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UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

FINANCIAL HIGHLIGHTS:

1. Revenue for the period amounted to about HK\$3.5 million, a decrease of about 90% from the last corresponding period.
2. Loss for the period attributable to owners of the Company was about HK\$462.6 million as compared to the last corresponding period's loss of about HK\$65.1 million.
3. As at 30 September 2021, net debt to total equity ratio was about 67%, maintaining at a manageable level.

The board (the “**Board**”) of directors (the “**Director(s)**”) of Coastal Greenland Limited (the “**Company**”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2021 (the “**Reporting Period**” or the “**Period**”), together with comparative unaudited figures for the corresponding period in 2020. 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 2021 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 2021

		Six months ended	
		30 September	
		2021	2020
		(unaudited)	(unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	4	3,496	34,787
Cost of sales		<u>(1,574)</u>	<u>(7,206)</u>
Gross profit		1,922	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>
Loss before taxation		(547,549)	(66,024)
Taxation	7	<u>638</u>	<u>980</u>
Loss for the period	8	<u>(546,911)</u>	<u>(65,044)</u>
Other comprehensive income			
<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>
Other comprehensive income for the period		<u>80,588</u>	<u>141,004</u>
Total comprehensive income for the period		<u>(466,323)</u>	<u>75,960</u>

		Six months ended	
		30 September	
		2021	2020
		(unaudited)	(unaudited)
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period attributable to:			
	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>
Total comprehensive income for the period			
attributable to:			
	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>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share			
	Basic and diluted	<u>(11.16)</u>	<u>(1.57)</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 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 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 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		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	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(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
Segment revenue:										
Sales to external customers	1,152	32,529	2,344	2,258	-	-	-	-	3,496	34,787
Disaggregation of revenue:										
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
Total	1,152	32,529	2,344	2,258	-	-	-	-	3,496	34,787
Time of revenue recognition										
At a point in time	1,152	32,529	-	-	-	-	-	-	1,152	32,529
Transferred over time	-	-	2,344	2,258	-	-	-	-	2,344	2,258
Total	1,152	32,529	2,344	2,258	-	-	-	-	3,496	34,787
Segment results:										
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)
Loss before taxation									(547,549)	(66,024)

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.

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
Revenue from contracts with customers		
Sale of properties	1,152	32,529
Revenue from other sources		
Rental income	2,344	2,258
	3,496	34,787

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 10(a)(i))	61,564	57,351
Other interest income	333	211
Waiver of other payables and accruals	–	2,336
Others	691	743
	72,572	69,558

6. FINANCE COSTS

	Six months ended	
	30 September	
	2021	2020
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Interest on bank borrowings	57,310	13,290
Interest on lease liabilities	112	137
Interest on other borrowings (<i>note 10(a)(i)</i>)	<u>61,564</u>	<u>57,351</u>
	118,986	70,778
Less: Amounts capitalised in properties under development	<u>-</u>	<u>(450)</u>
	<u>118,986</u>	<u>70,328</u>

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

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

* 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.

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	2020
	(unaudited)	(unaudited)
	HK\$'000	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 12)	408,224	—
Net foreign exchange loss (gain)	140	(12)
Rental expenses on short-term leases	188	586
Waiver of other payables and accruals	—	2,336
Write-off of prepayment, deposits and other receivables*	<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.

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. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2021 (unaudited) HK\$'000	31 March 2021 (audited) HK\$'000
Other receivables (<i>note a</i>)	3,524,301	3,462,179
Deposits for future acquisition of land use rights (<i>note b</i>)	3,756,827	3,379,987
Prepaid operating expenses and other deposits	<u>77,016</u>	<u>86,931</u>
	<u>7,358,144</u>	<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 announcement, 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 approximately to HK\$1,561,712,000) has been received subsequently in November 2021.

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. As at the date of this announcement, the maturity date of the said loan has been extended to November 2021. As at the date of this announcement, 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 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 in case if the acquisitions are terminated subsequently.

11. 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:

	30 September 2021 (unaudited) HK\$'000	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	80,200	84,079
	84,101	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.

12 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.

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 12 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.

Sales 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 24% 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.

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 10(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 12 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.

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:

	30 September 2021 <i>HK\$'000</i>	31 March 2021 <i>HK\$'000</i>
Renminbi	596,611	429,249
Hong Kong dollar	7,784	6,270
United States dollar	2,844	2,811
	<u>607,239</u>	<u>438,330</u>

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 10(a)(i) to the condensed consolidated financial statements) were pledged to secure the bank and other borrowings.

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 announcement.

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.

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.

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 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 of the Company. 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 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 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.

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.

PUBLICATION OF INTERIM REPORT

The interim report of the Group for the six months ended 30 September 2021 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, 26 November 2021

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.