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 2011

HIGHLIGHTS:

1. Revenue for the year amounted to about HK$3,753 million, a decrease of about 4% from last year.

2. Gross profit margin for the year was about 28% which was higher than last year's 21%.

3. Profit before taxation was about HK$755 million, an increase of about 10% from last year.

4. Profit for the year attributable to owners of the Company was about HK$149 million, a decrease of about 29% over that of last year.

5. Total comprehensive income attributable to owners of the Company was about HK$316 million, an increase of about 33% over that of last year.

6. As at 31 March 2011, the Group has pre-sold HK$5,319 million of properties under development with a total gross floor area ("GFA") of about 330,000 sq.m. 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 2011, together with comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	Notes	**2011** **HK$'000**	2010 *HK$'000* (restated)
Revenue	*3*	**3,753,191**	3,922,033
Cost of sales		**(2,683,903)**	(3,101,354)
Gross profit		**1,069,288**	820,679
Increase in fair value of investment properties		**55,685**	461,647
Fair value gain (loss) on warrants		**17,703**	(11,333)
Other income and gains	*4*	**372,243**	59,497
Marketing and selling expenses		**(116,000)**	(188,005)
Administrative expenses		**(184,820)**	(167,913)
Other expenses		**(193,534)**	(153,245)
Finance costs	*5*	**(273,107)**	(134,025)
Share of profit (loss) of associates		**7,939**	(2,075)
Profit before taxation		**755,397**	685,227
Taxation	*6*	**(586,650)**	(489,753)
Profit for the year	*7*	**168,747**	195,474
Other comprehensive income (expense)			
Exchange differences arising on translation to presentation currency		**152,723**	27,538
Surplus on revaluation of buildings		**26,474**	12,321
Deferred tax liability arising on revaluation of buildings		**(6,397)**	(2,861)
Other comprehensive income for the year		**172,800**	36,998
Total comprehensive income for the year		**341,547**	232,472
Profit (loss) for the year attributable to:			
Owners of the Company		**148,539**	209,577
Non-controlling interests		**20,208**	(14,103)
		168,747	195,474
Total comprehensive income (expense) attributable to:			
Owners of the Company		**316,197**	237,761
Non-controlling interests		**25,350**	(5,289)
		341,547	232,472
		HK cents	*HK cents*
Earnings per share	*8*		
Basic and diluted		**5.32**	7.51

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Notes	31.3.2011 HK$'000	31.3.2010 HK$'000 (restated)	1.4.2009 HK$'000 (restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**982,946**	975,991	1,133,649
Investment properties		**1,760,155**	1,712,070	563,605
Prepaid land lease payments		**55,084**	54,056	93,694
Goodwill		**86,771**	83,123	82,861
Interests in associates		**349,266**	223,285	224,653
Available-for-sale investments		**2,960**	2,960	2,960
Pledged bank deposits		**61,940**	971,522	69,914
Total non-current assets		**3,299,122**	4,023,007	2,171,336
CURRENT ASSETS				
Properties under development		**9,008,028**	7,768,062	6,530,517
Completed properties for sale		**1,423,624**	952,043	1,889,426
Trade receivables	*9*	**44,358**	50,872	210,952
Prepayments, deposits and other receivables		**1,853,299**	1,644,218	1,795,018
Amounts due from associates		**37,726**	31,172	39,926
Prepaid tax		**167,206**	68,017	25,102
Pledged bank deposits		**543,668**	314,153	179,038
Cash and bank balances		**1,897,256**	1,898,271	1,654,690
		14,975,165	12,726,808	12,324,669
Assets classified as held for sale		**60,072**	–	–
Total current assets		**15,035,237**	12,726,808	12,324,669
CURRENT LIABILITIES				
Trade payables	*10*	**317,928**	182,193	232,333
Deposits received from pre-sales of properties and deferred revenue		**4,973,372**	3,905,288	3,111,219
Other payables and accruals		**1,471,314**	1,707,644	1,213,686
Amount due to a substantial shareholder of the Company		**12,156**	17,124	34,874
Amount due to a jointly controlled entity		**–**	6,449	6,444
Tax payable		**1,488,774**	934,027	695,450
Interest-bearing bank and other borrowings		**1,531,547**	630,461	1,460,825
Derivative financial liability – warrants		**960**	18,663	7,330
Total current liabilities		**9,796,051**	7,401,849	6,762,161
NET CURRENT ASSETS		**5,239,186**	5,324,959	5,562,508
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,538,308**	9,347,966	7,733,844

	Notes	**31.3.2011** **_HK$'000_**	31.3.2010 *HK$'000* (restated)	1.4.2009 *HK$'000* (restated)
CAPITAL AND RESERVES				
Share capital		**279,058**	279,058	279,058
Reserves		**3,424,575**	3,100,968	2,853,821
Equity attributable to owners of the Company		**3,703,633**	3,380,026	3,132,879
Non-controlling interests		**75,043**	63,331	490,046
Total equity		**3,778,676**	3,443,357	3,622,925
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings		**4,215,043**	5,251,045	3,529,996
Long term payable		**59,365**	–	729
Deferred tax liabilities		**485,224**	653,564	580,194
Total non-current liabilities		**4,759,632**	5,904,609	4,110,919
		8,538,308	9,347,966	7,733,844

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")

In the current year, the Group has applied the following new and revised Hong Kong Accounting Standards ("HKAS(s)"), Hong Kong Financial Reporting Standards ("HKFRS(s)"), amendments and interpretations ("HK(IFRIC)-Int") (hereinafter collectively referred to as the "new and revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements
HKAS 32 (Amendments)	Classification of Rights Issues
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised 2008)	Business Combinations
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HK-Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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

Amendments to HKAS 17 "Leases"

As part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid land lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 April 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid land lease payments to property, plant and equipment retrospectively.

The application of the amendments to HKAS 17 has had no material impact on the reported results of the Group for the current and prior accounting periods. The effect of application of amendments to HKAS 17 on the financial positions of the Group as at 1 April 2009 and 31 March 2010 is as follows:

	As at 1 April 2009 (originally stated) HK$'000	Adjustments HK$'000	As at 1 April 2009 (restated) HK$'000	**As at 31 March 2010 (originally stated) HK$'000**	**Adjustments HK$'000**	**As at 31 March 2010 (restated) HK$'000**
Property, plant and equipment	1,124,619	9,030	1,133,649	**906,169**	**69,822**	**975,991**
Prepaid land lease payments – non-current	97,507	(3,813)	93,694	**119,148**	**(65,092)**	**54,056**
Prepaid land lease payments – current (included in prepayments, deposits and other receivables)	2,279	(102)	2,177	**1,888**	**(601)**	**1,287**
	1,224,405	5,115	1,229,520	**1,027,205**	**4,129**	**1,031,334**
Leasehold property revaluation reserve	16,075	5,115	21,190	**23,599**	**4,129**	**27,728**

Hong Kong Interpretation 5 "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause"

Hong Kong Interpretation 5 "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause" ("HK-Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK-Int 5 for the first time in the current year. HK-Int 5 requires retrospective application.

In order to comply with the requirements set out in HK-Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK-Int 5, term loans with a repayment on demand clause are classified as current liabilities.

As at 31 March 2011, bank loan (that is repayable more than one year after the end of the reporting period but contains a repayment on demand clause) with the carrying amount of HK$28,600,000 has been classified as current liabilities. The application of HK-Int 5 has had no significant impact on the classification of bank borrowings as at 31 March 2010 and reported profit or loss for the current and prior years.

New and revised standards and interpretations issued but not 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)	Improvements to HKFRSs issued in 2010[1]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures[3]
HKAS 27 (as revised in 2011)	Separate Financial Statements[6]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[6]
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[2]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[4]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[4]
HKFRS 9	Financial Instruments[6]

HKFRS 10	Consolidated Financial Statements[6]
HKFRS 11	Joint Arrangements[6]
HKFRS 12	Disclosure of Interests in Other Entities[6]
HKFRS 13	Fair Value Measurement[6]
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
2 Effective for annual periods beginning on or after 1 July 2010
3 Effective for annual periods beginning on or after 1 January 2011
4 Effective for annual periods beginning on or after 1 July 2011
5 Effective for annual periods beginning on or after 1 January 2012
6 Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 "Financial Instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 "Financial Instruments" (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at either 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 fair value at the end of reporting period.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the financial year ending 31 March 2014 and that the application of HKFRS 9 may have impact on amounts classification and measurement of available-for-sale investments.

The amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property". Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors anticipate that the application of the amendments to HKAS 12 may have an impact on deferred tax recognised for investment properties that are measured using the fair value model. The Group is in the process of quantifying the potential financial impact on deferred tax recognised for investment properties that are measured using the fair value model.

The Group is in the process of making an assessment of the impact of HKFRS10, HKFRS11, HKFRS12, HKFRS13, HKAS27 (as revised in 2011) and HKAS28 (as revised in 2011) but it not yet in a position to state whether these new standards and amendments would have significant impact on the consolidated financial statements.

The directors of the Company are in the process of assessing the potential impact that may arise from the application of the new or revised standards and so far do not anticipate that the application of the other new and revised standards, amendments or interpretations will have a material impact on the consolidated financial statements.

3. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Operating segments are identified on the basis of internal 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. 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**	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**3,735,288**	3,899,879	**10,126**	14,960	**7,777**	7,194	**3,753,191**	3,922,033
Segment results	**1,022,901**	432,361	**61,478**	462,951	**2,824**	248	**1,087,203**	895,560
Net unallocated expenses							**(64,206)**	(30,187)
Income from hotel operation							**57,901**	9,435
Expenses of hotel operation							**(120,988)**	(44,481)
Net foreign exchange gains (losses)							**31,284**	(16)
Fair value gain (loss) on warrants							**17,703**	(11,333)
Interest income							**11,668**	2,349
Finance costs							**(273,107)**	(134,025)
Share of profit (loss) of associates							**7,939**	(2,075)
Profit before taxation							**755,397**	685,227

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

	2011 *HK$'000*	2010 *HK$'000*
Interest income from banks	**11,668**	2,349
Gain on disposal of property, plant and equipment	**–**	34,626
Income from hotel operation	**57,901**	9,435
Net foreign exchange gains	**31,284**	–
Net project management fee income from associates	**9,997**	3,056
Gain on reclamation of land use rights by local government	**200,834**	–
Profit on disposal of a property-based subsidiary	**27,650**	–
Others	**32,909**	10,031
	372,243	59,497

5. FINANCE COSTS

	2011 *HK$'000*	2010 *HK$'000*
Interest on bank loans wholly repayable within five years	**188,081**	236,150
Interest on bank loans not wholly repayable within five years	**43,047**	5,077
Interest on other loans wholly repayable within five years	**109,241**	78,010
Interest on senior notes	**151,292**	146,741
Interest on long term payable	**8,743**	–
Imputed interest expense on long term payables	**–**	14,830
	500,404	480,808
Less: Amounts capitalised in properties under development, investment properties under construction and property, plant and equipment under construction	**(227,297)**	(346,783)
	273,107	134,025

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

6. TAXATION

	2011 *HK$'000*	2010 *HK$'000*
PRC Enterprise Income Tax		
Provision for the year	**396,800**	172,187
Overprovision in prior years	**(3,129)**	(12,122)
PRC Land Appreciation Tax ("LAT")	**370,780**	261,110
Deferred tax	**(177,801)**	68,578
Total tax charge for the year	**586,650**	489,753

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:

	2011	2010
	HK$'000	*HK$'000*
		(restated)
Depreciation of property, plant and equipment	**57,837**	22,799
Less: Amounts capitalised in properties under development	**(2,411)**	(2,424)
	55,426	20,375
Amortisation of prepaid land lease payments	**1,312**	1,960

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$148,539,000 (2010: HK$209,577,000) and the number of 2,790,582,857 (2010: 2,790,582,857) ordinary shares in issue.

The calculation of diluted earnings per share for the years ended 31 March 2011 and 31 March 2010 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 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:

	2011	2010
	HK$'000	*HK$'000*
0 – 30 days	**3,694**	6,718
31 – 60 days	**1,015**	86
61 – 90 days	**1,022**	1,108
Over 90 days	**38,627**	42,960
	44,358	50,872

10. TRADE PAYABLES

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

	2011	2010
	HK$'000	*HK$'000*
0 – 30 days	**152,126**	98,063
31 – 60 days	**37,277**	9,064
61 – 90 days	**55,355**	21,163
Over 90 days	**73,170**	53,903
	317,928	182,193

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 March 2011 (2010: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the financial year ended 31 March 2011, the Group has recorded a revenue of HK$3,753 million, a decrease of about 4% as compared to the HK$3,922 million for last year. The Group derived the revenue mainly from the sale of properties of the Phase II section A of Shanghai Riviera Garden, Loft and Eastern section of Phase IV of Beijing Silo City and Phase III section B of Wuhan Silo City which have been completed and delivered to purchasers in the current year.

Profit before taxation for the year was HK$755.4 million, an increase of about 10% as compared to the HK$685.2 million for last year. Profit for the year attributable to owners of the Company decreased by about 29% to HK$148.5 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				
		2011		2010	
	Revenue	**Contribution to operating results**	Revenue	Contribution to operating results	
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*	
Property development	**3,735,288**	**1,022,901**	3,899,879	432,361	
Property investment	**10,126**	**61,478**	14,960	462,951	*(Note)*
Property management	**7,777**	**2,824**	7,194	248	
Total	**3,753,191**	**1,087,203**	3,922,033	895,560	

Note: Contribution to operating results by the property investment activity included a surplus of HK$55.7 million (2010: HK$461.6 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$3,735 million, representing a decrease of about 4% from last year's HK$3,900 million, which corresponds to a decrease by 38% in the total GFA delivered by the Group to 298,600 sq.m. (2010: 484,700 sq.m.) with the offset effect of higher level of selling price attained in general. The property sales revenue for the year mainly came from the completion and delivery of the Phase II section A of Shanghai Riviera Garden, Loft and Eastern section of Phase IV of Beijing Silo City, and Phase III section B of Wuhan Silo City which respectively represented about 50%, 24% and 12% of the total property sales revenue. The remaining 14% was derived from sale of remaining inventory in the prior phases of the Group's completed development projects namely Beijing Silo City, Dongguan Riviera Villa, Wuhan Silo City and Wuhan Lakeside Apartment which respectively accounted for about 5%, 4%, 2% and 3% of the property sales revenue.

For the year ended 31 March 2011, the Group recorded contracted sales of HK$4,619 million (2010: HK$5,169 million), which corresponds to a total GFA of about 313,000 sq.m. (2010: 450,100 sq.m.).

As at 31 March 2011, the Group has generated total sales revenue of about HK$5,319 million from pre-sale of its properties under development with a total GFA of about 330,000 sq.m., contributing from Western section of Phase IV of Beijing Silo City, Phase III of Beijing Sunvilla Realhouse, Phase I of Dalian Coastal International Centre, Phase I of Dalian Jianzhu Project (formerly known as Dalian Qi Hang Project), Phase III section A of Wuhan Silo City and Phase II of Shanghai Riviera Garden which are expected to be completed and delivered in the next financial year.

The Group completed development projects, namely the Loft and Eastern section of Phase IV of Beijing Silo City, Phase III section A of Dongguan Riviera Villa, Phase II section A of Shanghai Riviera Garden and Phase III section B of Wuhan Silo City, with a total GFA of approximately 329,800 sq.m. (2010: 393,100 sq.m.) during the year ended 31 March 2011.

Property Investment

Revenue from property rental decreased by about 32% to HK$10.1 million from last year's HK$15.0 million. Rental income for the year was mainly derived from the properties in Shanghai Golden Bridge Mansion, Shenyang Dongbei Furniture and Ornaments Plaza, Suzhou Coastal International Centre and retail shops in Phases I and II of Beijing Silo City. The decrease was mainly due to the disposal of the property at Shenzhen Noble Centre made towards the end of last year.

The profit contribution from property investment segment decreased significantly to HK$61.5 million as compared to last year's HK$463.0 million which was due to a lesser amount of revaluation surplus of investment properties for the year of HK$55.7 million as compared to HK$461.6 million for last year. The revaluation surplus for last year mainly comprised the revaluation surplus of HK$450.8 million from the offices and shops of Suzhou Coastal International Centre which was completed last year.

Property Management

The Group's property management operations recorded a profit of about HK$2.8 million for the year as compared to last year's profit of HK$0.2 million. The Group is committed to providing integrated and value-added property management services to foster good relations with tenants and owners and strengthen its brand image.

Gross Profit Margin

The gross profit margin for the year was about 28% which was higher than last year's 21%. The improvement was mainly due to a higher level of selling price attained in general for the properties completed and delivered to the purchasers during the year.

Fair Value Gain on Warrants

At 31 March 2011, the Company had outstanding 111,622,500 unlisted warrants conferring rights to subscribe for up to 111,622,500 new ordinary shares of HK$0.10 each in the Company at the adjusted exercise price of HK$1.23 per share (subject to adjustments) at any time on or before 8 November 2012. These warrants are classified as derivative financial liabilities which are measured at fair value with movement recognised in profit or loss. The fair value gain on warrants arose as a result of the decrease in the share price of the Company during the year.

Other Income

Other income for the year was HK$372.2 million which mainly represented compensation from local government for reclamation of one of the Group's land use rights of HK$200.8 million (2010: nil), income of HK$57.9 million (2010: HK$9.4 million) from hotel operation of Marriott hotel in Suzhou which has commenced business since December of 2009, net foreign exchange gains of HK$31.3 million (2010: nil) on translation of the Company's United States dollars denominated debts into the Company's functional currency, Renminbi, which has appreciated against United States dollars during the year, and profit on disposal of a property-based subsidiary of HK$27.7 million (2010: nil). Included in the current year's other income were also the net project management fee income of HK$10.0 million (2010: HK$3.0 million) from associates.

Other income for last year mainly also included a gain of HK$34.6 million on disposal of certain units in Shenzhen Noble Centre which were classified as property, plant and equipment.

Marketing, Selling and Administrative Expenses

Marketing and selling costs decreased significantly by about 38% to HK$116.0 million from HK$188.0 million last year in line with the decrease in Group's contracted sales as compared to last year.

Administrative expenses increased by 10% to HK$184.8 million from last year's HK$167.9 million mainly due to increase in staff costs against a backdrop of human resources competition in the PRC market. The Group will implement cost control measures so as to enhance its operational efficiency and competitive edges.

Other Expenses

Other expenses for the year were HK$193.5 million as compared to last year's HK$153.2 million. Current year's other expenses mainly represented the depreciation and hotel operation expenses of Marriott hotel in Suzhou amounting to HK$121.0 million (2010: HK$44.5 million) and interest compensations of about HK$50.9million (2010: HK$1.9 million) for a delay in the handover of certain completed properties to the purchasers. Also included in last year's other expenses were the acquisition-related expenses of HK$55.2 million, provision of HK$36.6 million for other receivables, and a compensation of HK$9.9 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.

Finance Costs

During the year, the Group incurred finance costs before capitalisation (mainly interest for bank and other borrowings, including senior notes) of HK$500.4 million, representing an increase of about 4% as compared to the HK$480.8 million incurred for 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$273.1 million as compared to last year's HK$134.0 million. The increase was mainly due to cessation of capitalisation of the interest relating to the outstanding bank loans and senior notes used for construction of Suzhou Coastal International Centre following its completion in December 2009.

Acquisition of New Projects

During the year, the Group completed the acquisition of the following development projects:

Project	**Estimated GFA of the development** *sq.m.*	**Group's interest**	**Type of development**
Dalian Jianzhu Project	147,700	100%	Residential
Shenyang Sujiatun Project	1,914,900	100%	Residential/commercial
	2,062,600		

Upon the completion of acquisition of the above development projects, the deposits paid in prior years for the acquisition of these development projects, which were included in deposits, prepayments and other receivables as at 31 March 2010, were transferred to properties under development during the year.

Corporate Brand

Coastal Greenland, the corporate brand, had been ranked among the top ten most valuable Chinese real estate company brands for the seven consecutive years between 2004 and 2010 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 2011, the Group's cash and bank deposits amounted to approximately HK$2,503 million (2010: HK$3,184 million). An analysis by currency denomination of the cash and bank deposits is as follows:

	2011	2010
	HK$'000	*HK$'000*
Renminbi	**2,384,440**	2,848,722
Hong Kong dollars	**1,407**	2,197
United States dollars	**117,017**	333,027
	2,502,864	3,183,946

At 31 March 2011, the net borrowings of the Group, being interest-bearing bank and other borrowings less cash and bank balances and pledged bank deposits, amounted to about HK$3,244 million (2010: HK$2,698 million). Net debt to total equity ratio, which is expressed as a percentage of net borrowings over total equity of the Group, increased by about 8% to 86% from 78% last year. The increase in net debt to total equity ratio was mainly due to the increase in the net borrowings of the Group at 31 March 2011.

Profit before interest, taxation, depreciation, amortisation and non-cash item arising from fair value adjustment for warrants issued by the Company was about HK$1,299.0 million comparing to last year's HK$1,211.0 million on the same basis. Profit before interest, taxation, depreciation, amortisation and the non-cash item in respect of warrants had a coverage of 2.60 times (2010: 2.52 times) over the interest costs for the financial year of HK$500.4 million (2010: HK$480.8 million).

Borrowings and Charges

At 31 March 2011, the level of bank and other borrowings of the Group and their maturity profile are as follows:

	2011	2010
	HK$'000	*HK$'000*
Bank loans repayable:		
Within one year	**1,229,230**	444,865
In the second year	**1,716,830**	1,803,403
In the third to fifth years inclusive	**277,293**	1,975,845
Beyond five years	**393,529**	333,640
Bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause	**28,600**	–
	3,645,482	4,557,753
Other borrowings (including senior notes) repayable:		
Within one year	**273,717**	185,596
In the second year	**1,827,277**	193,142
In the third to fifth years inclusive	**114**	945,015
	2,101,108	1,323,753
	5,746,590	5,881,506

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

	2011	2010
	HK$'000	*HK$'000*
Renminbi	**3,922,111**	4,089,692
Hong Kong dollars	**30,800**	33,000
United States dollars	**1,793,679**	1,758,814
	5,746,590	5,881,506

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 2011 were secured by:

   (i) certain land and buildings of the Group with an aggregate carrying value of approximately HK$144 million (2010: HK$107 million (restated));

   (ii) certain land and hotel property of the Group with an aggregate carrying value of approximately HK$419 million (2010: HK$413 million);

   (iii) certain investment properties of the Group with an aggregate carrying value of approximately HK$1,055 million (2010: HK$893 million);

   (iv) certain leasehold land of the Group with an aggregate carrying value of approximately HK$56 million (2010: HK$55 million (restated));

   (v) certain bank deposits of the Group with an aggregate carrying value of approximately HK$401 million (2010: HK$1,071 million);

   (vi) certain properties under development of the Group with an aggregate carrying value of approximately HK$5,639 million (2010: HK$5,453 million);

   (vii) certain completed properties for sale of the Group with an aggregate carrying value of approximately HK$203 million (2010: HK$77 million);

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

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

(b) The senior notes (included in other borrowings) as at 31 March 2011 were secured by certain bank deposits of the Group amounting to approximately HK$62 million (2010: HK$62 million) and share charges over the entire issued share capital of certain wholly-owned subsidiaries of the Group.

Exposure to Fluctuations in Exchange Rates

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

Contingent Liabilities

At 31 March 2011, the Group had given guarantees to the extent of approximately HK$4,419 million (2010: HK$3,611 million) to banks in respect of mortgage loan facilities granted to the property purchasers. The Group had also given guarantees amounting to approximately HK$59 million (2010: HK$171 million) to banks in connection with banking facility granted to an associate. As at 31 March 2010, 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.

EMPLOYEES AND REMUNERATION POLICY

The Group employs a total of about 1,800 employees in the mainland China and Hong Kong. Employees are remunerated based on their work performance, skills and experience, and prevailing industry practice. Apart from basic salary and performance related bonus, the Group also provides other benefits to its employees including mandatory provident fund, medical insurance coverage, housing allowances and share options.

PROSPECTS

With the introduction of various measures by the central government to cool the PRC property market in 2010 and first quarter of 2011, the Group has seen a volatile property market in the past period. Credit policy for the property sector has been tightening up over the past period. The Group does not expect that the current austerity measures will be relaxed or the credit situation will ease in the short run. In the coming year, the PRC property market is still subject to uncertainties of government policies. Nevertheless, with the positive outlook of Renminbi appreciation, continual development of urbanisation and increasing household income level, the Group is positive about the long-term development of the PRC property market. The Group will closely monitor its business strategy with respect to the changes in the economic, regulatory environment and the property market sentiment in the PRC.

The Group will seek opportunities to expand its geographically well-diversed land portfolio and continue to strengthen its product competitiveness by enhancing product quality and adopting stringent cost control measures. The Group will also leverage on its well-recognised corporate brand and its long experience in the PRC property market. The Group believes it will come out of this volatile period stronger and more efficient.

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 2011 with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors, the Directors confirmed that they have complied with the requirements as set out in the Model Code during the year ended 31 March 2011.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2011.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the Group's consolidated financial statements for the year ended 31 March 2011.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The annual report of the Company for the year ended 31 March 2011 containing all the information required by Appendix 16 to the Listing Rules will be published on the websites of the Stock Exchange (http://www.hkex.com.hk) and the Company (http://www.coastal.com.cn) in due course.

By Order of the Board
Chan Boon Teong
Chairman

Hong Kong, 29 June 2011

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, Mr. Zheng Hong Qing and Mr. Wang Jun 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.