# COASTAL GREENLAND LIMITED
# 沿海綠色家園有限公司*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 01124)**

## ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2013

**HIGHLIGHTS:**

1. Revenue for the year amounted to about HK$3,717 million, a decrease of about 48% from last year.

2. Profit for the year attributable to owners of the Company was about HK$93 million, a decrease of about 85% from last year.

3. Contracted sales for the year amounted to about HK$3,567 million, an increase of 18% from last year.

4. Net debt to equity ratio was 70% which marked an improvement from last year's 87%.

The Board of Directors (the "Board") of Coastal Greenland Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2013, together with comparative figures for the previous year, as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 March 2013*

| | Notes | 2013 | 2012 |
|---|---|---|---|
| | | *HK$'000* | *HK$'000* |
| | | | (restated) |
| Revenue | 3 | **3,717,094** | 7,177,603 |
| Cost of sales | | **(2,829,710)** | (4,835,907) |
| Gross profit | | **887,384** | 2,341,696 |
| Decrease in fair value of investment properties | | **(313,143)** | (56,291) |
| Decrease in fair value of held-for-trading investment | | **(4,322)** | – |
| Fair value gain on warrants | | **–** | 960 |
| Impairment loss on goodwill | | **–** | (90,205) |
| Loss on disposal of property-based subsidiaries | | **(66,742)** | – |
| Other income and gains | 4 | **483,549** | 357,267 |
| Marketing and selling expenses | | **(136,720)** | (106,380) |
| Administrative expenses | | **(335,264)** | (246,856) |
| Other expenses | | **(179,724)** | (245,260) |
| Finance costs | 5 | **(304,118)** | (394,677) |
| Share of losses of associates | | **(3,088)** | (14,330) |
| Share of loss of jointly controlled entities | | **(1,072)** | – |
| Gain on disposal of an associate | | **377,423** | – |
| Profit before taxation | | **404,163** | 1,545,924 |
| Taxation | 6 | **(320,931)** | (949,826) |
| **Profit for the year** | 7 | **83,232** | 596,098 |
| Other comprehensive income (expense) | | | |
| Exchange differences arising on translation to presentation currency | | **2,874** | 167,425 |
| Surplus on revaluation of buildings | | **1,566** | 21,056 |
| Deferred tax liability arising on revaluation of buildings | | **(259)** | (4,178) |
| Other comprehensive income for the year | | **4,181** | 184,303 |
| **Total comprehensive income for the year** | | **87,413** | 780,401 |
| Profit (loss) for the year attributable to: | | | |
| Owners of the Company | | **92,567** | 604,069 |
| Non-controlling interests | | **(9,335)** | (7,971) |
| | | **83,232** | 596,098 |
| Total comprehensive income (expense) attributable to: | | | |
| Owners of the Company | | **96,280** | 784,656 |
| Non-controlling interests | | **(8,867)** | (4,255) |
| | | **87,413** | 780,401 |
| | | ***HK cents*** | *HK cents* |
| Earnings per share | 8 | | |
| Basic and diluted | | **3.32** | 21.65 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
*At 31 March 2013*

| | Notes | 31.3.2013 HK$'000 | 31.3.2012 HK$'000 (restated) | 1.4.2011 HK$'000 (restated) |
|---|---|---|---|---|
| **NON-CURRENT ASSETS** | | | | |
| Property, plant and equipment | | **251,068** | 1,005,929 | 982,946 |
| Investment properties | | **226,222** | 1,645,526 | 1,760,155 |
| Prepaid land lease payments | | **54,641** | 55,832 | 55,084 |
| Goodwill | | **–** | – | 86,771 |
| Interests in associates | | **178,124** | 419,887 | 349,266 |
| Interests in jointly controlled entities | | **159,897** | – | – |
| Amount due from an associate | | **240,087** | – | – |
| Amount due from a jointly controlled entity | | **123,828** | – | – |
| Available-for-sale investments | | **175,329** | 2,960 | 2,960 |
| Pledged bank deposits | | **–** | – | 61,940 |
| Total non-current assets | | **1,409,196** | 3,130,134 | 3,299,122 |
| **CURRENT ASSETS** | | | | |
| Properties under development | | **6,865,152** | 6,059,972 | 9,008,028 |
| Completed properties for sale | | **1,376,209** | 2,668,152 | 1,423,624 |
| Trade receivables | 9 | **37,755** | 265,619 | 44,358 |
| Prepayments, deposits and other receivables | | **2,763,480** | 1,366,384 | 1,853,299 |
| Amounts due from associates | | **155,360** | 113,324 | 37,726 |
| Amount due from a jointly controlled entity | | **75,535** | – | – |
| Held-for-trading investment | | **22,306** | – | – |
| Prepaid tax | | **4,481** | 5,913 | 167,206 |
| Pledged bank deposits | | **831,631** | 601,447 | 543,668 |
| Cash and bank balances | | **1,793,085** | 1,913,030 | 1,897,256 |
| | | **13,924,994** | 12,993,841 | 14,975,165 |
| Assets classified as held for sale | | **674,722** | 51,042 | 60,072 |
| Total current assets | | **14,599,716** | 13,044,883 | 15,035,237 |
| **CURRENT LIABILITIES** | | | | |
| Trade payables | 10 | **465,666** | 500,585 | 317,928 |
| Deposits received from pre-sales of properties | | **1,362,164** | 864,298 | 4,973,372 |
| Other payables and accruals | | **1,431,708** | 1,652,001 | 1,471,314 |
| Amount due to a customer for contract work | | **14,351** | – | – |
| Amount due to a substantial shareholder of the Company | | **16,638** | 11,594 | 12,156 |
| Amounts due to associates | | **–** | 67,085 | – |
| Tax payable | | **1,439,737** | 1,545,788 | 1,488,774 |
| Interest-bearing bank and other borrowings | | **1,062,761** | 5,036,936 | 1,531,547 |
| Derivative financial liability – warrants | | **–** | – | 960 |
| | | **5,793,025** | 9,678,287 | 9,796,051 |
| Liabilities classified as held for sale | | **557,891** | – | – |
| Total current liabilities | | **6,350,916** | 9,678,287 | 9,796,051 |
| **NET CURRENT ASSETS** | | **8,248,800** | 3,366,596 | 5,239,186 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **9,657,996** | 6,496,730 | 8,538,308 |

| | Notes | **31.3.2013** | 31.3.2012 | 1.4.2011 |
|---|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* | *HK$'000* |
| | | | *(restated)* | *(restated)* |
| **CAPITAL AND RESERVES** | | | | |
| Share capital | | **279,058** | 279,058 | 279,058 |
| Reserves | | **4,145,912** | 4,049,021 | 3,258,978 |
| Equity attributable to owners of the Company | | **4,424,970** | 4,328,079 | 3,538,036 |
| Non-controlling interests | | **80,036** | 70,788 | 75,043 |
| Total equity | | **4,505,006** | 4,398,867 | 3,613,079 |
| **NON-CURRENT LIABILITIES** | | | | |
| Interest-bearing bank and other borrowings | | **4,735,904** | 1,310,092 | 4,215,043 |
| Long term payable | | **–** | – | 59,365 |
| Deferred tax liabilities | | **417,086** | 787,771 | 650,821 |
| Total non-current liabilities | | **5,152,990** | 2,097,863 | 4,925,229 |
| | | **9,657,996** | 6,496,730 | 8,538,308 |

## NOTES:

### 1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance.

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")/CHANGES IN ACCOUNTING POLICIES

#### (a) Interest in jointly controlled entities

In the prior years, the Group recognised its interests in jointly controlled entities using proportionate consolidation. The Group's share of each of the assets, liabilities, income and expenses of the jointly controlled entities were combined with the Group's similar line items, line by line, in the consolidated financial statements.

In December 2012, the Group acquired a jointly controlled entity which is engaged in property development in the People's Republic of China (the "PRC"). During the year ended 31 March 2013, the directors of the Company have re-assessed the Group's accounting policy for interests in jointly controlled entities and are of the view that the adoption of equity method to account for its interests in jointly controlled entities will be more in line with the prevailing industry practice adopted by the PRC property developers and will provide more relevant information in the consolidated financial statements.

Under the equity method, interests in jointly controlled entities are initially recognised in the consolidated statement of financial position at cost and are adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities. The change in accounting policy has been applied retrospectively in accordance with Hong Kong Accounting Standard 8 "Accounting Policies, Change in Accounting Estimates and Errors", and the directors of the Company consider that this change in accounting policy has had no material effect on the financial positions of the Group as at 1 April 2011 and 31 March 2012 nor the profit or loss for the year ended 31 March 2012. The assets and liabilities as well as income and expenses of the Group's jointly controlled entity is now presented as separate line items in the consolidated statement of financial position and in the consolidated statement of comprehensive income respectively.

#### (b) Application of amendments to HKFRS

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA:

| | |
|---|---|
| Amendments to HKFRS 7 | Financial Instruments: Disclosures – Transfer of Financial Assets |
| Amendments to HKAS 12 | Deferred Tax: Recovery of Underlying Assets |
| Amendments to HKAS 1 | As part of the Annual Improvements to HKFRSs 2009-2011 Cycle issued in 2012 |

***Amendments to HKAS 12 "Deferred Tax – Recovery of Underlying Assets"***

Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors of the Company reviewed the Group's investment property portfolios and concluded that the Group's investment properties which are all situated in the PRC are not held under a business model whose objective is to consume substantially all of the economic benefits embodies in the investment properties over time, and that the presumption set out in the amendments to HKAS 12 is not rebutted.

As a result of the application of the amendments to HKAS 12, the Group recognised deferred taxes on changes in fair value of the investment properties taking into account the land appreciation tax ("LAT") and enterprise income tax ("EIT") payable upon sales of the investment properties. Previously, the Group recognised deferred taxes on changes in fair value of investment properties on the basis that the entire carrying amounts of the properties were recovered through use and did not recognise LAT on changes in fair value of investment properties.

The amendments to HKAS 12 have been applied retrospectively, resulting in the Group's deferred tax liabilities being increased by HK$161,271,000 and HK$165,597,000 as at 31 March 2012 and 1 April 2011 respectively, with the corresponding adjustments recognised as a deduction of retained profits. In addition, the application of the amendments has resulted in the Group's income tax expenses for the years ended 31 March 2013 and 31 March 2012 being decreased by HK$159,754,000 and HK$10,638,000 respectively and hence resulted in the profit for the years ended 31 March 2013 and 31 March 2012 being increased by HK$159,754,000 and HK$10,638,000 respectively.

***Amendments to HKAS 1 Presentation of Financial Statements (as part of the Annual Improvements to HKFRSs 2009-2011 Cycle issued in June 2012)***

Various amendments to HKFRSs were issued in June 2012, the title of which is Annual Improvements to HKFRSs 2009-2011 Cycle. The effective date of these amendments is annual periods beginning on or after 1 January 2013.

In the current year, the Group has applied for the first time the amendments to HKAS 1 in advance of the effective date (annual periods beginning on or after 1 January 2013).

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

In the current year, the Group has applied the amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" for the first time, which has resulted in a material effect on the information in the consolidated statement of financial position as at 1 April 2011. In accordance with the amendments to HKAS 1, the Group has therefore presented a third statement of financial position as at 1 April 2011 without the related notes.

**(c) Summary of the effects of the above changes in accounting policies**

The effects of the changes in accounting policies described above on the results for the current and preceding years by line items presented in the consolidated statement of comprehensive income is as follows:

| | **For the year ended 31 March** | |
|---|---|---|
| | **2013** | 2012 |
| | ***HK$'000*** | *HK$'000* |
| Decrease in taxation and increase in profit for the year attributable to owners of the Company | **159,754** | 10,638 |
| Increase (decrease) in exchange differences arising on translation to presentation currency and other comprehensive income attributable to owners of the Company | **463** | (6,312) |
| Increase in total comprehensive income attributable to owners of the Company | **160,217** | 4,326 |

The effects of the changes in accounting policies described above on the financial positions of the Group as at the end of the immediately preceding financial year, i.e. 31 March 2012, is as follows:

| | As at 31 March 2012 (originally stated) | Adjustments | As at 31 March 2012 (restated) |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Deferred tax liabilities and total effects on net assets | (626,500) | (161,271) | (787,771) |
| Retained profits | (2,139,825) | 150,940 | (1,988,885) |
| Exchange fluctuation reserve | (775,370) | 10,331 | (765,039) |
| Total effects on equity | (2,915,195) | 161,271 | (2,753,924) |

The effects of the changes in accounting policies described above on the financial positions of the Group as at the beginning of the comparative year, i.e. 1 April 2011, is as follows:

| | As at 1 April 2011 (originally stated) | Adjustments | As at 1 April 2011 (restated) |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Deferred tax liabilities and total effects on net assets | (485,224) | (165,597) | (650,821) |
| Retained profits | (1,540,549) | 161,578 | (1,378,971) |
| Exchange fluctuation reserve | (605,349) | 4,019 | (601,330) |
| Total effects on equity | (2,145,898) | 165,597 | (1,980,301) |

The effects of changes in accounting policies above on the Group's basic and diluted (loss) earnings per share for the current and prior years are as follows:

| | **For the year ended 31 March** | |
|---|---|---|
| | **2013** | 2012 |
| | ***HK Cents*** | *HK Cents* |
| Basic and diluted (loss) earnings per share before adjustments | **(2.40)** | 21.27 |
| Adjustments arising from change in accounting policy in relation to application of amendments to HKAS 12 | **5.72** | 0.38 |
| Reported basic and diluted earnings per share | **3.32** | 21.65 |

**(d) New and revised HKFRSs issued but not yet effective**

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

| | |
|---|---|
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2009-2011 Cycle except for the amendments to HKAS 1[1] |
| Amendments to HKFRS 7 | Disclosures – Offsetting Financial Assets and Financial Liabilities[1] |
| Amendments to HKFRS 9 and HKFRS 7 | Mandatory Effective Date of HKFRS 9 and Transition Disclosures[2] |
| Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 | Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1] |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 27 | Investment Entities[4] |
| HKFRS 9 | Financial Instruments[2] |
| HKFRS 10 | Consolidated Financial Statements[1] |
| HKFRS 11 | Joint Arrangements[1] |
| HKFRS 12 | Disclosure of Interests in Other Entities[1] |
| HKFRS 13 | Fair Value Measurement[1] |
| HKAS 19 (as revised in 2011) | Employee Benefits[1] |
| HKAS 27 (as revised in 2011) | Separate Financial Statements[1] |
| HKAS 28 (as revised in 2011) | Investments in Associates and Joint Ventures[1] |
| Amendments to HKAS 1 | Presentation of Items of Other Comprehensive Income[3] |
| Amendments to HKAS 32 | Offsetting Financial Assets and Financial Liabilities[4] |
| Amendments to HKAS 36 | Recoverable Amount Disclosures for Non-Financial Assets[4] |
| HK(IFRIC) – Int 20 | Stripping Costs in the Production Phase of a Surface Mine[1] |
| HK(IFRIC) – Int 21 | Levies[4] |

1 Effective for annual periods beginning on or after 1 January 2013.
2 Effective for annual periods beginning on or after 1 January 2015.
3 Effective for annual periods beginning on or after 1 July 2012.
4 Effective for annual periods beginning on or after 1 January 2014.

***HKFRS 9 Financial Instruments***

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors of the Company anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2015 and that the application of the new standard may have impact on amounts reported in respect of the classification and measurement of the Group's available-for-sale investments and it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

***New and revised standards on consolidation, joint arrangements, associates and disclosures***

In June 2012, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK(SIC)-Int 12 "Consolidation – Special Purpose Entities". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures" and HK(SIC)-Int 13 "Jointly Controlled Entities – Non-Monetary Contributions by Ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The directors of the Company anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of these five standards will have no material impact on the results and the financial position of the Group but would result in more extensive disclosures in the consolidated financial statements.

***HKFRS 13 "Fair Value Measurement"***

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial Instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the new standard will have no material impact on the results and the financial position of the Group but may result in more extensive disclosures in the consolidated financial statements.

***Amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income"***

The amendments to HKAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the 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' and an 'income statement' is renamed as a 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, 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 to HKAS 1 are effective for annual periods beginning on or after 1 July 2012.

The directors of the Company anticipate that the amendments to HKAS 1 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Other than disclosed above, the application of the other new or revised HKFRSs will have no material impact on the results and 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 reports 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 year ended 31 March 2013, the Group identified a new operating segment – project management and construction of its provision of project management and construction services in the PRC. The comparative information for the year ended 31 March 2012 has been re-presented accordingly. 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; and

(d) the project management and construction segment engages in the provision of project management and construction services in the PRC.

## Segment revenue and results

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

| | Property development | | Property investment | | Property management | | Project management and construction | | Total | | Eliminations | | Consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **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* |
| Segment revenue: | | | | | | | | | | | | | | |
| Sales to external customers | **3,333,167** | 7,162,960 | **2,602** | 8,555 | **7,188** | 6,088 | **374,137** | – | **3,717,094** | 7,177,603 | **–** | – | **3,717,094** | 7,177,603 |
| Inter-segment revenue | **–** | – | **–** | – | **–** | – | **158,074** | 55,100 | **158,074** | 55,100 | **(158,074)** | (55,100) | **–** | – |
| Total | **3,333,167** | 7,162,960 | **2,602** | 8,555 | **7,188** | 6,088 | **532,211** | 55,100 | **3,875,168** | 7,232,703 | **(158,074)** | (55,100) | **3,717,094** | 7,177,603 |
| Segment profits (losses) | **576,334** | 2,054,208 | **(256,505)** | (57,493) | **9,047** | 1,907 | **57,017** | 23,682 | **385,893** | 2,022,304 | **(21,192)** | (23,682) | **364,701** | 1,998,622 |
| Income from hotel operation | | | | | | | | | | | | | **70,000** | 89,900 |
| Expenses of hotel operation | | | | | | | | | | | | | **(74,042)** | (134,879) |
| Net foreign exchange gains | | | | | | | | | | | | | **3,852** | 48,194 |
| Fair value gain on warrants | | | | | | | | | | | | | **–** | 960 |
| Interest income | | | | | | | | | | | | | **31,656** | 6,066 |
| Finance costs | | | | | | | | | | | | | **(304,118)** | (394,677) |
| Amortisation of prepaid land lease payments | | | | | | | | | | | | | **(1,393)** | (1,381) |
| Share of losses of associates | | | | | | | | | | | | | **(3,088)** | (14,330) |
| Share of loss of a jointly controlled entity | | | | | | | | | | | | | **(1,072)** | – |
| Gain on disposal of of an associate | | | | | | | | | | | | | **377,423** | – |
| Gain on disposal of financial assets designated at fair value through profit or loss | | | | | | | | | | | | | **29,173** | – |
| Other net unallocated expense | | | | | | | | | | | | | **(88,929)** | (52,551) |
| Profit before taxation | | | | | | | | | | | | | **404,163** | 1,545,924 |

Inter-segment revenue is charged at amounts agreed by both parties.

Segment results represent 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, amortisation of prepaid land lease payments, change in fair value of warrants, interest income, finance costs, share of results of associates, share of results of a jointly controlled entity, gain on disposal of financial assets designated at fair value through profit or loss 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

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest income from banks | **31,656** | 6,066 |
| Gain on disposal of property, plant and equipment | **2,029** | 962 |
| Income from hotel operation | **70,000** | 89,900 |
| Forfeiture of deposits received | **139,114** | – |
| Net foreign exchange gains | **3,852** | 48,194 |
| Net project management service income from associates | **–** | 2,694 |
| Gain on disposal of property-based subsidiaries | **–** | 131,007 |
| Gain on disposal of an investment property | **121,556** | – |
| Gain on repurchase of senior notes | **–** | 1,110 |
| Subsidies from the local government | **39,725** | 15,895 |
| Gain on disposal of financial assets designated at fair value through profit or loss | **29,173** | – |
| Others | **46,444** | 61,439 |
| | **483,549** | 357,267 |

## 5. FINANCE COSTS

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest on bank loans wholly repayable within five years | **135,245** | 140,681 |
| Interest on bank loans not wholly repayable within five years | **49,601** | 52,297 |
| Interest on other loans wholly repayable within five years | **180,013** | 244,960 |
| Interest on senior notes | **94,242** | 155,995 |
| | **459,101** | 593,933 |
| Less: Amounts capitalised in properties under development | **(154,983)** | (199,256) |
| | **304,118** | 394,677 |

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

## 6. TAXATION

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | | (restated) |
| Current tax: | | |
| PRC EIT | | |
| Provision for the year | **391,034** | 323,381 |
| Underprovision in prior years | **–** | 1,889 |
| PRC LAT | **239,009** | 528,137 |
| PRC withholding tax | **40,244** | – |
| | **670,287** | 853,407 |
| Deferred tax | | |
| PRC LAT | **(213,005)** | (14,184) |
| Others | **(136,351)** | 110,603 |
| | **(349,356)** | 96,419 |
| Total tax charge for the year | **320,931** | 949,826 |

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 years.

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 Enterprise Income Tax (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.

As approved by a PRC tax bureau, a PRC subsidiary is subject to statutory tax rate of 25% on the assessable income, which is determined based on 8% of the subsidiary's revenue in accordance with the prescribed tax calculation method pursuant to the applicable PRC tax regulations.

## 7. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Depreciation of property, plant and equipment | **50,699** | 61,501 |
| Less: Amounts capitalised in properties under development | **(2,037)** | (2,991) |
| | **48,662** | 58,510 |
| Amortisation of prepaid land lease payments | **1,393** | 1,381 |

## 8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the Company of HK$92,567,000 (2012: HK$604,069,000 (restated)) and the number of 2,790,582,857 (2012: 2,790,582,857) ordinary shares in issue.

The calculation of diluted earnings per share for the years ended 31 March 2013 and 31 March 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 year.

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

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 – 30 days | **7,923** | 14,584 |
| 31 – 60 days | **1,123** | 618 |
| 61 – 90 days | **118** | 11,208 |
| Over 90 days | **28,591** | 239,209 |
| | **37,755** | 265,619 |

## 10. TRADE PAYABLES

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

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 – 30 days | **218,424** | 277,717 |
| 31 – 60 days | **39,730** | 21,445 |
| 61 – 90 days | **54,660** | 12,425 |
| Over 90 days | **152,852** | 188,998 |
| | **465,666** | 500,585 |

## DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 March 2013 (2012: nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

For the financial year ended 31 March 2013, the Group has recorded a revenue of HK$3,717 million, a decrease of about 48% as compared to the HK$7,178 million for last year. The decrease in the revenue for the year was attributable to lesser amount of properties were completed and delivered to purchasers during the year.

Profit before taxation for the year was HK$404.2 million, a decrease of about 74% as compared to the HK$1,545.9 million for last year. Profit for the year attributable to owners of the Company decreased by about 85% to HK$92.6 million.

### Revenue

The following table sets out an analysis of the Group's revenue together with the contribution to operating results by activity:

| | **Year ended 31 March** | | | |
|---|---|---|---|---|
| | **2013** | | 2012 | |
| | **Revenue** | **Contribution to operating results** | Revenue | Contribution to operating results |
| | ***HK$'000*** | ***HK$'000*** | *HK$'000* | *HK$'000* |
| Property development | **3,333,167** | **576,334** | 7,162,960 | 2,054,208 |
| Property investment *(Note)* | **2,602** | **(256,505)** | 8,555 | (57,493) |
| Property management | **7,188** | **9,047** | 6,088 | 1,907 |
| Project management and construction | **374,137** | **35,825** | – | – |
| Total | **3,717,094** | **364,701** | 7,177,603 | 1,998,622 |

*Note:* Contribution to operating results by the property investment activity included a deficit of HK$313.1 million (2012: deficit of HK$56.3 million) arising from the revaluation of investment properties.

The Group derived revenue for the year mainly from operations in the mainland of the PRC.

**Property Development**

During the year under review, the recognised sales revenue from property development segment was HK$3,333 million, representing a decrease of about 53% from last year's HK$7,163 million, which corresponds to a decrease by 34% in the total GFA delivered by the Group to 355,000 sq.m. (2012: 536,000 sq.m.). The property sales revenue for the period mainly came from the sale of Phase III of Shenyang Silo City, Phase II of Shanghai Riviera Garden, Phase IV of Dongguan Riviera Villa, Phase III of Anshan Wisdom New City and Phase I of Dalian Coastal International Centre which respectively represented about 25%, 18%, 12%, 8%, and 7% of the total property sales revenue. The remaining 30% was derived from sale of remaining inventory in the prior phases of the Group's completed development projects namely Beijing Silo City, Beijing Sunvilla Realhouse and Wuhan Silo City.

For the year ended 31 March 2013, the Group recorded contracted sales of HK$3,567 million (2012: HK$3,024 million), which corresponds to a total GFA of about 338,000 sq.m. (2012: 263,000 sq.m.).

As at 31 March 2013, the Group has generated total sales revenue of about HK$874 million from pre-sale of its properties under development with a total GFA of about 61,000 sq.m., contributing mainly from Phase II section B1 of Dalian Jianzhu Project, Phase IV western section A1A2 of Beijing Silo City and Phase V section A of Wuhan Silo City which are expected to be completed and delivered in the next financial year.

During the year ended 31 March 2013, the Group completed development projects, namely Phase III of Shenyang Silo City, Phase IV of Dongguan Riviera Villa and Phase III of Anshan Wisdom New City with a total GFA of approximately 304,000 sq.m. (2012: 653,030 sq.m.).

**Property Investment**

Revenue from property rental decreased by about 70% to HK$2.6 million from last year's HK$8.6 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 Suzhou Coastal International Centre and certain retail shops in Beijing Silo City during the year.

The property investment segment for the year recorded a loss of HK$256.5 million comparing to a loss of HK$57.5 million for last year as there was a revaluation deficit of investment properties of HK$313.1 million recorded for the year whereas a revaluation deficit of HK$56.3 million was recorded for last year.

Under the current business strategy, the Group will lessen its investment in the property investment segment.

**Property Management**

The Group's property management operations recorded a profit of about HK$9.0 million for the year as compared to last year's profit of HK$1.9 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.

**Project Management and Construction Service**

For the financial year, the Group has established project management and construction as one of its operating segments. Revenue generated and contribution to operating results made by this segment are HK$374 million and HK$35.8 million respectively for the year.

Under the current business strategy, the Group will devote more of its efforts and resources for boosting the business of this segment.

**Gross Profit Margin**

The gross profit margin for the year was about 24% which was lower than the gross profit margin for last year's 33%. The decrease was mainly due to a lower level of selling price attained for the properties completed and delivered to purchasers during the year.

**Other Income**

Other income for the year was HK$483.5 million as compared to HK$357.3 million for the last year. Other income for the year mainly represented the forfeiture of a deposit received of HK$139.1 million (2012: nil) in respect of a sale of a development project, the gain on disposal of an investment property of HK$121.6 million (2012: nil), the income of HK$70.0 million (2012: HK$89.9 million) from hotel operation of Marriott hotel at Suzhou Coastal International Centre, the interest income from banks of HK$31.7 million (2012: HK$6.1 million), subsidies from the PRC government of HK$39.7 million (2012: HK$15.9 million), gain on disposal of financial assets designated at fair value through profit or loss of HK$29.2 million (2012: nil) and the net foreign exchange gain of HK$3.9 million (2012: HK$48.2 million) on translation of the Company's United States dollar denominated debts into the Company's functional currency, Renminbi, which has appreciated against United States dollar during the year. Included in last year's other income was a gain on disposal of property-based subsidiaries of HK$131.0 million.

**Marketing, Selling and Administrative Expenses**

Marketing and selling costs increased by about 29% to HK$136.7 million from last year's HK$106.4 million in line with the increase in Group's contracted sales as compared to last year.

Administrative expenses for the year were HK$335.3 million as compared to last year's HK$246.9 million. The increase for the year was attributable to increase in staff costs by HK$32.9 million as lesser amount of staff costs was qualified for capitalisation and increase in professional fees and other operating expenses incurred to cope with the increase in the operating activities of the Group during the year. 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 year were HK$179.7 million as compared to last year's HK$245.3 million. Other expenses mainly represented the depreciation provided for and hotel operation expenses of Marriott hotel in Suzhou amounting to HK$74.1 million (2012: HK$134.9 million) and interest compensations of about HK$15.7 million (2012: HK$22.5 million) for a delay in the handover of certain completed properties to the purchasers. Included in last year's other expenses was a provision for legal claims of HK$69.5 million.

**Impairment loss on goodwill**

During the year ended 31 March 2012, the Group had fully impaired the amount of goodwill of HK$90.2 million as the properties developed by the cash generating unit in property segment to which the goodwill had been allocated were substantially sold at 31 March 2012.

**Finance Costs**

During the year, the Group incurred finance costs before capitalisation (mainly interest for bank and other borrowings, including senior notes) of HK$459.1 million, representing a decrease of about 23% as compared to the HK$593.9 million incurred for last year. Interest expenses charged to profit or loss for the year were HK$304.1 million as compared to last year's HK$394.7 million. The decrease was mainly due to the fact that certain bank and other borrowings have been repaid in the middle of the year although certain new bank and other borrowings were made towards the end of the year.

**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") out of its total shareholding of 21.13% interest to a third party for a total consideration of RMB452.4 million (equivalent to approximately HK$560.2 million). On 6 September 2012, the Group has completed the first tranche of the disposal for 10.64% interest in Shanghai Fenghwa to the buyer whereby the Group ceased to be able to exercise significant influence over Shanghai Fenghwa. This transaction has resulted in the Group recognising a gain of HK$377.4 million in profit or loss. On 20 September 2012 and 5 December 2012, the Group has completed the second tranche and the last tranche of the disposal for 2.13% interest and 7.28% interest in Shanghai Fenghwa respectively.

**Corporate Brand**

Coastal Greenland, the corporate brand, had been ranked among the top ten most valuable Chinese real estate company brands for the nine consecutive years between 2004 and 2012 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, and provision of project management and construction services supplemented by bank and other borrowings.

At 31 March 2013, the Group's cash and bank deposits amounted to approximately HK$2,625 million (2012: HK$2,514 million). An analysis by currency denomination of the cash and bank deposits is as follows:

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Renminbi | **2,202,557** | 2,384,061 |
| Hong Kong dollar | **238,332** | 1,051 |
| United States dollar | **183,827** | 129,365 |
| | **2,624,716** | 2,514,477 |

At 31 March 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 about HK$3,174 million (2012: HK$3,833 million). Net debt to total equity ratio, which is expressed as a percentage of net borrowings over total equity of the Group, decreased by about 17% to 70% from 87% (restated) last year.

Profit before interest, taxation, depreciation, amortisation and non-cash items arising from fair value adjustment for warrants issued by the Company, impairment loss on goodwill and fair value change of investment properties was about HK$1,270.7 million comparing to last year's HK$2,350.0 million on the same basis. Profit before interest, taxation, depreciation, amortisation and the non-cash items in respect of warrants, impairment loss on goodwill and fair value change of investment properties had a coverage of 2.77 times (2012: 3.96 times) over the interest costs for the financial year of HK$459.1 million (2012: HK$593.9 million).

**Borrowings and Charges**

At 31 March 2013, the level of bank and other borrowings of the Group and their maturity profile are as follows:

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Bank loans repayable: | | |
| Within one year | **779,335** | 2,499,008 |
| In the second year | **92,872** | 74,017 |
| In the third to fifth years inclusive | **1,979,271** | 302,502 |
| Beyond five years | **–** | 415,458 |
| Bank loan that is repayable within one year from the end of the reporting period and contain a repayment on demand clause | **119,590** | – |
| Bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause | **–** | 26,400 |
| | **2,971,068** | 3,317,385 |
| Other borrowings (including senior notes) repayable: | | |
| Within one year | **163,836** | 2,511,528 |
| In the second year | **2,663,761** | 518,115 |
| | **2,827,597** | 3,029,643 |
| | **5,798,665** | 6,347,028 |

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

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Renminbi | **4,692,571** | 4,514,637 |
| Hong Kong dollar | **119,590** | 28,600 |
| United States dollar | **986,504** | 1,803,791 |
| | **5,798,665** | 6,347,028 |

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 31 March 2013 were secured by:

 (i) certain land and buildings of the Group with an aggregate carrying value of approximately HK$219 million (2012: HK$86 million);

 (ii) certain bank deposits of the Group with an aggregate carrying value of approximately HK$724 million (2012: HK$423 million);

 (iii) certain properties under development of the Group with an aggregate carrying value of approximately HK$2,444 million (2012: HK$3,422 million);

 (iv) the Group's 90% and 100% equity interests respectively in two property-based subsidiaries;

 (v) corporate guarantees from the Company and certain of its subsidiaries; and

 (vi) share charge over the entire issued capital of certain wholly-owned subsidiaries of the Group.

 In addition to the securities as disclosed in the preceding, as at 31 March 2012, certain of the Group's bank and other loans were also secured by:

 (i) certain land and hotel property of the Group with an aggregate carrying value of HK$437 million;

 (ii) certain investment properties of the Group with an aggregate carrying value of HK$849 million; and

 (iii) certain completed properties for sale of the Group with an aggregate carrying value of HK$202 million.

(b) The senior notes (included in other borrowings) as at 31 March 2012 were secured by certain bank deposits of the Group amounting to approximately HK$62 million and share charges over the entire issued share capital of certain wholly-owned subsidiaries of the Company.

**Exposure to Fluctuations in Exchange Rates**

The Group's operations are principally in the PRC and accordingly a majority part of its income and expenditure is denominated in Renminbi. The exchange rates of Renminbi against Hong Kong dollar and United States dollar 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 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 31 March 2013, the Group had given guarantees to the extent of approximately HK$4,043 million (2012: HK$4,001 million) to banks in respect of mortgage loan facilities granted to the property purchasers. The Group had also given guarantees amounting to approximately HK$223 million (2012: HK$123 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 about 1,700 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 2012 and early 2013, we have seen that the central government continued its austerity policy on the real estate sector, which include measures such as home purchase restriction and tight credits for the sector in order to curb the speculation and investment demand. Despite the fact that the market has experienced a limited rebound over the past months attributing to certain extent to developers' downward adjusting pricing strategy, the Group considers that the real estate market remains volatile and challenging for property developers and the market competition among property developers will remain intense going forward.

Although facing a challenging environment, the Group is optimistic about the long-term development of the property market which is expected to be driven by the long-term continuous growth of China's economy, and the strong housing demand evolving from continuous urbanisation and desires for living environment improvement of the growing middle class. 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 in recent years is looking for co-investment opportunities in property development projects so that on the one hand it can expand its property development portfolio and on the other hand it does not cause too much debt burden. The Group is also diverting more of its efforts and resources to its newly established project management and construction operating segment so as to boost the business of this segment.

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 and project management and construction services. 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.

## 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 ("New CG Code") (previously known as Code on Corporate Governance Practices) contained in Appendix 14 of the Listing Rules, except for below deviation:

Code provision A.6.7 of the New CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings. One non-executive director was unable to attend the annual general meeting of the Company held on 3 September 2012 due to other important engagement. Two non-executive directors and one independent non-executive director were unable to attend the special general meeting of the Company held on 19 November 2012 due to other important engagements.

Further information is set out in the Corporate Governance Report contained in annual report for the year ended 31 March 2013.

## 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 year ended 31 March 2013.

## 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 year ended 31 March 2013.

## SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2013 as set out in the preliminary announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Deloitte Touche Tohmatsu on the preliminary announcement.

## 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 the review of the Group's consolidated financial statements for the year ended 31 March 2013.

## ANNUAL GENERAL MEETING

The 2013 Annual General Meeting ("AGM") of the shareholders of the Company will be held on Friday, 30 August 2013 at 2:30 p.m. and the Notice of AGM will be published and despatched to the shareholders in the manner as required by the Listing Rules in due course.

## CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 28 August 2013 to Friday, 30 August 2013 (both days inclusive), during which period no transfer of shares will be effected. In order to entitle to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 27 August 2013.

## PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The annual report of the Company for the year ended 31 March 2013 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
**Jiang Ming**
*Chairman*

Hong Kong, 27 June 2013

*As at the date of this announcement, the Board comprises Mr. Jiang Ming, Mr. Tao Lin, Mr. Cai Shaobin and Ms. Wang Hongmei as executive Directors, Mr. Lu Jiqiang and Dr. Dai Jingming as non-executive Directors and Mr. Chen Xiaotian, Mr. Wong Kai Cheong and Mr. Yang Jian Gang as independent non-executive Directors.*

* *For identification purpose only*