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**COASTAL** 沿海  
**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 2011**

**HIGHLIGHTS:**

1. Revenue for the period amounted to about HK\$2,108 million, an increase of about 285% from the last corresponding period.
2. Profit for the period attributable to owners of the Company was about HK\$47.4 million.
3. As at 30 September 2011, the Group has pre-sold HK\$4,214 million of properties under development with a total gross floor area (“GFA”) of about 371,350 sq.m. which are expected to be completed and delivered in the second half of the financial year.

The Board of Directors (the “Board”) 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 2011 together with the comparative figures for the corresponding period in 2010. The interim financial report for the six months ended 30 September 2011 has been reviewed by the Company’s Audit Committee and the Company’s external auditor, Messrs. Deloitte Touche Tohmatsu.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2011

		Six months ended 30 September	
		2011 (unaudited) <i>HK\$'000</i>	2010 (unaudited) <i>HK\$'000</i>
	<i>Notes</i>		
Revenue	3	2,108,347	547,865
Cost of sales		<u>(1,484,088)</u>	<u>(455,047)</u>
Gross profit		624,259	92,818
(Decrease) increase in fair value of investment properties		(2,919)	13,501
Fair value gain on warrants		960	9,320
Other income and gains	4	80,590	60,077
Marketing and selling costs		(44,110)	(48,989)
Administrative expenses		(89,114)	(71,684)
Other expenses		(123,769)	(64,103)
Finance costs	5	(211,612)	(92,959)
Share of loss of associates		<u>(6,064)</u>	<u>(1,973)</u>
Profit (loss) before taxation		228,221	(103,992)
Taxation	6	<u>(184,297)</u>	<u>891</u>
<b>Profit (loss) for the period</b>	7	<b>43,924</b>	<b>(103,101)</b>
Other comprehensive income			
Exchange differences arising on translation to presentation currency		<u>141,863</u>	<u>55,816</u>
<b>Total comprehensive income (expense) for the period</b>		<b><u>185,787</u></b>	<b><u>(47,285)</u></b>
Profit (loss) for the period attributable to:			
Owners of the Company		47,392	(102,181)
Non-controlling interests		<u>(3,468)</u>	<u>(920)</u>
		<b><u>43,924</u></b>	<b><u>(103,101)</u></b>
Total comprehensive income (expense) attributable to:			
Owners of the Company		186,220	(48,128)
Non-controlling interests		<u>(433)</u>	<u>843</u>
		<b><u>185,787</u></b>	<b><u>(47,285)</u></b>
		<i>HK cents</i>	<i>HK cents</i>
Earnings (loss) per share	8		
Basic		<b><u>1.70</u></b>	<b><u>(3.66)</u></b>
Diluted		<b><u>1.70</u></b>	<b><u>Not applicable</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2011

	Notes	30 September 2011 (unaudited) HK\$'000	31 March 2011 (audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		981,824	982,946
Investment properties		1,782,416	1,760,155
Prepaid land lease payments		56,202	55,084
Goodwill		89,630	86,771
Interests in associates		366,867	349,266
Available-for-sale investments		2,960	2,960
Pledged bank deposits		61,972	61,940
		<hr/>	<hr/>
Total non-current assets		3,341,871	3,299,122
<b>CURRENT ASSETS</b>			
Properties under development		9,133,451	9,008,028
Completed properties for sale		1,472,026	1,423,624
Trade receivables	9	37,530	44,358
Prepayments, deposits and other receivables		2,757,421	1,853,299
Amounts due from associates		33,394	37,726
Prepaid income tax		281,398	167,206
Pledged bank deposits		582,640	543,668
Cash and bank balances		1,077,834	1,897,256
		<hr/>	<hr/>
Assets classified as held for sale		15,375,694	14,975,165
		<hr/>	<hr/>
		–	60,072
		<hr/>	<hr/>
Total current assets		15,375,694	15,035,237
<b>CURRENT LIABILITIES</b>			
Trade payables	10	288,362	317,928
Deposits received from pre-sales of properties		4,075,215	4,973,372
Other payables and accruals		1,805,256	1,471,314
Amount due to a substantial shareholder of the Company		11,025	12,156
Income tax payable		1,603,083	1,488,774
Interest-bearing bank and other borrowings		2,808,666	1,531,547
Derivative financial liability – warrants		–	960
		<hr/>	<hr/>
Total current liabilities		10,591,607	9,796,051
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		4,784,087	5,239,186
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		8,125,958	8,538,308
		<hr/> <hr/>	<hr/> <hr/>

	<b>30 September 2011 (unaudited) HK\$'000</b>	31 March 2011 (audited) HK\$'000
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>279,058</b>	279,058
Reserves	<b>3,613,611</b>	3,424,575
	<hr/>	<hr/>
Equity attributable to owners of the Company	<b>3,892,669</b>	3,703,633
Non-controlling interests	<b>74,610</b>	75,043
	<hr/>	<hr/>
Total equity	<b>3,967,279</b>	3,778,676
	<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank and other borrowings	<b>3,670,007</b>	4,215,043
Long term payable	<b>61,320</b>	59,365
Deferred tax liabilities	<b>427,352</b>	485,224
	<hr/>	<hr/>
Total non-current liabilities	<b>4,158,679</b>	4,759,632
	<hr/>	<hr/>
	<b>8,125,958</b>	8,538,308
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## 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 and method of computation used in the condensed consolidated financial statements are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2011.

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (Revised 2009)	Related Party Disclosures
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The applicable of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied new or revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the condensed consolidated financial statements for the year ended 31 March 2011 were authorised for issuance and are not yet effective:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income <sup>1</sup>
HKAS 19 (as revised in 2011)	Employee Benefits <sup>2</sup>
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2012.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2013.

The directors of the Company anticipate that the application of the above new or revised standards will not have a material impact on the results and the financial position of the Group.

### 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 report about components of the Group that are regularly reviewed by the Board of Directors of the Company, being the chief operating decision maker (the "CODM") in order to allocate resources to segments and to assess their performance. Summary details of the Group's operating and reportable 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; and
- the property management segment engages in the management of properties in the PRC.

There were no intersegment sales and transfers for both periods.

#### Segment revenue and results

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

	Property development		Property investment		Property management		Consolidated	
	Six months ended		Six months ended		Six months ended		Six months ended	
	30 September		30 September		30 September		30 September	
	2011	2010	2011	2010	2011	2010	2011	2010
	(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	<u>2,101,200</u>	<u>540,214</u>	<u>3,023</u>	<u>4,368</u>	<u>4,124</u>	<u>3,283</u>	<u>2,108,347</u>	<u>547,865</u>
Segment results	<u>462,618</u>	<u>4,100</u>	<u>544</u>	<u>15,115</u>	<u>1,825</u>	<u>(816)</u>	<u>464,987</u>	<u>18,399</u>
Net unallocated expenses							(28,551)	(23,871)
Income from hotel operation							39,814	25,205
Expenses of hotel operation							(62,444)	(60,436)
Net foreign exchange gains							29,156	21,018
Fair value gain on warrants							960	9,320
Interest income							1,975	1,305
Finance costs							(211,612)	(92,959)
Share of loss of associates							(6,064)	(1,973)
Profit (loss) before taxation							<u>228,221</u>	<u>(103,992)</u>

Segment results represents the profit (loss) made by each reportable segment without allocation of income and expenses of the Group's head office and hotel operation, net foreign exchange differences, change in fair value of warrants, interest income, finance costs, share of results of associates and taxation. This is the measure reported to the CODM for the purposes of resources 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. OTHER INCOME AND GAINS

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2011</b>	2010
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
Interest income from banks	1,975	1,305
Income from hotel operation	39,814	25,205
Net foreign exchange gains	29,156	21,018
Net project management fee income from associates	570	8,673
Others	9,075	3,876
	<u>80,590</u>	<u>60,077</u>

The Group regards the hotel operation as incidental to its main revenue-generating activities and accordingly, income from hotel operation is not regarded as revenue. Accordingly, expenses incurred for hotel operation are included in other expenses.

#### 5. FINANCE COSTS

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2011</b>	2010
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
Interest on bank loans wholly repayable within five years	84,602	94,309
Interest on bank loans not wholly repayable within five years	26,592	14,792
Interest on other loans wholly repayable within five years	63,443	33,843
Interest on senior notes	76,910	74,820
	<u>251,547</u>	217,764
Less: Amounts capitalised in properties under development	<u>(39,935)</u>	(124,805)
	<u>211,612</u>	<u>92,959</u>

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

## 6. TAXATION

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2011</b>	2010
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
PRC Enterprise Income Tax		
Provision for the period	<b>177,895</b>	31,555
Overprovision in prior years	–	(63)
PRC land appreciation tax (“LAT”)	<b>78,760</b>	12,255
Deferred tax	<b>(72,358)</b>	(44,638)
	<hr/>	<hr/>
Total tax charge (credit) for the period	<b>184,297</b>	(891)
	<hr/> <hr/>	<hr/> <hr/>

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.

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.

Note: The deferred tax credit recognised during the six months ended 30 September 2011 and 30 September 2010 mainly resulted from release of deferred tax liabilities arising from the fair value adjustments to the carrying amounts of properties under development upon acquisition of property holding subsidiaries under business combination. Such deferred tax liabilities were released upon the sale of properties by those subsidiaries.

## 7. PROFIT (LOSS) FOR THE PERIOD

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2011</b>	2010
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
Depreciation of land and hotel property and other assets for hotel operation (included in “other expenses”#)	<b>22,985</b>	21,821
Depreciation of other property, plant and equipment	<b>6,916</b>	6,174
Less: Amounts capitalised in properties under development	<b>(1,252)</b>	(1,128)
	<hr/>	<hr/>
	<b>28,649</b>	26,867
Amortisation of prepaid land lease payments	<b>684</b>	649
Interest compensation for late handover of completed properties (included in “other expenses”#)	<b>57,839</b>	–
	<hr/> <hr/>	<hr/> <hr/>

# “Other expenses” in the condensed consolidated statement of comprehensive income included depreciation and other expenses incurred for hotel operation amounting to HK\$62,444,000 (2010: HK\$60,436,000) in aggregate.

## 8. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share is based on the profit for the period attributable to owners of the Company of HK\$47,392,000 (2010: loss attributable to owners of the Company of HK\$102,181,000) and the number of 2,790,582,857 (2010: 2,790,582,857) ordinary shares in issue.

The calculation of diluted earnings per share for the six months ended 30 September 2011 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 and therefore anti-dilutive to the earnings per share. No diluted loss per share was presented for the six months ended 30 September 2010 since the Company's outstanding options and warrants were anti-dilutive to the loss per share.

## 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:

	<b>30 September 2011 (unaudited) HK\$'000</b>	31 March 2011 (audited) HK\$'000
0 – 30 days	7,333	3,694
31 – 60 days	1,440	1,015
61 – 90 days	1,443	1,022
Over 90 days	27,314	38,627
	<u>37,530</u>	<u>44,358</u>

## 10. TRADE PAYABLES

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

	<b>30 September 2011 (unaudited) HK\$'000</b>	31 March 2011 (audited) HK\$'000
0 – 30 days	15,713	152,126
31 – 60 days	131,149	37,277
61 – 90 days	12,957	55,355
Over 90 days	128,543	73,170
	<u>288,362</u>	<u>317,928</u>

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2011 (2010: nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

For the first half of the financial year, the Group has recorded a revenue of HK\$2,108 million, an increase of about 285% as compared to the HK\$548 million for the corresponding period of last year. The increase in the revenue for the period was attributable to more amount of properties were delivered to purchasers during the period. Notably, three development projects, namely Western section of Phase IV of Beijing Silo City, Phase III section A of Wuhan Silo City and Phase III of Beijing Sunvilla Realhouse, with a total GFA of about 134,081 sq.m. were completed and delivered during the period.

Profit before taxation for the period was HK\$228 million as compared to the loss of HK\$104 million for the last corresponding period. Profit for the period attributable to owners of the Company was HK\$47.4 million comparing to a loss of HK\$102.2 million for the last corresponding period.

### **Property Development**

During the period under review, the recognised sales revenue from property development segment was HK\$2,101 million, representing an increase of about 289% from last corresponding period's HK\$540 million, which corresponds to an increase by 106% in the total GFA delivered by the Group to 155,157 sq.m. (2010: 75,300 sq.m.). The property sales revenue for the period mainly came from the completion and delivery of Western section of Phase IV of Beijing Silo City, Phase III section A of Wuhan Silo City and Phase III of Beijing Sunvilla Realhouse which respectively represented about 41%, 24% and 19% of the total property sales revenue. The remaining 16% was derived from sale of remaining inventory in the prior phases of the Group's completed development projects namely Beijing Silo City, Shanghai Riviera Garden and Wuhan Silo City which respectively accounted for about 8%, 6% and 2% of the property sales revenue.

As at 30 September 2011, the Group has generated total sales revenue of about HK\$4,214 million from pre-sale of its properties under development with a total GFA of about 371,350 sq.m., contributing from Phase I of Dalian Coastal International Centre, Phase I of Dalian Jianzhu Project, Phase II of Shanghai Riveria Garden and Phase IV section A of Wuhan Silo City which are expected to be completed and delivered in the second half of the financial year.

The Group completed development projects, namely Western section of Phase IV of Beijing Silo City, Phase III section A of Wuhan Silo City and Phase III of Beijing Sunvilla Realhouse, with a total GFA of approximately 157,200 sq.m. during the period.

### **Property Investment**

Revenue from property rental decreased by about 32% to HK\$3.0 million from last period's HK\$4.4 million. Rental income for the period was mainly derived from the properties in Suzhou Coastal International Centre and retail shops in Beijing Silo City. The decrease was mainly due to the disposal of Shanghai Golden Bridge Mansion and certain retail shops in Beijing Silo City at the beginning of the period.

The profit contribution from property investment segment decreased to HK\$0.5 million for the period as compared to last corresponding period of HK\$15.1 million because of a revaluation deficit of investment properties of HK\$2.9 million for the period as compared to a revaluation surplus of investment properties of HK\$13.5 million for last corresponding period.

### **Property Management**

The Group's property management operations recorded a profit of about HK\$1.8 million for the period as compared to last period's loss of HK\$0.8 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 30% which was higher than the overall gross profit margin for the last whole financial year's about 28% (see annual report for the year ended 31 March 2011). The increase was mainly due to a higher level of selling price attained for the properties completed and delivered to purchasers during the period.

### **Fair Value Gain on Warrants**

At 30 September 2011, 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 adjusted 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 gain on warrants arose as a result of the decrease in the share price of the Company during the period.

### **Other Income**

Other income for the current period was HK\$80.6 million as compared to HK\$60.1 million for last period. Other income for the period mainly represented the income of HK\$39.8 million (2010: 25.2 million) from hotel operation of Marriott hotel at Suzhou Coastal International Centre, the net foreign exchange gain of HK\$29.2 million (2010: HK\$21.0 million) on translation of the Company's United States dollars denominated debts into the Company's functional currency, Renminbi, which has appreciated against United States dollars during the period. Included in the current period's other income were also the interest income from banks of HK\$2.0 million (2010: HK\$1.3 million) and the net project management fee income of HK\$0.6 million (2010: HK\$8.7 million) from associates.

### **Marketing, Selling and Administrative Expenses**

Marketing and selling costs decreased by about 10% to HK\$44.1 million from HK\$49.0 million in last period.

Administrative expenses increased by 24% to HK\$89.1 million from last period's HK\$71.7 million mainly due to increase in staff costs as a result of increase in headcount and annual salary adjustment. The Group will continue to implement cost control measures so as to enhance its operational efficiency and competitive edges.

## Other Expenses

Other expenses for the period was HK\$123.8 million as compared to last period's HK\$64.1 million. Other expenses mainly represented the depreciation and hotel operation expenses of Marriott hotel in Suzhou amounting to HK\$62.4 million (2010: HK\$60.4 million) and interest compensation of HK\$57.8 million (2010: nil) for a delay in the handover of certain completed properties to the purchasers.

## Finance Costs

During the period, the Group incurred finance costs before capitalisation (mainly interest for bank and other borrowings, including senior notes) of HK\$251.5 million, representing an increase of about 15% as compared to the HK\$217.8 million incurred for last period.

Interest expenses charged to profit or loss for the period were HK\$211.6 million as compared to last period's HK\$93.0 million. The increase was mainly due to the fact that certain interest expenses on borrowings used for financing the deposits for acquisition of land use rights were not qualified for capitalisation.

## Corporate Brand

Coastal Greenland, the corporate brand, had been ranked among the top ten most valuable Chinese real estate company brands for the eight consecutive years between 2004 and 2011 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 2011, the Group's cash and bank deposits amounted to approximately HK\$1,722 million (31 March 2011: HK\$2,503 million). An analysis by currency denomination of the cash and bank deposits is as follows:

	<b>30 September 2011 HK\$'000</b>	31 March 2011 HK\$'000
Renminbi	<b>1,643,961</b>	2,384,440
Hong Kong dollars	<b>1,699</b>	1,407
United States dollars	<b>76,786</b>	117,017
	<b><u>1,722,446</u></b>	<u>2,502,864</u>

At 30 September 2011, 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\$4,756 million (31 March 2011: HK\$3,244 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 34% to 120% from 86% as at 31 March 2011. The increase in net debt to total equity ratio was mainly due to the increase in the net borrowings of the Group at 30 September 2011.

### Borrowings and Charges

At 30 September 2011, the level of bank and other borrowings of the Group and their maturity profile are as follows:

	<b>30 September 2011 HK\$'000</b>	31 March 2011 HK\$'000
Bank loans repayable:		
Within one year	2,279,023	1,229,230
In the second year	345,847	1,716,830
In the third to fifth years inclusive	286,427	277,293
Beyond five years	406,493	393,529
	<u>3,317,790</u>	<u>3,616,882</u>
Bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	<u>27,500</u>	<u>28,600</u>
Other borrowings repayable:		
Within one year	502,143	273,717
In the second year	2,631,240	1,827,277
In the third to fifth years inclusive	–	114
	<u>3,133,383</u>	<u>2,101,108</u>
	<u><b>6,478,673</b></u>	<u><b>5,746,590</b></u>

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

	<b>30 September 2011 HK\$'000</b>	31 March 2011 HK\$'000
Renminbi	4,639,659	3,922,111
Hong Kong dollars	29,700	30,800
United States dollars	1,809,314	1,793,679
	<u>6,478,673</u>	<u>5,746,590</u>

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

- (a) The Group's bank and other loans as at 30 September 2011 were secured by:
- (i) certain land and buildings of the Group with an aggregate carrying value of approximately HK\$146 million (31 March 2011: HK\$144 million);
  - (ii) certain land and hotel property of the Group with an aggregate carrying value of approximately HK\$433 million (31 March 2011: HK\$419 million);
  - (iii) certain investment properties of the Group with an aggregate carrying value of approximately HK\$1,102 million (31 March 2011: HK\$1,055 million);
  - (iv) certain prepaid land lease payments of the Group with an aggregate carrying value of approximately HK\$57 million (31 March 2011: HK\$56 million);
  - (v) certain bank deposits of the Group with an aggregate carrying value of approximately HK\$415 million (31 March 2011: HK\$401 million);
  - (vi) certain properties under development of the Group with an aggregate carrying value of approximately HK\$6,021 million (31 March 2011: HK\$5,639 million);
  - (vii) certain completed properties for sale of the Group with an aggregate carrying value of approximately HK\$133 million (31 March 2011: HK\$203 million);
  - (viii) the Group's 49%, 90%, 90% and 100% equity interests respectively in four property-based subsidiaries; and
  - (ix) corporate guarantees from the Company and certain of its subsidiaries.
- (b) The senior notes (included in other borrowings) as at 30 September 2011 are secured by certain bank deposits of the Group amounting to approximately HK\$62 million (31 March 2011: HK\$62 million) and share charges over the entire issued share capital of certain wholly-owned subsidiaries of the Group.

### **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 and certain bank loans which are denominated in United States dollars or Hong Kong dollars, most of the Group's liabilities are denominated in Renminbi. Therefore, the Directors do not foresee that movement in the exchange rates of foreign currencies against Renminbi in the foreseeable future will cause a material adverse impact on the Group's operations.

## **Contingent Liabilities**

At 30 September 2011, the Group had given guarantees to the extent of approximately HK\$4,567 million (31 March 2011: HK\$4,419 million) to banks in respect of mortgage loan facilities granted to the property purchasers. The Group had also given guarantee amounting to approximately HK\$123 million (31 March 2011: HK\$59 million) to a bank in connection with banking facility granted to an associate.

## **EMPLOYEES AND REMUNERATION POLICY**

The Group employs a total of about 2,600 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**

In the first half of 2011, the central government has implemented a series of austerity measures such as home purchase restriction, price control and tightened monetary policy, resulting in a slowdown in the volume of transactions in the market and a downward adjustment in housing price in general.

The Group expects that the central government will not in near future relieve the regulatory measures imposed. Developers will continue to expose to the austerity control pressure from the central government. Although facing an uncertain external environment, the Group is positive about the long term prospects of the PRC property market, with the optimistic outlook of Renminbi appreciation, continual development of urbanization and increasing household income level. The Group will closely monitor its business strategy with respect to the changes in the economic and regulatory environment and the property market sentiment in the PRC.

The Group will continue to focus on the development of its geographically well diversified quality property portfolio, optimise its land reserve and strengthen its product competitiveness. The Group will also leverage on its well-recognised corporate brand and its long experience in the PRC property market. Besides, under the tight credit environment, the Group will actively seek funding alternatives so as to broaden its financial resources and support the sustainable development of the Group.

## **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 2011 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, the Directors confirmed that they have complied with the requirements as set out in the Model Code during the six months ended 30 September 2011.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2011.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with the management of the Company 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 2011.

## **REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The unaudited condensed consolidated financial statements of the Company for the six months ended 30 September 2011 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 2011 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, 29 November 2011

*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. Cai Shaobin, Mr. Zheng Hong Qing and Mr. Wang Jun as executive Directors, Mr. Guo Limin and Mr. Lu Hua 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*