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UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

FINANCIAL HIGHLIGHTS:

- Revenue for the Period amounted to approximately HK\$2.0 million, a decrease of approximately 18% from the last corresponding period.
- Loss for the Period attributable to owners of the Company was approximately HK\$793.5 million, compared to a loss of approximately HK\$44.0 million for the last corresponding period.
- As at 30 September 2023, net debt to total equity ratio was 14%, representing a significant improvement from last year's 44%.

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 2023 (the “**Reporting Period**” or the “**Period**”), together with comparative unaudited figures for the corresponding period in 2022. 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 2023 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 2023

		Six months ended	
		30 September	
		2023	2022
		(unaudited)	(unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	4	2,015	2,452
Cost of sales		<u>(218)</u>	<u>(317)</u>
Gross profit		1,797	2,135
Other income and gains	5	287	2,793
Marketing and selling expenses		–	(38)
Administrative expenses		(37,324)	(39,644)
Impairment loss recognised on other receivables, net	8	(744,506)	797
Other expenses		(1,191)	(16)
Finance costs	6	<u>(14,713)</u>	<u>(11,139)</u>
Loss before taxation	8	(795,650)	(45,112)
Taxation	7	<u>2,118</u>	<u>757</u>
Loss for the period		<u>(793,532)</u>	<u>(44,355)</u>
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences arising on translation to presentation currency		(123,868)	(436,041)
Deficit on revaluation of buildings		(5,423)	(1,775)
Deferred tax credit arising on revaluation of buildings		<u>1,356</u>	<u>444</u>
Other comprehensive income for the period		<u>(127,935)</u>	<u>(437,372)</u>
Total comprehensive income for the period		<u>(921,467)</u>	<u>(481,727)</u>

		Six months ended	
		30 September	
		2023	2022
		(unaudited)	(unaudited)
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period attributable to:			
	Owners of the Company	(793,466)	(43,992)
	Non-controlling interests	<u>(66)</u>	<u>(363)</u>
		<u>(793,532)</u>	<u>(44,355)</u>
Total comprehensive income for the period			
attributable to:			
	Owners of the Company	(919,837)	(483,443)
	Non-controlling interests	<u>(1,630)</u>	<u>1,716</u>
		<u>(921,467)</u>	<u>(481,727)</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share			
	Basic and diluted	<u>(19.14)</u>	<u>(1.06)</u>

9

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	<i>Notes</i>	30 September 2023 (unaudited) HK\$'000	31 March 2023 (audited) HK\$'000
Non-current assets			
Property, plant and equipment		182,136	193,071
Investment properties		69,631	72,989
Right-of-use assets		10,090	10,970
Interest in a joint venture		133,491	139,929
Amounts due from associates and a joint venture		319,129	331,353
Financial assets at fair value through other comprehensive income (“FVTOCI”)		60,822	63,613
Deferred tax assets		48,898	51,034
		<hr/>	<hr/>
Total non-current assets		824,197	862,959
Current assets			
Properties under development		187,439	196,479
Completed properties for sale		256,123	268,489
Prepayments, deposits and other receivables	<i>10</i>	781,255	5,284,847
Financial assets at fair value through profit or loss (“FVTPL”)		–	207
Pledged bank deposits		855	904
Cash and bank balances		13,358	156,669
		<hr/>	<hr/>
		1,239,030	5,907,595
Assets classified as held for sale	<i>13</i>	3,740,875	–
		<hr/>	<hr/>
Total current assets		4,979,905	5,907,595
Current liabilities			
Trade payables	<i>11</i>	81,629	85,566
Contract liabilities		2,197	2,303
Other payables and accruals	<i>12</i>	616,606	2,136,430
Amount due to a substantial shareholder of the Company		121,260	169,428
Tax payable		145,355	154,933
Interest-bearing bank and other borrowings		251,157	282,498
		<hr/>	<hr/>
		1,218,204	2,831,158
Liabilities classified as held for sale	<i>13</i>	2,654,250	–
		<hr/>	<hr/>
Total current liabilities		3,872,454	2,831,158

	30 September 2023 (unaudited) HK\$'000	31 March 2023 (audited) HK\$'000
Net current assets	<u>1,107,451</u>	<u>3,076,437</u>
Total assets less current liabilities	<u>1,931,648</u>	<u>3,939,396</u>
Non-current liabilities		
Interest-bearing bank and other borrowings	27,826	1,113,718
Deferred tax liabilities	<u>22,583</u>	<u>22,972</u>
Total non-current liabilities	<u>50,409</u>	<u>1,136,690</u>
Net assets	<u><u>1,881,239</u></u>	<u><u>2,802,706</u></u>
Capital and reserves		
Share capital	414,602	414,602
Reserves	<u>1,521,626</u>	<u>2,441,463</u>
Equity attributable to owners of the Company	1,936,228	2,856,065
Non-controlling interests	<u>(54,989)</u>	<u>(53,359)</u>
Total equity	<u><u>1,881,239</u></u>	<u><u>2,802,706</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 September 2023 (the “**Interim Financial Information**”) 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**”). The Interim Financial Information is presented in Hong Kong dollar (“**HK\$**”), unless otherwise stated.

2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Information has 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 Interim Financial Information should be read in conjunction with the annual audited financial statements of the Group for the year ended 31 March 2023 (the “**2023 Financial Statements**”). The accounting policies and methods of computation used in the preparation of the Interim Financial Information are consistent with those used in the preparation of the 2023 Financial Statements, except for the adoption of certain new standards and amendments which has had no significant impact on the results and the financial position of the Group.

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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
Sales to external customers	<u>104</u>	<u>-</u>	<u>1,911</u>	<u>2,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,015</u>	<u>2,452</u>
Disaggregation of revenue:										
Primary geographical markets										
Dalian	104	-	-	-	-	-	-	-	104	-
Dongguan	-	-	121	128	-	-	-	-	121	128
Shanghai	-	-	53	59	-	-	-	-	53	59
Shenzhen	-	-	1,737	2,265	-	-	-	-	1,737	2,265
Total	<u>104</u>	<u>-</u>	<u>1,911</u>	<u>2,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,015</u>	<u>2,452</u>
Time of revenue recognition										
At a point in time	104	-	-	-	-	-	-	-	104	-
Transferred over time	-	-	1,911	2,452	-	-	-	-	1,911	2,452
Total	<u>104</u>	<u>-</u>	<u>1,911</u>	<u>2,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,015</u>	<u>2,452</u>
Segment results:										
Segment loss	<u>(762,197)</u>	<u>(15,255)</u>	<u>(925)</u>	<u>(1,435)</u>	<u>(544)</u>	<u>(772)</u>	<u>-</u>	<u>-</u>	<u>(763,666)</u>	<u>(17,462)</u>
Finance costs									(14,713)	(11,139)
Interest income									185	2,533
Net foreign exchange loss									(1)	(780)
Other net unallocated expenses									(17,455)	(18,264)
Loss before taxation									<u>(795,650)</u>	<u>(45,112)</u>

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 and net foreign exchange differences. 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	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Revenue from contracts with customers		
Sale of properties	104	–
Revenue from other sources		
Rental income – fixed payment	<u>1,911</u>	<u>2,452</u>
	<u>2,015</u>	<u>2,452</u>

5. OTHER INCOME AND GAINS

	Six months ended	
	30 September	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Bank interest income	185	2,106
Dividend income from financial assets at FVTOCI	70	–
Gain on disposal of property, plant and equipment	–	148
Other interest income	–	229
Others	<u>32</u>	<u>310</u>
	<u>287</u>	<u>2,793</u>

6. FINANCE COSTS

	Six months ended	
	30 September	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Interest on bank borrowings	36,241	41,812
Interest on other borrowings	10,304	4,705
Interest on lease liabilities	—	10
	<u>46,545</u>	<u>46,527</u>
Less: Amounts capitalised on qualifying assets	<u>(31,832)</u>	<u>(35,388)</u>
	<u><u>14,713</u></u>	<u><u>11,139</u></u>

During the six months ended 30 September 2023, borrowing costs were capitalised at a rate of approximately 5.77% (2022: 6.12%) per annum arose on the funds borrowed specifically for the purpose of obtaining qualifying assets.

7. TAXATION

	Six months ended	
	30 September	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Deferred tax	<u>(2,118)</u>	<u>(757)</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 2023 and 2022.

8. LOSS BEFORE TAXATION

The Group's loss before taxation is arrived at after charging (crediting):

	Six months ended	
	30 September	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	301	544
Less: Amounts capitalised on qualifying assets	—	(82)
	<u>301</u>	<u>462</u>
Cost of completed properties sold	120	—
Depreciation of right-of-use assets	380	810
Fair value loss on financial assets at FVTPL*	200	—
Impairment loss recognised on other receivables, net [#]	744,506	(797)
Indemnity against a legal case ⁺	565	—
Loss* (gain) on disposal of property, plant and equipment	296	(148)
Net foreign exchange loss	1	780
Rental expenses on short-term leases	283	557

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

[#] The amount for the six months ended 30 September 2023 mainly represented impairment loss recognised for the Consideration Receivable of HK\$734,573,000 (see note 10(a)(ii)).

⁺ The amount represented an indemnity against a legal case in relation to a tenancy dispute with a tenant. The indemnity has been fully settled according to the judgement by the court dated 14 June 2023.

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\$793,466,000 (2022: HK\$43,992,000) and the number of 4,146,020,285 ordinary shares in issue during the six months ended 30 September 2023 and 2022.

(b) Diluted loss per share

Diluted loss per share for the six months ended 30 September 2023 and 2022 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 2023 (unaudited) HK\$'000	31 March 2023 (audited) HK\$'000
Other receivables (<i>note a</i>)	749,088	1,587,375
Deposits for future acquisition of land use rights (<i>note b</i>)	–	3,640,905
Prepaid operating expenses and other deposits	32,167	56,567
	781,255	5,284,847

Notes:

- (a) (i) Included in other receivables at 30 September 2023 and 31 March 2023 was mainly an amount of HK\$253,915,000 (31 March 2023: HK\$266,161,000) 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 Realty Development Company Limited (“**Tianjin Harmonious**”), an associate of Coastal Wuhan.

Tianjin Harmonious has a property development project in Tianjin City of the PRC. 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\$1,998,627,000). Pursuant to the disposal agreement in respect of the disposal of the entire equity interests in Century East Group Limited, a former subsidiary of the Group and holding company of Coastal Wuhan, completed in previous years (the “**Disposal**”), the Group is still entitled to receive the Guaranteed Dividend from Tianjin Harmonious after the Disposal.

- (ii) Included in other receivables at 31 March 2023 was mainly an amount of HK\$760,241,000 due from a purchaser regarding the balance of the consideration receivable (the “**Consideration Receivable**”) under the Disposal as set out above. The Consideration Receivable was fully impaired during the six months ended 30 September 2023 upon the conclusion of a special general meeting of the Company held on 18 October 2023. Details of which are set out in note 13.

- (b) The amount for the year ended 31 March 2023 comprises of payments for the acquisition of land use rights of a project in relation to redevelopment of old villages in the city located at Shangchong Village, Xiangzhou District, Zhuhai City, the PRC (the “**Shangchong Project**”), including land costs, construction costs, professional fees and finance costs. The payments were paid to counterparties of the Shangchong Project, who are third parties independent to the Company, including constructors, government departments, engineering firms, construction design firms and other consultants, in accordance with their respective contractual terms. The Zhuhai Xiangzhou District Housing and Urban Renewal Authority has authorised Zhuhai Coastal Greenland Real Estate Company Limited (“**Zhuhai Coastal**”), a 66.67% owned subsidiary of the Group, as the major party responsible for the implementation of the Shangchong Project.

The entire amount was classified as assets held for sale at 30 September 2023 upon the conclusion of a special general meeting of the Company held on 18 October 2023. Details of which are set out in note 13.

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 2023 (unaudited) HK\$'000	31 March 2023 (audited) HK\$'000
0 – 30 days	1,904	1,996
Over 90 days	79,725	83,570
	81,629	85,566

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.

12. OTHER PAYABLES AND ACCRUALS

	30 September 2023 (unaudited) HK\$'000	31 March 2023 (audited) HK\$'000
Sales and other taxes payable	27,520	34,248
Other payables (<i>note a</i>)	319,692	266,529
Advances from third parties for a redevelopment project (<i>note b</i>)	–	1,553,863
Accrued construction costs	15,194	15,927
Other accrued operating expenses (<i>note a</i>)	254,200	265,863
	616,606	2,136,430

Notes:

- (a) 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\$322,901,000 (31 March 2023: HK\$338,475,000)) 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 High People’s Court of Liaoning Province dated 28 January 2018 (the “**Final Indemnity**”).

On 17 September 2020, The Intermediate People’s Court of Liaoning Province concluded that the Final Indemnity shall be settled with the completed properties for sale of the Group and an associate with carrying amount of RMB138,784,000 (equivalent to approximately HK\$151,242,000 (31 March 2023: HK\$158,536,000)) and RMB26,991,000 (equivalent to approximately HK\$29,414,000 (31 March 2023: HK\$30,832,000)) respectively as at 30 September 2023. The management expected that the Final Indemnity would be settled within one year from the end of the reporting period.

- (b) The amount for the year ended 31 March 2023 comprises of advances from third parties for the Shangchong Project by Zhuhai Coastal. The entire amount was classified as liabilities held for sale at 30 September 2023 upon the conclusion of a special general meeting of the Company held on 18 October 2023. Details of which are set out in note 13.

13. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

As detailed in the announcement and circular issued by the Company dated 23 December 2022 and 29 September 2023 respectively, the Group entered into a supplemental agreement (the “**Supplemental Agreement**”) with an independent third party, pursuant to which the Group has conditionally agreed to sell and the independent third party has conditionally agreed to acquire 66.67% equity interest in Zhuhai Coastal, at a consideration of RMB120,000,000 (equivalent to approximately HK\$130,772,000) and procure the assignment of a shareholder’s loan at a consideration of RMB760,000,000 (equivalent to approximately HK\$828,221,000). The aggregate consideration of RMB880,000,000 (equivalent to approximately HK\$958,993,000) shall be satisfied by the independent third party by way of transferring the entire equity interests in two project companies at a total consideration of RMB710,000,000 (equivalent to approximately HK\$773,732,000) and a payment in cash in the amount of RMB170,000,000 (equivalent to approximately HK\$185,260,000). As part of the transactions contemplated under the Supplemental Agreement, the outstanding balance of the Consideration Receivable (see note 10(a)(ii)) would be waived.

The transaction was approved by the shareholders of the Company in a special general meeting held on 18 October 2023. The transaction is expected to be completed in next twelve months from the end of the reporting period and the Group will cease to have control over Zhuhai Coastal upon completion. Accordingly, the assets and liabilities attributable to Zhuhai Coastal were classified as held for sale and presented separately in the condensed consolidated statement of financial position at 30 September 2023.

The major classes of assets and liabilities in Zhuhai Coastal classified as held for sale are as follows:

	30 September 2023 (unaudited) HK\$'000
Property, plant and equipment	3,167
Prepayments, deposits and other receivables	3,650,133
Cash and bank balances	<u>87,575</u>
Assets classified as held for sale	<u><u>3,740,875</u></u>
Other payables and accruals	1,591,774
Interest-bearing bank and other borrowings	<u>1,062,476</u>
Liabilities classified as held for sale	<u><u>2,654,250</u></u>

14. EVENTS AFTER THE REPORTING PERIOD

- (a) The proposed disposal of Zhuhai Coastal as disclosed in note 13 has been approved by shareholders in a special general meeting of the Company held on 18 October 2023.
- (b) On 13 November 2023, the Company proposed that every 10 existing shares of HK\$0.1 each be consolidated into 1 consolidated share of HK\$1.0 each. Subject to conditions precedent including the passing of an ordinary resolution by shareholders at a special general meeting to be held on 13 December 2023, the share consolidation will become effective on 15 December 2023.

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 recorded contracted sales in the amount of HK\$1.6 million which corresponds to a total GFA of approximately 1,900 sq.m. Included in the amount was HK\$1.5 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 1,800 sq.m. Other than that, the Group has no contracted sales recorded for the last corresponding period.

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 considers 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 (2022: 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 2023 and 2022, 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\$2.0 million, representing a decrease of approximately 18% as compared to HK\$2.5 million for the last corresponding period. Both of the Group's net loss and loss attributable to owners of the Company for the Period were HK\$793.5 million (2022: HK\$44.4 million and HK\$44.0 million respectively). The basic loss per share for the Period was HK19.14 cents (2022: HK1.06 cents). The significant loss for the Period was mainly attributable to a full impairment was recognised on the Consideration Receivable, details of which are set out in note 13 to the condensed consolidated financial statements.

Revenue

The revenue of the Group was primarily derived from sale of properties and property rental income. During the Period, approximately 5% (2022: nil) of the Group's revenue was generated from the sale of properties and 95% (2022: 100%) of the Group's revenue was generated from property rental income.

Sales of Properties

During the Period, the recognised sales revenue from sales of properties was HK\$0.1 million (2022: nil) which corresponds to the total GFA delivered by the Group of 24 sq.m. The property sales revenue for the Period solely came from the sale of Dalian Jianzhu Project which was completed in prior years.

Rental income

Revenue from property rental slightly decreased to HK\$1.9 million from HK\$2.5 million for the last corresponding period. The decrease was primarily attributable to the rent reduction provided to certain tenants. The property investment segment for the Period recorded a loss of HK\$0.9 million comparing to HK\$1.4 million for the last corresponding period.

Project Management Services Income

During the six months ended 30 September 2023 and 2022, 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\$0.5 million for the Period comparing to HK\$0.8 million for the last corresponding period.

Gross Profit Margin

The gross profit margin for the Period was approximately 89% which is comparable to 87% for the last corresponding period.

Other Income and Gains

Other income and gains for the Period was HK\$0.3 million as compared to HK\$2.8 million for the last corresponding period. Other income and gains for the Period mainly represented bank interest income of HK\$0.2 million (2022: HK\$2.1 million) and dividend income from financial assets at FVTOCI of HK\$0.07 million (2022: nil). Other than that, included in last corresponding period's other income and gains was other interest income of HK\$0.2 million.

Administrative Expenses

Administrative expenses decreased by approximately 6% to HK\$37.3 million from the last corresponding period's HK\$39.6 million. The Group will continue to implement cost control measures to enhance its operational efficiency.

Other Expenses

Other expenses for the Period was HK\$1.2 million as compared to the last corresponding period's HK\$0.02 million. Other expenses mainly comprised of an indemnity against a legal case of HK\$0.6 million (2022: nil) in relation to a tenancy dispute with a tenant, loss on disposal of property, plant and equipment of HK\$0.3 million (2022: nil) and fair value loss on financial assets at FVTPL of HK\$0.2 million (2022: nil).

Impairment Loss Recognised on Other Receivables, Net

For the impairment loss recognised on other receivables, net in the amount of HK\$744.5 million (2022: reversal of impairment loss of HK\$0.8 million), 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 (2022: HK\$46.5 million). Interest expenses charged to profit or loss for the Period was HK\$14.7 million as compared to the last corresponding period's HK\$11.1 million. The increase was mainly attributable to an overall increase in the effective interest rate as compared to last corresponding period.

Financial Resources and Liquidity

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

As at 30 September 2023, the Group's cash and bank balances amounted to approximately HK\$14.2 million (31 March 2023: HK\$157.6 million). An analysis by currency denomination of the cash and bank balances is as follows:

	30 September	31 March
	2023	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Renminbi	10,533	147,207
Hong Kong dollar	2,980	7,767
United States dollar	700	2,599
	<u>14,213</u>	<u>157,573</u>

As at 30 September 2023, 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\$264.8 million (31 March 2023: HK\$1,238.6 million). Net debt to total equity ratio, which is expressed as a percentage of net borrowings over total equity of the Group, decreased by approximately 30% to 14% from 44% as at 31 March 2023.

Borrowings and Charges

As at 30 September 2023, the Group's total bank and other borrowings amounted to HK\$279.0 million (31 March 2023: HK\$1,396.2 million), of which HK\$107.7 million (31 March 2023: HK\$1,316.3 million) were variable-rate borrowings and the remaining were fixed rate borrowings. Long-term borrowings amounted to HK\$27.8 million (31 March 2023: HK\$1,113.7 million), representing approximately 10% (31 March 2023: 80%) of the total borrowings, and short-term borrowings were HK\$251.2 million (31 March 2023: HK\$282.5 million) representing approximately 90% (31 March 2023: 20%) of the total borrowings. As at 30 September 2023, 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 2023: 12.00%) and 5.70% to 5.80% (31 March 2023: 2.83% to 7.92%) respectively.

As at 30 September 2023, total facilities granted to the Group amounting to HK\$5,230.9 million (31 March 2023: HK\$5,483.1 million) of which HK\$1,062.5 million (31 March 2023: HK\$1,113.7 million) were utilised. The facilities are restricted to be used for the Shangchong Project in which the assets and liabilities of the associated project company have been classified as held for sale during the Period.

As at 30 September 2023, certain assets of the Group including land and buildings, investment properties, right-of-use assets and financial assets at FVTOCI with aggregate carrying value of HK\$258.3 million (31 March 2023: HK\$3,910.0 million), personal guarantee and assets provided by a substantial shareholder of the Company and corporate guarantee given by the Company and certain subsidiaries 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 2023, the Group had no contingent liabilities (31 March 2023: 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 in the PRC and will generate RMB revenue to the Group. Except certain bank and other borrowings which are denominated in HK\$, most of the Group's liabilities are denominated in RMB. Therefore, the Directors do not foresee that movement in the exchange rates of foreign currencies against RMB in the foreseeable future will cause a material adverse impact on the Group's operations.

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

Employees and Remuneration Policy

As at 30 September 2023, the Group had approximately 40 employees (2022: 44 employees) in the PRC and Hong Kong. The related employees' cost (including the Directors' remuneration) for the Period amounted to approximately HK\$10.3 million (2022: HK\$23.0 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

While business activities in the PRC have been gradually resuming following the lifting of COVID-19 restrictions in early 2023, the overall business environment remained challenging with the consecutive inflations and interest rate hikes and ongoing geopolitical tensions. The central government continues to positively monitor the macro economy and has since launched various economic policies and measures to support the PRC property market and activate the capital market, as well as improve the business environment for different sectors. Following these positive factors, the PRC's economy has showed signs of improvement broadly, although the consumer confidence remains cautious and the real estate industry is still in an adjustment cycle in the near term. The Group will cautiously watch out for the outlook and the prospects of the real estate market and seize investment opportunities as appropriate.

Confronted with industry challenges, the Group will continue to formulate its business strategy along the direction of government policies, resolutely fulfill the Group's mission and corporate responsibility.

Going forward, the Group will cautiously continue to seek opportunities of participation in city redevelopment of old villages or old plants and factories 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 Group is committed to maintaining a high standard of corporate governance. The Board considers that sound and well-established corporate governance practices are not only essential to the Group's healthy growth under all business environments, but also essential for the interest's sake of shareholders and other stakeholders including, but not limited to, customers, suppliers, employees and the general public. The Group abides strictly by the governing laws and regulations of the jurisdictions where it operates and observes the applicable guidelines and rules issued by regulatory authorities. It regularly undertakes review of its corporate governance system to ensure it is in line with regulatory requirements. 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.

Code Provision C.1.6 of the CG Code stipulates that independent non-executive Directors and other non-executive Directors should attend general meetings. One non-executive Director was unable to attend the annual general meeting of the Company held on 19 September 2023 due to other important engagements.

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 of the Directors confirmed that they have complied with the requirements as set out in the Model Code during the 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 2023 (2022: 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 Interim Financial Information.

PUBLICATION OF INTERIM REPORT

The interim report of the Group for the six months ended 30 September 2023 containing all the information required by the Listing Rules will be despatched to the shareholders and published on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.coastal.com.cn>) in due course.

By Order of the Board
Coastal Greenland Limited
Jiang Ming
Chairman

Hong Kong, 29 November 2023

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. 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.