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COASTAL GREENLAND LIMITED
沿海綠色家園有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 1124)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

FINANCIAL HIGHLIGHTS:

1. Revenue for the period amounted to about HK$21.8 million, a decrease of about 87% from the last corresponding period.

2. Loss for the period attributable to owners of the Company was about HK$133.6 million, representing a turnaround from the last corresponding period's profit of about HK$331.2 million.

3. As at 30 September 2019, net debt to total equity ratio was 32%, maintaining at a manageable level.

The board (the "Board") of directors (the "Director(s)") of Coastal Greenland Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2019 (the "Reporting Period" or the "Period"), together with comparative unaudited figures for the corresponding period in 2018. The interim results have been reviewed by the audit committee of the Company (the "Audit Committee") and approved by the Board. The following financial information is extracted from the unaudited condensed consolidated financial statements as set out in the 2019 interim report to be published by the Group.

* *For identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019

		Six months ended 30 September	
		2019	2018
		(unaudited)	(unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*5*	**21,783**	161,841
Cost of sales		**(19,547)**	(150,042)
Gross profit		**2,236**	11,799
Other income and gains	*6*	**2,254**	22,526
Marketing and selling expenses		**(1,641)**	(5,825)
Administrative expenses		**(88,045)**	(131,141)
Other expenses		**(98,925)**	(448,379)
Finance costs	*7*	**(20,508)**	(29,731)
Share of loss of associates		**–**	(26)
Share of loss of joint ventures		**(1,561)**	(1,736)
Net gain on disposal of subsidiaries		**–**	886,220
(Loss) profit before taxation		**(206,190)**	303,707
Taxation	*8*	**64,953**	24,517
(Loss) profit for the period	*9*	**(141,237)**	328,224
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**(285,710)**	(1,147,413)
(Deficit) surplus on revaluation of buildings		**(3,409)**	23,102
Deferred tax credit (charge) arising on revaluation of buildings		**852**	(5,775)
Fair value gain on financial assets at fair value through other comprehensive income ("FVTOCI")		**–**	418
Other comprehensive income for the period		**(288,267)**	(1,129,668)
Total comprehensive income for the period		**(429,504)**	(801,444)

		Six months ended 30 September	
		2019	2018
		(unaudited)	(unaudited)
	Notes	***HK$'000***	*HK$'000*
(Loss) profit for the period attributable to:			
Owners of the Company		**(133,566)**	331,213
Non-controlling interests		**(7,671)**	(2,989)
		(141,237)	328,224
Total comprehensive income for the period attributable to:			
Owners of the Company		**(413,925)**	(781,509)
Non-controlling interests		**(15,579)**	(19,935)
		(429,504)	(801,444)
		HK cents	*HK cents*
(Loss) earnings per share	*10*		
Basic and diluted		**(3.22)**	7.91

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Notes	30 September 2019 (unaudited) HK$'000	31 March 2019 (audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**306,903**	318,750
Investment properties		**3,869**	4,069
Right-of-use assets		**2,984**	–
Prepaid land lease payments		**39,051**	41,894
Interests in a joint venture		**153,450**	162,964
Amount due from a joint venture		**110,864**	116,579
Financial assets at FVTOCI		**67,467**	34,894
Total non-current assets		**684,588**	679,150
CURRENT ASSETS			
Properties under development		**1,665,300**	1,717,146
Completed properties for sale		**161,747**	191,579
Trade receivables	*11*	**–**	–
Prepayments, deposits and other receivables	*12*	**5,777,084**	5,546,542
Amounts due from an associate and a joint venture		**232,217**	256,906
Financial assets at fair value through profit or loss		**33,259**	–
Prepaid tax		**–**	31,897
Pledged bank deposits		**750,295**	245,414
Cash and bank balances		**80,881**	35,273
Total current assets		**8,700,783**	8,024,757

	Notes	30 September 2019 (unaudited) HK$'000	31 March 2019 (audited) HK$'000
CURRENT LIABILITIES			
Trade and bills payables	*13*	**75,888**	75,296
Contract liabilities		**216,121**	220,405
Other payables and accruals		**1,829,128**	594,015
Amount due to a substantial shareholder of the Company		**64,350**	61,509
Lease liabilities		**1,243**	–
Tax payable		**155,570**	147,028
Interest-bearing bank and other borrowings		**2,217,123**	2,339,368
Total current liabilities		**4,559,423**	3,437,621
NET CURRENT ASSETS		**4,141,360**	4,587,136
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,825,948**	5,266,286
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**105,320**	29,145
Lease liabilities		**1,765**	–
Deferred tax liabilities		**48,812**	137,572
Total non-current liabilities		**155,897**	166,717
NET ASSETS		**4,670,051**	5,099,569
CAPITAL AND RESERVES			
Share capital		**414,602**	414,602
Reserves		**4,163,303**	4,577,242
Equity attributable to owners of the Company		**4,577,905**	4,991,844
Non-controlling interests		**92,146**	107,725
Total equity		**4,670,051**	5,099,569

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 September 2019 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2019.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are relevant for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features and Negative Compensation
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23	As part of the Annual Improvements to HKFRSs 2015-2017 Cycle

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below. Except as disclosed in note 3 below, the application of the new and amendments to HKFRSs in the current interim period has had no material effect on the Group's financial performance and position for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY

A. HKFRS 16 Leases

This note explains the impact of the adoption of HKFRS 16 Leases on the condensed consolidated financial statements and also discloses the new accounting policies that have been applied from 1 April 2019, where they are different from those applied in prior periods.

(a) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("HKAS 17"), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to sections (b) to (e) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained profits at the date of initial application. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provisions in HKFRS 16.

The following table summarised the impact of transition to HKFRS 16 on the condensed consolidated statement of financial position as at 31 March 2019 to that of 1 April 2019 (increase/(decrease)):

	HK$'000
Condensed consolidated statement of financial position as at 1 April 2019	
Right-of-use assets	2,295
Lease liabilities (non-current)	1,486
Lease liabilities (current)	823
Retained profits	(14)

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 March 2019 could be reconciled to the lease liabilities at the date of initial application recognised in the condensed consolidated statement of financial position as at 1 April 2019:

Reconciliation of operating lease commitment to lease liabilities

	HK$'000
Operating lease commitment as at 31 March 2019	3,424
Less: short term leases for which lease terms end within 31 March 2020	(795)
Less: future interest expenses	(320)
Total lease liabilities as at 1 April 2019	2,309

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the condensed consolidated statement of financial position as at 1 April 2019 is 10.68%.

(b) *The new definition of a lease*

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all lease component and any associated non-lease components as a single lease component for all leases.

(c) *Accounting as a lessee*

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value and for right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at fair value.

For the Group, leasehold land and buildings that were held for rental or capital appreciation purpose would continue to be accounted for under HKAS 40 and would be carried at fair value. For leasehold land and buildings which is held for own use would continue to be accounted for under HKAS 16 and would be carried at fair value. The adoption of HKFRS 16 therefore does not have any significant impact on these right-of-use assets. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises it judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group’s incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(d) Accounting as a lessor

The Group has leased out its investment property to a number of tenants. As the accounting under HKFRS 16 for a lessor is substantially unchanged from the requirements under HKAS 17, the adoption of HKFRS 16 does not have significant impact on these condensed consolidated financial statements.

(e) Transition

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained profits at the date of initial application (1 April 2019). The comparative information presented has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 April 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 April 2019.

The Group has elected to recognise all the right-of-use assets at 1 April 2019 for leases previously classified operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied HKAS 36 Impairment of Assets at 1 April 2019 to assess if there was any impairment as on that date.

The Group has also applied the following practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 April 2019) and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 April 2019; and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4; and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int 4.

4. 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 CODM has been aggregated in arriving at the reportable segments of the Group. Summary details of the Group's reportable and operating segments are as follows:

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

Segment revenue and results

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

	Property development Six months ended 30 September		Property investment Six months ended 30 September		Project management services Six months ended 30 September		Project investment services Six months ended 30 September		Total Six months ended 30 September		Reconciliation Six months ended 30 September		Consolidated Six months ended 30 September	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
											(Note)	*(Note)*		
Segment revenue:														
Sales to external customers	**21,250**	154,441	**156**	1,602	**377**	5,798	**–**	–	**21,783**	161,841	**–**	–	**21,783**	161,841
Sales of projects to external customers	**–**	–	**–**	–	**–**	–	**–**	4,652,972	**–**	4,652,972	**–**	(4,652,972)	**–**	–
Total	**21,250**	154,441	**156**	1,602	**377**	5,798	**–**	4,652,972	**21,783**	4,814,813	**–**	(4,652,972)	**21,783**	161,841
Disaggregation of revenue:														
Primary geographical markets														
Wuhan	**–**	10,315	**–**	557	**–**	–	**–**	–	**–**	10,872	**–**	–	**–**	10,872
Shenyang	**–**	129,703	**–**	–	**–**	–	**–**	–	**–**	129,703	**–**	–	**–**	129,703
Others	**21,250**	14,423	**156**	1,045	**377**	5,798	**–**	4,652,972	**21,783**	4,674,238	**–**	(4,652,972)	**21,783**	21,266
Total	**21,250**	154,441	**156**	1,602	**377**	5,798	**–**	4,652,972	**21,783**	4,814,813	**–**	(4,652,972)	**21,783**	161,841
Time of revenue recognition														
At a point in time	**21,250**	154,441	**–**	–	**377**	5,798	**–**	4,652,972	**21,627**	4,813,211	**–**	(4,652,972)	**21,627**	160,239
Transferred over time	**–**	–	**156**	1,602	**–**	–	**–**	–	**156**	1,602	**–**	–	**156**	1,602
Total	**21,250**	154,441	**156**	1,602	**377**	5,798	**–**	4,652,972	**21,783**	4,814,813	**–**	(4,652,972)	**21,783**	161,841
Segment (loss) profit	**(191,345)**	(527,151)	**(2,799)**	1,598	**(1,670)**	5,791	**–**	886,220	**(195,814)**	366,458	**–**	–	**(195,814)**	366,458
Amortisation of prepaid land lease payments													**(808)**	(847)
Finance costs													**(20,508)**	(29,731)
Interest income													**1,520**	11,190
Net foreign exchange (loss) gain													**(28)**	4,595
Share of loss of associates													**–**	(26)
Share of loss of joint ventures													**(1,561)**	(1,736)
Other net unallocated expenses													**11,009**	(46,196)
(Loss) profit before taxation													**(206,190)**	303,707

Note: The adjustment reflects the reconciliation of revenue from the reportable and operating segments to the Group's consolidated revenue as the net profit or loss from project investment services is accounted for under the net gain on disposal of subsidiaries in the condensed consolidated statement of profit or loss and other comprehensive income.

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

Segment assets and liabilities

The 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.

5. REVENUE

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

	Six months ended 30 September	
	2019	2018
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Sale of properties	**21,250**	154,441
Project management services income	**377**	5,798
Revenue from other sources		
Rental income	**156**	1,602
	21,783	161,841

6. OTHER INCOME AND GAINS

	Six months ended 30 September	
	2019	2018
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Bank interest income	**914**	6,819
Gain on disposal of property, plant & equipment	**234**	–
Re-measurement gain on fair value of interest in an associate	**–**	4,948
Reversal of impairment loss recognised on trade receivables	**327**	–
Other interest income	**606**	4,371
Others	**173**	6,388
	2,254	22,526

7. FINANCE COSTS

	Six months ended 30 September	
	2019	2018
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Interest on bank borrowings	**21,765**	11,067
Interest on lease liabilities	**163**	–
Interest on other borrowings	**–**	72,311
	21,928	83,378
Less: Amounts capitalised in properties under development	**(1,420)**	(53,647)
	20,508	29,731

Borrowing costs capitalised during the period arose on the funds borrowed specifically for the purpose of obtaining qualifying assets and are calculated by applying a capitalisation rate of 6.10% (2018: 6.67%) per annum.

8. TAXATION

	Six months ended 30 September	
	2019	2018
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Current tax:		
PRC Enterprise Income Tax ("EIT")	**66**	3,693
PRC Land Appreciation Tax ("LAT")	**1,133**	41,568
	1,199	45,261
Deferred tax*	**(66,152)**	(69,778)
Total tax credit for the period	**(64,953)**	(24,517)

* The deferred tax credit recognised during the six months ended 30 September 2019 and 2018 mainly resulted from the combined effects relating to (i) release of deferred tax on undistributable profit upon disposal of the respective subsidiaries; and (ii) 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.

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.

9. (LOSS) PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2019	2018
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
(Loss) profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**3,124**	5,718
Less: Amounts capitalised in properties under development	**(53)**	(104)
	3,071	5,614
Amortisation of prepaid land lease payments	**808**	847
Compensation for cancellation of a disposal agreement*#	**–**	357,015
Compensation in respect of a land development project disposed of*@	**73,159**	–
Cost of completed properties sold	**19,547**	150,042
Depreciation of right-of-use assets	**604**	–
Impairment loss recognised on trade receivables*	**–**	24,942
Impairment loss recognised on prepayment, deposits and other receivables*	**257**	–
Impairment loss recognised on investment in a joint venture*	**–**	26,513
Net foreign exchange loss (gain)	**28**	(4,595)
Rental expenses on short-term leases	**225**	–

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

\# The amount represented compensation paid for cancellation of framework agreement in relation to certain land disposal to an independent third party so as to facilitate the proceeding of the transaction of disposal of Century East Group Limited (the "Century East Group") during the last corresponding period.

@ The amount represented compensation for a land development project disposed of in the previous years in relation to the delay in the construction progress which give rise to an additional cost to the purchaser.

10. (LOSS) EARNINGS PER SHARE

(a) Basic (loss) earnings per share

The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company of HK$133,566,000 (2018: profit attributable to owners of the Company of HK$331,213,000) and the number of 4,146,020,285 (2018: 4,185,874,285) ordinary shares in issue during the six months ended 30 September 2019.

(b) Diluted (loss) earnings per share

Diluted loss per share for the six months ended 30 September 2019 is not presented as there were no dilutive potential ordinary shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30 September 2018 did not assume the exercise of the Company's share options as the exercise price of the share options was higher than the average market price of the Company's shares for the period.

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.

As at 30 September 2019, the Group did not have any trade receivables (31 March 2019: nil).

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2019 (unaudited) ***HK$'000***	31 March 2019 (audited) *HK$'000*
Other receivables *(note a)*	**3,575,068**	3,908,900
Deposits for future acquisition of land use rights *(note b)*	**2,118,080**	1,457,792
Prepaid operating expenses and other deposits	**83,936**	179,850
	5,777,084	5,546,542

Notes:

(a) As at 30 September 2019, included in other receivables are mainly:

(i) an amount of HK$2,033,237,000 (31 March 2019: HK$2,138,052,000) in relation to the guarantee dividend ("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 shareholders of Tianjin Harmonious, Coastal Wuhan is entitled to receive the Guaranteed Dividend from Tianjin Harmonious amounting to RMB1,834,000,000 (equivalent to HK$2,033,237,000). Pursuant to the disposal agreement in respect of the disposal of the entire equity interests in the Century East Group (the "Disposal"), the Group is still entitled to receive such Guaranteed Dividend from Tianjin Harmonious after the Disposal.

In previous years, Coastal Wuhan raised a loan of RMB1,601,000,000 (equivalent to HK$1,774,925,000) 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 November 2019, which is the original maturity of the loan. As at the date of this announcement, the maturity date of the said loan has been extended to November 2021.

(ii) an amount of HK$1,165,506,000 (31 March 2019: HK$1,398,648,000) due from a purchaser regarding the balance of the consideration payable by the purchaser under the Disposal as set out above.

(b) The amounts represent payments made for the acquisitions of land use rights in the PRC which will be developed for sale purpose. These deposits will be wholly refundable if the acquisitions are terminated subsequently.

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 2019 (unaudited) ***HK$'000***	31 March 2019 (audited) *HK$'000*
0 – 30 days	**6,716**	5,796
31 – 60 days	**2,733**	–
61 – 90 days	**1,667**	9
Over 90 days	**64,772**	69,491
	75,888	75,296

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.

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$56 million (2018: HK$82 million) which corresponds to a total gross floor area ("GFA") of about 8,000 sq.m. (2018: 15,000 sq.m.). Included in the amount was HK$13 million (2018: HK$18 million) related to contracted sales attributable to a development project in which the Group has equity interests of 35% (2018: 35%) and of which the Group is the project manager. Such development project accounted for a corresponding GFA of about 4,000 sq.m. (2018: 5,000 sq.m.).

Property Investment

The Group holds some of its properties for investment purposes. The property investment portfolio of the Group includes commercial and residential properties located in the PRC. In managing the property investment 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 Shanghai Golden Bridge Mansion and Dongguan Riviera Villa.

Project Management Services

In recent years, the Group has been searching for co-investment opportunities in the development projects such that it can enlarge its property portfolio without escalating its financial burden. During the Period, the Group was engaged as the project managers of two (2018: four) development projects namely Beijing Bay Project and Chongqing Silo City.

Project Investment Services

During the Period, the Group did not generate any profit from the operations of this segment (2018: HK$886.2 million). The Group will continue to look for opportunities in relation to investment in and sale of property development/land development project in the PRC.

FINANCIAL REVIEW

Overall Performance

For the first half of the financial year, the Group generated revenue of HK$21.8 million, representing a decrease of about 87% as compared to the HK$161.8 million for the last corresponding period. During the Period, the Group realised a loss before taxation of HK$206.2 million, compared to a profit of HK$303.7 million for the last corresponding period. Loss for the period attributable to owners of the Company was HK$133.6 million, compared to a profit of HK$331.2 million for the last corresponding period.

Revenue

The revenue of the Group was primarily derived from sale of properties, property rental income and project management services income. During the Period, revenue decreased by about 87% to about HK$21.8 million from about HK$161.8 million in the last corresponding period. The decrease was mainly attributable to the disposal of certain property development subsidiaries during the last corresponding period. Approximately 98% (2018: 95%) of the Group revenue was generated from sale of properties and approximately 2% (2018: 5%) from property rental income and project management service income.

Sales of Properties

During the Period, the recognised sales revenue from sale of properties was HK$21.3 million, representing a decrease of about 86% from the last corresponding period's HK$154.4 million, which corresponds to a decrease by 86% in the total GFA delivered by the Group of 2,500 sq.m. (2018: 17,300 sq.m.). The property sales revenue for the Period came from the sale of Dalian Coastal International Centre, Anshan Wisdom New City and Dalian Jianzhu Project which respectively accounted for approximately 71%, 19% and 10% of the total property sales revenue.

Rental income

Revenue from property rental decreased to HK$0.2 million from HK$1.6 million for the last corresponding period. The decrease was primarily attributable to the decreased GFA for rental purpose as a result of the disposal of certain subsidiaries engaged in property investment during the last corresponding period. The property investment segment for the Period recorded a loss of HK$2.8 million comparing to a profit of HK$1.6 million for the last corresponding period.

Project management service income

Revenue from project management services decreased to HK$0.4 million from the last corresponding period's HK$5.8 million. The decrease was due to the termination of certain project management services agreements upon disposal of its equity interests in these projects at the end of the last corresponding period. The project management services segment for the Period recorded a loss of about HK$1.7 million comparing to a profit of HK$5.8 million for the last corresponding period.

Gross Profit Margin

The gross profit margin for the Period was about 10% as compared to 7% for the last corresponding period. A slight increase in the gross profit margin was primarily attributable to lower construction cost per sq.m. of property sales recognised during the Period.

Other Income and Gains

Other income and gains for the Period was HK$2.3 million as compared to HK$22.5 million for the last corresponding period. Other income and gains for the Period mainly represented bank interest income of HK$0.9 million (2018: HK$6.8 million), other interest income of HK$0.6 million (2018: HK$4.4 million) and gain on disposal of property, plant and equipment of HK$0.2 million (2018: nil). Apart from the above, included in the last corresponding period's other income and gains was mainly re-measurement gain on fair value of an interest in an associate of HK$4.9 million.

Marketing, Selling and Administrative Expenses

Marketing and selling costs decreased by about 72% to HK$1.6 million from the last corresponding period's HK$5.8 million as a result of the decrease in the Group's selling activities during the Period.

Administrative expenses decreased by about 33% to HK$88.0 million from the last corresponding period's HK$131.1 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$98.9 million as compared to the last corresponding period's HK$448.4 million. Other expenses mainly represented compensation in respect of a land development project disposed of in the previous years of HK$73.2 million (2018: nil) in relation to the delay in the construction progress which give rise to an additional cost to the purchaser. Apart from the above, included in the last corresponding period's other expenses were mainly compensation for cancellation of a disposal agreement in relation to certain land disposal to an independent third party of HK$357.0 million so as to facilitate the proceeding of the transaction of disposal of the Century East Group during the last corresponding period.

Finance Costs

During the Period, the Group incurred finance costs before capitalisation (mainly interest for bank and other borrowings) of HK$21.9 million, representing a decrease of about 74% as compared to HK$83.4 million incurred for the last corresponding period. Interest expenses charged to profit or loss for the Period were HK$20.5 million as compared to the last corresponding period's HK$29.7 million. The decrease was mainly attributable to a decrease in the average outstanding balance of bank and other borrowings as compared to the last corresponding period.

Liquidity and Financial Resources

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

As at 30 September 2019, the Group's cash and bank balances amounted to approximately HK$831.2 million (31 March 2019: HK$280.7 million). An analysis by currency denomination of the cash and bank balances is as follows:

	30 September 2019 *HK$'000*	31 March 2019 *HK$'000*
Renminbi	**825,805**	270,163
Hong Kong dollar	**2,519**	3,154
United States dollar	**2,852**	7,370
	831,176	280,687

As at 30 September 2019, the net borrowings of the Group, being interest-bearing bank and other borrowings less cash and bank balances and pledged bank deposits, amounted to approximately HK$1,491 million (31 March 2019: HK$2,088 million). Net debt to total equity ratio, which is expressed as a percentage of net borrowings over total equity of the Group, decreased by about 9% to 32% from 41% as at 31 March 2019.

Borrowings and Charges

As at 30 September 2019, the Group's total bank and other borrowings amounted to HK$2,322.4 million (31 March 2019: HK$2,368.5 million), of which HK$458.8 million (31 March 2019: HK$502.1 million) were variable-rate borrowings and the remaining were fixed rate borrowings. Of the total bank and other borrowings as at 30 September 2019, RMB1,601 million (equivalent to HK$1,774.9 million) was assigned from a disposal subsidiary to the Group under the terms of the agreement for the disposal of subsidiaries transaction (see note 12(a)(i) to the condensed consolidated financial statements). Long-term borrowings amounted to HK$105.3 million (31 March 2019: HK$29.1 million), representing approximately 5% (31 March 2019: 1%) of the total borrowings, and short-term borrowings were HK$2,217.1 million (31 March 2019: HK$2,339.4 million) representing approximately 95% (31 March 2019: 99%) 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 6.67% to 10.80% (31 March 2019: 3.50% to 6.67%) and 3.60% to 9.90% (31 March 2019: 3.62% to 9.90%) respectively.

As at 30 September 2019, certain assets of the Group including land and buildings, bank deposits, properties under development and completed properties for sale with aggregate carrying value of HK$746.0 million (31 March 2019: HK$764.2 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.

Material acquisitions and disposals

There was no plan authorised by the Board for any material investments or additions of capital assets as at the date of this announcement.

Contingent Liabilities

As at 30 September 2019, the Group had not given any guarantees (31 March 2019: HK$396.2 million) to banks in respect of mortgage loan facilities granted to the property purchasers.

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 Renminbi. The exchange rates of Renminbi against Hong Kong dollar and United States dollar have been quite stable over the past years despite a steady depreciation in Renminbi has occurred during the Period. 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 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.

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

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2019, the Group had about 153 employees (2018: about 178 employees) in the PRC and Hong Kong. The related employees' cost (including the Directors' remuneration) for the six months ended 30 September 2019 amounted to approximately HK$19.9 million (2018: HK$50.4 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

During the Reporting Period, the PRC economy is under pressure from the trade war tensions between the United States and the PRC and the unstable geopolitical risks around the region. In response to the complicated operating environment with increasing domestic and overseas risks and challenges, the central government reinstated the primary principle of "housing is for living, not for speculation". As such, local governments adopt the policy of "different policies applying to specific situations in different cities" with an aim to stabilising the land prices and property prices and managing price expectations for a sustainable development.

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, with the Group's well established brand and seasoned experience in the PRC property market and the Group's improvement in its financial strength, 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 thriving business opportunities that will benefit the Group in the years ahead.

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 contained in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules 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 independent non-executive Director and two non-executive Directors were unable to attend the annual general meeting of the Company held on 17 September 2019 (the "2019 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 2019 AGM due to other business commitment. However, Mr. Xia Xianglong, an executive Director, had taken the chair of the 2019 AGM in accordance with the bye-laws of the Company. Mr. Xia was of sufficient calibre and knowledge for communication with the shareholders at the 2019 AGM.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (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 2019. 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.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2019 (2018: 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 2019.

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 2019.

PUBLICATION OF INTERIM REPORT

The interim report of the Group for the six months ended 30 September 2019 containing all the information required by the Listing Rules will be despatched to the shareholders and published on the websites of the Stock Exchange (http://www.hkex.com.hk) and the Company (http://www.coastal.com.cn) in due course.

By Order of the Board
Jiang Ming
Chairman

Hong Kong, 28 November 2019

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