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UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

FINANCIAL HIGHLIGHTS:

- Revenue for the period amounted to approximately HK\$2.5 million, a decrease of approximately 29% from the last corresponding period.
- Loss for the period attributable to owners of the Company was approximately HK\$44.0 million, a mitigation of 90% from the last corresponding period.
- As at 30 September 2022, net debt to total equity ratio was 40%, maintaining at a manageable level.

The board (the “**Board**”) of directors (the “**Director(s)**”) of Coastal Greenland Limited (the “**Company**”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2022 (the “**Reporting Period**” or the “**Period**”), together with comparative unaudited figures for the corresponding period in 2021. The interim results have been reviewed by the audit committee of the Company (the “**Audit Committee**”) and approved by the Board. The following financial information is extracted from the unaudited condensed consolidated financial statements as contained in the Group’s 2022 interim report which is to be published by the Group.

* For identification purpose only

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)
	<i>Notes</i>	HK\$'000	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	<u>(44,355)</u>	<u>(546,911)</u>
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		<u>(437,372)</u>	<u>80,588</u>
Total comprehensive income for the period		<u>(481,727)</u>	<u>(466,323)</u>

	Six months ended	
	30 September	
	2022	2021
	(unaudited)	(unaudited)
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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>
	<i>HK cents</i>	<i>HK cents</i>
Loss per share	<i>9</i>	
Basic and diluted	<u>(1.06)</u>	<u>(11.16)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

		30 September 2022 (unaudited) HK\$'000	31 March 2022 (audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		198,264	205,101
Investment properties		70,646	78,785
Right-of-use assets		10,997	13,733
Interests in a joint venture		135,438	151,041
Amount due from a joint venture		110,566	123,303
Financial assets at fair value through other comprehensive income		61,666	68,429
		<hr/>	<hr/>
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	<i>10</i>	5,357,946	5,949,827
Amounts due from associates and a joint venture		211,911	240,513
Financial assets at fair value through profit or loss		201	224
Pledged bank deposits		874	99,617
Cash and bank balances		153,029	251,158
		<hr/>	<hr/>
Total current assets		6,432,488	7,331,281
CURRENT LIABILITIES			
Trade payables	<i>11</i>	84,691	95,111
Contract liabilities		172,152	190,387
Other payables and accruals		1,995,892	2,140,003
Amount due to a substantial shareholder of the Company		153,552	180,883
Lease liabilities		–	1,056
Tax payable		154,947	175,729
Interest-bearing bank and other borrowings		226,534	281,283
		<hr/>	<hr/>
Total current liabilities		2,787,768	3,064,452
NET CURRENT ASSETS			
		3,644,720	4,266,829

	30 September 2022 (unaudited) HK\$'000	31 March 2022 (audited) HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>4,232,297</u>	<u>4,907,221</u>
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	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><u>3,044,565</u></u>	<u><u>3,526,291</u></u>
CAPITAL AND RESERVES		
Share capital	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><u>3,044,565</u></u>	<u><u>3,526,291</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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 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		Consolidated	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(unaudited)	(unaudited)								
	HK\$'000	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	1,939
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)	(28,222)
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.

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	<u>2,452</u>	<u>2,344</u>
	<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 (<i>note 10(a)(i)</i>)	–	61,564
Other interest income	427	8,023
Reversal of prepayments, deposits and other receivables written-off	825	–
Others	<u>112</u>	<u>691</u>
	<u>3,618</u>	<u>72,572</u>

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 (<i>note 10(a)(i)</i>)	–	61,564
Interest on lease liabilities	10	112
	<u>46,527</u>	<u>162,786</u>
Less: Amounts capitalised on qualifying assets	<u>(35,388)</u>	<u>(43,800)</u>
	<u>11,139</u>	<u>118,986</u>

Borrowing costs capitalised during the six months ended 30 September 2022 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.

8. LOSS FOR THE PERIOD

	Six months ended	
	30 September	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	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	(82)	(153)
	<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.

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. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2022 (unaudited) HK\$'000	31 March 2022 (audited) HK\$'000
Other receivables (<i>note a</i>)	1,800,918	2,072,664
Deposits for future acquisition of land use rights (<i>note b</i>)	3,489,415	3,799,283
Prepaid operating expenses and other deposits	67,613	77,880
	<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) 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 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.
- (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 348,981 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.

11. 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.

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.

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.

Sales 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 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.

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 10(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.

Other Expenses/Loss on Surrender of Lands

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.

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.

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 10(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
Renminbi	145,188	344,692
Hong Kong dollar	6,052	3,190
United States dollar	2,663	2,893
	<u>153,903</u>	<u>350,775</u>

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 and deposits for future acquisition of land use rights 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 guarantee given by the Company, certain subsidiaries and third parties 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 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.

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.

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)**”) contained in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Listing Rules 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 for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (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.

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.

PUBLICATION OF INTERIM REPORT

The interim report of the Group for the six months ended 30 September 2022 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, 30 November 2022

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