gradually. Nevertheless, the recent credit crisis emerged from certain big names of the PRC property developers has casted an uncertain atmosphere over the PRC property sector. Therefore, the construction and sales progress of the Group may be exposed to short-term volatilities and challenges. However, the Group remains cautiously optimistic on the outlook and the prospects for the real estate market.

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

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

## DISCLOSURE OF INTERESTS

### DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 2021, the interests and short positions of the Directors in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

#### (i) Long positions in the Shares and underlying Shares of the Company

Name of Director	Directly beneficially owned	Interest of controlled corporation	Total number of Shares and underlying Shares held	Percentage of the Company's issued share capital
Mr. Jiang Ming	–	1,531,261,978*	1,531,261,978	36.93%
Mr. Xia Xianglong	6,496,000	–	6,496,000	0.16%
Mr. Lin Chen Hsin	3,720,000	1,531,261,978*	1,534,981,978	37.02%

\* 1,531,261,978 shares are beneficially owned by CIH, of which the issued voting share capital is held as to 37.58% by Mr. Jiang Ming, 3.30% by Mr. Lin Chen Hsin and 21.42% by Great Scope Investments Limited (the entire issued voting share capital of which is held by Mr. Jiang Ming). These 1,531,261,978 shares represent an aggregate of approximately 36.93% of the issued share capital of the Company. Mr. Jiang Ming and Mr. Lin Chen Hsin are directors of CIH.

#### (ii) Long positions in the Shares and underlying Shares of CIH

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	Interest of controlled corporation	21.42%
Mr. Lin Chen Hsin	330	Directly beneficially owned	3.30%

Save as disclosed above, as at 30 September 2021, none of the Directors had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any other associated corporations.

## DISCLOSURE OF INTERESTS

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES

Apart from the interests of CIH as disclosed under the heading "Directors' interests in securities" above, the register of substantial Shareholders required to be kept under Section 336 of Part XV of the SFO shows that as at 30 September 2021, the Company had been notified of the following substantial Shareholders' interests, being 5% or more of the Company's issued share capital.

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 <sup>2</sup>	1,531,261,978	36.93%
Shenzhen Investment Limited	Corporate	631,092,857	15.22%

Notes:

1. All the interests stated above represent long positions.
2. Ms. Yang Sun Xin is the spouse of Mr. Jiang Ming (Chairman and Managing 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 2021, to the best of the Directors' knowledge, no persons had any interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or otherwise notified to the Company and the Stock Exchange.

## **CORPORATE GOVERNANCE**

### **CORPORATE GOVERNANCE PRACTICES**

The Company acknowledges the importance of good corporate governance practices and is committed to maintaining sound internal control, transparency and accountability to all Shareholders. The Company has continued to apply and comply with the code provisions of the CG Code during the Period, except for below deviations:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual for a balance of power and authority. Mr. Jiang Ming is the Chairman and Managing Director of the Company. He is also one of the founders and a substantial Shareholder of the Company and has considerable industry experience. The Board considers that this situation will not impair the balance of power and authority between the Board and the management of the Company because the balance of power and authority is governed by the operations of the Board which comprises experienced and high caliber individuals with demonstrated integrity. Furthermore, decisions of the Board are made by way of majority votes. The Board believes that this structure is conducive to a more precise and more promptly response to the fast changing business environment and a more efficient management and implementation of business process.

Code provision A.6.7 of the CG Code stipulates that independent non-executive Directors and other non-executive Directors should attend general meetings. One non-executive Director was unable to attend the annual general meeting of the Company held on 17 September 2021 (the “2021 AGM”) due to other important engagements.

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the AGM. Mr. Jiang Ming, the Chairman of the Board, was unable to attend the 2021 AGM due to other business commitment. However, Mr. Lin Chen Hsin, an executive Director, had taken the chair of the 2021 AGM in accordance with the Bye-laws. Mr. Lin was of sufficient calibre and knowledge for communication with the shareholders at the 2021 AGM.

### **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as the Company’s code of conduct regarding Directors’ securities transactions. Having made specific enquiry, all Directors confirmed that they have complied with the requirements as set out in the Model Code during the six months ended 30 September 2021. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

## **OTHER INFORMATION**

### **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2021 (2020: nil).

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2021.

### **REVIEW OF INTERIM RESULTS**

The Audit Committee has reviewed with the management of the Company the accounting policies and practices adopted by the Group and discussed, among other things, internal controls, risk management and financial reporting matters including a review of the unaudited condensed consolidated financial statements for the six months ended 30 September 2021.

By Order of the Board  
**Jiang Ming**  
*Chairman*

Hong Kong, 26 November 2021