

COASTAL 沿海

COASTAL GREENLAND LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 01124



Interim Report
2022

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DEFINITIONS

In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company as amended, modified or supplemented from time to time
“CG Code”	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“CIH”	Coastal International Holdings Limited, the controlling Shareholder
“Company”	Coastal Greenland Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“HK\$” and “HK cent(s)”	Hong Kong dollar(s) and cent(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Period/Reporting Period”	the six months ended 30 September 2022

DEFINITIONS

“PRC”	the People’s Republic of China which, for the purpose of this interim report only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

The Chinese version of this interim report is a translation of the English version and is for reference only. In case of any discrepancies or inconsistencies between the English version and the Chinese version, the English version shall prevail.

CORPORATE INFORMATION

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Hamilton HM11
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Futian District
Shenzhen

Principal Place of Business in Hong Kong

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China Merchants Tower
Shun Tak Centre
200 Connaught Road Central
Hong Kong

Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited
4th floor North
Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Executive Directors

Mr. JIANG Ming
(Chairman and Managing Director)
Dr. LI Ting
Mr. LIN Chen Hsin
Ms. TONG Xinhua

Non-executive Directors

Mr. QIU Guizhong
Mr. ZHOU Xiya

Independent Non-executive Directors

Mr. WONG Kai Cheong
Mr. YANG Jiangang
Mr. HUANG Xihua

Company Secretary

Mr. CHENG Wing Bor FCCA, CPA

Auditor

BDO Limited
Certified Public Accountants

Websites

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

1124

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

		Six months ended	
		30 September	
	Notes	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Revenue	4	2,452	3,496
Cost of sales		<u>(317)</u>	<u>(1,574)</u>
Gross profit		2,135	1,922
Other income and gains	5	3,618	72,572
Marketing and selling expenses		(38)	(458)
Administrative expenses		(39,644)	(54,830)
Loss on surrender of lands	8	–	(408,224)
Other expenses		(44)	(38,697)
Finance costs	6	(11,139)	(118,986)
Share of loss of an associate		–	(825)
Share of loss of a joint venture		<u>–</u>	<u>(23)</u>
Loss before taxation		(45,112)	(547,549)
Taxation	7	<u>757</u>	<u>638</u>
Loss for the period	8	(44,355)	(546,911)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences arising on translation to presentation currency		(436,041)	68,727
(Deficit) surplus on revaluation of buildings		(1,775)	547
Deferred tax credit (charge) arising on revaluation of buildings		444	(137)
Deferred tax credit arising on disposal of property, plant and equipment		<u>–</u>	<u>11,451</u>
Other comprehensive income for the period		(437,372)	80,588
Total comprehensive income for the period		(481,727)	(466,323)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

	Six months ended	
	30 September	
	2022	2021
	(unaudited)	(unaudited)
Notes	HK\$'000	HK\$'000
Loss for the period attributable to:		
Owners of the Company	(43,992)	(462,617)
Non-controlling interests	(363)	(84,294)
	<u>(44,355)</u>	<u>(546,911)</u>
Total comprehensive income for the period attributable to:		
Owners of the Company	(483,443)	(384,881)
Non-controlling interests	1,716	(81,442)
	<u>(481,727)</u>	<u>(466,323)</u>
	HK cents	HK cents
Loss per share		
Basic and diluted	<u>(1.06)</u>	<u>(11.16)</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	Notes	30 September 2022 (unaudited) HK\$'000	31 March 2022 (audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	198,264	205,101
Investment properties	11	70,646	78,785
Right-of-use assets		10,997	13,733
Interest in a joint venture		135,438	151,041
Amount due from a joint venture	17(a)(iii)	110,566	123,303
Financial assets at fair value through other comprehensive income ("FVTOCI")		61,666	68,429
Total non-current assets		587,577	640,392
CURRENT ASSETS			
Properties under development		435,073	484,730
Completed properties for sale		273,454	305,212
Prepayments, deposits and other receivables	12	5,357,946	5,949,827
Amounts due from associates and a joint venture	17(a)(ii)	211,911	240,513
Financial assets at fair value through profit or loss ("FVTPL")		201	224
Pledged bank deposits		874	99,617
Cash and bank balances		153,029	251,158
Total current assets		6,432,488	7,331,281
CURRENT LIABILITIES			
Trade payables	13	84,691	95,111
Contract liabilities		172,152	190,387
Other payables and accruals	14	1,995,892	2,140,003
Amount due to a substantial shareholder of the Company	17(a)(i)	153,552	180,883
Lease liabilities		–	1,056
Tax payable		154,947	175,729
Interest-bearing bank and other borrowings	15	226,534	281,283
Total current liabilities		2,787,768	3,064,452

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	Notes	30 September 2022 (unaudited) HK\$'000	31 March 2022 (audited) HK\$'000
NET CURRENT ASSETS		<u>3,644,720</u>	<u>4,266,829</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,232,297</u>	<u>4,907,221</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	15	1,155,367	1,350,612
Deferred tax liabilities		<u>32,365</u>	<u>30,318</u>
Total non-current liabilities		<u>1,187,732</u>	<u>1,380,930</u>
NET ASSETS		<u>3,044,565</u>	<u>3,526,291</u>
CAPITAL AND RESERVES			
Share capital	16	414,602	414,602
Reserves		<u>2,690,905</u>	<u>3,174,347</u>
Equity attributable to owners of the Company		3,105,507	3,588,949
Non-controlling interests		<u>(60,942)</u>	<u>(62,658)</u>
TOTAL EQUITY		<u>3,044,565</u>	<u>3,526,291</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Leasehold property revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	PRC reserve funds HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2021	414,602	1,330,168	37,560	22,114	159,126	456,462	9,697	1,933,514	4,363,243	77,771	4,436,014
Exchange differences arising on translation to presentation currency	-	-	-	-	-	65,875	-	-	65,875	2,852	68,727
Surplus on revaluation of buildings	-	-	-	-	547	-	-	-	547	-	547
Deferred tax charge arising on revaluation of buildings	-	-	-	-	(137)	-	-	-	(137)	-	(137)
Transfer to retained profits upon disposal of property, plant and equipment	-	-	-	-	(45,804)	-	-	45,804	-	-	-
Deferred tax credit arising on disposal of property, plant and equipment	-	-	-	-	11,451	-	-	-	11,451	-	11,451
Other comprehensive income for the period	-	-	-	-	(33,943)	65,875	-	45,804	77,736	2,852	80,588
Loss for the period	-	-	-	-	-	-	-	(462,617)	(462,617)	(84,294)	(546,911)
Total comprehensive income for the period	-	-	-	-	(33,943)	65,875	-	(416,813)	(384,881)	(81,442)	(466,323)
Disposal of equity interest in a subsidiary	-	-	-	-	-	(24)	-	24	-	(991)	(991)
Deemed disposal of partial equity interests in a subsidiary	-	-	-	-	-	-	-	-	-	1,183	1,183
At 30 September 2021 (unaudited)	414,602	1,330,168	37,560	22,114	125,183	522,313	9,697	1,516,725	3,978,362	(8,479)	3,969,883

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Attributable to owners of the Company												
	Share		Share premium HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Leasehold property		Exchange fluctuation reserve HK\$'000	PRC reserve funds HK\$'000	Retained profits HK\$'000	Non-controlling interests		Total equity HK\$'000
	capital HK\$'000	1,330,168				revaluation HK\$'000	reserve HK\$'000				revaluation HK\$'000	reserve HK\$'000	
At 1 April 2022	414,602	1,330,168	37,560	22,114	123,621	626,762	9,697	1,024,425	3,588,949	(62,658)	3,526,291		
Exchange differences arising on translation to presentation currency	-	-	-	-	-	(438,120)	-	-	(438,120)	2,079	(436,041)		
Deficit on revaluation of buildings	-	-	-	-	(1,775)	-	-	-	(1,775)	-	(1,775)		
Deferred tax credit arising on revaluation of buildings	-	-	-	-	444	-	-	-	444	-	444		
Other comprehensive income for the period	-	-	-	-	(1,331)	(438,120)	-	-	(439,451)	2,079	(437,372)		
Loss for the period	-	-	-	-	-	-	-	(43,992)	(43,992)	(363)	(44,355)		
Total comprehensive income for the period	-	-	-	-	(1,331)	(438,120)	-	(43,992)	(483,443)	1,716	(481,727)		
At 30 September 2022 (unaudited)	414,602	1,330,168	37,560	22,114	122,290	188,642	9,697	980,433	3,105,507	(60,942)	3,044,565		

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	Six months ended	
	30 September	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Net cash used in operating activities		
Increase in properties under development	(774)	(6,654)
Increase in completed properties for sales	(116)	(1,883)
Increase in prepayments, deposits and other receivables	(75,847)	(339,449)
Decrease (increase) in restricted bank balances	3,006	(52)
Increase in contract liabilities	1,511	7,909
Decrease in trade payables	(623)	(5,109)
Increase in other payables and accruals	94,324	255,332
Tax paid	(1)	(39)
Other operating cash flows	(36,132)	(61,664)
	<u>(14,652)</u>	<u>(151,609)</u>
Net cash from investing activities		
Repayment from a joint venture and associates	3,662	2,597
Purchases of property, plant and equipment	(196)	(612)
Acquisition of interests in financial assets at FVTPL	–	(200,264)
Proceeds from disposal of interests in financial assets at FVTPL	–	205,073
Withdrawal (placement) of pledged bank deposits	98,743	(3,406)
Proceeds from disposal of property, plant and equipment	447	31,233
Interest received	2,533	9,629
	<u>105,189</u>	<u>44,250</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	Six months ended 30 September	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Net cash (used in) from financing activities		
New bank and other borrowings raised	77,396	462,104
Repayment of bank and other borrowings	(175,540)	(146,737)
Interest paid	(46,517)	(57,310)
(Repayment to) advance from a substantial shareholder of the Company	(9,054)	6,995
Repayment of principal amount of the lease liabilities	(476)	(1,166)
	<u>(154,191)</u>	<u>263,886</u>
Net (decrease) increase in cash and cash equivalents	(63,654)	156,527
Cash and cash equivalents at the beginning of period	247,452	172,729
Effect of foreign exchange rate changes	<u>(30,769)</u>	<u>8,924</u>
Cash and cash equivalents at the end of period	<u>153,029</u>	<u>338,180</u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	153,029	341,788
Less: restricted bank balances (note)	<u>-</u>	<u>(3,608)</u>
	<u>153,029</u>	<u>338,180</u>

Note: Included in cash and bank balances are restricted bank balances which are limited by the banks to be used in the development of certain designated property development projects only.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 to the Listing Rules.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2022 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2022.

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, 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 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

3. SEGMENT INFORMATION (continued)

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 Six months ended 30 September		Property investment Six months ended 30 September		Project management services Six months ended 30 September		Project investment services Six months ended 30 September		Consolidated Six months ended 30 September	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Segment revenue:										
Sales to external customers	-	1,152	2,452	2,344	-	-	-	-	2,452	3,496
Disaggregation of revenue:										
Primary geographical markets										
Anshan	-	607	-	-	-	-	-	-	-	607
Dalian	-	545	-	-	-	-	-	-	-	545
Shanghai	-	-	59	98	-	-	-	-	59	98
Shenzhen	-	-	2,265	2,125	-	-	-	-	2,265	2,125
Others	-	-	128	121	-	-	-	-	128	121
Total	-	1,152	2,452	2,344	-	-	-	-	2,452	3,496
Time of revenue recognition										
At a point in time	-	1,152	-	-	-	-	-	-	-	1,152
Transferred over time	-	-	2,452	2,344	-	-	-	-	2,452	2,344
Total	-	1,152	2,452	2,344	-	-	-	-	2,452	3,496
Segment results:										
Segment loss	(15,255)	(459,325)	(1,435)	(2,284)	(772)	(1,247)	-	-	(17,462)	(462,856)
Finance costs									(11,139)	(118,986)
Interest income									2,533	9,629
Interest expense recharged									-	61,564
Net foreign exchange loss									(780)	(140)
Share of loss of an associate									-	(825)
Share of loss of a joint venture									-	(23)
Other net unallocated expenses									(18,264)	(35,912)
Loss before taxation									(45,112)	(547,549)

Segment results represent the loss before taxation made by each reportable segment without allocation of income and expenses of the Group's head office, finance costs, interest income, interest expense recharged, 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

4. REVENUE

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

	Six months ended 30 September	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Revenue from contracts with customers		
Sale of properties	–	1,152
Revenue from other sources		
Rental income	2,452	2,344
	<u>2,452</u>	<u>3,496</u>

5. OTHER INCOME AND GAINS

	Six months ended 30 September	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Bank interest income	2,106	1,606
Gain on disposal of property, plant and equipment	148	–
Gain on write-off of assets and liabilities upon deregistration of subsidiaries	–	688
Interest expense recharged (note 12 (a)(i))	–	61,564
Other interest income	427	8,023
Reversal of prepayments, deposits and other receivables written-off	825	–
Others	112	691
	<u>3,618</u>	<u>72,572</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

6. FINANCE COSTS

	Six months ended 30 September	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Interest on bank borrowings	46,517	101,110
Interest on other borrowings (note 12 (a)(i))	–	61,564
Interest on lease liabilities	10	112
	<u>46,527</u>	<u>162,786</u>
<i>Less: Amounts capitalised on qualifying assets</i>	<u>(35,388)</u>	<u>(43,800)</u>
	<u>11,139</u>	<u>118,986</u>

Borrowing costs capitalised during the period arose on the funds borrowed specifically for the purpose of obtaining qualifying assets and are calculated by applying a capitalisation rate of 6.12% (2021: 6.50%) per annum.

7. TAXATION

	Six months ended 30 September	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Deferred tax	<u>(757)</u>	<u>(638)</u>

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

Under the Law of the PRC on Enterprise Income Tax (“EIT”) (the “EIT Law”) and Implementation Regulation of the EIT Law, the statutory tax rate of the Company’s PRC subsidiaries is 25%. No PRC EIT has been provided since there were no assessable profit generated for the six months ended 30 September 2022 and 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

8. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Loss for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	544	1,567
Less: Amounts capitalised on qualifying assets	<u>(82)</u>	<u>(153)</u>
	<u>462</u>	<u>1,414</u>
Cost of completed properties sold	–	1,574
Depreciation of right-of-use assets	810	1,423
Gain (loss) on disposal of property, plant and equipment*	(148)	16,007
Loss (gain) on write-off of assets and liabilities upon deregistration of subsidiaries*	4	(688)
Loss on surrender of lands [#]	–	408,224
Net foreign exchange loss	780	140
Rental expenses on short-term leases	557	188
Reversal of prepayment, deposits and other receivables written-off	(825)	–
Write-off of prepayment, deposits and other receivables*	<u>28</u>	<u>10,672</u>

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

[#] On 9 August 2021, the Group entered into an agreement with the Jixi Municipal People’s Government of Heilongjiang Province (the “Jixi Municipal People’s Government”) and an independent third party in which the Group agreed to surrender four parcels of land located at Jixi City, Heilongjiang, the PRC, to the Jixi Municipal People’s Government with a compensation amount of RMB224,000,000 (equivalent to approximately HK\$268,888,000). Resulting from the surrender of lands completed on 18 August 2021, an amount of HK\$408,224,000 of the book value of the lands surrendered in excess of the waiver of payables was recognised as a loss in profit or loss for the six months ended 30 September 2021. Details of the surrender of lands are set out in the announcement and circular of the Company dated 15 November 2021 and 25 February 2022 respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share is based on the loss for the period attributable to owners of the Company of HK\$43,992,000 (2021: HK\$462,617,000) and the number of 4,146,020,285 ordinary shares in issue during the six months ended 30 September 2022 and 2021.

(b) Diluted loss per share

Diluted loss per share for the six months ended 30 September 2022 and 2021 are not presented as there were no dilutive potential ordinary shares in issue during the respective period.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2022, the Group acquired property, plant and equipment at a cost of HK\$196,000 (2021: HK\$612,000). In addition, during the period the Group disposed of certain property, plant and equipment with a carrying value of HK\$299,000 (2021: HK\$47,240,000).

The Group's land and buildings were revalued individually at 30 September 2022 and 31 March 2022 by Cushman & Wakefield Limited, independent professional valuer not connected with the Group, by reference to market evidence of recent transaction prices for similar properties.

In estimating the fair value of the leasehold land and buildings, the highest and best use of the leasehold land and buildings is their current use.

The fair value of the leasehold land and buildings were determined by the valuer on direct comparison approach assuming sale of each of these properties on an immediate vacant possession basis by reference to comparable sales evidence as available in the relevant market. Comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as location and property size. The most significant input into this valuation approach is price per square meter. There were no changes to the valuation techniques during the period.

The following table gives information about how the fair values of these leasehold land and buildings are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Leasehold land and buildings held by the Group in the condensed consolidated statement of financial position	Fair value hierarchy	Valuation technique	Unobservable input	Range of unobservable input	Relationship of unobservable input to fair value
Buildings in Hong Kong of HK\$150,000,000 (31 March 2022: HK\$154,006,000)	Level 3	Direct comparison method	Price per square meter	HK\$386,575 – HK\$469,059 (31 March 2022: HK\$371,290 – HK\$387,092)	The higher the price per square meter, the higher the fair value
Leasehold land and buildings in the PRC of HK\$42,323,000 (31 March 2022: HK\$43,979,000)	Level 3	Direct comparison method	Price per square meter	HK\$14,816 – HK\$64,128 (31 March 2022: HK\$13,400 – HK\$56,962)	The higher the price per square meter, the higher the fair value

There were no transfers into or out of Level 3 during the period.

In the opinion of the Directors, the allocation of leasehold land and buildings elements of certain properties located in the PRC cannot be made reliably, thus the entire amount is classified as a finance lease and accounted for as property, plant and equipment.

Had the Group's land and buildings been carried at historical cost less accumulated depreciation, their carrying amounts as at 30 September 2022 would have been HK\$94,806,000 (2021: HK\$101,376,000).

11. INVESTMENT PROPERTIES

The fair values of the Group's investment properties as at 30 September 2022 and 31 March 2022 have been arrived at on the basis of valuations carried out on the respective dates by Cushman & Wakefield Limited, independent professional valuer not connected with the Group, who has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations respectively.

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

11. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the condensed consolidated statement of financial position	Valuation technique	Range of unobservable input	Relationship of unobservable input to fair value
Investment properties in the PRC of HK\$70,646,000 (31 March 2022: HK\$78,785,000)	Income approach	Reversionary yield 4.00%–4.25% (31 March 2022: 4.00% – 4.25%)	The higher the reversionary yield, the lower the fair value

In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair value of investment properties is a level 3 recurring fair value measurement. There were no changes in fair value for investment properties held at 30 September 2022 and 31 March 2022.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2022 (unaudited) HK\$'000	31 March 2022 (audited) HK\$'000
Other receivables (note a)	1,800,918	2,072,664
Deposits for future acquisition of land use rights (note b)	3,489,415	3,799,283
Prepaid operating expenses and other deposits	<u>67,613</u>	<u>77,880</u>
	<u>5,357,946</u>	<u>5,949,827</u>

Notes:

- (a) As at 30 September 2022, included in other receivables are mainly:
- (i) an amount of HK\$257,618,000 (31 March 2022: HK\$287,296,000) in relation to the guarantee dividend (the “Guaranteed Dividend”) distributable to Coastal Greenland Development (Wuhan) Limited (“Coastal Wuhan”), a formerly subsidiary of the Group, by Tianjin Harmonious Construction and Development Company Limited (formerly known as Tianjin Harmonious Realty Development Company Limited) (“Tianjin Harmonious”), an associate of Coastal Wuhan.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Notes: (continued)

(a) As at 30 September 2022, included in other receivables are mainly: (continued)

(i) (continued)

Tianjin Harmonious has a property development project in Tianjin. Pursuant to the disposal agreement between Coastal Wuhan and new shareholders of Tianjin Harmonious, Coastal Wuhan is entitled to receive the Guaranteed Dividend from Tianjin Harmonious amounting to RMB1,834,000,000 (equivalent to approximately HK\$2,027,774,000). Pursuant to the disposal agreement in respect of the disposal of the entire equity interests in Century East Group Limited (the "Disposal") completed in previous years, the Group is still entitled to receive the Guaranteed Dividend from Tianjin Harmonious after the Disposal. As at 30 September 2022 and 31 March 2022, the balance of the Guaranteed Dividend receivable amounted to RMB233,000,000 (equivalent to approximately HK\$257,618,000 and HK\$287,296,000 respectively).

In previous years, Coastal Wuhan raised a loan of RMB1,601,000,000 (equivalent to approximately HK\$1,770,156,000) from a financial institution, for which the right to receive the Guaranteed Dividend from Tianjin Harmonious is pledged. 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 1 November 2019, which is the original maturity of the loan. The maturity date of the said loan has been further extended to 1 November 2021. The outstanding loan balance has been fully settled during the year ended 31 March 2022.

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 six months ended 30 September 2022, there were no (2021: HK\$61,564,000) loan interest payable on the loan and interest expense recharged on the outstanding Guaranteed Dividend.

(ii) an amount of HK\$1,004,025,000 (31 March 2022: HK\$1,180,923,000) due from the purchaser regarding the balance of the consideration payable by the purchaser under the Disposal as set out above.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Notes: (continued)

- (b) The amount comprises of payments for the acquisition of land use rights of a project in relation to re-development of old villages in the city located at Shangchong Village, Xiangzhou District, Zhuhai City, the PRC (the "Project"), including land costs, construction costs, professional fees and finance costs. The payments were paid to counterparties of the Project, who are third parties independent of the Company, including constructors, government departments, engineering firms, construction design firms and other consultants, in accordance with their respective contractual terms.

The Project covers a total site area of approximately 333,882 sq.m.. A total GFA of approximately 1,030,000 sq.m. will be developed in phases. The Zhuhai Xiangzhou District Housing and Urban Renewal Authority has authorised the Group as the major party responsible for the implementation of the Project.

The Project involves demolition and resettlement of 267 households. As at 30 September 2022 and 31 March 2022, the Group has completed the resettlement of 249 households. The Group is currently in the process of carrying out the remaining resettlement before proceeding to demolition and submission of application for the renewal of the relevant land certificates.

13. TRADE PAYABLES

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

	30 September 2022 (unaudited) HK\$'000	31 March 2022 (audited) HK\$'000
0-30 days	1,932	2,577
31-60 days	169	–
61-90 days	–	10
Over 90 days	82,590	92,524
	84,691	95,111

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

14. OTHER PAYABLES AND ACCRUALS

	30 September 2022 (unaudited) HK\$'000	31 March 2022 (audited) HK\$'000
Sales and other taxes payable	33,500	31,361
Other payables (note)	218,600	235,069
Advances from third parties for a re-development project	1,469,672	1,569,124
Accrued construction costs	15,415	17,191
Other accrued operating expenses (note)	258,705	287,258
	<u>1,995,892</u>	<u>2,140,003</u>

Note: Included in other payables and other accrued operating expenses was an indemnity against a legal case of approximately RMB296,304,000 (equivalent to approximately HK\$327,610,000 (31 March 2022: HK\$365,352,000)) by Hengxiang Real Estate Development Company Limited ("Hengxiang Real Estate"). The amount represented loan principal and interest payable to a lender and the associated legal cost of the litigation according to the judgement by the Liaoning High People's Court dated 28 January 2018.

On 17 September 2020, the Liaoning Intermediate People's Court concluded that the final indemnity as agreed by Hengxiang Real Estate and the lender of RMB296,304,000 shall be settled with the completed properties for sale of the Group and an associate with carrying amount of RMB149,525,000 (equivalent to approximately HK\$165,323,000 (31 March 2022: HK\$184,369,000)) and RMB27,017,000 (equivalent to approximately HK\$29,872,000 (31 March 2022: HK\$33,313,000)) respectively. The management expected that the indemnity would be settled within one year from the end of the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 September 2022 (unaudited) HK\$'000	31 March 2022 (audited) HK\$'000
CURRENT		
Bank borrowings – secured	<u>226,534</u>	<u>281,283</u>
NON-CURRENT		
Bank borrowings – secured	<u>1,077,971</u>	1,350,612
Other borrowings – secured	<u>77,396</u>	–
	<u>1,155,367</u>	<u>1,350,612</u>
	<u>1,381,901</u>	<u>1,631,895</u>

At the end of the reporting period, the Group's bank and other borrowings were repayable as follows:

	30 September 2022 (unaudited) HK\$'000	31 March 2022 (audited) HK\$'000
On demand or within one year	<u>226,534</u>	281,283
More than one year, but not exceeding two years	<u>77,396</u>	148,457
More than five years	<u>1,077,971</u>	<u>1,202,155</u>
	<u>1,381,901</u>	<u>1,631,895</u>

Notes:

- (a) As at 30 September 2022, total facilities granted to the Group amounting to HK\$5,307,151,000 (31 March 2022: HK\$5,918,546,000) of which HK\$1,077,971,000 (31 March 2022: HK\$1,202,155,000) were utilised. The facilities are restricted to be used for a re-development project which is located in Zhuhai City of the PRC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

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

Notes: (continued)

- (b) All of the Group's bank and other borrowings as at 30 September 2022 and 31 March 2022 are secured by:
- (i) certain land and buildings of the Group with an aggregate carrying value of approximately HK\$159,586,000 (31 March 2022: HK\$164,883,000);
 - (ii) certain right of use assets of the Group with an aggregate carrying value of approximately HK\$10,997,000 (31 March 2022: HK\$12,689,000);
 - (iii) certain bank deposits of the Group with an aggregate carrying value of approximately HK\$98,642,000 as at 31 March 2022;
 - (iv) certain investment properties of the Group with an aggregate carrying value of approximately HK\$68,767,000 (31 March 2022: HK\$76,689,000);
 - (v) certain deposits for future acquisitions of land use rights of the Group with an aggregate carrying value of approximately HK\$3,489,415,000 (31 March 2022: HK\$3,799,283,000);
 - (vi) corporate guarantees from the Company and certain subsidiaries;
 - (vii) corporate guarantees from third parties; and
 - (viii) personal guarantee and assets from a substantial shareholder.
- (c) The ranges of effective interest rates per annum (which also approximate to contracted interest rates) on the Group's interest-bearing bank and other borrowings are as follows:

	30 September 2022		31 March 2022	
	Borrowings HK\$'000 (unaudited)	Interest rate (unaudited)	Borrowings HK\$'000 (audited)	Interest rate (audited)
Bank borrowings				
Fixed-rate borrowings	–	–	98,642	10.80%
Variable-rate borrowings	1,304,505	2.47% to 6.50%	1,533,253	2.32% to 7.00%
Other borrowings				
Fixed-rate borrowings	77,396	12.00%	–	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

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

Notes: (continued)

- (d) The Group's bank and other borrowings that are denominated in currencies other than RMB, the functional currency of the respective group entities, are set out below:

	30 September 2022 (unaudited) HK\$'000	31 March 2022 (audited) HK\$'000
US\$	–	77,800
HK\$	<u>84,126</u>	<u>84,126</u>
	<u>84,126</u>	<u>161,926</u>

16. SHARE CAPITAL

	Number of ordinary shares	Nominal value HK\$'000
Authorised:		
Ordinary shares of HK\$0.10 each at 1 April 2021, 31 March 2022 and 30 September 2022	<u>7,000,000,000</u>	<u>700,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.10 each at 1 April 2021, 31 March 2022 and 30 September 2022	<u>4,146,020,285</u>	<u>414,602</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

17. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the notes to the condensed consolidated financial statements, the Group had the following significant transactions with related parties:

(a) Outstanding balances with related parties:

- (i) The amount due to a substantial shareholder of the Company represents amount due to CIH, which holds 36.93% (31 March 2022: 36.93%) interests in the Company. The amount is unsecured, interest-free and repayable on demand.
- (ii) The amounts due from associates and a joint venture of HK\$211,911,000 (31 March 2022: HK\$240,513,000) are non-trade, unsecured, interest-free and repayable on demand.
- (iii) The amount due from a joint venture of HK\$110,566,000 (31 March 2022: HK\$123,303,000) represents an amount due from Beijing Huichao Real Estate Development Company Limited ("Beijing Huichao"). The amount is non-trade, interest-free, repayable on demand and secured by 11% equity interests in Beijing Huichao beneficially owned by a third party partner in the joint venture. In the opinion of the Directors, the amount is not expected to be repaid within twelve months after the end of the reporting period and accordingly it is presented as non-current asset as at 30 September 2022 and 31 March 2022.

(b) Compensation of key management personnel of the Group who are the executive directors of the Company

	Six months ended 30 September	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Short term benefits	3,526	4,224
Post-employment benefits	95	130
Total compensation paid to key management personnel	3,621	4,354

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

18. FAIR VALUE MEASUREMENT

The Group followed HKFRS 7 Financial Instruments: Disclosures which introduce a three-level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements.

The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 HK\$'000	Level 2 HK\$'000 (note i)	Level 3 HK\$'000 (note ii)	Total HK\$'000
As at 30 September 2022				
Financial assets at FVTOCI	–	–	61,666	61,666
Financial assets at FVTPL	–	201	–	201
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 March 2022				
Financial assets at FVTOCI	–	–	68,429	68,429
Financial assets at FVTPL	–	224	–	224
	<hr/>	<hr/>	<hr/>	<hr/>

Notes:

- (i) The fair values of the wealth management product in Level 2 have been determined based on the quoted prices from the relevant financial institution.
- (ii) The fair values of the unlisted equity securities in Level 3 have been determined with reference to the fair values of underlying assets and liabilities of the investees as at 30 September 2022 and 31 March 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

18. FAIR VALUE MEASUREMENT (continued)

The movements of fair values measurements in Level 3 during the period are as follows:

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Financial assets at FVTOCI		
At beginning of period	68,429	81,996
Addition	–	3,699
Disposal	–	(17,945)
Exchange realignment	(6,763)	679
	61,666	68,429
At end of period	61,666	68,429

The fair value of the unlisted equity securities are Level 3 recurring fair value measurement. During the six months ended 30 September 2022 and year ended 31 March 2022, there have been no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

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

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 Period, the Group has no contracted sales recorded. For the last corresponding period, the Group recorded contracted sales in the amount of HK\$2.0 million which corresponds to a total GFA of approximately 650 sq.m.. Included in the amount was HK\$1.7 million related to contracted sales attributable to a development project in which the Group has equity interests of 35% and of which the Group is the project manager. Such development project accounted for a corresponding GFA of approximately 600 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 Period mainly derived from properties in Shenzhen.

Project Management Services

During the Period, the Group was engaged as the project managers of two (2021: two) development projects namely Beijing Bay Project Phase II and Chongqing Silo City, both of the project's constructions have been completed.

Project Investment Services

During the six months ended 30 September 2022 and 2021, the Group did not generate any profit from the operations of this segment. The Group will continue to look for opportunities in relation to investment in and sale of property development/land development project in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Overall Performance

During the Reporting Period, the Group generated revenue of HK\$2.5 million, representing a decrease of approximately 29% as compared to HK\$3.5 million for the last corresponding period. During the Period, the Group incurred a loss before taxation of HK\$45.1 million, compared to HK\$547.5 million for the last corresponding period. Loss for the period attributable to owners of the Company was HK\$44.0 million, compared to HK\$462.6 million for the last corresponding period. The loss for the last corresponding period was mainly attributable to a loss incurred upon the surrender of four parcels of land in the Jixi Silo City Project.

Revenue

The revenue of the Group was primarily derived from sale of properties and property rental income. During the Period, revenue decreased by approximately 29% to HK\$2.5 million from HK\$3.5 million in the last corresponding period. There was no (2021: 33%) revenue generated from the sale of properties and all (2021: 67%) of the Group's revenue during the Period was generated from property rental income.

Sale of Properties

During the Period, there was no recognised sales revenue from sale of properties. During the last corresponding period, the recognised sales revenue from sales of properties was HK\$1.2 million which corresponds to the total GFA delivered by the Group of 310 sq.m.. The property sales revenue for the last corresponding period came from the sale of inventory in developments completed in prior years, namely Anshan Wisdom New City, Dalian Coastal International Centre and Dalian Jianzhu Project which respectively accounted for approximately 53%, 24% and 23% respectively of the last corresponding period's total property sales revenue.

Rental income

Revenue from property rental slightly increased to HK\$2.5 million from HK\$2.3 million for the last corresponding period. The property investment segment for the Period recorded a loss of HK\$1.4 million comparing to HK\$2.3 million for the last corresponding period.

MANAGEMENT DISCUSSION AND ANALYSIS

Project Management Services Income

During the six months ended 30 September 2022 and 2021, the Group did not generate any revenue from project management services as the Group is phasing out from the business in this segment. The project management services segment recorded a loss of approximately HK\$0.8 million for the Period comparing to HK\$1.2 million for the last corresponding period.

Gross Profit Margin

The gross profit margin for the Period was approximately 87% as compared to 55% for the last corresponding period. A significant increase in the gross profit margin was primarily attributable to the change in revenue mix in which a majority of the revenue was derived from rental income during the Period.

Other Income and Gains

Other income and gains for the Period was HK\$3.6 million as compared to HK\$72.6 million for the last corresponding period. Other income and gains for the Period mainly represented bank interest income of HK\$2.1 million (2021: HK\$1.6 million); reversal of prepayments, deposits and other receivables written-off of HK\$0.8 million (2021: nil) and other interest income of HK\$0.4 million (2021: HK\$8.0 million). Apart from the above, included in last corresponding period's other income and gain was interest expense recharged of HK\$61.6 million (see note 12(a)(i) to the condensed consolidated financial statements).

Marketing, Selling and Administrative Expenses

Marketing and selling expenses decreased by approximately 92% to HK\$0.04 million from the last corresponding period's HK\$0.5 million as a result of the Group's decreased level of selling activities for promoting its sales during the Period.

Administrative expenses decreased by approximately 28% to HK\$39.6 million from the last corresponding period's HK\$54.8 million. The Group will continue to implement cost control measures so as to enhance its operational efficiency.

Loss on Surrender of Lands

For loss on surrender of lands of HK\$408.2 million during the six months ended 30 September 2021, please refer to note 8 to the condensed consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Expenses

Other expenses for the Period was HK\$0.04 million as compared to the last corresponding period's HK\$38.7 million. Other expenses mainly comprised of write-off of prepayment, deposits and other receivables of HK\$0.03 million (2021: HK\$10.7 million). Apart from the above, included in last corresponding period's other expenses mainly comprised of loss on disposal of property, plant and equipment of HK\$16.0 million and an indemnity against a legal case of HK\$11.6 million.

Finance Costs

During the Period, the Group incurred finance costs before capitalisation (mainly interest for bank and other borrowings) of HK\$46.5 million, representing a decrease of approximately 71% as compared to HK\$162.8 million incurred for the last corresponding period. Interest expenses charged to profit or loss for the Period was HK\$11.1 million as compared to the last corresponding period's HK\$119.0 million. The decrease was mainly attributable to a decrease in outstanding balance of bank and other borrowings as noted in note 12(a)(i) to the condensed consolidated financial statements.

Financial Resources and Liquidity

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

As at 30 September 2022, the Group's cash and bank balances amounted to approximately HK\$153.9 million (31 March 2022: HK\$350.8 million). An analysis by currency denomination of the cash and bank balances is as follows:

	30 September 2022 HK\$'000	31 March 2022 HK\$'000
RMB	145,188	344,692
HK\$	6,052	3,190
US\$	2,663	2,893
	<u>153,903</u>	<u>350,775</u>

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 September 2022, 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\$1,228.0 million (31 March 2022: HK\$1,281.1 million). Net debt to total equity ratio, which is expressed as a percentage of net borrowings over total equity of the Group, increased by approximately 4% to 40% from 36% as at 31 March 2022.

Borrowings and Charges

As at 30 September 2022, the Group's total bank and other borrowings amounted to HK\$1,381.9 million (31 March 2022: HK\$1,631.9 million), of which HK\$1,304.5 million (31 March 2022: HK\$1,533.3 million) were variable-rate borrowings and the remaining were fixed rate borrowings. Long-term borrowings amounted to HK\$1,155.4 million (31 March 2022: HK\$1,350.6 million), representing approximately 84% (31 March 2022: 83%) of the total borrowings, and short-term borrowings were HK\$226.5 million (31 March 2022: HK\$281.3 million) representing approximately 16% (31 March 2022: 17%) of the total borrowings. As at 30 September 2022, the ranges of effective interest rate per annum of the Group in respect of its fixed and variable rate borrowings were 12.00% (31 March 2022: 10.80%) and 2.47% to 6.50% (31 March 2022: 2.32% to 7.00%) respectively.

As at 30 September 2022, total facilities granted to the Group amounting to HK\$5,307.2 million (31 March 2022: HK\$5,918.5 million) of which HK\$1,078.0 million (31 March 2022: HK\$1,202.2 million) were utilised. The facilities are restricted to be used for a re-development project which is located in Zhuhai City of the PRC.

As at 30 September 2022, certain assets of the Group including land and buildings, investment properties, right-of-use assets, deposits for future acquisition of land use rights and bank deposits with aggregate carrying value of HK\$3,728.8 million (31 March 2022: HK\$4,152.2 million), personal guarantee and assets given by a substantial shareholder of the Company and corporate guarantees given by the Company, certain subsidiaries and third parties were pledged to secure the bank and other borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS

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 interim report.

Contingent Liabilities

As at 30 September 2022, the Group had no contingent liabilities (31 March 2022: nil).

Exposure to Fluctuation 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 steady depreciation in RMB has occurred during the Period. 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 HK\$ which account for less than 10% of the Group's total borrowings, 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 30 September 2022, the Group had approximately 44 employees (2021: approximately 80 employees) in the PRC and Hong Kong. The related employees' cost (including the Directors' remuneration and certain staff retrenchment costs) for the Period amounted to approximately HK\$23.0 million (2021: HK\$24.7 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.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

The COVID-19 outbreak occurred over the past years 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. Despite gradual approach has been taken to ease pandemic policy, with the complex environment fraught with multifaceted challenges, the real estate industry situation will remain severe. In addition, the credit crisis emerged from certain big names of the PRC property developers during the past years has casted an uncertain atmosphere over the PRC property sector. Therefore, the construction and sales progress of the Group has been exposed to short-term volatilities and challenges. However, 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, the Group will continue to seek opportunities of participation in city re-development 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.

DISCLOSURE OF INTERESTS

DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 2022, the interests and short positions of the Directors and their associates in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Long positions in the Shares and underlying Shares of the Company

Name of Director	Beneficially owned	Interest in controlled corporation	Total number of Shares and underlying Shares held	% of the Company's issued share capital
Mr. Jiang Ming	–	1,531,261,978*	1,531,261,978	36.93%
Mr. Lin Chen Hsin	3,720,000	1,531,261,978*	1,534,981,978	37.02%
Ms. Tong Xinhua	5,040,000	–	5,040,000	0.12%

* 1,531,261,978 shares are beneficially owned by CIH, of which the issued voting share capital is held as to 37.58% by Mr. Jiang Ming, 3.30% by Mr. Lin Chen Hsin and 21.42% by Great Scope Investments Limited (the entire issued voting share capital of which is held by Mr. Jiang Ming). These 1,531,261,978 shares represent an aggregate of approximately 36.93% of the issued share capital of the Company. Mr. Jiang Ming and Mr. Lin Chen Hsin are directors of CIH.

(ii) Long positions in the Shares and underlying Shares of CIH

Name of Director	Number of Shares held	Capacity and nature of interest	% of the associated corporation's issued share capital
Mr. Jiang Ming	3,758	Beneficial owner	37.58%
	2,142	Interest in controlled corporation	21.42%
Mr. Lin Chen Hsin	330	Beneficial owner	3.30%

Save as disclosed above, as at 30 September 2022, none of the Directors had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any other associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or required to notify the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSURE OF INTERESTS

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES

Apart from the interests of CIH as disclosed under the heading "Directors' interests in securities" above, the register of substantial Shareholders maintained by the Company pursuant to Section 336 of Part XV of the SFO shows that, as at 30 September 2022, the Company had been notified of the following substantial Shareholders' interests, being 5% or more of the Company's issued share capital.

Name	Nature of Interest	Number of Shares held or short positions	% of the Company's issued share capital
Ms. Yang Sun Xin	Family ²	1,531,261,978	36.93%
Shenzhen Investment Limited	Corporate	631,092,857	15.22%

Notes:

1. All the interests stated above represent long positions.
2. Ms. Yang Sun Xin is the spouse of Mr. Jiang Ming (Chairman and Managing Director of the Company) and is deemed to be interested in the 1,531,261,978 shares of the Company, which is the number of shares that CIH is interested in the issued share capital of the Company.

Save as disclosed above, as at 30 September 2022, the Company has not been notified of any other interests or short positions notifiable to the Company held by any other person in the Shares or underlying Shares of the Company required to be recorded under Section 336 of the SFO.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRACTICES

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 (“Code Provision(s)”) of the CG Code during the Period, except for below deviations:

Code Provision C.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.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the Company’s code of conduct regarding Directors’ securities transactions. Having made specific enquiries, all Directors confirmed that they have complied with the requirements as set out in the Model Code during the Period or (where appropriate) during his/her tenure as a Director in the Reporting Period. 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.

OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2022 (2021: nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed with the management of the Company the accounting policies and practices adopted by the Group and discussed, among other things, internal controls, risk management and financial reporting matters including a review of the unaudited condensed consolidated financial statements for the six months ended 30 September 2022.

By Order of the Board
Coastal Greenland Limited
Jiang Ming
Chairman

Hong Kong, 30 November 2022