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 2010

HIGHLIGHTS:

1. Revenue for the year amounted to about HK$3,922 million, an increase of about 33% from last year.

2. Profit before interest, taxation, depreciation, amortisation and non-cash item arising from fair value adjustment for warrants issued by the Company was about HK$1,211 million, an increase of about 64% from last year on the same basis.

3. The profit attributable to owners of the Company for the year was about HK$209.6 million, a decrease of about 3% over that of last year.

4. As at 31 March 2010, the Group has pre-sold HK$4,649 million of properties under development with total gross floor area ("GFA") of about 333,200 sq.m. About HK$4,019 million of the HK$4,649 million pre-sale revenue is generated from development projects which are expected to be completed and delivered in the next financial year.

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 2010, together with comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Revenue	3	**3,922,033**	2,956,174
Cost of sales		**(3,101,354)**	(2,094,530)
Gross profit		**820,679**	861,644
Increase (decrease) in fair value of investment properties		**461,647**	(63,430)
Loss on disposal of a property-based subsidiary		**–**	(4,920)
Gain on partial disposal of a property-based subsidiary		**–**	2,380
Fair value (loss) gain on warrants		**(11,333)**	47,399
Gain on repurchase of senior notes		**–**	71,183
Other income	4	**59,497**	65,989
Marketing and selling costs		**(188,005)**	(157,879)
Administrative expenses		**(167,913)**	(168,794)
Other expenses		**(153,245)**	(39,153)
Finance costs	5	**(134,025)**	(87,377)
Share of (loss) profit of associates		**(2,075)**	21,647
Profit before taxation		**685,227**	548,689
Taxation	6	**(489,753)**	(332,888)
Profit for the year	7	**195,474**	215,801
Other comprehensive income			
Exchange differences arising on translation to presentation currency		**27,538**	89,474
Surplus (deficit) on revaluation of buildings		**13,307**	(4,794)
Deferred tax (liability) asset arising on revaluation of buildings		**(2,861)**	305
Other comprehensive income for the year		**37,984**	84,985
Total comprehensive income for the year		**233,458**	300,786
Profit for the year attributable to:			
Owners of the Company		**209,577**	215,008
Minority interests		**(14,103)**	793
		195,474	215,801
Total comprehensive income attributable to:			
Owners of the Company		**238,747**	293,614
Minority interests		**(5,289)**	7,172
		233,458	300,786
		HK cents	*HK cents*
Earnings per share	8		
Basic and diluted		**7.51**	7.70

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**906,169**	1,124,619
Investment properties		**1,712,070**	563,605
Prepaid land lease payments		**119,148**	97,507
Goodwill		**83,123**	82,861
Interests in associates		**223,285**	224,653
Available-for-sale investments		**2,960**	2,960
Pledged bank deposits		**971,522**	69,914
Total non-current assets		**4,018,277**	2,166,119
CURRENT ASSETS			
Properties under development		**7,768,062**	6,530,517
Completed properties for sale		**952,043**	1,889,426
Trade receivables	*9*	**50,872**	210,952
Prepayments, deposits and other receivables		**1,644,819**	1,795,120
Amounts due from associates		**31,172**	39,926
Prepaid tax		**68,017**	25,102
Pledged bank deposits		**314,153**	179,038
Cash and bank balances		**1,898,271**	1,654,690
Total current assets		**12,727,409**	12,324,771
CURRENT LIABILITIES			
Trade payables	*10*	**182,193**	232,333
Deposits received from pre-sales of properties and deferred revenue		**3,905,288**	3,111,219
Other payables and accruals		**1,707,644**	1,213,686
Amount due to a substantial shareholder of the Company		**17,124**	34,874
Amount due to a jointly controlled entity		**6,449**	6,444
Tax payable		**934,027**	695,450
Interest-bearing bank and other borrowings		**630,461**	1,460,825
Derivative financial liability – warrants		**18,663**	7,330
Total current liabilities		**7,401,849**	6,762,161
NET CURRENT ASSETS		**5,325,560**	5,562,610
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,343,837**	7,728,729
CAPITAL AND RESERVES			
Share capital		**279,058**	279,058
Reserves		**3,096,839**	2,848,706
Equity attributable to owners of the Company		**3,375,897**	3,127,764
Minority interests		**63,331**	490,046
Total equity		**3,439,228**	3,617,810
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**5,251,045**	3,529,996
Long term payables		**–**	729
Deferred tax liabilities		**653,564**	580,194
Total non-current liabilities		**5,904,609**	4,110,919
		9,343,837	7,728,729

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

In the current year, the Group has applied the following new and revised Hong Kong Accounting Standards ("HKAS"), amendments and Hong Kong (IFRIC) Interpretations ("HK(IFRIC) – Int") ("new and revised HKFRSs") issued by the HKICPA.

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

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

New and revised HKFRSs affecting presentation and disclosure only

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

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 "Operating Segments"

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purposes of allocating resources between segments and assessing their performance. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 "Segment Reporting".

Improving Disclosures about Financial Instruments
(Amendments to HKFRS 7 "Financial Instruments: Disclosures")

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

New and revised HKFRS affecting the reported results and/or financial position

Amendments to HKAS 40 "Investment Property"

As part of Improvements to HKFRSs (2008), HKAS 40 has been amended to include within its scope properties under construction or development for future use as investment properties and to require such properties to be measured at fair value (where the fair value model has been used to measure investment properties and the fair value is reliably determinable). The Group has applied the amendment to HKAS 40 prospectively from 1 April 2009 in accordance with the relevant transitional provision. As a result of the application of the amendment, the Group's properties under construction including the leasehold land element for future use as investment properties which were previously included in construction-in-progress under property, plant and equipment, with a carrying amount of HK$487,570,000 as at 1 April 2009 have been classified as investment properties under construction and measured at fair value as at 1 April 2009 to the extent that the fair value of investment properties under construction can be measured reliably. At 1 April 2009, investment properties under construction with carrying amount of HK$312,400,000 were measured at fair value of HK$374,199,000, resulted in an increase in fair value of HK$61,799,000 and its related deferred tax charge of HK$15,450,000 recognised in the profit or loss. Investment properties under construction at 1 April 2009 with carrying amount of HK$175,170,000 were measured at cost as the fair value cannot be reliably determined.

New and revised HKFRSs that have been issued but not yet effective

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[3]
HKAS 24 (Revised)	Related Party Disclosures[7]
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[5]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[4]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[6]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised 2008)	Business Combinations[1]
HKFRS 9	Financial Instruments[8]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[7]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

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

The application of HKFRS 3 (Revised 2008) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows; and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leases were required to classify leasehold land as operating leases and presented as prepaid land lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

The directors of the Company (the "Directors") are in the process of assessing the potential impact and so far concluded that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") in order to allocate resources to segments and to assess their performance. The Group's CODM is the executive Directors. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. For the purposes of assessing performance and allocating resources, the CODM reviews revenue and operating results of businesses of property development, property investment and property management. The application of HKFRS 8 has not resulted in a redesignation of the Group's operating and reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss and segment assets and liabilities.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Summary details of the Group's operating and reportable segments are as follows:

(a) the property development segment engages in the development of properties for sale in the People's Republic of China (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; and

(c) the property management segment engages in the management of properties in the PRC.

There were no intersegment sales and transfers for both years.

Segment revenue and results

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

	Property development		Property investment		Property management		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**3,899,879**	2,943,218	**14,960**	9,141	**7,194**	3,815	**3,922,033**	2,956,174
Segment results	**432,361**	591,641	**462,951**	(61,744)	**248**	(109)	**895,560**	529,788
Net unallocated expenses							**(65,233)**	(68,954)
Net foreign exchange (losses) gains							**(16)**	28,777
Fair value (loss) gain on warrants							**(11,333)**	47,399
Gain on repurchase of senior notes							**–**	71,183
Interest income							**2,349**	6,226
Finance costs							**(134,025)**	(87,377)
Share of (loss) profit of associates							**(2,075)**	21,647
Profit before taxation							**685,227**	548,689

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each reportable segment without allocation of income and expenses of the Group's head office and hotel operation, net foreign exchange differences, change in fair value of warrants, gain on repurchase of senior notes, interest income, finance costs and share of results of associates. 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

	2010	2009
	HK$'000	*HK$'000*
Interest income from banks	**2,349**	831
Other interest income	**–**	5,395
Gain on disposal of property, plant and equipment	**34,626**	–
Income from hotel operation	**9,435**	–
Net foreign exchange gains	**–**	28,777
Return on termination of land development	**–**	13,265
Subsidies from the PRC government	**984**	2,015
Waiver of other payables	**–**	2,159
Others	**12,103**	13,547
	59,497	65,989

5. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**236,150**	232,149
Interest on bank loans not wholly repayable within five years	**5,077**	–
Interest on other loans wholly repayable within five years	**78,010**	61,001
Interest on senior notes	**146,741**	160,374
Imputed interest expenses on long term payables	**14,830**	18,349
	480,808	471,873
Less: Amounts capitalised in properties under development, investment properties under construction and property, plant and equipment	**(346,783)**	(384,496)
	134,025	87,377

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

6. TAXATION

	2010	2009
	HK$'000	*HK$'000*
PRC Enterprise Income Tax		
Provision for the year	**172,187**	90,712
Overprovision in prior years	**(12,122)**	(8,564)
PRC Land Appreciation Tax ("LAT")	**261,110**	201,097
Deferred tax	**68,578**	49,643
Total tax charge for the year	**489,753**	332,888

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.

7. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2010 *HK$'000*	2009 *HK$'000*
Depreciation of property, plant and equipment	**22,713**	11,862
Less: Amounts capitalised in properties under development	**(2,424)**	(4,181)
	20,289	7,681
Amortisation of prepaid land lease payments	**2,046**	2,275

8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company for the year of HK$209,577,000 (2009: HK$215,008,000) and the number of 2,790,582,857 (2009: 2,790,582,857) ordinary shares in issue during the year.

The calculation of diluted earnings per share for the years ended 31 March 2010 and 31 March 2009 did not assume the exercise of the Company's options and warrants as the exercise prices of the options and warrants were higher than the average market price of the Company's shares for both years.

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

	2010 *HK$'000*	2009 *HK$'000*
0 – 30 days	**6,718**	67,429
31 – 60 days	**86**	17,557
61 – 90 days	**1,108**	4,308
Over 90 days	**42,960**	121,658
	50,872	210,952

10. TRADE PAYABLES

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

	2010 *HK$'000*	2009 *HK$'000*
0 – 30 days	**98,063**	148,348
31 – 60 days	**9,064**	33,102
61 – 90 days	**21,163**	6,219
Over 90 days	**53,903**	44,664
	182,193	232,333

DIVIDEND

In order to maintain a stronger cash position to finance ongoing property development projects, the Board does not recommend the payment of any dividend for the year ended 31 March 2010 (2009: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the financial year ended 31 March 2010, the Group has recorded a revenue of HK$3,922 million, an increase of about 33% as compared to the HK$2,956 million for last year. The Group derived the revenue mainly from the sale of properties of Phases VI and VII of Beijing Silo City, Phase II of Dongguan Riviera Villa, Jiangxi Riviera Garden, Phase I of Shanghai Riviera Garden and Phases I and II of Wuhan Silo City which have been delivered to purchasers in the current year.

Profit before taxation for the year was HK$685.2 million, an increase of about 25% as compared to the HK$548.7 million for last year. Profit attributable to owners of the Company decreased by about 3% to HK$209.6 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			
	2010		2009	
	Revenue *HK$'000*	**Contribution to operating results** *HK$'000*	Revenue *HK$'000*	Contribution to operating results *HK$'000*
Property development	**3,899,879**	**432,361**	2,943,218	591,641
Property investment	**14,960**	**462,951**	9,141	(61,744) *(Note)*
Property management	**7,194**	**248**	3,815	(109)
Total	**3,922,033**	**895,560**	2,956,174	529,788

Note: Contribution to operating results by the property investment activity included a surplus of HK$461.6 million (2009: deficit of HK$63.4 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 sales revenue from property development segment recognised for the year amounted to HK$3,900 million, an increase of about 33% over that of last year and the total GFA delivered by the Group increased by about 31% to 484,700 sq.m. (2009: 371,200 sq.m.). The property sales revenue mainly came from the sale and delivery of Phases VI and VII of Beijing Silo City and Phase II of Wuhan Silo City which respectively represented about 66% and 19% of the total property sales revenue. The remaining 15% was derived from sale of remaining inventory of the Group's completed development projects namely Dongguan Riviera Villa, Jiangxi Riviera Garden, Shanghai Riviera Garden and Phase I of Wuhan Silo City which respectively accounted for about 5%, 4%, 3% and 3% of the property sales revenue.

The PRC property market has gone through a strong rally in both transaction volume and selling price from the first quarter of 2009 to the first quarter of 2010. For the year ended 31 March 2010, the Group recorded a significant growth in contracted sales of 59% to about HK$5,169 million (2009: HK$3,253 million), which corresponds to a 10% growth in the GFA to about 450,100 sq.m. (2009: 408,900 sq.m.).

As at 31 March 2010, the Group has a total sales revenue of about HK$4,649 million from pre-sale of its properties under development with a total GFA of about 333,200 sq.m., contributed by Phase IV of Beijing Silo City, Phase I of Dalian Coastal International Centre, Phase II of Shanghai Riviera Garden and Phase III section B of Wuhan Silo City. About HK$4,019 million of the HK$4,649 million pre-sale revenue is generated from development projects which are expected to be completed and delivered in the next financial year.

The Group completed development projects, namely Phase VI and Southern section of Phase VII of Beijing Silo City, Suzhou Coastal International Centre, Phase II section D of Wuhan Silo City, Phase I of Anshan Wisdom New City and Phase I of Shenyang Hunnan Residential Project, with a total GFA of approximately 504,400 sq.m. (2009: 395,100 sq.m.) during the year ended 31 March 2010. Of the total GFA completed, about 393,100 sq.m. (2009: 368,900 sq.m.) were attributable to the Group.

Property Investment

Revenue from property rental increased by about 64% to HK$15.0 million from last year's HK$9.1 million. Rental income for the year was mainly derived from the properties in Shanghai Golden Bridge Mansion, Shenyang Dongbei Furniture and Ornaments Plaza, retail shops in Phases I and II of Beijing Silo City, Suzhou Coastal International Centre and certain office area in Shenzhen Noble Centre which was disposed of during the year.

The profit contribution from property investment segment increased significantly to HK$463.0 million as compared to last year's loss of HK$61.7 million because of a revaluation surplus of investment properties of HK$461.6 million for the year (2009: deficit of HK$63.4 million). The revaluation surplus for the year mainly comprised the revaluation surplus of HK$450.8 million (2009: nil) from the offices and shops of Suzhou Coastal International Centre which was completed during the year.

Property Management

The Group's property management operations recorded a profit of about HK$0.2 million for the year as compared to last year's loss of HK$0.1 million. The Group is committed to providing integrated and value-added property management services to foster good relations with tenants and owners and strengthen its brand image.

Gross Profit Margin

The gross profit margin for the year was about 21% which was lower than last year's 29%. The decrease was mainly due to the lower level of selling price attained for the properties completed and delivered to purchasers during the year as significant amounts of the contracted sales of those properties were concluded in late 2008 and early 2009 when the market prices of properties were low amid a tight credit environment.

Fair Value Loss on Warrants

At 31 March 2010, the Company had outstanding 111,622,500 unlisted warrants conferring rights to subscribe for up to 111,622,500 new ordinary shares of HK$0.10 each in the Company at the exercise price of HK$1.23 per share (subject to adjustments) at any time on or before 8 November 2012. These warrants are classified as derivative financial liabilities which are measured at fair value with movement recognised in profit or loss. The fair value loss on warrants arose as a result of the increase in the share price of the Company during the year.

Other Income

Other income for the year mainly represented the gain of HK$34.4 million on disposal of certain office units in Shenzhen Noble Centre which were classified as property, plant and equipment in prior years and the income of HK$9.4 million from hotel operation. Marriott hotel at Suzhou Coastal International Centre has commenced business since the end of 2009. Other income for the last year mainly represented (i) the net foreign exchange gains of HK$28.8 million on translation of the Company's United States dollars denominated debts into the Group's functional currency, Renminbi, which had appreciated against United States dollars; and (ii) an investment return of HK$13.3 million received by the Group on termination of land development in Dujiangyan, the PRC as agreed with the local government.

Marketing, Selling and Administrative Expenses

Marketing and selling costs increased to HK$188.0 million from HK$157.9 million last year as a result of the increase in the Group's selling activities to promote its sales. The contracted sales amount for the current year increased significantly to about HK$5,169 million from about HK$3,253 million last year.

Administrative expenses decreased slightly to HK$167.9 million from HK$168.8 million last year. The Group continues to implement cost control measures to enhance its operational efficiency and competitive edges.

Other Expenses

Other expenses for the year were HK$153.2 million as compared to last year's HK$39.2 million. Included in the current year's other expenses were mainly the acquisition-related expenses of HK$55.2 million (2009: nil), provision of HK$36.6 million (2009: HK$15.2 million) for other receivables and an interest compensation of HK$1.9 million (2009: HK$2.8 million) for a delay in the handover of certain completed properties to the purchasers. Besides, the Group has made a compensation of HK$9.9 million (2009: HK$8.5 million) for the termination of a forward property sale contract in consideration of more benefit obtained from the subsequent sales of these properties at a higher selling price. In addition, Marriott hotel at Suzhou Coastal International Centre has commenced business during the year and its start up cost, depreciation and hotel operation expenses amounting to HK$44.5 million (2009: nil) were recorded as other expenses.

Finance Costs

During the year, the Group incurred finance costs before capitalisation (mainly interest for bank and other borrowings, including senior notes) of HK$480.8 million, representing an increase of about 2% as compared to the HK$471.9 million incurred last year. The increase was mainly attributable to an overall increase in the average level of bank and other borrowings as compared to last year.

Interest expenses charged to profit or loss for the year were HK$134.0 million as compared to last year's HK$87.4 million. The increase was mainly due to decrease in capitalisation of the senior notes interests following the completion of a development project funded by the senior notes.

Acquisition of New Projects

During the year under review, the Group completed the acquisition of the following projects:

Project	Estimated gross floor area	Group's interest	Type of development
Shenyang Wood Factory Project	452,200 sq.m.	85%	Residential
Wuhan Tushu Dashijie Project	133,300 sq.m.	90%	Offices/serviced apartments

In addition, during the year the Group completed the acquisition of the 50% and 20% equity interests respectively in Dalian Coastal International Centre and Shenyang Hunnan Commercial Project from the joint venture partner and since then the Group owns 100% equity interests in both developments.

Corporate Brand

Coastal Greenland, the corporate brand, had been ranked among the top ten most valuable Chinese real estate company brands for the six consecutive years between 2004 and 2009 by an authoritative PRC real estate research team formed by the Development Research Center of the State Council, the Tsinghua University Real Estate Research Center and the China Index Research Team.

FINANCIAL REVIEW

Financial Resources and Liquidity

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

At 31 March 2010, the net borrowings of the Group, being interest-bearing bank and other borrowings less cash and bank balances and pledged bank deposits, amounted to about HK$2,698 million (2009: HK$3,087 million). Net debt to total equity ratio, which is expressed as a percentage of net borrowings over total equity of the Group, decreased by about 7% to 78% from 85% last year. The improvement in net debt to total equity ratio was mainly due to the decrease in the net borrowings of the Group at 31 March 2010.

Profit before interest, taxation, depreciation, amortisation and non-cash item arising from fair value adjustment for warrants issued by the Company was about HK$1,211.0 million comparing to last year's HK$740.4 million on the same basis. Profit before interest, taxation, depreciation, amortisation and the non-cash item in respect of warrants had a coverage of 2.52 times (2009: 1.57 times) over the interest costs for the financial year of HK$480.8 million (2009: HK$471.9 million).

Borrowings and Charges

At 31 March 2010, the level of bank and other borrowings of the Group and their maturity profile are as follows:

	2010	2009
	HK$'000	*HK$'000*
Bank loans repayable:		
Within one year	**444,865**	992,517
In the second year	**1,803,403**	1,184,467
In the third to fifth years inclusive	**1,975,845**	1,274,943
Beyond five years	**333,640**	–
	4,557,753	3,451,927
Other borrowings (including senior notes) repayable:		
Within one year	**185,596**	468,308
In the second year	**193,142**	145,804
In the third to fifth years inclusive	**945,015**	924,782
	1,323,753	1,538,894
	5,881,506	4,990,821

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

	2010	2009
	HK$'000	*HK$'000*
Renminbi	**4,089,692**	4,074,388
Hong Kong dollars	**33,000**	–
United States dollars	**1,758,814**	916,433
	5,881,506	4,990,821

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

(a) Certain of the Group's bank and other loans as at 31 March 2010 were secured by:

(i) certain land and buildings of the Group with an aggregate carrying value of approximately HK$44 million (2009: HK$67 million);

(ii) certain hotel property of the Group with an aggregate carrying value of approximately HK$413 million (2009: nil);

(iii) certain investment properties of the Group with an aggregate carrying value of approximately HK$893 million (2009: HK$60 million);

(iv) certain leasehold lands of the Group with an aggregate carrying value of approximately HK$117 million (2009: HK$95 million);

(v) certain bank deposits of the Group with an aggregate carrying value of approximately HK$1,071 million (2009: HK$45 million);

(vi) certain properties under development of the Group with an aggregate carrying value of approximately HK$5,453 million (2009: HK$5,544 million);

(vii) certain completed properties for sale of the Group with an aggregate carrying value of approximately HK$77 million (2009: HK$1,464 million);

(viii) the Group's 90% equity interest in a property-based subsidiary; and

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

(b) Certain of the Group's bank and other loans as at 31 March 2009 were secured by certain construction-in-progress of the Group with an aggregate carrying value of approximately HK$792 million and the Group's 58.65% equity interest in a property-based subsidiary.

(c) The senior notes (included in other borrowings) as at 31 March 2010 were secured by certain bank deposits of the Group amounting to approximately HK$62 million (2009: HK$70 million) and share charges over the entire issued share capital of certain wholly-owned subsidiaries of the Group.

Exposure to Fluctuations in Exchange Rates

The Group's operations are principally in the PRC and accordingly a majority part of its income and expenditure is denominated in Renminbi. The exchange rates of Renminbi against Hong Kong dollars and United States dollars have been on an overall rising trend, which is in favour of the Group's operations as all the major assets, mainly property development projects, of the Group are located in the PRC and will generate Renminbi revenue to the Group. Except the senior notes and certain bank loans which are denominated in United States dollars or Hong Kong dollars, most of the Group's liabilities are denominated in Renminbi. Therefore, the Directors do not foresee that movement in the exchange rates of foreign currencies against Renminbi in the foreseeable future will cause a material adverse impact on the Group's operations.

Contingent Liabilities

At 31 March 2010, the Group had given guarantees to the extent of approximately HK$3,611 million (2009: HK$2,131 million) to banks in respect of mortgage loan facilities granted to the property purchasers. The Group had also given guarantees amounting to approximately HK$171 million (2009: HK$283 million) to banks in connection with banking facilities granted to associates. The guarantee given to a financial institution in connection with a loan granted to a target company in relation to acquisition of property-based subsidiaries amounted to approximately HK$345 million (2009: nil).

EMPLOYEES AND REMUNERATION POLICY

The Group employs a total of about 1,814 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

The PRC property market has gone through a strong rally in both transaction volume and selling price since the first quarter of 2009 until the second quarter of 2010 when the PRC government has instigated policies to tighten excess liquidity and discourage property speculation. The austerity measures have caused a contraction of transaction volume with moderate adjustment in the property selling price level. Further adjustment of property sector in the PRC remains possible because of the unstable global economic environment and the uncertainties of the PRC government policies. However, with the continuing optimistic outlook of the PRC macro-economy, steady increase in resident income, speedy development of urbanisation, the Group is optimistic about the PRC property market prospect.

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to the maintenance of good corporate governance practices and procedures. The Company has complied throughout the year ended 31 March 2010 with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors, the Directors confirmed that they have complied with the requirements as set out in the Model Code during the year ended 31 March 2010.

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 2010.

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 2010.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The annual report of the Company for the year ended 31 March 2010 containing all the information required by Appendix 16 to the Listing Rules will be published on the websites of the Stock Exchange (http://www.hkex.com.hk) and the Company (http://www.coastal.com.cn) in due course.

By Order of the Board
Chan Boon Teong
Chairman

Hong Kong, 6 July 2010

As at the date of this announcement, the Board comprises Mr. Chan Boon Teong, Mr. Jiang Ming, Mr. Tao Lin, Mr. Cheng Wing Bor, Mr. Lin Chen Hsin, Mr. Cai Shaobin and Mr. Zheng Hong Qing as executive Directors, Mr. Guo Limin and Mr. Xu Ruxin as non-executive Directors and Mr. Tang Lap Yan, Mr. Law Kin Ho and Mr. Wong Kai Cheong as independent non-executive Directors.

* *For identification purpose only*