COASTAL GREENLAND LIMITED
沿海綠色家園有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 01124)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

HIGHLIGHTS:

1. Revenue for the period amounted to about HK$1,977 million, a decrease of about 10% from the last corresponding period (as restated).

2. The profit attributable to owners of the Company for the period was about HK$80.1 million. The restated profit for the last corresponding period was HK$462.4 million.

3. As at 30 September 2009, the sales amount of completed properties with total gross floor area ("GFA") of about 200,100 sq.m. not yet delivered to purchasers was about HK$1,911 million. These property sales will be recognised as revenue in the second half of the financial year upon the delivery of relevant properties to purchasers.

4. As at 30 September 2009, the Group has pre-sold HK$2,209 million of properties under development with total GFA of about 164,800 sq.m. Completion and delivery of the properties are scheduled in the next financial year.

The Board of Directors (the "Board" or the "Directors") of Coastal Greenland Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2009 together with the comparative figures for the corresponding period in 2008. The interim financial report for the six months ended 30 September 2009 has been reviewed by the Company's Audit Committee and the Company's external auditor, Messrs. Deloitte Touche Tohmatsu.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2009

	Notes	Six months ended 30 September 2009 (unaudited) HK$'000	2008 (unaudited) HK$'000 (restated)
Revenue	3	**1,976,820**	2,185,800
Cost of sales		**(1,610,674)**	(1,313,299)
Gross profit		**366,146**	872,501
Increase in fair value of investment properties		**75,387**	–
Gain on partial disposal of a property based subsidiary		**–**	2,578
Fair value (loss) gain on warrants		**(16,245)**	50,717
Other income	4	**5,919**	33,190
Marketing and selling costs		**(109,136)**	(27,205)
Administrative expenses		**(78,711)**	(79,874)
Other expenses		**(3,359)**	(13,681)
Finance costs	5	**(62,467)**	(34,413)
Share of loss of associates		**(2,584)**	(917)
Profit before taxation		**174,950**	802,896
Taxation	6	**(104,086)**	(339,569)
Profit for the period	7	**70,864**	463,327
Other comprehensive income			
Exchange differences arising on translation to presentation currency		**19,537**	118,603
Share of other comprehensive income of associates		**–**	3,059
Total comprehensive income for the period		**90,401**	584,989
Profit for the period attributable to:			
Owners of the Company		**80,131**	462,437
Non-controlling interests		**(9,267)**	890
		70,864	463,327
Total comprehensive income attributable to:			
Owners of the Company		**91,882**	573,610
Non-controlling interests		**(1,481)**	11,379
		90,401	584,989
		HK cents	*HK cents*
Earnings per share	8		
Basic and diluted		**2.87**	16.57

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2009

	Notes	**30 September 2009 (unaudited) HK$'000**	31 March 2009 (audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**786,341**	1,124,619
Investment properties		**1,174,615**	563,605
Prepaid land lease payments		**95,701**	97,507
Goodwill		**82,941**	82,861
Interests in associates		**222,288**	224,653
Available-for-sale investments		**2,960**	2,960
Pledged bank deposits		**61,389**	69,914
Total non-current assets		**2,426,235**	2,166,119
CURRENT ASSETS			
Properties under development		**6,021,986**	6,530,517
Completed properties for sale		**2,428,860**	1,889,426
Trade receivables	9	**79,975**	210,952
Prepayments, deposits and other receivables		**2,014,024**	1,795,120
Amounts due from associates		**91,777**	39,926
Tax recoverable		**41,974**	25,102
Pledged bank deposits		**249,519**	179,038
Cash and bank balances		**2,130,100**	1,654,690
Total current assets		**13,058,215**	12,324,771
CURRENT LIABILITIES			
Trade payables	10	**215,952**	232,333
Deposits received and deferred revenue		**3,549,413**	3,111,219
Other payables and accruals		**1,365,452**	1,213,686
Amount due to a substantial shareholder of the Company		**34,146**	34,874
Amount due to a jointly controlled entity		**6,451**	6,444
Tax payable		**674,603**	695,450
Interest-bearing bank and other borrowings		**1,838,907**	1,460,825
Derivative financial liability – warrants		**23,575**	7,330
Total current liabilities		**7,708,499**	6,762,161
NET CURRENT ASSETS		**5,349,716**	5,562,610
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,775,951**	7,728,729

	30 September 2009 (unaudited) *HK$'000*	31 March 2009 (audited) *HK$'000*
CAPITAL AND RESERVES		
Share capital	**279,058**	279,058
Reserves	**2,946,582**	2,848,706
Equity attributable to owners of the Company	**3,225,640**	3,127,764
Non-controlling interests	**526,017**	490,046
Total equity	**3,751,657**	3,617,810
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**3,423,784**	3,529,996
Long term payables	**–**	729
Deferred tax liabilities	**600,510**	580,194
Total non-current liabilities	**4,024,294**	4,110,919
	7,775,951	7,728,729

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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" 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 2009.

a. Revenue recognition

In preparing the consolidated financial statements of the Group for the year ended 31 March 2009, the Group has changed its accounting policy on revenue recognition for sales of properties by recognising revenue and profit upon delivery of the properties to the purchasers. This change in accounting policy has been applied retrospectively. Accordingly, the comparative figures for the six months ended 30 September 2008 have been restated.

Analysis of increase in profit for prior period by line items presented according to their function:

	Six months ended 30 September 2008 *HK$'000*
Increase in revenue	1,799,668
Increase in cost of sales	(1,031,957)
Increase in taxation	(333,014)
	434,697

The effects of the change in accounting policy on the Group's basic and diluted earnings per share for the prior period are as follows:

Impact on basic and diluted earnings per share

	Six months ended 30 September 2008 *HK cent*
Before adjustments	0.99
Adjustments arising from change in accounting policy	15.58
Restated	16.57

b. Other new standards, amendments and interpretations

In the current interim period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008 except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of these new HKFRSs had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised 2007) "Presentation of Financial Statements"

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

Improvements to HKFRSs issued in 2008

HKAS 40 "Investment Property" has been amended to include within its scope properties under construction or development for future use as investment properties and to require such properties to be measured at fair value (where the fair value is reliably determinable). The Group has applied the amendment to HKAS 40 prospectively from 1 April 2009 in accordance with the relevant transitional provision. As a result of the application of the amendment, the Group's properties under construction for future use as investment properties which were previously included in construction-in-progress under property, plant and equipment, with carrying amount of HK$487,570,000 as at 31 March 2009 have been classified as investment properties under construction and measured at fair value as at 1 April 2009, with the fair value gain and deferred tax being recognised in profit or loss for the six months ended 30 September 2009. Included in the fair value gain for the six months ended 30 September 2009 are the fair value gain of HK$61,799,000 that represents the difference between the fair value and the carrying amount of the properties as at 1 April 2009 and the corresponding fair value gain of HK$7,698,000 for the six months ended 30 September 2009. The application of the amendment has resulted in an increase in the Group's profit for the current period attributable to owners of the Company by HK$52,123,000 after deferred tax liabilities of HK$17,374,000.

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[5]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[6]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[7]

1 Effective for annual periods beginning on or after 1 July 2009
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2011
4 Effective for annual periods beginning on or after 1 February 2010
5 Effective for annual periods beginning on or after 1 January 2010
6 Effective for annual periods beginning on or after 1 January 2013
7 Effective for annual periods beginning on or after 1 July 2010

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after the Group's financial year beginning on or after 1 April 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The Directors of the Company are in the process of assessing the potential impact and so far concluded that the application of other new or revised standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") in order to allocate resources to segments and to assess their performance. The Group's CODM is the executive Directors of the Company. In contrast, the predecessor Standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's reporting format was business segments. For the purposes of assessing performance and allocating resources, CODM reviews revenue and operating results of businesses of property development, property investment and property management. Internal reports that regularly reviewed by the CODM include the contracted and recognised sales revenue analysed on the basis of the location of sales of properties under property development business but no operating results nor discrete financial information was presented to CODM in relation to the above analysis. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The Group's revenue and results were substantially derived from operations in the mainland of the People's Republic of China (the "PRC"). The Group's reportable segments under HKFRS 8 are as follows:

	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**	
	2009 (unaudited) ***HK$'000***	2008 (unaudited) *HK$'000* (restated)	**2009 (unaudited)** ***HK$'000***	2008 (unaudited) *HK$'000*	**2009 (unaudited)** ***HK$'000***	2008 (unaudited) *HK$'000*	**2009 (unaudited)** ***HK$'000***	2008 (unaudited) *HK$'000* (restated)
Segment revenue:								
Sales to external customers	**1,968,493**	2,178,507	**6,163**	3,910	**2,164**	3,383	**1,976,820**	2,185,800
Segment profit	**200,458**	783,068	**76,746**	1,776	**229**	1,244	**277,433**	786,088
Unallocated corporate expenses							**(22,798)**	(24,864)
Net foreign exchange gains							**907**	25,679
Fair value (loss) gain on warrants							**(16,245)**	50,717
Interest income							**704**	606
Finance costs							**(62,467)**	(34,413)
Share of loss of associates							**(2,584)**	(917)
Profit before taxation							**174,950**	802,896

Segment profit represents the profits earned by each segment without allocation of net foreign exchange gains, change in fair value of warrants, interest income, finance costs, share of results of associates and unallocated corporate expenses.

4. OTHER INCOME

	Six months ended 30 September	
	2009	2008
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Interest income from banks	**704**	606
Net foreign exchange gains	**907**	25,679
Others	**4,308**	6,905
	5,919	33,190

5. FINANCE COSTS

	Six months ended 30 September	
	2009	2008
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**107,192**	125,635
Interest on other loans wholly repayable within five years	**41,303**	15,301
Interest on senior notes	**72,912**	84,040
Imputed interest expenses on long term payables	**7,556**	11,101
	228,963	236,077
Less: Amounts capitalised in properties under development, investment properties under construction and property, plant and equipment	**(166,496)**	(201,664)
	62,467	34,413

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

6. TAXATION

	Six months ended 30 September	
	2009	2008
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
		(restated)
PRC Enterprise Income Tax		
Provision for the period	**59,507**	516
(Over)underprovision in prior years	**(769)**	257
PRC land appreciation tax ("LAT")	**25,600**	187,332
Deferred tax	**19,748**	151,464
Total tax charge for the period	**104,086**	339,569

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. 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 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.

7. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended 30 September	
	2009	2008
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**6,021**	5,473
Less: Amounts capitalised in properties under development	**(1,193)**	(2,411)
	4,828	3,062
Amortisation of prepaid land lease payments	**1,138**	1,138

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company of HK$80,131,000 (2008: HK$462,437,000 (restated)) and the number of 2,790,582,857 (2008: 2,790,582,857) ordinary shares in issue.

The calculation of diluted earnings per share for the six months ended 30 September 2009 and 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 both periods.

9. TRADE RECEIVABLES

Except for the proceeds from sales of properties and rental income from lease of properties which are payable in accordance with the terms of the relevant agreements, the Group generally allows a credit period of not exceeding 60 days to its customers.

An aged analysis of trade receivables as at the end of the reporting period based on contract date, net of allowance for bad and doubtful debts, is as follows:

	30 September 2009	31 March 2009
	(unaudited)	(audited)
	HK$'000	*HK$'000*
0 – 30 days	**12,636**	67,429
31 – 60 days	**1,473**	17,557
61 – 90 days	**9,452**	4,308
Over 90 days	**56,414**	121,658
	79,975	210,952

10. TRADE PAYABLES

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

	30 September 2009	31 March 2009
	(unaudited)	(audited)
	HK$'000	*HK$'000*
0 – 30 days	**146,574**	148,348
31 – 60 days	**3,019**	33,102
61 – 90 days	**11,925**	6,219
Over 90 days	**54,434**	44,664
	215,952	232,333

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2009 (2008: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Results of Operations

For the first half financial year, the Group has recorded a revenue of HK$1,977 million, a decrease of about 10% as compared to HK$2,186 million (restated) for the corresponding period of last year. Profit before taxation for the period was HK$175.0 million, as compared to the restated amount of HK$802.9 million for the corresponding period of last year. Profit attributable to owners of the Company for the period was HK$80.1 million. The restated amount for last corresponding period was HK$462.4 million.

As at 30 September 2009, the sales revenue of completed properties with the total GFA of about 200,100 sq.m. not yet delivered to the property purchasers amounted to about HK$1,911 million. These property sales will be recognised in the second half of the financial year upon the delivery of the relevant properties to the purchasers.

As at 30 September 2009, the Group has generated a total sales revenue of about HK$2,209 million from presale of its properties under development with the total GFA of about 164,800 sq.m., namely the Loft and Eastern section of Phase IV of Beijing Silo City, Phase I of Dalian Coastal International Centre, Phase II section A of Shanghai Riviera Garden and Phase III section B of Wuhan Silo City. These development projects are expected to be completed and delivered to the purchasers in the next financial year.

Property Development

During the period under review, the total recognised GFA sold was approximately 264,800 sq.m. and the corresponding recognised sales was approximately HK$1,968 million. The revenue from sale of properties mainly came from the sale and delivery of Phases VI and VII of Beijing Silo City and Phase II sections A to C of Wuhan Silo City which respectively represented about 59% and 21% of the total property sales revenue. The remaining 20% was derived from sale of remaining inventory of the Group's completed development projects namely Dongguan Riviera Villa, Jiangxi Riviera Garden, Shanghai Riviera Garden and Phase I of Wuhan Silo City which respectively accounted for about 6%, 6%, 6% and 2% of the property sales revenue.

The Group completed development projects, namely Phases VI and VII of Beijing Silo City, Phase I of Shenyang Hunnan Residential Project and Phase II section D of Wuhan Silo City, with total GFA of approximately 398,200 sq.m. during the six months ended 30 September 2009. Of the total GFA completed, about 322,100 sq.m. were attributable to the Group.

Property Investment

Revenue from property rental increased by about 58% to HK$6.2 million from last period's HK$3.9 million. Rental income for the current period was mainly derived from the properties in Shanghai Golden Bridge Mansion, Shenyang Dongbei Furniture and Ornaments Plaza, Shenzhen Noble Centre and the retail shops in Phases I and II of Beijing Silo City.

The profit contribution from property investment segment increased significantly to HK$76.7 million as compared to the last corresponding period's HK$1.8 million because of the revaluation surplus of investment properties of HK$75.4 million (2008: nil). As a result of the application of amendment to Hong Kong accounting standard, the offices and shops of Suzhou International Centre, which are still under construction, are measured at fair value and resulted in the fair value gain of HK$69.5 million for the current period.

Property Management

The Group's property management operations recorded a profit of about HK$0.2 million for the period as compared to last period's HK$1.2 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 19% which was lower than the overall gross profit margin for the last whole financial year's about 29% (see annual report for the year ended 31 March 2009). The decrease was mainly due to lower level of selling price attained for the properties completed and delivered to purchasers during the period; significant amounts of the contracted sales of those properties were concluded in early 2009 when the market prices of properties were low.

Fair Value Loss on Warrants

At 30 September 2009, the Company had outstanding 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$1.23 per share (subject to adjustments) at any time on or before 8 November 2012. These warrants are classified as derivative financial liabilities which are measured at fair value with movement recognised in profit or loss. The fair value loss on warrants arose because of the increase in the share price of the Company during the current period.

Other Income and Expenses

Other income for the current period was HK$5.9 million as compared to HK$33.2 million for last period when the Company recorded net foreign exchange gains of HK$25.7 million on translation of the Company's United States dollars denominated debts into the Company's functional currency, Renminbi, which had appreciated against United States dollars. The net foreign exchange gains for the current period was HK$0.9 million as the appreciation of Renminbi against United States dollars has been stabilised.

Other expenses for the current period was HK$3.4 million as compared to last period's HK$13.7 million. Current period's other expenses mainly represented an interest compensation of HK$1.8 million (2008: HK$2.6 million) for a delay in the handover of certain completed properties to the property purchasers.

Marketing, Selling and Administrative Expenses

Marketing and selling costs increased to HK$109.1 million from HK$27.2 million last period as a result of the increase in the Group's selling activities to promote its contracted sales. As a result, the contracted sales amount for the current period significantly increased to about HK$2,502 million from about HK$1,277 million last period.

Administrative expenses decreased to HK$78.7 million from HK$79.9 million last period as a result of the implementation of the cost control measures. The Group continues to undertake the 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$229.0 million, representing a decrease of about 3% as compared to the HK$236.1 million incurred last period. The decrease was mainly attributable to lower interest rates in the current period as compared to last period.

Acquisition of New Project

During the period under review, the Group completed the acquisition of 85% equity interest in Shenyang Wood Factory Project which is a residential project located in Shenyang, Liaoning Province with a site area of about 452,187 sq.m. The Group has a preliminary plan to develop the project into a middle class residential estate.

Corporate Brand

Coastal Greenland, the corporate brand, had been ranked among the top ten most valuable Chinese real estate company brands for the six consecutive years between 2004 and 2009 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 2009, 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$2,822 million (31 March 2009: HK$3,087 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 10% to 75% from 85% as at 31 March 2009. The improvement in net debt to total equity ratio was mainly due to the decrease in the net borrowings coupled with an increase in the net assets value of the Group at 30 September 2009.

Borrowings and Charges

At 30 September 2009, the level of bank and other borrowings of the Group and their maturity profile are as follows:

	30 September 2009 *HK$'000*	31 March 2009 *HK$'000*
Bank loans repayable:		
Within one year or on demand	**1,284,472**	992,517
In the second year	**564,269**	1,184,467
In the third to fifth years inclusive	**1,921,375**	1,274,943
	3,770,116	3,451,927
Other borrowings (including senior notes) repayable:		
Within one year or on demand	**554,435**	468,308
In the second year	**3,684**	145,804
In the third to fifth years inclusive	**934,456**	924,782
	1,492,575	1,538,894
	5,262,691	4,990,821

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

	30 September 2009 *HK$'000*	31 March 2009 *HK$'000*
Renminbi	**4,334,726**	4,074,388
United States dollars	**927,965**	916,433
	5,262,691	4,990,821

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 2009 were secured by:

(i) certain property, plant and equipment of the Group with an aggregate carrying value of approximately HK$695 million (31 March 2009: HK$859 million);

(ii) certain investment properties of the Group with an aggregate carrying value of approximately HK$482 million (31 March 2009: HK$60 million);

(iii) certain leasehold lands of the Group with an aggregate carrying value of approximately HK$94 million (31 March 2009: HK$95 million);

(iv) certain bank deposits of the Group with an aggregate carrying value of approximately HK$34 million (31 March 2009: HK$45 million);

(v) certain properties under development of the Group with an aggregate carrying value of approximately HK$4,960 million (31 March 2009: HK$5,544 million);

(vi) certain completed properties for sale of the Group with an aggregate carrying value of approximately HK$1,923 million (31 March 2009: HK$1,464 million);

(vii) the 58.65% equity interest in a property based subsidiary; and

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

(b) The senior notes (included in other borrowings) as at 30 September 2009 were secured by certain bank deposits of the Group amounting to approximately HK$61 million (31 March 2009: 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 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 2009, the Group had given guarantees to the extent of approximately HK$2,863 million (31 March 2009: HK$2,131 million) to banks in respect of mortgage loan facilities granted to the property purchasers. The Group had also given guarantees amounting to approximately HK$261 million (31 March 2009: HK$283 million) to banks in connection with banking facilities granted to associates. The guarantee given to a financial institution in connection with a loan granted to a target company in relation to acquisition of property-based subsidiaries amounted to approximately HK$338 million (31 March 2009: nil).

EMPLOYEES AND REMUNERATION POLICY

The Group employs a total of about 2,012 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

Benefited from the inclined aggressive financial policy adopted by the PRC government as well as its moderate relaxed monetary policy, the property market has gone through a strong rally in both transaction volume and selling price since the first quarter of 2009. However, with the global economic environment still unstable and uncertainties on the PRC government policies, adjustment of property sector in the PRC remains possible. Nevertheless, with the continuing optimistic outlook of the PRC macro-economy, stable increase in resident income, speedy development of urbanisation, the Group is optimistic about the PRC property market prospect.

The Group will continue to augment its geographically well-diversified land portfolio by strengthening its product competitiveness and leveraging on its well-recognised corporate brand. To improve its overall profitability, the Group plans to increase its development portfolio of high-end residential properties and endeavour more efforts on high-end product development and expanding its brand recognition to the affluent customer group. The Group believes that such strategic move will create greater value for our shareholders.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to the maintenance of good corporate governance practices and procedures. The Company has complied throughout the six months ended 30 September 2009 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 (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors of the Company, the Directors confirmed that they have complied with the requirements as set out in the Model Code during the six months ended 30 September 2009.

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 2009.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including a general review of the unaudited interim financial report for the six months ended 30 September 2009.

REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements of the Company for the six months ended 30 September 2009 have been reviewed by the Company's external auditor, Messrs. 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 HKICPA.

PUBLICATION OF INTERIM REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The interim report of the Company for the six months ended 30 September 2009 containing all the information required by Appendix 16 to the Listing Rules will be 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, 17 December 2009

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. Guo Limin and Mr. Xu Ruxin as non-executive Directors and Mr. Tang Lap Yan, Mr. Law Kin Ho and Mr. Wong Kai Cheong as independent non-executive Directors.

* *For identification purpose only*