沿海綠色家園
沿海綠色家園有限公司
COASTAL GREENLAND LIMITED
(incorporated in Bermuda with limited liability)
(Stock Code: 01124)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

HIGHLIGHTS:

1. Revenue for the period amounted to about HK$386.1 million. Presale of properties under development as at 30 September 2008 amounted to HK$1,995 million of which about HK$1,926 million is attributable to the Group. About HK$811 million of the HK$1,995 million presale revenue is generated from development projects which are expected to be completed in the second half of the financial year, of which about HK$755 million will be attributable to the Group.

2. The profit attributable to equity holders of the Company for the period is about HK$27.7 million, a turnaround from a loss of about HK$13.5 million for the last corresponding period.

The Board of Directors of Coastal Greenland Limited (the "Company") herein present the unaudited consolidated income statement of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2008 together with the unaudited comparative figures for the last corresponding period and the unaudited consolidated balance sheet of the Group as at 30 September 2008 together with the audited comparative figures as at 31 March 2008. The interim report for the six months ended 30 September 2008 has been reviewed by the Company's Audit Committee and the Company's external auditors, Deloitte Touche Tohmatsu.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2008

	Notes	Six months ended 30 September 2008 (unaudited) HK$'000	2007 (unaudited) HK$'000
Revenue	3	**386,132**	1,539,406
Cost of sales		**(281,342)**	(1,098,145)
Gross profit		**104,790**	441,261
Increase in fair value of investment properties		**–**	14,745
Gain on partial disposal of a property based subsidiary		**2,578**	–
Gain on disposal of property based subsidiaries		**–**	38,962
Fair value gain on warrants		**50,717**	–
Other income	4	**33,190**	11,060
Marketing and selling costs		**(27,205)**	(32,666)
Administrative expenses		**(79,874)**	(61,296)
Fair value loss on derivative component of convertible bonds		**–**	(222,503)
Fair value loss on currency swap contract		**–**	(30,973)
Other expenses		**(13,681)**	(30,089)
Finance costs	5	**(34,413)**	(17,747)
Share of loss of associates		**(917)**	(1,246)
Profit before taxation		**35,185**	109,508
Taxation	6	**(6,555)**	(119,959)
Profit (loss) for the period	7	**28,630**	(10,451)
Attributable to:			
Equity holders of the Company		**27,740**	(13,541)
Minority interests		**890**	3,090
		28,630	(10,451)
Dividends			
Final dividend paid		**–**	27,906
Interim dividend proposed	8	**–**	–
		HK cents	*HK cents*
Earnings (loss) per share	9		
Basic		**0.99**	(0.54)
Diluted		**0.99**	(0.54)

CONSOLIDATED BALANCE SHEET

At 30 September 2008

	Notes	30 September 2008 (unaudited) HK$'000	31 March 2008 (audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**973,617**	854,372
Investment properties		**634,700**	616,476
Prepaid land lease payments		**99,238**	97,671
Goodwill		**83,381**	81,032
Interests in associates		**192,014**	189,872
Available-for-sale investments		**2,960**	2,960
Pledged bank deposits		**70,364**	70,360
Total non-current assets		**2,056,274**	1,912,743
CURRENT ASSETS			
Properties under development		**6,913,585**	5,662,804
Completed properties for sale		**1,162,662**	1,338,079
Trade receivables	*10*	**183,344**	280,378
Prepayments, deposits and other receivables		**1,716,226**	1,330,014
Amount due from a jointly controlled entity		**30,295**	28,098
Amounts due from associates		**28,196**	42,076
Tax recoverable		**68,658**	66,205
Pledged bank deposits		**122,495**	69,197
Cash and bank balances		**679,944**	1,205,727
Total current assets		**10,905,405**	10,022,578
CURRENT LIABILITIES			
Trade payables	*11*	**99,021**	92,699
Deposits received		**1,533,422**	686,198
Deferred revenue		**116,517**	113,236
Other payables and accruals		**922,313**	974,302
Amount due to a substantial shareholder of the Company		**1,971**	100
Amounts due to jointly controlled entities		**6,544**	6,361
Tax payable		**710,059**	759,588
Interest-bearing bank and other borrowings		**1,299,627**	1,560,643
Derivative liability – warrants		**4,012**	54,729
Total current liabilities		**4,693,486**	4,247,856
NET CURRENT ASSETS		**6,211,919**	5,774,722
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,268,193**	7,687,465

	30 September 2008 (unaudited) *HK$'000*	31 March 2008 (audited) *HK$'000*
CAPITAL AND RESERVES		
Share capital	**279,058**	279,058
Reserves	**3,120,733**	2,981,433
Equity attributable to equity holders of the Company	**3,399,791**	3,260,491
Minority interests	**490,972**	435,942
Total equity	**3,890,763**	3,696,433
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**3,536,998**	3,149,689
Long term payables	**153,190**	154,881
Deferred tax liabilities	**687,242**	686,462
Total non-current liabilities	**4,377,430**	3,991,032
	8,268,193	7,687,465

NOTES

1. BASIS OF PREPARATION

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

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 fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2008.

In the current interim period, the Group has applied, for the first time, the following new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2008.

HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets

The adoption of the new HKFRSs has had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

Potential impact arising on the new accounting standards not yet effective

The Group has not early adopted the following new standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible Hedged Items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[4]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[5]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[3]

[1] Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

[2] Effective for annual periods beginning on or after 1 January 2009

[3] Effective for annual periods beginning on or after 1 July 2009

[4] Effective for annual periods beginning on or after 1 July 2008

[5] Effective for annual periods beginning on or after 1 October 2008

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group's revenue and results were substantially derived from operations in the mainland of the People's Republic of China (the "PRC"). The following is an analysis of the Group's revenue and results by business segment for the period under review:

	Property development Six months ended 30 September		Property investment Six months ended 30 September		Property management Six months ended 30 September		Consolidated Six months ended 30 September	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**378,839**	1,534,868	**3,910**	3,070	**3,383**	1,468	**386,132**	1,539,406
Segment results	**15,357**	389,740	**1,776**	14,224	**1,244**	487	**18,377**	404,451
Unallocated corporate expenses							**(24,864)**	(27,480)
Net foreign exchange gains							**25,679**	445
Fair value gain on warrants							**50,717**	–
Fair value loss on derivative component of convertible bonds							**–**	(222,503)
Fair value loss on currency swap contract							**–**	(30,973)
Interest income							**606**	4,561
Finance costs							**(34,413)**	(17,747)
Share of loss of associates							**(917)**	(1,246)
Profit before taxation							**35,185**	109,508
Taxation							**(6,555)**	(119,959)
Profit (loss) for the period							**28,630**	(10,451)

4. OTHER INCOME

	Six months ended 30 September	
	2008	2007
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Interest income from banks	**606**	4,561
Net foreign exchange gains	**25,679**	445
Others	**6,905**	6,054
	33,190	11,060

5. FINANCE COSTS

	Six months ended 30 September	
	2008	2007
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**125,635**	74,883
Interest on other loans wholly repayable within five years	**15,301**	38,081
Interest on other loans not wholly repayable within five years	**–**	637
Interest on senior notes	**84,040**	35,929
Interest on convertible bonds	**–**	19,754
Imputed interest expense on long term payables	**11,101**	19,512
	236,077	188,796
Less: Amounts capitalised in properties under development	**(201,664)**	(171,049)
	34,413	17,747

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

6. TAXATION

	Six months ended 30 September	
	2008	2007
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
PRC Enterprise Income Tax		
Provision for the period	**21,826**	151,598
Under(over) provision in prior years	**257**	(11,465)
PRC land appreciation tax ("LAT")	**2,989**	29,457
Deferred tax		
Current period	**(18,517)**	88,482
Attributable to change in tax rate	**–**	(138,113)
Total tax charge for the period	**6,555**	119,959

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 and jointly controlled entities 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. In accordance with the relevant tax rules and regulations in the PRC, certain of the Group's subsidiaries enjoy reductions and preferential tax rates.

The provisions 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.

7. PROFIT (LOSS) FOR THE PERIOD

Profit (loss) for the period has been arrived at after charging:

	Six months ended 30 September 2008 (unaudited) *HK$'000*	2007 (unaudited) *HK$'000*
Depreciation of property, plant and equipment	**5,473**	3,527
Less: Amounts capitalised in properties under development	**(2,411)**	(1,143)
	3,062	2,384
Amortisation of prepaid land lease payments	**1,138**	1,118

8. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2008 (2007: nil).

9. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share is based on the profit for the period attributable to equity holders of the Company of HK$27,740,000 (2007: loss of HK$13,541,000) and the number of 2,790,582,857 (2007: weighted average of 2,491,782,295) ordinary shares.

The calculation of diluted earnings per share for the six months ended 30 September 2008 did not assume the exercise of the Company's options and warrants as the exercise prices of the options and warrants were higher than the average market price of the Company's shares for the period.

The calculation of diluted loss per share for the six months ended 30 September 2007 did not assume the exercise of the potential dilutive ordinary shares as it would result in a reduction in loss per share.

10. 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.

The following is an aged analysis of trade receivables net of allowance for bad and doubtful debts at the balance sheet date based on contract date:

	30 September 2008 (unaudited) *HK$'000*	31 March 2008 (audited) *HK$'000*
0 – 30 days	**26,169**	138,259
31 – 60 days	**14,333**	4,126
61 – 90 days	**5,248**	16,977
Over 90 days	**137,594**	121,016
	183,344	280,378

11. TRADE PAYABLES

The following is an aged analysis of the trade payables at the balance sheet date based on invoice date:

	30 September 2008 (unaudited) *HK$'000*	31 March 2008 (audited) *HK$'000*
0 – 30 days	**42,909**	20,643
31 – 60 days	**5,393**	12,749
61 – 90 days	**1,782**	3,624
Over 90 days	**48,937**	55,683
	99,021	92,699

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2008 (2007: nil).

BUSINESS REVIEW

Results of Operations

For the first half financial year, the Group has recorded a revenue of HK$386.1 million, a decrease of about 75% as compared to HK$1,539.4 million for the corresponding period of last year. A lower amount of revenue for the period was recognised as a result of only one development project, namely Phase IIB of Beijing Sunvilla Realhouse was completed during the current period.

As at 30 September 2008, the Group has generated a total sales revenue of HK$1,995 million from presale of its properties under development, namely Phases VI and VII of Beijing Silo City, Phase IV of Jiangxi Riviera Garden, Phase I of Dalian Xinghai Bay Project, Phase I of Shenyang Hunnan Residential Project and Phase II of Wuhan Silo City, of which about HK$1,926 million is attributable to the Group. About HK$811 million of the HK$1,995 million presale revenue is generated from development projects which are expected to be completed in the second half of the financial year, of which about HK$755 million will be attributable to the Group.

Profit before taxation for the period was HK$35.2 million, a decrease of about 68% as compared to HK$109.5 million for the corresponding period of last year. Nevertheless, the profit attributable to equity holders of the Company for the period is about HK$27.7 million, a turnaround from a loss of about HK$13.5 million for the last corresponding period.

Property Development

For the current period, revenue from sale of properties of HK$378.8 million mainly came from the sales of remaining units in the completed projects brought forward from last year, namely Phase I of Shanghai Riviera Garden, Phase II of Dongguan Riviera Villa, Phase I of Wuhan Silo City, Phase III of Jiangxi Riviera Garden, Phase V of Beijing Silo City and the sales of Phase IIB of Beijing Sunvilla Realhouse which was completed during the current period. These projects respectively accounted for about 58%, 14%, 8%, 3%, 3% and 14% of the revenue from property sale.

During the period, the Group completed the disposal of 20% equity interest in Shenyang Hunnan Commercial Project to a connected party who is the 50% and 80% joint venture partner respectively in the Group's Dalian Xinghai Bay Project and Shenyang Hunnan Residential Project, resulting in a disposal gain of partial interest in a property based subsidiary of HK$2.6 million.

Property Investment

Revenue from property rental increased by about 27% to HK$3.9 million from last period's HK$3.1 million. Rental income for the current period was mainly derived from the properties in Shanghai Golden Bridge Mansion, Shenyang Dongbei Furniture and Ornaments Plaza and the retail shops in Phases I and II of Beijing Silo City.

The profit contribution from property investment segment decreased to HK$1.8 million as compared to the last corresponding period's HK$14.2 million which included the revaluation surplus of the investment properties of HK$14.7 million. No revaluation surplus was recorded for the current period.

Property Management

The Group's property management operations recorded a profit of about HK$1.2 million for the period as compared to last period's HK$0.5 million. The Group is committed to providing integrated and value-added property management services to foster good relations with tenants and owners and strengthen its brand image.

Gross Profit Margin

The gross profit margin for the period was about 27% which is lower than the overall gross profit margin for the last whole financial year's about 33% (see annual report for the year ended 31 March 2008). As the sales revenue for the current period mainly came from sales of the remaining units in the completed projects brought forward from last year, which were sold at a lower selling price level, there is a drop in the gross profit margin for the period.

Fair Value Gain on Warrants

The Company issued in last year 111,622,500 unlisted warrants conferring rights to subscribe for up to 111,622,500 new ordinary shares of HK$0.10 each in the Company at the exercise price of HK$2.46 per share (adjusted to HK$1.23 per share subsequent to the balance sheet date) from the issue date to 8 November 2012. The fair value of the warrants is determined, upon issuance, and is carried as a derivative financial liability. The changes in fair value of the warrants are dealt with in the income statement. The fair value gain on warrants arose because of the drop in the share price of the Company during the current period.

Other Income and Expenses

Other income for the current period mainly represented the net foreign exchange gains of HK$25.7 million on translation of the Company's United States dollar denominated debts into the Group's functional currency, Renminbi, which had appreciated against Unites States dollar during the period.

Other expenses for the current period was HK$13.7 million as compared to last period's HK$30.1 million which consisted of interest compensation of HK$27.2 million for delay in the handover of certain completed properties to the property purchasers whereas such compensation for the current period has been significantly reduced to an amount of about HK$2.6 million. Also, included in the current period's other expenses is an amount of HK$2.2 million loss on deregistration of a subsidiary.

Marketing, Selling and Administrative Expenses

Marketing and selling costs decreased to HK$27.2 million from HK$32.7 million last period as a result of the decrease in the Group's selling activities.

Administrative expenses was HK$79.9 million as compared to last period's HK$61.3 million. In view of the poor market situation, the Group is implementing a series of cost reduction programs to enhance its operational efficiency and competitive edges.

Finance Costs

During the period, the Group incurred finance costs before capitalisation (mainly interest for bank and other borrowings, including senior notes) of HK$236.1 million, representing an increase of about 25% as compared to the HK$188.8 million incurred last period. The increase was mainly due to an overall increase in the average level of bank and other borrowings as compared to the last period.

Corporate Brand

Coastal Greenland, the corporate brand, had been ranked among the top ten most valuable Chinese real estate company brands for the five consecutive years between 2004 and 2008 by an authoritative PRC real estate research team formed by the Development Research Center of the State Council, the Tsinghua University Real Estate Research Center and the China Index Research Team.

FINANCIAL REVIEW

Financial Resources and Liquidity

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

At 30 September 2008, the net borrowings of the Group, being interest-bearing bank and other borrowings less cash and bank balances and pledged bank deposits, amounted to about HK$3,964 million (31 March 2008: HK$3,365 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 11% to 102% from 91% as at 31 March 2008. The increase in net debt to total equity ratio was mainly due to the significant cash outflow during the period for payment of the land acquisition premium committed in prior year and construction costs of commercial projects for investment purpose.

Borrowings and Charges

At 30 September 2008, the level of bank and other borrowings of the Group and their maturity profile are as follows:

	30 September 2008 *HK$'000*	31 March 2008 *HK$'000*
Bank loans repayable:		
Within one year or on demand	**712,803**	1,069,742
In the second year	**1,292,413**	1,346,092
In the third to fifth years inclusive	**1,006,732**	586,872
	3,011,948	3,002,706
Other borrowings (including senior notes) repayable:		
Within one year or on demand	**586,824**	490,901
In the second year	**186,004**	180,655
In the third to fifth years inclusive	**1,051,849**	1,035,385
Beyond five years	**–**	685
	1,824,677	1,707,626
	4,836,625	4,710,332

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

	30 September 2008 *HK$'000*	31 March 2008 *HK$'000*
Renminbi	**3,795,204**	3,686,107
United States dollars	**1,041,421**	1,024,225
	4,836,625	4,710,332

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

(a) Certain of the Group's bank and other loans as at 30 September 2008 were secured by:

(i) certain land and buildings of the Group with an aggregate carrying value of approximately HK$71 million (31 March 2008: HK$70 million);

(ii) certain construction-in-progress of the Group with an aggregate carrying value of approximately HK$803 million (31 March 2008: HK$694 million);

(iii) certain investment properties of the Group with an aggregate carrying value of approximately HK$66 million (31 March 2008: HK$64 million);

(iv) certain leasehold lands of the Group with an aggregate carrying value of approximately HK$97 million (31 March 2008: HK$95 million);

(v) certain properties under development of the Group with an aggregate carrying value of approximately HK$4,957 million (31 March 2008: HK$3,897 million);

(vi) certain completed properties for sale of the Group with an aggregate carrying value of approximately HK$577 million (31 March 2008: HK$864 million);

(vii) certain bank deposits of the Group with an aggregate carrying value of approximately HK$52 million (31 March 2008: nil);

(viii) the 67% equity interest in a property based subsidiary; and

(ix) corporate guarantees from the Company and certain of its subsidiaries.

(b) The senior notes (included in other borrowings) as at 30 September 2008 were secured by certain bank deposits of the Group amounting to approximately HK$70 million (31 March 2008: HK$70 million) and share charges over the entire issued share capital of certain wholly-owned subsidiaries of the Company.

Exposure to Fluctuations in Exchange Rates

The Group's operations are principally in the People's Republic of China ("PRC") and accordingly a majority part of its income and expenditure is denominated in Renminbi. The exchange rates of Renminbi against Hong Kong dollars and United States dollars have been on an overall rising trend, which is in favour of the Group's operations 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 the senior notes which are denominated in United States dollars, most of the Group's liabilities are also denominated in Renminbi. Therefore, the directors do not foresee that movement in the exchange rates of foreign currencies against Renminbi in the foreseeable future will cause a material adverse impact on the Group's operations.

Contingent Liabilities

At 30 September 2008, the Group had given guarantees to the extent of approximately HK$1,753 million (31 March 2008: HK$1,515 million) to banks in respect of mortgage loan facilities granted by the banks to the buyers of certain properties developed by the Group. The Group had also given guarantees amounting to approximately HK$245 million (31 March 2008: HK$268 million) to banks in connection with banking facilities granted to associates.

EMPLOYEES AND REMUNERATION POLICY

The Group employs a total of about 2,136 employees in the mainland China and Hong Kong. Employees are remunerated based on their work performance, skills and experience, and prevailing industry practice. Apart from basic salary and performance related bonus, the Group also provides other benefits to its employees including mandatory provident fund, medical insurance coverage, housing allowances and share options.

PROSPECTS

Macro economic slowdown and credit-tightening environment have caused decline in property prices and transaction volumes in the PRC. Despite the uncertainty of the economic condition in the short run, the Group believes that the fundamental factors underpinning the property sector's healthy growth remain intact amid the various policies implemented by the PRC central government to stimulate a stable growing economy. Throughout its eighteen years of history, the Group has managed to overcome various economic downturns. Facing with the new challenges, the Group will focus on the development of its geographically well-diversified quality property portfolio on hand and implement various product quality enhancement and cost rationalisation measures so as to sharpen its competitive edges. The Group will also leverage on its well-recognised corporate brand for boosting its sales. The Group believes that it is well positioned to get through the market turbulence and come out to become healthier, stronger and more competitive.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to high standards of corporate governance. The Company has complied throughout the six months ended 30 September 2008 with the code provisions, as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors of the Company, the directors confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 September 2008.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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 2008.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters, including a general review of the unaudited interim financial report for the six months ended 30 September 2008.

REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements of the Company for the six months ended 30 September 2008 have been reviewed by the Company's external auditor, Deloitte Touche Tohmatsu, in accordance with the Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM RESULTS ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)’S WEBSITE

The unaudited interim report of the Group containing all the information required by Appendix 16 to the Listing Rules will be subsequently 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
Chan Boon Teong
Chairman

Hong Kong, 19 December 2008

As at the date of this announcement, the board of Directors comprises Mr. Chan Boon Teong, Mr. Jiang Ming, Mr. Tao Lin, Mr. Cheng Wing Bor, Mr. Lin Chen Hsin, Mr. Wu Xin and Mr. Cai Shaobin as executive Directors, Mr. Zheng Hong Qing, Mr. Hu Aimin and Mr. Zhang Yijun as non-executive Directors and Mr. Tang Lap Yan, Mr. Law Kin Ho and Mr. Wong Kai Cheong as independent non-executive Directors.