Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

COASTAL GREENLAND LIMITED
沿海綠色家園有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 1124)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

FINANCIAL HIGHLIGHTS:

- Revenue for the year amounted to about HK$31 million, a decrease of about 85% from last year.
- Loss for the year attributable to owners of the Company was about HK$337 million, representing a turnaround from last year's profit of about HK$132 million.
- As at 31 March 2020, net debt to total equity ratio was 26%, representing an improvement from last year's 41%.

The board (the "Board") of directors (the "Director(s)") of Coastal Greenland Limited (the "Company") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2020 (the "Year" or "FY2020"), together with comparative audited figures for the year ended 31 March 2019. The following financial information is extracted from the audited consolidated financial statements in the Group's 2019/20 annual report which is to be published by the Group.

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Revenue	5	**30,964**	200,508
Cost of sales		**(27,846)**	(176,555)
Gross profit		**3,118**	23,953
Other income and gains	6	**144,546**	77,193
Marketing and selling expenses		**(2,461)**	(9,477)
Administrative expenses		**(158,930)**	(255,320)
Other expenses		**(253,374)**	(650,993)
Finance costs	7	**(166,909)**	(48,950)
Share of loss of associates		**–**	(25)
Share of loss of joint ventures		**(2,307)**	(2,246)
Net gain on disposal of subsidiaries		**–**	886,220
(Loss) profit before taxation		**(436,317)**	20,355
Taxation	8	**66,752**	99,899
(Loss) profit for the year	9	**(369,565)**	120,254
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**(343,419)**	(617,208)
Surplus on revaluation of buildings		**40,302**	22,665
Deferred tax charge arising on revaluation of buildings		**(10,075)**	(5,666)
Deferred tax credit arising on disposal of property, plant and equipment		**1,153**	–
Financial assets at fair value through other comprehensive income ("FVTOCI") – net movement in fair value reserve		**11,163**	(14,748)
Other comprehensive income for the year		**(300,876)**	(614,957)
Total comprehensive income for the year		**(670,441)**	(494,703)

	Notes	**2020**	2019
		HK$'000	*HK$'000*
(Loss) profit for the year attributable to:			
Owners of the Company		**(336,784)**	132,475
Non-controlling interests		**(32,781)**	(12,221)
		(369,565)	120,254
Total comprehensive income for the year attributable to:			
Owners of the Company		**(628,447)**	(469,895)
Non-controlling interests		**(41,994)**	(24,808)
		(670,441)	(494,703)
		HK cents	*HK cents*
(Loss) earnings per share	*11*		
Basic and diluted		**(8.12)**	3.17

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**290,633**	318,750
Investment properties		**71,890**	4,069
Right-of-use assets		**18,197**	–
Prepaid land lease payments		**–**	41,894
Interest in a joint venture		**150,747**	162,964
Amount due from a joint venture		**109,445**	116,579
Financial assets at FVTOCI		**66,871**	34,894
Total non-current assets		**707,783**	679,150
CURRENT ASSETS			
Properties under development		**1,523,550**	1,717,146
Completed properties for sale		**154,189**	191,579
Prepayments, deposits and other receivables	*12*	**5,769,142**	5,546,542
Amounts due from an associate and a joint venture		**228,011**	256,906
Financial assets at fair value through profit or loss		**4,378**	–
Prepaid tax		**–**	31,897
Pledged bank deposits		**755,646**	245,414
Cash and bank balances		**83,359**	35,273
Total current assets		**8,518,275**	8,024,757
CURRENT LIABILITIES			
Trade payables	*13*	**79,866**	75,296
Contract liabilities		**224,834**	220,405
Other payables and accruals		**2,139,705**	594,015
Amount due to a substantial shareholder of the Company		**143,727**	61,509
Lease liabilities		**2,552**	–
Tax payable		**159,372**	147,028
Interest-bearing bank and other borrowings		**340,799**	2,339,368
Total current liabilities		**3,090,855**	3,437,621

	2020	2019
	HK$'000	*HK$'000*
NET CURRENT ASSETS	**5,427,420**	4,587,136
TOTAL ASSETS LESS CURRENT LIABILITIES	**6,135,203**	5,266,286
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**1,647,149**	29,145
Lease liabilities	**2,923**	–
Deferred tax liabilities	**56,017**	137,572
Total non-current liabilities	**1,706,089**	166,717
NET ASSETS	**4,429,114**	5,099,569
CAPITAL AND RESERVES		
Share capital	**414,602**	414,602
Reserves	**3,948,781**	4,577,242
Equity attributable to owners of the Company	**4,363,383**	4,991,844
Non-controlling interests	**65,731**	107,725
Total equity	**4,429,114**	5,099,569

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") 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.

The consolidated financial statements have been prepared under the historical cost basis except for certain property, plant and equipment, investment properties and financial instruments which are stated at revalued amounts or fair values, as appropriate.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") which is different from functional currency of the Company, Renminbi ("RMB"), as the Directors consider that HK$ is the appropriate presentation currency in view of its place of listing.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current year, the Group has applied for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are relevant for the preparation of the Group's consolidated financial statements:

HKFRS 16	*Leases*
HK(IFRIC)-Interpretation 23	*Uncertainty over Income Tax Treatments*
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
Annual Improvements to HKFRSs 2015-2017 Cycle	*Amendments to HKFRS 3, Business Combinations*
Annual Improvements to HKFRSs 2015-2017 Cycle	*Amendments to HKFRS 11, Joint Arrangements*
Annual Improvements to HKFRSs 2015-2017 Cycle	*Amendments to HKFRS 12, Income Taxes*
Annual Improvements to HKFRSs 2015-2017 Cycle	*Amendments to HKFRS 23, Borrowing Costs*

Except as disclosed in note 3 below, the application of the new and amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY

HKFRS 16 Leases

This note explains the impact of the adoption of HKFRS 16 Leases on the consolidated financial statements and also discloses the new accounting policies that have been applied from 1 April 2019, where they are different from those applied in prior years.

(a) Impact on the financial statements

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("HKAS 17"), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to sections (b) to (e) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained profits at the date of initial application. The comparative information presented in 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provisions in HKFRS 16.

The following table summarised the impact of transition to HKFRS 16 on the consolidated statement of financial position as at 31 March 2019 to that of 1 April 2019 (increase/(decrease)):

Consolidated statement of financial position as at 1 April 2019	*HK$'000*
Right-of-use assets	45,844
Prepaid land lease payments (non-current)	(41,894)
Prepaid land lease payments (current portion included in prepayments, deposits and other receivables)	(1,655)
Lease liabilities (non-current)	1,486
Lease liabilities (current)	823
Retained earnings	(14)

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at 31 March 2019 could be reconciled to the lease liabilities at the date of initial application recognised in the statement of financial position as at 1 April 2019:

	HK$'000
Reconciliation of operating lease commitment to lease liabilities	
Operating lease commitments as of 31 March 2019	3,424
Less: short term leases for which lease terms end within 31 March 2020	(795)
Less: future interest expenses	(320)
Total lease liabilities as of 1 April 2019	2,309

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as at 1 April 2019 is 10.68%.

(b) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all lease component and any associated non-lease components as a single lease component for all leases.

(c) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value and for right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at fair value.

For the Group, leasehold land and buildings that were held for rental or capital appreciation purpose would continue to be accounted for under HKAS 40 and would be carried at fair value. For leasehold land and buildings which is held for own use would continue to be accounted for under HKAS 16 and would be carried at fair value. The adoption of HKFRS 16 therefore does not have any significant impact on these right-of-use assets. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises it judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

The Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate item on the consolidated statement of financial position. As the management intent to sale the properties after the completion of construction, the land use rights are presented within properties under development.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(d) Accounting as a lessor

The Group has leased out its investment property to a number of tenants. As the accounting under HKFRS 16 for a lessor is substantially unchanged from the requirements under HKAS 17, the adoption of HKFRS 16 does not have significant impact on these consolidated financial statements.

(e) Transition

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained profits at the date of initial application (1 April 2019). The comparative information presented has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 April 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 April 2019.

The Group has elected to recognise all the right-of-use assets at 1 January 2019 for leases previously classified operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied HKAS 36 Impairment of Assets at 1 April 2019 to assess if there was any impairment as on that date.

The Group has also applied the following practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 April 2019) and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 April 2019; and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4; and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int 4.

4. 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, being the chief operating decision maker (the "CODM") in order to allocate resources to segments and to assess their performance. No operating segment identified by the CODM has been aggregated in arriving at the reportable segments of the Group. Summary details of the Group's reportable and operating segments are as follows:

- the property development segment engages in the development of properties for sale in the People's Republic of China (the "PRC");

- the property investment segment invests in commercial and residential properties located in the PRC for their rental income potential and/or for capital appreciation;

- the project management services segment engages in the provision of project management services in the PRC; and

- the project investment services segment engages in the provision of investment services in relation to investment in and sale of property development/land development projects 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 segments:

	Property development		Property investment		Project management services		Project investment services		Total		Reconciliation		Consolidated	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	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*
											(Note)	*(Note)*		
Segment revenue:														
Sales to external customers	**29,601**	187,712	**910**	1,904	**453**	10,892	**–**	–	**30,964**	200,508	**–**	–	**30,964**	200,508
Sales of projects to external customers	**–**	–	**–**	–	**–**	–	**–**	4,652,973	**–**	4,652,973	**–**	(4,652,973)	**–**	–
Total	**29,601**	187,712	**910**	1,904	**453**	10,892	**–**	4,652,973	**30,964**	4,853,481	**–**	(4,652,973)	**30,964**	200,508
Disaggregation of revenue:														
Primary geographical markets														
Wuhan	**–**	9,672	**–**	557	**–**	–	**–**	–	**–**	10,229	**–**	–	**–**	10,229
Shenyang	**–**	122,439	**–**	–	**–**	–	**–**	–	**–**	122,439	**–**	–	**–**	122,439
Dalian	**25,024**	33,698	**–**	–	**–**	–	**–**	–	**25,024**	33,698	**–**	–	**25,024**	33,698
Others	**4,577**	21,903	**910**	1,347	**453**	10,892	**–**	4,652,973	**5,940**	4,687,115	**–**	(4,652,973)	**5,940**	34,142
Total	**29,601**	187,712	**910**	1,904	**453**	10,892	**–**	4,652,973	**30,964**	4,853,481	**–**	(4,652,973)	**30,964**	200,508
Time of revenue recognition														
At a point in time	**29,601**	187,712	**–**	–	**–**	–	**–**	4,652,973	**29,601**	4,840,685	**–**	(4,652,973)	**29,601**	187,712
Transferred over time	**–**	–	**910**	1,904	**453**	10,892	**–**	–	**1,363**	12,796	**–**	–	**1,363**	12,796
Total	**29,601**	187,712	**910**	1,904	**453**	10,892	**–**	4,652,973	**30,964**	4,853,481	**–**	(4,652,973)	**30,964**	200,508
Segment (loss) profit	**(378,025)**	(762,032)	**(1,223)**	8,614	**(2,970)**	4,788	**–**	886,220	**(382,218)**	137,590	**–**	–	**(382,218)**	137,590
Amortisation of prepaid land lease payments													**–**	(1,659)
Finance costs													**(166,909)**	(48,950)
Interest income													**13,081**	15,875
Net foreign exchange (loss) gain													**(49)**	15,562
Share of loss of associates													**–**	(25)
Share of loss of joint ventures													**(2,307)**	(2,246)
Other net unallocated income (expenses)													**102,085**	(95,792)
(Loss) profit before taxation													**(436,317)**	20,355

Note: The adjustment reflects the reconciliation of revenue from the reportable and operating segments to the Group's consolidated revenue as the net profit or loss from project investment services is accounted for under the net gain on disposal of subsidiaries in the consolidated statement of profit or loss and other comprehensive income.

Segment results represent the (loss) profit before taxation made by each reportable segment without allocation of income and expenses of the Group's head office, amortisation of prepaid land lease payments, finance costs, interest income, net foreign exchange differences and share of results of associates and joint ventures. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The 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.

5. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2020	2019
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Sale of properties	**29,601**	187,712
Project management services income	**453**	10,892
Revenue from other sources		
Rental income	**910**	1,904
	30,964	200,508

6. OTHER INCOME AND GAINS

	2020	2019
	HK$'000	*HK$'000*
Bank interest income	**12,239**	11,582
Compensation from litigation	**–**	5,320
Dividend income from financial assets at FVTOCI	**–**	28,601
Gain on disposal of property, plant and equipment	**1,234**	–
Gain on write-off of assets and liabilities of de-registration of subsidiaries	**–**	13,985
Interest expense recharged *(note 12(a)(i))*	**128,686**	–
Other interest income	**842**	4,293
Recovery of trade receivable written off	**–**	145
Re-measurement gain on fair value of interest in an associate	**–**	4,948
Reversal of impairment loss recognised on trade receivables	**–**	14
Reversal of impairment loss recognised on prepayments, deposits and other receivables	**243**	–
Others	**1,302**	8,305
	144,546	77,193

7. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest on bank borrowings	**40,309**	28,045
Interest on other borrowings *(note 12(a)(i))*	**128,686**	76,015
Interest on lease liabilities	**450**	–
	169,445	104,060
Less: Amounts capitalised in properties under development	**(2,536)**	(55,110)
	166,909	48,950

Borrowing costs capitalised during the year arose on the funds borrowed specifically for the purpose of obtaining qualifying assets and are calculated by applying a capitalisation rate of 6.18% (2019: 4.88%) per annum.

8. TAXATION

	2020	2019
	HK$'000	*HK$'000*
Current tax:		
PRC Enterprise Income Tax ("EIT")	**65**	4,596
PRC Land Appreciation Tax ("LAT")	**1,727**	40,983
	1,792	45,579
Deferred tax*	**(68,544)**	(145,478)
Total tax credit for the year	**(66,752)**	(99,899)

* The deferred tax credit recognised during the year ended 31 March 2020 and 2019 mainly resulted from the combined effects relating to (i) reversal of deferred tax on undistributable profit upon disposal of the respective subsidiaries; and (ii) reversal of over-provided dividend withholding tax.

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 EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory tax rate of the Company's PRC subsidiaries is 25%.

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.

9. (LOSS) PROFIT FOR THE YEAR

(Loss) profit for the year has been arrived at after charging (crediting):

	2020	2019
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**5,601**	9,306
Less: Amounts capitalised in properties under development	**(35)**	(158)
	5,566	9,148
Amortisation of prepaid land lease payments	**–**	1,659
Compensation for cancellation of a disposal agreement[*#]	**–**	350,631
Compensation in respect of a land development project disposed of[*@]	**72,509**	–
Cost of completed properties sold	**27,846**	176,555
Depreciation of right-of-use assets	**3,428**	–
(Gain) loss on disposal of property, plant and equipment	**(1,234)**	149
Impairment loss recognised on investments in joint ventures[*]	**–**	41,958
Impairment loss recognised on prepayments, deposits and other receivables[*]	**–**	1,440
Impairment loss recognised on properties under development[*]	**134,523**	105,889
Impairment loss recognised on trade receivables included in "Assets classified as held for sale"[*]	**–**	24,942
Loss (gain) on write-off of assets and liabilities of de-registration of subsidiaries[*]	**20,988**	(13,985)
Net foreign exchange loss (gain)	**49**	(15,562)
Reversal of impairment loss recognised on prepayments, deposits and other receivables	**(243)**	–
Rental expenses on short-term leases	**130**	–
Write-off of prepayments, deposits and other receivables[*]	**1,210**	18,263

* These items are included in "other expenses" of the consolidated statement of profit or loss and other comprehensive income.

\# The amount represented compensation for cancellation of a disposal agreement in relation to certain land disposal to an independent third party so as to facilitate the proceeding of the transaction of disposal of Century East Group Limited (the "Century East Group") during last year.

@ The amount represented compensation for a land development project disposed of in the previous years in relation to the delay in the construction progress which give rise to an additional cost to the purchaser.

10. DIVIDENDS

The Board does not recommend the payment of a dividend for the year ended 31 March 2020 (2019: nil).

11. (LOSS) EARNINGS PER SHARE

(a) Basic (loss) earnings per share

The calculation of the basic (loss) earnings per share is based on the loss for the year attributable to owners of the Company of HK$336,784,000 (2019: profit attributable to owners of the Company of HK$132,475,000) and the weighted average number of 4,146,020,285 (2019: 4,184,673,206) ordinary shares in issue for the year ended 31 March 2020.

(b) Diluted (loss) earnings per share

Diluted (loss) earnings per share for the years ended 31 March 2020 and 2019 are not presented as there were no dilutive potential ordinary shares in issue during the respective years.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Other receivables *(note a)*	**3,298,509**	3,908,900
Deposits for future acquisition of land use rights *(note b)*	**2,386,657**	1,457,792
Prepaid operating expenses and other deposits	**83,976**	179,850
	5,769,142	5,546,542

Notes:

(a) As at 31 March 2020, included in other receivables are mainly:

(i) an amount of HK$1,678,888,000 (2019: HK$2,138,052,000) in relation to the guarantee dividend (the "Guaranteed Dividend") distributable to Coastal Greenland Development (Wuhan) Ltd. ("Coastal Wuhan"), a formerly subsidiary of the Group, by Tianjin Harmonious Realty Development Co., Limited ("Tianjin Harmonious"), an associate of Coastal Wuhan.

Tianjin Harmonious has a property development project in Tianjin. Pursuant to the disposal agreement between Coastal Wuhan and shareholders of Tianjin Harmonious, Coastal Wuhan is entitled to receive the Guaranteed Dividend from Tianjin Harmonious amounting to RMB1,834,000,000 (equivalent to HK$2,007,223,000). Pursuant to the disposal agreement in respect of the disposal of the entire equity interests in the Century East Group (the "Disposal") completed during last year, the Group is still entitled to receive the Guaranteed Dividend from Tianjin Harmonious after the Disposal. During the year, part of the Guaranteed Dividend of RMB300,000,000 has been received. The balance of the Guaranteed Dividend receivable amounted to RMB1,534,000,000 (equivalent to HK$1,678,888,000) as at 31 March 2020.

In previous years, Coastal Wuhan raised a loan of RMB1,601,000,000 (equivalent to HK$1,752,216,000) from a financial institution, for which the right to receive the Guaranteed Dividend from Tianjin Harmonious is secured. The obligation to repay the outstanding loan balance has been assigned to the Group upon completion of the Disposal. Even if the Group does not receive the Guaranteed Dividend, the Group is still obliged to repay this amount by November 2019, which is the original maturity of the loan. As at the date of this announcement, the maturity date of the said loan has been extended to November 2021. During the year, the Group has made a repayment of RMB300,000,000. The outstanding loan balance was RMB1,301,000,000 (equivalent to HK$1,423,881,000) as at 31 March 2020.

The loan interest is payable by the Group. However, Tianjin Harmonious agreed to pay to the Group the same amount of the loan interest as the interest for the outstanding Guaranteed Dividend. During the year, the loan interest payable on the loan and the interest expense recharged on the outstanding Guaranteed Dividend is HK$128,686,000.

(ii) an amount of HK$1,195,635,000 (2019: HK$1,398,648,000) due from a purchaser regarding the balance of the consideration payable by the purchaser under the Disposal as set out above.

(b) The amounts represent payments made for the acquisitions of land use rights in the PRC which will be developed for sale purpose. These deposits will be wholly refundable in case if the acquisitions are terminated subsequently.

13. TRADE PAYABLES

An aged analysis of trade payables as at the end of the year based on invoice date and issuance date of each bill is as follows:

	2020	2019
	HK$'000	*HK$'000*
0 – 30 days	**6,631**	5,796
31 – 60 days	**2,698**	–
61 – 90 days	**1,645**	9
Over 90 days	**68,892**	69,491
	79,866	75,296

The average credit period on purchase is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit period granted.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL REVIEW

Property development

The Group's business strategy for its property development business is to develop quality residential estates for the upper to middle class domestic market.

During the Year, the Group recorded contracted sales in the amount of HK$88 million (2019: HK$116 million) which corresponds to a total GFA of about 11,000 sq.m. (2019: 18,000 sq.m.). Included in the amount was HK$15 million (2019: HK$19 million) related to contracted sales attributable to the development project in which the Group has equity interests of 35% (2019: 35%) and of which the Group is the project manager. Such development project accounted for a corresponding GFA of about 5,000 sq.m. (2019: 5,000 sq.m.).

Property Investment

The Group holds some of its properties for investment purposes. The property investment portfolio of the Group includes commercial and residential properties located in the PRC. In managing the investment property portfolio, the Group takes into account the long-term growth potential and overall market conditions of the properties. The Group may sell some of its investment properties when it is in its interests to do so. Rental income for the Year mainly derived from properties in Shanghai Golden Bridge Mansion, Shenzhen Noble Center and Dongguan Riviera Villa.

Project Management

In recent years, the Group has been searching for co-investment opportunities in the development projects such that it can enlarge its property portfolio without escalating its financial burden. During the Year, the Group was engaged as the project managers of two (2019: four) development projects namely Beijing Bay Project and Chongqing Silo City.

Project Investment Services

During the Year, the Group did not generate any profit from the operations of this segment (2019: HK$886.2 million). The Group will continue to look for opportunities in relation to investment in and sale of property development/land development projects in the PRC.

FINANCIAL REVIEW

Overall performance

During the Year, the Group generated revenue of HK$31.0 million, representing a decrease of about 85% as compared to the HK$200.5 million for last year. For the FY2020, the Group incurred a loss before taxation of HK$436.3 million, compared to a profit of HK$20.4 million for last year. Loss for the year attributable to owners of the Company was HK$336.8 million, compared to a profit of HK$132.5 million for last year.

Revenue

The revenue of the Group was primarily derived from sales of properties, property rental income and project management services income. For the FY2020, revenue decreased by about 85% to about HK$31.0 million from about HK$200.5 million in last year. The decrease was mainly attributable to the disposal of certain property development subsidiaries during last year. Approximately 96% (2019: 94%) of the Group's revenue was generated from the sales of properties and about 4% (2019: 6%) from property rental income and project management services income.

Sales of Properties

During the Year, the recognised sales revenue from sales of properties was HK$29.6 million, representing a decrease of about 84% from last year's HK$187.7 million, which corresponds to a decrease by 85% in the total GFA delivered by the Group of 3,200 sq.m. (2019: 21,000 sq.m.). The property sales revenue for the FY2020 came from the sale of Dalian Coastal International Centre, Anshan Wisdom New City and Dalian Jianzhu Project Phase B2 which respectively accounted for about 77%, 16% and 7% of the total property sales revenue.

Rental Income

Revenue from property rental decreased to HK$0.9 million from last year's HK$1.9 million. The decrease was primarily attributable to the decreased GFA for rental purpose as a result of the disposal of certain subsidiaries engaged in property investment during last year. The property investment segment for the Year recorded a loss of HK$1.2 million comparing to a profit of HK$8.6 million for last year.

Project Management Services Income

Revenue from project management services decreased to HK$0.5 million from last year's HK$10.9 million. The decrease was mainly due to the termination of two project management services agreements upon the disposal of certain property development projects. The project management services segment recorded a loss of about HK$3.0 million for the Year comparing to a profit of HK$4.8 million for last year.

Gross Profit Margin

The gross profit margin for the Year was about 10% as compared to 12% for last year. A slight decrease in the gross profit margin was primarily attributable to higher construction cost per sq.m. of property sales recognised during the Year.

Other Income and Gains

Other income and gains for the Year was HK$144.5 million as compared to HK$77.2 million for last year. Other income and gains for the Year mainly represented interest expense recharged of HK$128.7 million (2019: nil) (see note 12(a)(i) to the consolidated financial statements) and bank interest income of HK$12.2 million (2019: HK$11.6 million). Apart from the above, included in the last year other income and gains was mainly dividend income from financial assets at FVTOCI of HK$28.6 million and gain on write-off of assets and liabilities of de-registration of subsidiaries of HK$14.0 million.

Marketing, Selling and Administrative Expenses

Marketing and selling costs decreased by about 74% to HK$2.5 million from last year's HK$9.5 million as a result of the decrease in the Group's selling activities during the Year.

Administrative expenses decreased by about 38% to HK$158.9 million from last year's HK$255.3 million. The Group will continue to implement cost control measures so as to enhance its operational efficiency.

Other Expenses

Other expenses for the Year was HK$253.4 million as compared to last year's HK$651.0 million. Other expenses mainly comprised of impairment loss recognised on properties under development of HK$134.5 million (2019: HK$105.9 million) and compensation in respect of a land development project disposed of in the previous years of HK$72.5 million (2019: nil) in relation to the delay in the construction progress which give rise to an additional cost to the purchaser. Apart from the above, included in last year other expenses was mainly compensation for cancellation of a disposal agreement in relation to certain land disposal to an independent third party of HK$350.6 million so as to facilitate the proceeding of the transaction of the Disposal (see note 12(a)(i) to the consolidated financial statements) and impairment loss recognised on investments in joint ventures of HK$42.0 million.

Finance Costs

During the Year, the Group incurred finance costs before capitalisation (mainly interest for bank and other borrowings) of HK$169.4 million, representing an increase of about 63% as compared to the HK$104.1 million incurred for last year. The increase was mainly attributable to an increase in the interest on other borrowings as compared to last year (see note 12(a)(i) to the consolidated financial statements).

Interest expenses charged to profit or loss for the Year was HK$166.9 million as compared to last year's HK$49.0 million. The increase was mainly due to increase in finance costs for the Year and lesser amount of finance costs were capitalised as compared to last year.

Financial Resources and Liquidity

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

As at 31 March 2020, the Group's cash and bank balances amounted to approximately HK$839.0 million (2019: HK$280.7 million). An analysis by currency denomination of the cash and bank balances is as follows:

	2020	2019
	HK$'000	*HK$'000*
RMB	**823,280**	270,163
HK$	**13,032**	3,154
United States dollar ("US$")	**2,693**	7,370
	839,005	280,687

As at 31 March 2020, the net borrowings of the Group, being interest-bearing bank and other borrowings less cash and bank balances and pledged bank deposits, amounted to approximately HK$1,148.9 million (2019: HK$2,087.8 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 15% to 26% from last year's 41%.

Borrowings and Charges

As at 31 March 2020, the Group's total bank and other borrowings amounted to HK$1,987.9 million (2019: HK$2,368.5 million), of which HK$476.5 million (2019: HK$502.1 million) were variable-rate borrowings and the remaining were fixed rate borrowings. Long-term borrowings amounted to HK$1,647.1 million (2019: HK$29.1 million), representing approximately 83% (2019: 1%) of the total borrowings, and short-term borrowings were HK$340.8 million (2019: HK$2,339.4 million) representing approximately 17% (2019: 99%) of the total borrowings. During the Year, the ranges of effective interest rate per annum of the Group in respect of its fixed and variable rate borrowings were 6.67% to 10.80% (2019: 3.50% to 6.67%) and 2.95% to 9.90% (2019: 3.62% to 9.90%) respectively.

As at 31 March 2020, certain assets of the Group including land and buildings, investment properties, bank deposits, properties under development and completed properties for sale with aggregate carrying value of HK$766.1 million (2019: HK$764.2 million), corporate guarantee given by the Company and certain subsidiaries, personal guarantee given by a substantial shareholder of the Company and the Guarantee Dividend were pledged to secure the bank and other borrowings.

Material Acquisitions and Disposals

There was no plan authorised by the Board for any material investments or additions of capital assets as at the date of this announcement.

Contingent Liabilities

As at 31 March 2020, the Group had not given any guarantees (2019: HK$396.2 million) to banks in respect of mortgage loan facilities granted to the property purchasers.

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 RMB. The exchange rates of RMB against HK$ and US$ have been quite stable over the past years despite a slight depreciation in RMB has occurred during the Year. Also the Group's operations will not be unduly exposed to exchange rates fluctuations as all the major assets, mainly property development projects of the Group are located in the PRC and will generate RMB revenue to the Group. Except certain bank and other borrowings which are denominated in US$ or HK$, most of the Group's liabilities are denominated in RMB. Therefore, the Directors do not foresee that movement in the exchange rates of foreign currencies against RMB in the foreseeable future will cause a material adverse impact on the Group's operations.

The Group does not have a foreign currency hedging policy. However, the management of the Group continuously monitors the Group's foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Employees and Remuneration Policy

As at 31 March 2020, the Group had about 100 employees (2019: 152 employees) in the PRC and Hong Kong. The related employees' cost (including the Directors' remuneration and certain staff retrenchment costs) for the Year amounted to approximately HK$59 million (2019: HK$99 million). 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 and housing allowances.

PROSPECTS

During the Year, the PRC economy is under the pressure from the outbreak of the Coronavirus Disease 2019 (the "COVID-19 outbreak"), the trade war tensions between the United States and the PRC and the unstable geopolitical risks around the region.

The COVID-19 outbreak occurred near the end of the Year has caused disruptions to many industries which have inevitably posed a significant threat to the PRC as well as the global economy. To tackle with the crisis, the central government has implemented a series of stringent measures to contain the epidemic. With signs of stabilisation, we believe consumer confidence will be gradually recovered and potentially housing demand will also be resuming gradually. However the construction and sales progress of the Group may be exposed to short-term volatility because of the COVID-19 outbreak. The Group remains cautiously optimistic on the outlook and the prospects for the real estate market.

Against the backdrop of these profound changes in the real estate market, the Group will continue to formulate its business strategy along the direction of government policies. Over the past years, the Group continues to look for opportunities to realise its investment in its development projects as part of the Group's business activities.

Going forward, with the Group's well established brand and seasoned experience in the PRC property market and the Group's improvement in its financial strength, the Group will continue to seek opportunities of participation in city redevelopment of old villages or old plants and factories so as to replenish its property portfolio as an ongoing business exercise and as a means of replenishing a lower cost land bank. For business development, the Group will also look for different thriving business opportunities that will benefit the Group in the years ahead.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company acknowledges the importance of good corporate governance practices and is committed to maintaining sound internal control, transparency and accountability to all shareholders. The Company has continued to apply and comply with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules during the Year, except for below deviations:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual for a balance of power and authority. Mr. Jiang Ming is the Chairman and Managing Director of the Company. He is also one of the founders and a substantial shareholder of the Company and has considerable industry experience. The Board considers that this situation will not impair the balance of power and authority between the Board and the management of the Company because the balance of power and authority is governed by the operations of the Board which comprises experienced and high caliber individuals with demonstrated integrity. Furthermore, decisions of the Board are made by way of majority votes. The Board believes that this structure is conducive to a more precise and more promptly response to the fast changing business environment and a more efficient management and implementation of business process.

Code provision A.6.7 of the CG Code stipulates that independent non-executive Directors and other non-executive Directors should attend general meetings. One independent non-executive Director and two non-executive Directors were unable to attend the annual general meeting (the "AGM") held on 17 September 2019 (the "2019 AGM") due to other important engagements.

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the AGM. Mr. Jiang Ming, the Chairman of the Board, was unable to attend the 2019 AGM due to other business commitment. However, Mr. Xia Xianglong, an executive Director, had taken the chair of the 2019 AGM in accordance with the Bye-laws of the Company. Mr. Xia was of sufficient calibre and knowledge for communication with the shareholders at the 2019 AGM.

Further information will be set out in the Corporate Governance Report to be contained in annual report for the year ended 31 March 2020.

DIRECTORS' SECURITIES TRANSACTIONS

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 the Company's code of conduct regarding Directors' securities transactions. Having made specific enquiry, all Directors confirmed that they have complied with the requirements as set out in the Model Code during the Year. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the shares during the Year.

SCOPE OF WORK OF THE AUDITORS

The figures in respect of this announcement of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereon for the year ended 31 March 2020 have been agreed by the Group's auditor, BDO Limited ("BDO"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2020. The work performed by BDO 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 HKICPA and consequently no assurance has been expressed by BDO on this announcement.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed the accounting principles and practices adopted by the Group and discussed the audit objectives, the scopes and the report of the internal audit department of the Group. The annual results of the Group for the year ended 31 March 2020 have been reviewed by the Audit Committee.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "2020 AGM") is proposed to be held on Thursday, 17 September 2020. A notice convening the 2020 AGM will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

DIVIDENDS

The Board does not recommend the payment of a dividend for the year ended 31 March 2020 (2019: nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders' eligibility to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Monday, 14 September 2020 to Thursday, 17 September 2020 (both days inclusive). In order to be eligible to attend and vote at the 2020 AGM, all transfers accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 11 September 2020.

PUBLICATION OF ANNUAL REPORT

The annual report of the Group for the year ended 31 March 2020 containing all the information required by the Listing Rules will be despatched to the shareholders and 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
Coastal Greenland Limited
Jiang Ming
Chairman

Hong Kong, 29 June 2020

As at the date of this announcement, the Board comprises Mr. Jiang Ming, Mr. Xia Xianglong, Dr. Li Ting and Mr. Lin Chen Hsin as executive Directors, Mr. Zhu Guoqiang and Mr. Qiu Guizhong as non-executive Directors and Mr. Wong Kai Cheong, Mr. Yang Jiangang and Mr. Huang Xihua as independent non-executive Directors.