

COASTAL 沿海

COASTAL GREENLAND LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 01124

Interim Report 2013



Upholding a heritage of development

The Pursuit of Excellence



CORPORATE INFORMATION

Registered Office

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Hamilton HM 11
Bermuda

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Principal Registrars

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

Registrars in Hong Kong

Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
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Company Website

<http://www.coastal.com.cn>

Investor Relations Website

<http://www.irasia.com/listco/hk/coastal>

Executive Directors

Mr. JIANG Ming (*Chairman
and Managing Director*)

Mr. TAO Lin

Mr. CAI Shaobin

Ms. WANG Hongmei

Non-executive Directors

Mr. LU Jiqiang

Dr. DAI Jingming

Independent Non-executive Directors

Mr. CHEN Xiaotian

Mr. WONG Kai Cheong

Mr. YANG Jian Gang

Company Secretary


Mr. CHENG Wing Bor FCCA, CPA

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants

Stock Code

1124



The Board of Directors of Coastal Greenland Limited (the “Company”) herein presents the unaudited condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2013 together with the unaudited comparative figures for the last corresponding period and the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2013 together with the audited comparative figures as at 31 March 2013. The interim financial report for the six months ended 30 September 2013 has been reviewed by the Company’s Audit Committee and the Company’s external auditor, Messrs. Deloitte Touche Tohmatsu.



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF COASTAL GREENLAND LIMITED

(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Coastal Greenland Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 5 to 36, which comprise the condensed consolidated statement of financial position as of 30 September 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with 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. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 28 November 2013

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2013

	Notes	Six months ended 30 September	
		2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000
Revenue	3	1,280,123	1,197,840
Cost of sales		(973,218)	(831,945)
Gross profit		306,905	365,895
Decrease in fair value of investment properties		–	(300,325)
Other income and gains	4	95,284	137,233
Marketing and selling expenses		(48,676)	(61,749)
Administrative expenses		(142,136)	(111,580)
Other expenses		(41,790)	(127,419)
Finance costs	5	(210,869)	(190,429)
Gain on disposal of a property-based subsidiary	6	184,010	–
Share of (loss) profit of associates		(6,406)	758
Share of loss of joint ventures		(4,586)	–
Gain on disposal of an associate	7	–	377,423
Profit before taxation		131,736	89,807
Taxation	8	(98,892)	(8,340)
Profit for the period	9	32,844	81,467
Other comprehensive income (expense)			
Item that will not be subsequently reclassified to profit or loss			
Exchange differences arising on translation to presentation currency		128,691	(35,242)
Total comprehensive income for the period		161,535	46,225

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

For the six months ended 30 September 2013

		Six months ended 30 September	
	Notes	2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000
Profit (loss) for the period attributable to:			
Owners of the Company		34,168	85,987
Non-controlling interests		(1,324)	(4,520)
		32,844	81,467
 Total comprehensive income (expense) attributable to:			
Owners of the Company		160,529	51,760
Non-controlling interests		1,006	(5,535)
		161,535	46,225
 Earnings per share		HK cents	HK cents
Basic	10	1.22	3.08
Diluted		N/A	3.08

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2013

		30 September 2013 (unaudited) HK\$'000	31 March 2013 (audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	11	248,620	251,068
Investment properties	12	230,416	226,222
Prepaid land lease payments		54,938	54,641
Loan receivable	13	378,372	–
Interests in associates		173,099	178,124
Interests in joint ventures		334,824	159,897
Amount due from an associate	22(b)(iv)	245,729	240,087
Amount due from a joint venture	22(b)(v)(vi)	149,603	123,828
Available-for-sale investments		178,525	175,329
		<hr/> 1,994,126	<hr/> 1,409,196
Total non-current assets			
CURRENT ASSETS			
Properties under development		8,095,469	6,865,152
Completed properties for sale		1,450,102	1,376,209
Trade receivables	14	34,414	37,755
Prepayments, deposits and other receivables	15	2,065,981	2,763,480
Amounts due from associates	22(b)(ii)(iii)	171,414	155,360
Amounts due from joint ventures	22(b)(v)(vii)	713,725	75,535
Amount due from a customer for contract work		40,574	–
Held-for-trading investments		25,700	22,306
Prepaid income tax		24,536	4,481
Pledged bank deposits		1,149,515	831,631
Cash and bank balances		1,560,708	1,793,085
		<hr/> 15,332,138	<hr/> 13,924,994
Assets classified as held for sale		<hr/> –	<hr/> 674,722
Total current assets		<hr/> 15,332,138	<hr/> 14,599,716

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 30 September 2013

		30 September 2013 (unaudited) HK\$'000	31 March 2013 (audited) HK\$'000
	Notes		
CURRENT LIABILITIES			
Trade payables	16	436,656	465,666
Deposits received from pre-sales of properties		1,534,845	1,362,164
Other payables and accruals		1,192,937	1,431,708
Amount due to a customer for contract work		–	14,351
Amount due to a substantial shareholder of the Company	22(b)(i)	3,681	16,638
Tax payable		1,069,663	1,439,737
Interest-bearing bank and other borrowings	17	2,655,540	1,062,761
		6,893,322	5,793,025
Liabilities classified as held for sale		–	557,891
Total current liabilities		6,893,322	6,350,916
NET CURRENT ASSETS		8,438,816	8,248,800
TOTAL ASSETS LESS CURRENT LIABILITIES		10,432,942	9,657,996
CAPITAL AND RESERVES			
Share capital	18	279,058	279,058
Reserves		4,306,441	4,145,912
Equity attributable to owners of the Company		4,585,499	4,424,970
Non-controlling interests		90,656	80,036
Total equity		4,676,155	4,505,006
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	17	5,356,208	4,735,904
Deferred tax liabilities		400,579	417,086
Total non-current liabilities		5,756,787	5,152,990
		10,432,942	9,657,996

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013

	Attributable to owners of the Company												
	Share capital	Share premium	Share capital	Contributed surplus	Capital reserve	Leasehold property revaluation reserve	Exchange fluctuation reserve	PRC reserve funds	Share options reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2012	279,058	1,126,800	-	37,560	929	64,059	765,039	9,697	56,052	1,988,885	4,328,079	70,788	4,398,867
Exchange differences arising on translation to presentation currency	-	-	-	-	-	-	(34,227)	-	-	-	(34,227)	(1,015)	(35,242)
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	85,987	85,987	(4,520)	81,467
Total comprehensive (expense) income for the period	-	-	-	-	-	-	(34,227)	-	-	85,987	51,760	(5,535)	46,225
Recognition of equity-settled share-based payment	-	-	-	-	-	-	-	-	611	-	611	-	611
Share options lapsed (Note)	-	-	-	-	-	-	-	-	(56,663)	56,663	-	-	-
At 30 September 2012 (unaudited)	279,058	1,126,800	-	37,560	929	64,059	730,812	9,697	-	2,131,535	4,380,450	65,253	4,445,703
At 1 April 2013	279,058	1,126,800	-	37,560	929	51,985	741,312	9,697	-	2,177,629	4,424,970	80,036	4,505,006
Exchange differences arising on translation to presentation currency	-	-	-	-	-	-	126,361	-	-	-	126,361	2,330	128,691
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	34,168	34,168	(1,324)	32,844
Total comprehensive income for the period	-	-	-	-	-	-	126,361	-	-	34,168	160,529	1,006	161,535
Disposal of equity interest in a property-based subsidiary	-	-	-	-	-	-	(9,999)	-	-	9,999	-	9,614	9,614
At 30 September 2013 (unaudited)	279,058	1,126,800	-	37,560	929	51,985	857,674	9,697	-	2,221,796	4,585,499	90,656	4,676,155

Note: All of the Company's share options were lapsed on 23 September 2012.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the six months ended 30 September 2013

The contributed surplus of the Group represents the surpluses arising from the issue of shares by Coastal Realty (BVI) Limited, the intermediate holding company of the Group, (i) from the acquisition of Coastal Realty Development Co. Limited, the former holding company of the Group in 1995; and (ii) at a premium to third parties in 1997, less dividends paid to shareholders in previous years.

PRC reserve funds are reserves required by the relevant laws in the People's Republic of China ("PRC") applicable to the Company's PRC subsidiaries for staff welfare and expansion of working capital.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2013

		Six months ended	
		30 September	
		2013	2012
		(unaudited)	(unaudited)
	Notes	HK\$'000	HK\$'000
Net cash (used in) from operating activities			
Increase in properties under development		(1,038,988)	(1,137,743)
Decrease in completed properties for sales		737,613	921,865
Increase in held-for-trading investments		–	(26,324)
Increase in deposits received from pre-sales of properties		167,520	1,352,681
Tax paid		(540,206)	(441,429)
Other operating cash flows		(503,242)	(232,003)
		(1,177,303)	437,047
Net cash used in investing activities			
Purchases of property, plant and equipment		(2,082)	(3,127)
Net proceeds from disposal of property, plant and equipment		193	–
Net proceeds from disposal of investment properties		–	17,559
Net proceeds from disposal of assets classified as held for sale		8,131	106,837
Proceeds from disposal of an associate		–	293,463
Proceeds from disposal of a property-based subsidiary	6	113,052	–
Acquisition of a property-based subsidiary	19	–	(497,014)
Advances of loans		–	(347,379)
Advances to joint ventures		(663,965)	–
Placement of pledged bank deposits		(321,546)	(122,291)
Withdrawal of pledged bank deposits		3,662	403,806
Other investing cash flows		(15,583)	(124,742)
		(878,138)	(272,888)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the six months ended 30 September 2013

	Six months ended	
	30 September	
	2013	2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Net cash from (used in) financing activities		
New bank and other borrowings	2,681,637	3,092,416
Repayment of bank and other borrowings	(552,948)	(2,925,014)
Interest paid	(347,024)	(182,518)
Other financing cash flows	(12,957)	(67,085)
	<u>1,768,708</u>	<u>(82,201)</u>
Net (decrease) increase in cash and cash equivalents	(286,733)	81,958
Cash and cash equivalents at the beginning of period	1,793,085	1,913,030
Effect of foreign exchange rate changes	<u>54,356</u>	<u>(16,819)</u>
Cash and cash equivalents at the end of period, representing cash and bank balances	<u>1,560,708</u>	<u>1,978,169</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as 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”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2013.

In the current interim period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle except for the amendments to HKAS 1
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

2. PRINCIPAL ACCOUNTING POLICIES (continued)

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current interim period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

HKFRS 10 “Consolidated Financial Statements”

HKFRS 10 replaces the requirements in HKAS 27 “Consolidated and Separate Financial Statements” relating to the preparation of consolidated financial statements and HK(SIC) – Int 12 “Consolidation – Special Purpose Entities”. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns. As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not have any material impact on the financial position and the financial result of the Group.

HKFRS 11 “Joint Arrangements”

HKFRS 11, which replaces HKAS 31 “Interests in Joint Ventures”, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator’s interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group’s condensed consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

HKFRS 13 “Fair Value Measurement”

HKFRS 13 replaces existing guidance in individual standards with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the condensed consolidated financial statements. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group’s assets and liabilities.



2. PRINCIPAL ACCOUNTING POLICIES (continued)

Amendments to HKAS 1 “Presentation of Items of Other Comprehensive Income”

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a “statement of comprehensive income” is renamed as a “statement of profit or loss and other comprehensive income”. In addition, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Amendments to HKAS 34 “Interim Financial Reporting”

The Group has applied the amendments to HKAS 34 “Interim Financial Reporting” as part of the Annual Improvements to HKFRSs 2009 – 2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since there is no material change from the amounts disclosed in the Group’s last annual financial statements for any reportable segment, the Group has not included total asset and liability information as part of segment information.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.



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. During the six months ended 30 September 2013, the Group identified a new operating segment – project investment services in relation to its investment in property development/land development projects and subsequent sale of the whole or a partial of the equity interests in such projects which are usually transacted in the form of the acquisition and disposal of property-based entities in the PRC. Summary details of the Group's reportable and operating segments are as follows:

- (a) the property development segment engages in the development of properties for sale in the PRC;
- (b) the property investment segment invests in commercial and residential properties located in the PRC for their rental income potential and/or for capital appreciation;
- (c) the property management segment engages in the management of properties in the PRC;
- (d) the project management and construction segment engages in the provision of project management and construction services in the PRC; and
- (e) the project investment services segment engages in the investment in and sale of property development/land development projects in the PRC.

3. SEGMENT INFORMATION (continued)

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 and operating segment:

	Property development		Property investment		Property management		Project management and construction		Project investment services		Total		Eliminations		Consolidated		
	Six months ended	30 September	Six months ended	30 September	Six months ended	30 September	Six months ended	30 September	Six months ended	30 September	Six months ended	30 September	Six months ended	30 September	Six months ended	30 September	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment revenue:																	
Sales to external customers	1,081,173	1,192,381	304	1,762	3,815	3,697	194,831	-	-	-	1,280,123	1,197,840	-	-	1,280,123	1,197,840	
Inter-segment revenue	-	-	-	-	-	-	131,550	-	-	-	131,550	-	(131,550)	-	-	-	
Total	1,081,173	1,192,381	304	1,762	3,815	3,697	326,381	-	-	-	1,411,673	1,197,840	(131,550)	-	1,280,123	1,197,840	
Segment profits (losses)	172,195	211,041	(209)	(299,169)	3,614	2,981	40,052	-	184,010	-	399,662	(85,147)	(14,258)	-	385,404	(85,147)	
Income from hotel operation																	
Expenses of hotel operation																	
Net foreign exchange gains (losses)																	
Interest income																	
Finance costs																	
Share of (loss) profit of associates																	
Share of loss of joint ventures																	
Gain on disposal of an associate																	
Other net unallocated expenses																	
Profit before taxation																	

Inter-segment revenue is charged at amounts agreed amongst the transacting segment parties.

3. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

Segment results represents the profit before taxation made by each reportable segment without allocation of income and expenses of the Group's head office and hotel operation, net foreign exchange differences, interest income, finance costs, share of results of associates, share of results of joint ventures and gain on disposal of an associate. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The Group's CODM does not review the segment assets and liabilities for the purposes of allocating resources to segments and assessing their performance. Therefore, no segment assets and liabilities are presented.

4. OTHER INCOME AND GAINS

	Six months ended 30 September	
	2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000
Interest income from banks	1,657	26,692
Income from hotel operation (note a)	–	50,472
Net foreign exchange gains	3,301	–
Project management fee income from associates	–	11,750
Subsidies from the local government	675	20,364
Reversal of provision for legal claims (note b)	71,644	–
Others	18,007	27,955
	<u>95,284</u>	<u>137,233</u>

Notes:

- (a) The Group regarded the hotel operation as incidental to its main revenue-generating activities and accordingly, income from hotel operation generated during the six months ended 30 September 2012 was not regarded as revenue. Accordingly, expenses incurred for hotel operation in the same period were included in other expenses.
- (b) During the period ended 30 September 2013, the legal claims have been settled based on the finalisation of the amount claimed and the type of properties compensated to the plaintiffs under the litigation.

5. FINANCE COSTS

	Six months ended	
	30 September	
	2013	2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Interest on bank loans wholly repayable within five years	105,657	62,514
Interest on bank loans not wholly repayable within five years	–	34,394
Interest on other loans wholly repayable within five years	286,736	54,260
Interest on senior notes	–	77,691
	392,393	228,859
Less: Amounts capitalised in properties under development	(181,524)	(38,430)
	210,869	190,429

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

6. GAIN ON DISPOSAL OF A PROPERTY-BASED SUBSIDIARY

On 15 March 2013, the Group entered into a sale and purchase agreement with an independent third party to dispose of its 60% equity interest in a subsidiary (the "Subsidiary") which holds a piece of land in the PRC, for a cash consideration of RMB280,000,000 (equivalent to HK\$353,147,000). The disposal was completed in July 2013.

Pursuant to the shareholder's agreement entered into by the Group and other shareholder of the Subsidiary upon completion of transaction, the acquirer have a put option to sell the 60% equity interest to the Group at any time after not less than 60% of the saleable area of the developed properties held by the Subsidiary had been sold at a consideration equivalent to the fair value of the 60% equity interest in the Subsidiary at the put option exercise date. In the opinion of the directors, the risks and rewards associated with the 60% equity interest have been passed to the acquirer and Group has ceased to have control over the Subsidiary on completion. In addition, the directors of the Company considered that the fair value of the put option was minimal at initial recognition and 30 September 2013.

6. GAIN ON DISPOSAL OF A PROPERTY-BASED SUBSIDIARY (continued)

After the completion of the disposal, the Group is able to exercise joint control over the Subsidiary which has then become a joint venture of the Group. The fair value of the 30% retained interest in the Subsidiary at the date on which the control was lost was regarded as the cost in initial recognition of the Group's interest in a joint venture.

2013
HK\$'000

The net assets disposed of in the above transaction are as follows:

Property, plant and equipment	10
Properties under development	841,719
Prepayments, deposits and other receivable	1,543
Cash and bank balances	6,695
Trade payables	(127)
Other payables and accruals	(38,990)
Amounts due to the Group	(474,753)
	<hr/>
Net assets disposed of	336,097

The gain on disposal is calculated as follow:

Consideration received	353,147
Fair value of 30% retained interest in a joint venture	176,574
Net assets of subsidiary disposed of	(336,097)
Non-controlling interests	(9,614)
	<hr/>
Gain on disposal	184,010

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a property-based subsidiary is follows:

2013
HK\$'000

Cash consideration (Note)	119,747
Cash and bank balances disposed of	(6,695)
	<hr/>
Net inflow of cash and cash equivalents in respect of the disposal of a property-based subsidiary	113,052

Note: The cash consideration in respect of disposal of the Subsidiary amounting to HK\$233,400,000, was received in March 2013 and had been accounted for as other payables and accruals for the year ended 31 March 2013.



7. GAIN ON DISPOSAL OF AN ASSOCIATE

On 20 August 2012, the Group entered into a sale and purchase agreement to dispose of 20.05% interest in Shanghai Fenghwa Group Co., Ltd. (“Shanghai Fenghwa”), a limited company established in the PRC and its shares are listed on the Shanghai Stock Exchange, to a third party (the “Buyer”) for a total consideration of RMB452,400,000 (equivalent to HK\$553,178,000). Before the disposal, the Group owned 21.13% interest in Shanghai Fenghwa and the investment was previously accounted for as an investment in an associate using the equity method of accounting.

On 6 September 2012, the Group completed the first tranche of 10.64% interest in Shanghai Fenghwa for cash consideration of RMB240,000,000 (equivalent to HK\$293,463,000) under the sale and purchase agreement, whereby the Group ceased to be able to exercise significant influence over Shanghai Fenghwa. On the same date, the Group has carried the pending completion portion of 9.41% interest as financial assets designated at fair value through profit or loss and classified as held for sale and the remaining 1.08% interest as held-for-trading investment whose fair values as at that date were HK\$230,713,000 and HK\$26,324,000 respectively. This transaction has resulted in a gain on disposal of an associate of HK\$377,423,000 for the six months ended 30 September 2012.

The Group completed the disposal of the second tranche of 2.13% and the third tranche of 7.28% interests in Shanghai Fenghwa for cash considerations of RMB48,000,000 (equivalent to HK\$58,693,000) and RMB164,400,000 (equivalent to HK\$202,214,000) on 20 September 2012 and 5 December 2012 respectively.

8. TAXATION

	Six months ended	
	30 September	
	2013	2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Current tax:		
PRC Enterprise Income Tax ("EIT")		
Provision for the period	71,230	126,089
PRC Land Appreciation Tax ("LAT")	51,821	69,432
	123,051	195,521
Deferred tax (Note)		
PRC LAT	(1,937)	(85,466)
Other	(22,222)	(101,715)
	(24,159)	(187,181)
Total tax charge for the period	98,892	8,340

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits sourced in Hong Kong for both periods.

The Group's income tax expense represents tax charges on the assessable profits of subsidiaries operating in the PRC calculated at the rates of tax prevailing in the locations in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory tax rate of the Company's PRC subsidiaries is 25% from 1 January 2008 onwards.

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 2013 and 30 September 2012 mainly resulted from combined effect relating to (i) release of deferred tax liabilities arising from the reversal of temporary differences relating to fair value adjustments to the carrying amounts of properties under development at the time of acquisition of property holding subsidiaries under business combination. Such deferred tax liabilities were released upon the sale of properties by those subsidiaries; (ii) release of deferred tax liabilities arising from the decrease in fair value of investment properties; and (iii) recognition of deferred tax liabilities arising from unrealised gain on disposal of an associate.

9. PROFIT FOR THE PERIOD

	Six months ended	
	30 September	
	2013	2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging (crediting):		
Depreciation of land and hotel property and other assets for hotel operation (included in "other expenses"*)	–	23,397
Depreciation of other property, plant and equipment	2,152	6,400
Less: Amounts capitalised in properties under development	(1,954)	(2,164)
	198	27,633
Amortisation of prepaid land lease payments	712	697
Net exchange (gains) losses	(3,301)	8,072
Loss on disposal of property, plant and equipment	929	84
Impairment loss on other receivables (included in "other expenses")	5,281	5,333
Impairment loss on completed properties for sale (included in "other expenses") (Note)	–	33,137
Interest compensation for late handover of completed properties (included in "other expenses"*)	12,694	–

During the six months ended 30 September 2012, "other expenses" in the condensed consolidated statement of comprehensive income included depreciation and other expenses incurred for hotel operation amounting to HK\$57,258,000 in aggregate.

Note: During the six months ended 30 September 2012, the Group recognised impairment loss on completed properties for sale of HK\$33,137,000 based on the estimated selling price of the properties.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the period attributable to owners of the Company of HK\$34,168,000 (2012: HK\$85,987,000) and the number of 2,790,582,857 (2012: 2,790,582,857) ordinary shares in issue.

The Company has no potential ordinary share outstanding during the six months ended 30 September 2013. Accordingly, no diluted earnings per share information is presented.

The calculation of diluted earnings per share for the six months ended 30 September 2012 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.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2013, the Group acquired property, plant and equipment at a cost of HK\$2,082,000 (2012: HK\$3,127,000). In addition, the Group disposed of certain property, plant and equipment with a carrying value of HK\$1,122,000 (2012: HK\$84,000).

12. INVESTMENT PROPERTIES

	30 September 2013 (unaudited) HK\$'000	31 March 2013 (audited) HK\$'000
Completed investment properties		
– at fair value	4,402	4,322
Investment property under construction		
– at cost	<u>226,014</u>	<u>221,900</u>
	<u>230,416</u>	<u>226,222</u>

The fair value of the Group's completed investment properties at 30 September 2013 have been estimated by the directors with reference to recent sale transactions of similar properties.

The fair values of the Group's completed investment properties at 31 March 2013 had been arrived at on the basis of valuations carried out on those dates by DTZ Debenham Tie Leung Limited, independent professional valuers not connected with the Group, who had appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation of these properties was performed by a director of DTZ Debenham Tie Leung Limited who is a member of The Hong Kong Institute of Surveyors.

For completed investment properties, the valuations had been arrived at by considering the capitalised net rental income or where appropriate, by reference to market evidence of recent transaction prices for similar properties in similar location and condition. In arriving at the capitalised net rental income, the market rentals of all lettable units of the property were assessed and capitalised at market yield expected by investors for this type of property. The market rentals were also assessed by reference to the rentals achieved in other similar properties in the neighbourhood. The capitalisation rate adopted was made by reference to the yields achieved in analysed market sales transactions and the valuer's knowledge of the market expectation from property investors.

12. INVESTMENT PROPERTIES (continued)

All of the Group's property interests held under operating leases to earn rentals or remained vacant and being held to be leased out or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment properties.

The investment property under construction at 30 September 2013 and 31 March 2013 was measured at cost as the development of the investment property is still at early stage and the fair value cannot be reliably determined. As the Group is considering a possible disposal of its interests in this investment property under construction, no further development cost was incurred during the period/year.

13. LOAN RECEIVABLE

The loan receivable from an independent third party of HK\$378,372,000 at 30 September 2013 (31 March 2013: nil) is unsecured and interest-bearing at 12% per annum. The directors of the Company estimate that the amount will be recovered after the next twelve months from the end of the reporting period. Accordingly, the amount is classified as non-current assets.

14. 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 invoice date which approximate revenue recognition date, net of allowance for bad and doubtful debts, is as follows:

	30 September 2013 (unaudited) HK\$'000	31 March 2013 (audited) HK\$'000
0 – 30 days	1,683	7,923
31 – 60 days	838	1,123
61 – 90 days	283	118
Over 90 days	31,610	28,591
	34,414	37,755

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2013 (unaudited) HK\$'000	31 March 2013 (audited) HK\$'000
Other receivables (Note a)	679,514	689,924
Prepayment for land leases (Note b)	–	659,225
Deposits for future acquisition of land use rights (Note c)	913,758	959,789
Prepaid operating expenses and other deposits	277,595	262,980
Loans receivables (Note d)	195,114	191,562
	<u>2,065,981</u>	<u>2,763,480</u>

Notes:

- (a) Included in other receivables at 30 September 2013 is an amount of HK\$367,202,000 (31 March 2013: HK\$385,284,000) due from a local government of the PRC in respect of reclamation of land use rights of an investment property in Shenyang with a compensation income of RMB381,144,000 (equivalent to HK\$480,714,000). The directors of the Company expect the balance to be recovered within one year.

Included in other receivables at 30 September 2013 is an amount of HK\$60,540,000 (31 March 2013: HK\$59,438,000) due from a non-controlling shareholder of a subsidiary which is unsecured, non-trade, interest-free and expected to be recovered within one year.

- (b) As at 31 March 2013, a total consideration of HK\$659,225,000 was prepaid in full for an acquisition of a piece of land in the PRC for property development for sale purpose and such prepayment was classified as current assets. As at 30 September 2013, the Group has obtained the land title and the prepaid amount which represents the land purchase cost has been recognised as “properties under development”.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

- (c) The amounts represent payments made for the possible acquisition of land use rights in the PRC which will be developed for sale purpose. At 31 March 2013, an amount of HK\$62,663,000 was paid to a non-controlling interest which was fully secured by a land use right pledged to the Group. At 30 September 2013, amounts of HK\$232,355,000 (31 March 2013: HK\$262,798,000) were paid to independent third parties which are secured by the equity interests of certain PRC companies owned by the independent third parties. For the remaining deposits paid, no assets are pledged to secure the amounts paid by the Group. These deposits will be wholly refundable if the acquisition is terminated subsequently.
- (d) Included in loan receivables at 30 September 2013 is an amount of HK\$63,062,000 (31 March 2013: HK\$61,914,000) due from a non-controlling interest which is unsecured and interest-bearing at 6.56% per annum.

The remaining loan receivable from an independent third party of HK\$132,052,000 (31 March 2013: HK\$129,648,000) is interest-bearing at 9.50% per annum and is secured by the equity interest of a PRC company which engages in property development in the PRC.

The directors of the Company estimate that all of the loan receivables will be recovered within the next twelve months from the end of the reporting period. Accordingly, the amount is classified as current assets.

16. 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 2013 (unaudited) HK\$'000	31 March 2013 (audited) HK\$'000
0 – 30 days	122,834	218,424
31 – 60 days	33,258	39,730
61 – 90 days	86,125	54,660
Over 90 days	194,439	152,852
	436,656	465,666

17. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 September 2013 (unaudited) HK\$'000	31 March 2013 (audited) HK\$'000
CURRENT		
Bank loans – secured	926,379	898,925
Other loans – secured	1,653,487	1,239
Other loans – unsecured	<u>75,674</u>	<u>162,597</u>
	<u>2,655,540</u>	<u>1,062,761</u>
NON-CURRENT		
Bank loans – secured	3,031,348	2,072,143
Other loans – secured	<u>2,324,860</u>	<u>2,663,761</u>
	<u>5,356,208</u>	<u>4,735,904</u>
	<u>8,011,748</u>	<u>5,798,665</u>
Analysed into:		
Bank loans repayable:		
Within one year	720,490	779,335
In the second year	1,511,300	92,872
In the third to fifth years inclusive	<u>1,520,048</u>	<u>1,979,271</u>
	3,751,838	2,851,478
Bank loan that is repayable within one year from the end of the reporting period and contain a repayment on demand clause	<u>205,889</u>	<u>119,590</u>
	<u>3,957,727</u>	<u>2,971,068</u>
Other loans repayable:		
Within one year	1,729,161	163,836
In the second year	1,908,651	2,663,761
In the third to fifth year inclusive	<u>416,209</u>	<u>–</u>
	<u>4,054,021</u>	<u>2,827,597</u>
	<u>8,011,748</u>	<u>5,798,665</u>



17. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes:

- (a) The Group's other loans of HK\$2,742,190,000 (31 March 2013: HK\$1,902,633,000) and HK\$920,847,000 (31 March 2013: HK\$466,800,000) as at 30 September 2013 are borrowed from PRC trust companies and an independent third party respectively which carry interest ranging from 4% to 18.50% (31 March 2013: 14% to 18.50%) per annum and have repayment terms 1 year to 3 years (31 March 2013: 15 months to 3 years). They are secured by:
 - (i) certain properties under development of the Group with an aggregate carrying value of approximately HK\$675 million (31 March 2013: HK\$314 million);
 - (ii) the Group's 100% equity interests in three property-based subsidiaries;
 - (iii) corporate guarantees from certain subsidiaries of the Company; and
 - (iv) share charge over the entire issued capital of certain wholly-owned subsidiaries of the Company.
- (b) Included in other loans as at 30 September 2013 was an amount due to a non-controlling interest and an independent third party amounting to HK\$75,674,000 (31 March 2013: HK\$148,594,000) and HK\$315,310,000 (31 March 2013: HK\$309,570,000) which carried interest rate at 15% and 25% per annum respectively.
- (c) Certain of the Group's bank loans as at 30 September 2013 and 31 March 2013 are secured by:
 - (i) certain land and buildings of the Group with an aggregate carrying value of approximately HK\$170 million (31 March 2013: HK\$219 million);
 - (ii) certain bank deposits of the Group with an aggregate carrying value of approximately HK\$763 million (31 March 2013: HK\$724 million);
 - (iii) certain properties under development of the Group with an aggregate carrying value of approximately HK\$2,768 million (31 March 2013: HK\$2,130 million);
 - (iv) certain completed properties for sale of the Group with an aggregate carrying value of HK\$281 million (31 March 2013: nil);
 - (v) corporate guarantees from the Company and certain of its subsidiaries.

17. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

- (d) The ranges of effective interest rates (which also approximate to contracted interest rates) on the Group's interest-bearing bank and other borrowings are as follows:

	30 September 2013		31 March 2013	
	Borrowings HK\$'000	Interest rate	Borrowings HK\$'000	Interest rate
Effective interest rate:				
Fixed-rate borrowings	4,520,016	2.08% to 20%	3,225,979	2.08% to 20%
Variable-rate borrowings	3,582,541	2.55% to 14%	2,572,686	2.74% to 7.68%

The effective interest rate of variable-rate borrowings is based on People's Bank of China prescribed interest rate or Hong Kong Interbank Offered Rate or London Interbank Offered Rate plus a specified margin.

18. SHARE CAPITAL

	Number of ordinary shares	Nominal value HK\$'000
Authorised:		
Ordinary shares of HK\$0.10 each at 31 March 2013 and 30 September 2013	7,000,000,000	700,000
Issued and fully paid:		
Ordinary shares of HK\$0.10 each at 31 March 2013 and 30 September 2013	2,790,582,857	279,058

19. ACQUISITION OF A PROPERTY-BASED SUBSIDIARY

On 31 May 2012, the Group acquired 80% additional equity interest in an 20% associate of the Group, Goldwide Group Limited ("Goldwide"), from an independent third party for a cash consideration of HK\$551,347,000, whereby control was passed to the Group on completion date. Goldwide held a wholly-owned subsidiary, Shenyang Rongtian Real Estate Development Co., Ltd., an entity which is engaged in property development in the PRC. After the completion of the acquisition, Goldwide has become a wholly-owned subsidiary of the Group. This acquisition has been accounted for as purchase of assets and liabilities rather than as business combination because the assets acquired and liabilities assumed did not constitute a business as defined under HKFRS 3 "Business Combinations".

19. ACQUISITION OF A PROPERTY-BASED SUBSIDIARY (continued)

The net assets acquired in the above transaction are as follows:

	2012 (unaudited) HK\$'000
Net assets acquired:	
Property, plant and equipment	396
Pledged bank deposits	513,560
Properties under development	613,549
Completed properties for sale	115,489
Prepayment, deposits and other receivables	61,165
Amount due from the Group	70,819
Prepaid income tax	43,718
Cash and bank balances	54,333
Trade payables	(49,291)
Deposits received from pre-sale of properties	(751,569)
Other payables and accruals	(14,667)
Interest-bearing bank and other borrowings	(22,063)
	<u>635,439</u>
Satisfied by:	
Cash	551,347
Carrying value of the 20% interest held in Goldwide	84,092
	<u>635,439</u>

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of a property-based subsidiary was as follows:

	Six months ended 30 September 2012 (unaudited) HK\$'000
Cash consideration	(551,347)
Cash and bank balances acquired	<u>54,333</u>
Net outflow of cash and cash equivalents in respect of the acquisition of a property-based subsidiary	<u>(497,014)</u>

Included in the consolidated revenue and profit for the period ended 30 September 2012 is HK\$63,564,000 and HK\$19,646,000 respectively attributable to the additional business contributed by Goldwide as a result of the acquisition.

20. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had given guarantees as follows:

	30 September 2013 (unaudited) HK\$'000	31 March 2013 (audited) HK\$'000
Guarantees given to banks in connection with:		
– mortgage loans granted to property purchasers	3,730,116	4,042,960
– banking facilities granted to an associate (Note)	214,411	222,891
	<u>3,944,527</u>	<u>4,265,851</u>

Note: A counter-guarantee was given by the associate to the Group

The directors of the Company considered that the fair values of these financial guarantee contracts at their initial recognition are insignificant. At the end of reporting period, the directors of the Company consider that the possibility of default is low due to the basis of short maturity periods and low default rates.

21. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments:

	30 September 2013 (unaudited) HK\$'000	31 March 2013 (audited) HK\$'000
Contracted but not provided for:		
Acquisition of property-based subsidiaries	<u>63,062</u>	<u>61,914</u>
Authorised but not contracted for:		
Acquisition of investment properties	<u>216,933</u>	<u>212,984</u>



22. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances disclosed elsewhere in the notes to the condensed consolidated financial statements, the Group had the following significant transactions with related parties:
- (i) During the six months ended 30 September 2013, the Group received the net project management service income of HK\$10,016,000 (2012: HK\$11,750,000) from associates.
 - (ii) During the six months ended 30 September 2013, the Group received construction service income of the HK\$240,380,000 (2012: nil) from an associate.
- (b) Outstanding balances with related parties:
- (i) The amount due to a substantial shareholder of the Company represents amount due to Coastal International Holdings Limited (“CIH”), which holds 36.58% interests in the Company. The amount is unsecured, interest-free and repayable on demand.
 - (ii) The amounts due from associates of HK\$19,579,000 (31 March 2013: HK\$36,281,000) are non-trade, unsecured, interest-free and repayable on demand.
 - (iii) The amount due from an associate of HK\$151,835,000 (31 March 2013: HK\$119,079,000) represents trade and retention receivables balances due from Foshan Harmonious Realty Development Co., Ltd. The trade receivable balance is subject to normal credit term of 30 days (31 March 2013: 30 days), while the retention receivable balance is interest-free and recoverable at the end of the retention period of individual construction contracts ranging from 1 to 2 years (31 March 2013: ranging from 1 to 2 years).
 - (iv) The amount due from an associate represents amount due from Huizhou Shum Yip Southern Land Company Limited. The amount is unsecured and carries interest at PBOC interest rate.
 - (v) The amount due from a joint venture of HK\$126,124,000 (31 March 2013: HK\$123,828,000) represents an amount due from Beijing Huichao Real Estate Development Co., Ltd (“Beijing Huichao”). The amount is non-trade and secured by 11% equity interest in Beijing Huichao and interest bearing at 25% per annum.

During the period, the amount became recoverable within the next twelve months from the end of the reporting period. Accordingly, the amount is reclassified from non-current assets to current assets.

22. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties: (continued)

- (vi) The amount due from a joint venture of HK\$149,603,000 (31 March 2013: nil) represents an amount due from Wuhan Zhisheng Group Co., Ltd.. The amount is unsecured, interest-free and repayable after next twelve months from the end of the reporting period.
- (vii) The amounts due from joint ventures of HK\$587,601,000 (31 March 2013: HK\$75,535,000) are non-trade, unsecured, interest-free and repayable on demand.

(c) Compensation of key management personnel of the Group

	Six months ended	
	30 September	
	2013	2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Short term benefits	5,693	7,238
Share-based payments	–	136
Post-employment benefits	39	84
	<hr/>	<hr/>
Total compensation paid to key management personnel	5,732	7,458
	<hr/>	<hr/>

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at 30 September 2013	Fair value hierarchy	Valuation technique and key inputs
Held-for-trading investments	HK\$25,700,000	Level 1	Quoted prices (unadjusted) in active market for identical asset as at 30 September 2013

There were no transfers between Levels 1 and 2 in the current and prior periods.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.



INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2013 (2012: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the first half of the financial year, the Group has recorded a revenue of HK\$1,280.1 million, an increase of approximately 7% as compared to the HK\$1,197.8 million for the corresponding period in 2012. This increase was mainly attributable to the project management and construction service revenue of HK\$194.8 million. The Group commenced this operating segment in the second half of last year.

Profit before taxation for the period was HK\$131.7 million, an increase of approximately 47% from the corresponding period in 2012. Profit for the period attributable to owners of the Company was HK\$34.2 million, a decrease of approximately 60% from the corresponding period in 2012.

Property Development

During the period under review, the recognised revenue from property development segment was HK\$1,081.2 million, a decrease from HK\$1,192.4 million or approximately 9% from the corresponding period in 2012, whereas total GFA delivered by the Group increased to 145,161 sq.m. from 86,538 sq.m. in 2012. The property revenue for the period mainly came from the sale of Phase II section B1 of Dalian Jianzhu Project, Phase III of Anshan Wisdom New City, Phase IV of Dongguan Riviera Villa, Phase I of Dalian Coastal International Centre and Phase V section AB of Wuhan Silo City which respectively represented approximately 58%, 10%, 6%, 5% and 5% of the total property revenue. The remaining 16% was derived from sale of the prior phases of completed development projects.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

BUSINESS REVIEW (continued)

Property Development (continued)

During the period, the Group recorded contracted revenue of HK\$1,554 million and a total GFA of 170,158 sq.m., versus contracted revenue of HK\$1,958 million and a total GFA of 177,775 sq.m. for the corresponding period in 2012.

As at 30 September 2013, the Group has generated a total revenue of HK\$1,509 million from pre-sale of its properties under development with a total GFA of 168,172 sq.m., contributing mainly from Phase IV western sections A1 and A2 of Beijing Silo City, Phase VI of Dongguan Riviera Villa, Phase VI section A of Wuhan Silo City and Phase II section B2 of Dalian Jianzhu Project which are expected to be completed and delivered in the coming two years.

Property Investment

Revenue from property rental decreased by approximately 83% to HK\$0.3 million from HK\$1.8 million for the corresponding period in 2012. Rental income for the period mainly derived from retail shops in Beijing Silo City. The decrease was mainly due to the disposal of certain retail shops in Beijing Silo City towards the end of the second half of last year.

The loss for the property investment segment was HK\$0.2 million whereas the loss for the corresponding period was HK\$299.2 million, which was mainly caused by a revaluation deficit of HK\$300.3 million.

Property Management

The Group's property management operation recorded a profit of HK\$3.6 million for the period as compared to HK\$3.0 million for the corresponding period in 2012. 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.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

BUSINESS REVIEW (continued)

Project Management and Construction Service

In the second half of last year, the Group established project management and construction as one of its operating segments. Revenue and profit generated by this segment were HK\$194.8 million and HK\$40.1 million respectively.

Under the current business strategy, the Group will continue to devote efforts and resources in order to boost the business of this segment.

Project Investment Services

In recent years, the Group has been searching for co-investment opportunities in the development projects such that it can enlarge its property portfolio without escalating its financial burden.

During the period, the Group has established a new operating segment – project investment services in relation to its investment in property development/land development projects and subsequent sale of the whole or a partial of the equity interests in such projects which are usually transacted in the form of the acquisition and disposal of property-based entities in the PRC.

During the period under review, the Group generated a profit of about HK\$184.0 million from the operations of this segment. See the details in the following paragraph headed “Gain on disposal of a property-based subsidiary”.

Gross Profit Margin

The gross profit margin for the current period deteriorated to 24% from 30% for the same period in 2012. The decrease was mainly due to a lower selling price during the period and the increased proportion for the revenue of the relative low-profit-margin project management and construction service to the total revenue.

The gross profit margin for the current period was the same as the whole financial year of 2012.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

BUSINESS REVIEW (continued)

Other Income and Gains

Other income and gains for the current period was HK\$95.3 million as compared to HK\$137.2 million for the corresponding period in 2012. Other income for the period mainly represented the reversal of provision of legal claims of HK\$71.6 million (2012: nil), the interest income from banks of HK\$1.7 million (2012: HK\$26.7 million), subsidies from the local government of HK\$0.7 million (2012: HK\$20.4 million) and the net foreign exchange gain of HK\$3.3 million (2012: nil) on translation of the Company's United States dollar denominated debts into the Company's functional currency, Renminbi. Included in the last period's other income was the income of HK\$50.5 million from hotel operation of Marriott hotel at Suzhou Coastal International Centre which was disposed of in the second half of last year.

Marketing, Selling and Administrative Expenses

Marketing and selling expenses decreased to HK\$48.7 million from HK\$61.7 million as a result of the decrease in the Group's selling activities. The contracted revenue for the period decreased to HK\$1,554 million from HK\$1,958 million for the corresponding period in 2012.

Administrative expenses for the period was HK\$142.1 million as compared to HK\$111.6 million for the corresponding period in 2012. The increase was attributable to increase in staff costs. The Group will continue to implement cost control measures so as to enhance its operational efficiency and competitiveness.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

BUSINESS REVIEW (continued)

Other Expenses

Other expenses for the period decreased to HK\$41.8 million from HK\$127.4 million for the corresponding period in 2012. Other expenses mainly represented the interest compensation of HK\$12.7 million (2012: nil) for a delay in the handover of certain completed properties to the purchasers, other compensation of HK\$8.0 million (2012: HK\$1.4 million) to the property purchasers, and impairment loss recognised on trade and other receivables of HK\$5.3 million (2012: nil). Included in the last period's other expenses were depreciation provided for and hotel operation expenses of Marriott hotel in Suzhou amounting to HK\$57.3 million which was disposed of in the second half of last year and impairment loss on completed properties for sale of HK\$33.1 million.

Finance Costs

During the period, the Group incurred finance costs before capitalisation (mainly interest for bank and other borrowings) of HK\$392.4 million, representing an increase of approximately 71% as compared to the HK\$228.9 million incurred for last period. Interest expenses charged to profit or loss for the period were HK\$210.9 million as compared to last period's HK\$190.4 million. The increase was mainly attributable to an overall increase in the average level of bank and other borrowings as compared to last period.

Gain on disposal of a property-based subsidiary

In March 2013, the Group entered into a sale and purchase agreement with an independent third party to dispose of its 60% equity interest in a subsidiary, which holds a piece of land in the PRC, for a cash consideration of RMB280.0 million (equivalent to HK\$353.1 million). The disposal was completed during the period and realised a profit of about HK\$184.0 million.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

BUSINESS REVIEW (continued)

Gain on disposal of an associate

During the corresponding period in 2012, the Group entered into a sale and purchase agreement to dispose of 20.05% interest in Shanghai Fenghwa Group Co., Ltd. (“Shanghai Fenghwa”) to a third party for a total consideration of RMB452.4 million (equivalent to approximately HK\$553.2 million). The Group realised a profit of HK\$377.4 million in 2012.

Corporate Brand

Coastal Greenland, the corporate brand, had been ranked among the top ten most valuable Chinese real estate company brands for the ten consecutive years between 2004 and 2013 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.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL REVIEW

Financial Resources and Liquidity

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

At 30 September 2013, the Group's cash and bank deposits amounted to approximately HK\$2,710.2 million (31 March 2013: HK\$2,624.7 million). An analysis by currency denomination of the cash and bank deposits is as follows:

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Renminbi	2,698,806	2,202,557
Hong Kong dollar	2,827	238,332
United States dollar	8,590	183,827
	<u>2,710,223</u>	<u>2,624,716</u>

At 30 September 2013, the net borrowings of the Group, being interest-bearing bank and other borrowings less cash and bank balances and pledged bank deposits, amounted to approximately HK\$5,301.5 million (31 March 2013: HK\$3,173.9 million). Net debt to total equity ratio, which is expressed as a percentage of net borrowings over total equity of the Group, increased from 70% as at 31 March 2013 to 113% as at 30 September 2013. The increase in net debt to total equity ratio was mainly due to the increase in borrowings of the Group at 30 September 2013.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL REVIEW (continued)

Borrowings and Changes

At 30 September 2013, the level of bank and other borrowings of the Group and their maturity profile are as follows:

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Bank loans repayable:		
Within one year	720,490	779,335
In the second year	1,511,300	92,872
In the third to fifth years inclusive	1,520,048	1,979,271
Bank loan that is repayable within one year from the end of the reporting period and contain a repayment on demand clause	<u>205,889</u>	<u>119,590</u>
	<u>3,957,727</u>	<u>2,971,068</u>
Other borrowings repayable:		
Within one year	1,729,161	163,836
In the second year	1,908,651	2,663,761
In the third to fifth year inclusive	<u>416,209</u>	<u>–</u>
	<u>4,054,021</u>	<u>2,827,597</u>
	<u>8,011,748</u>	<u>5,798,665</u>

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL REVIEW (continued)

Borrowings and Changes (continued)

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

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Renminbi	6,755,458	4,692,571
Hong Kong dollar	197,490	119,590
United States dollar	<u>1,058,800</u>	<u>986,504</u>
	<u>8,011,748</u>	<u>5,798,665</u>

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 2013 were secured by:
- (i) certain land and buildings of the Group with an aggregate carrying value of approximately HK\$170 million (31 March 2013: HK\$219 million);
 - (ii) certain bank deposits of the Group with an aggregate carrying value of approximately HK\$763 million (31 March 2013: HK\$724 million);
 - (iii) certain properties under development of the Group with an aggregate carrying value of approximately HK\$3,443 million (31 March 2013: HK\$2,444 million);
 - (iv) certain completed properties for sale of the Group with an aggregate carrying value of approximately HK\$281 million (31 March 2013: nil);
 - (v) the Group's 100% equity interests in three property-based subsidiaries;
 - (vi) corporate guarantees from the Company and certain of its subsidiaries; and
 - (vii) share charge over the entire issued capital of certain wholly-owned subsidiaries of the Group.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL REVIEW (continued)

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. Renminbi continued to appreciate against Hong Kong dollars and United States dollar. The Group's major assets, mainly property development projects, are located in the PRC and will generate Renminbi revenue to the Group. Except certain bank and other loans which are denominated in United States dollar or Hong Kong dollar, most of the Group's liabilities are denominated in Renminbi. Therefore, the Directors do not foresee that movement in the exchange rates of foreign currencies against Renminbi in the foreseeable future will cause a material adverse impact on the Group's operations.

Contingent Liabilities

At 30 September 2013, the Group had given guarantees to the extent of approximately HK\$3,730.1 million (2013: HK\$4,043.0 million) to banks in respect of mortgage loan facilities granted to the property purchasers. The Group had also given guarantees amounting to approximately HK\$214.4 million (2013: HK\$222.9 million) to banks in connection with banking facility granted to the associate, against which a counter-guaranteed was given by the associate to the Group.

EMPLOYEES AND REMUNERATION POLICY

The Group employs a total of approximately 1,800 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.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

PROSPECTS

In the first half of 2013, the government continuously implemented various tightening policies, such as the restrictions on acquisition of commodity houses, the mortgage policy and the additional decree of taxation on property transactions, with a view to regulating and tempering the property market. However, due to robust demand, both the prices and the number of transactions continued to rise despite these austerity measures were in place. Property developers' appetite in the land acquisition remained strong. The Group considers that the property developers will continue to face a challenging environment because of the intense competition and a volatile real estate market.

Notwithstanding the opaque circumstances, the Group is optimistic about the real estate market which is buttressed by the government's macro-economic policy, namely 'stabilizing growth, restructuring the economy and promoting reforms'. Other long term favorable factors include steady economic growth, continuous urbanization growth leading to increasing the number of first-time home-buyers and the middle-class' desire to improve living conditions. The Group will consistently review and evaluate its business strategy in view of the evolving economic and regulatory environment. In recent years, the Group has been searching for co-investment opportunities in the development projects such that it can enlarge its property portfolio without escalating its financial burden. The Group is keen to promote its new business segment of project investment service as well as project management and construction.

The Group has a pre-eminent brand and consummate experience in the property market. It will heed its geographically well-distributed and diversified prominent property portfolio. It will continue to optimizes the land reserves, ameliorate the competitiveness of its products and the project management and construction services. Finally, the Group will strenuously appraise various sources of funding so as to consolidate its financial capability for sustainable development in the foreseeable future.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 September 2013, the interests (including short positions) of the directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

(A) Interests in shares and underlying shares of the Company

(i) Interests in the ordinary shares of the Company

Name of director	Notes	Number of shares held, or short positions capacity and nature of interest		Percentage of the Company's issued share capital
		Directly beneficially owned	Through controlled corporation	
Mr. Jiang Ming	(a), (b) and (c)	–	1,020,841,319 (L) – (S)	36.58%
Mr. Tao Lin	(a), (b) and (c)	–	1,020,841,319 (L) – (S)	36.58%
Ms. Wang Hongmei	(a), (b) and (c)	–	1,020,841,319 (L) – (S)	36.58%
Mr. Cai Shaobin	(a), (b) and (c)	33,134,000 (L) – (S)	–	1.19%

L: Long position

S: Short position



DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES (continued)

(A) Interests in shares and underlying shares of the Company (continued)

(i) Interests in the ordinary shares of the Company (continued)

Notes:

- (a) 484,280,792 shares are beneficially owned by Coastal International Holdings Limited ("CIH"), of which the entire issued voting share capital is held as to 37.58% by Mr. Jiang Ming, 5.38% by Mr. Tao Lin, 21.42% by Great Scope Investments Limited (the entire issued voting share capital of which is held by Mr. Jiang Ming) and 5.38% by Cyberich Development Limited (the entire issued voting share capital of which is held by Ms. Wang Hongmei). These 484,280,792 shares represent an aggregate of approximately 17.35% of the issued share capital of the Company.
 - (b) 52,350,000 shares are beneficially owned by Glory View Investments Limited, of which the entire issued voting share capital is held by CIH. The issued voting share capital of CIH is held in the manner as stated in the foregoing note (a). These 52,350,000 shares represent an aggregate of approximately 1.88% of the issued share capital of the Company.
 - (c) 484,210,527 shares are beneficially owned by Coastal Enterprise Group Limited, of which the entire issued voting share capital is held by CIH. The issued voting share capital of CIH is held in the manner as stated in the foregoing note (a). These 484,210,527 shares represent an aggregate of approximately 17.35% of the issued share capital of the Company.
- (ii) The interests of the directors in the share options of the Company are separately disclosed under the heading "Share option scheme" below.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES (continued)

(B) Interests in shares of the associated corporation of the Company

*Long positions in shares of Coastal International Holdings Limited ("CIH")
(a substantial shareholder of the Company)*

Name of director	Number of shares held	Capacity and nature of interest	Percentage of the associated corporation's issued share capital
Mr. Jiang Ming	3,758	Directly beneficially owned	37.58%
	2,142	Through controlled corporation	21.42%
Mr. Tao Lin	538	Directly beneficially owned	5.38%
Ms. Wang Hongmei	538	Through controlled corporation	5.38%

Save as disclosed above, as at 30 September 2013, none of the directors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Share option scheme" below, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors of the Company or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.



SHARE OPTION SCHEME

On 24 September 2002, the Company adopted a share option scheme (the “Scheme 2002”) in compliance with the amendments to the Listing Rules regarding share option scheme announced by the Stock Exchange. The Company subsequently terminated the Scheme 2002 as the Scheme 2002 is due to expire on 23 September 2012 and adopted a new share option scheme (the “Scheme 2011”) on 14 September 2011 at the Company’s annual general meeting. All the outstanding share options granted under the Scheme 2002 were lapsed upon expiry of the exercisable period of the share options.

The purpose of the Scheme 2011 are to provide incentives or rewards to eligible participants (“Participants”) (as defined in the Scheme 2011, and include the employees and directors of the Company and its subsidiaries) thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. The principal terms of the Scheme 2011 are summarised in appendix II to the Company’s circular dated 25 July 2011.

Up to the date of this report, no options under the Scheme 2011 were granted since its adoption on 14 September 2011.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

Apart from the interests of CIH as disclosed under the heading "Directors' interests in shares and underlying shares" above, the register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30 September 2013, the Company had been notified of the following interests of 5% or more in the issued share capital of the Company:

Name	Nature of Interest	Number of ordinary shares held or short positions	Percentage of the Company's issued share capital
Ms. Yang Sun Xin	Family (Note)	1,020,841,319 (L)	36.94%
Shenzhen Investment Limited	Corporate	631,092,857 (L)	22.62%

L: Long position

Note: Ms. Yang Sun Xin is the spouse of Mr. Jiang Ming (a director of the Company) and is deemed to be interested in the 1,020,841,319 shares of the Company, which is the aggregate number of shares that CIH and its wholly-owned subsidiaries, Glory View Investments Limited and Coastal Enterprise Group Limited, are interested in the issued share capital of the Company as disclosed under the heading "Directors' interests in shares and underlying shares" above.

Save as disclosed above, as at 30 September 2013, no persons, other than the directors of the Company, whose interests are set out in the section "Directors' interests in shares and underlying shares" above, had registered an interest or a short position in the shares or underlying shares of the Company that was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.



CORPORATE GOVERNANCE

The Company is committed to ensure high standards of corporate governance in the interest of all its shareholders. The Company has applied and complied with the applicable code provisions set out in the Corporate Governance Code and Corporate Governance Report (“CG Code”) contained in Appendix 14 of the Listing Rules, except for below deviations:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual for a balance of power and authority. Mr. Jiang Ming is the chairman and managing director of the Company. Mr. Jiang Ming is the founder and a substantial shareholder of the Company and has considerable industry experience. The board of directors of the Company (the “Board”) considers that this situation will not impair the balance of power and authority between the Board and the management of the Company. This is because the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals with demonstrated integrity. Further, decisions of the Board are made by way of majority voting. The Board believes that this structure is conducive to strong, prompt response and efficient management and implementation.

Code provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings. Two non-executive directors were unable to attend the annual general meeting of the Company held on 3 September 2013 due to other important engagement.



COMMITTEES

AUDIT COMMITTEE

The Audit Committee was established with specific written terms of reference which were revised in December 2005 to align with the CG Code requirements. The Audit Committee's primary roles are to review the Group's financial reporting process, internal control system and corporate governance issues and to make relevant recommendations to the Board.

All the Audit Committee members are independent non-executive directors. The members of the Committee are Mr. Chen Xiaotian (Committee Chairman), Mr. Wong Kai Cheong and Mr. Yang Jian Gang.

REMUNERATION COMMITTEE

The Remuneration Committee was established with specific written terms of reference. The Remuneration Committee's principal roles are to make recommendations to the Board on the remuneration policy and structure for directors and senior management and to review and determine the specific remuneration packages of all executive directors and senior management.

The Remuneration Committee consists of two independent non-executive directors (including the Committee Chairman) and one executive director. The current members are Mr. Yang Jian Gang (Committee Chairman), Mr. Wong Kai Cheong and Mr. Jiang Ming.

NOMINATION COMMITTEE

The Nomination Committee comprises one executive director, Mr. Jiang Ming (Committee Chairman), and two independent non-executive directors, Mr. Chen Xiaotian and Mr. Wong Kai Cheong. The Nomination Committee is provided with sufficient resources to discharge its duties and can access to independent external professional advice in accordance with the Company's policy if considered necessary.

The primary duties of the Nomination Committee are, inter alia, to review the structure, size and composition of the Board, identify individuals suitably qualified to become Board members, assess the independence of independent non-executive directors and make recommendations to the Board on the appointment or reappointment of directors and succession planning for directors.



COMMITTEES (continued)

INVESTMENT COMMITTEE

The Investment Committee was established with specific written terms of reference. The Investment Committee's principal roles are to review, pursue and evaluate investment opportunities in property development and investment projects and to approve and execute such investments within the limit as delegated and authorised by the Board from time to time.

The members of the Committee are Mr. Tao Lin (Committee Chairman), Mr. Cai Shaobin and Ms. Wang Hongmei.

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 2013.

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 2013.

REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements of the Company for the six months ended 30 September 2013 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.

By Order of the Board
Jiang Ming
Chairman

Hong Kong, 28 November 2013