

# COASTAL 沿海

COASTAL GREENLAND LIMITED

(incorporated in Bermuda with limited liability)

Stock Code: 01124



Interim  
Report  
**2023**

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*Should there be any discrepancies or inconsistencies between the English version and the Chinese version, the English version shall prevail.*

## DEFINITIONS

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

“Board”	the board of Directors
“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 (沿海綠色家園有限公司*), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1124)
“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 2023

## DEFINITIONS

“PRC”	the People’s Republic of China which, for the purpose of this interim report, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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.

\* *For identification purpose only*

## CORPORATE INFORMATION

### Registered Office

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

### Principal Place of Business in the PRC

38/F, Noble Center  
No.1006 Fuzhong Third Road  
Futian District  
Shenzhen, the PRC

### Principal Place of Business in Hong Kong

Suite 1712-16, 17th Floor  
China Merchants Tower  
Shun Tak Centre  
168-200 Connaught Road Central  
Sheung Wan, 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

[www.coastal.com.cn](http://www.coastal.com.cn)  
[www.irasia.com/listco/hk/coastal](http://www.irasia.com/listco/hk/coastal)

### Investor Relations

Tel: (852) 2877 9772  
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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 2023

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

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

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

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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	Notes	30 September 2023 (unaudited) HK\$'000	31 March 2023 (audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	10	182,136	193,071
Investment properties	11	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	18(a)(ii)	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
Total non-current assets		824,197	862,959
<b>Current assets</b>			
Properties under development		187,439	196,479
Completed properties for sale		256,123	268,489
Prepayments, deposits and other receivables	12	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
Assets classified as held for sale	17	1,239,030 3,740,875	5,907,595 –
Total current assets		4,979,905	5,907,595

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	Notes	30 September 2023 (unaudited) HK\$'000	31 March 2023 (audited) HK\$'000
<b>Current liabilities</b>			
Trade payables	13	81,629	85,566
Contract liabilities		2,197	2,303
Other payables and accruals	14	616,606	2,136,430
Amount due to a substantial shareholder of the Company	18(a)(i)	121,260	169,428
Tax payable		145,355	154,933
Interest-bearing bank and other borrowings	15	251,157	282,498
		<u>1,218,204</u>	2,831,158
Liabilities classified as held for sale	17	<u>2,654,250</u>	–
Total current liabilities		<u>3,872,454</u>	2,831,158
<b>Net current assets</b>		<u>1,107,451</u>	3,076,437
<b>Total assets less current liabilities</b>		<u>1,931,648</u>	3,939,396
<b>Non-current liabilities</b>			
Interest-bearing bank and other borrowings	15	27,826	1,113,718
Deferred tax liabilities		22,583	22,972
Total non-current liabilities		<u>50,409</u>	1,136,690
<b>Net assets</b>		<u>1,881,239</u>	2,802,706
<b>Capital and reserves</b>			
Share capital	16	414,602	414,602
Reserves		1,521,626	2,441,463
Equity attributable to owners of the Company		1,936,228	2,856,065
Non-controlling interests		(54,989)	(53,359)
<b>Total equity</b>		<u>1,881,239</u>	2,802,706

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

		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 HK\$'000	Exchange fluctuation reserve HK\$'000	PRC reserve funds HK\$'000	Retained profits (Accumulated losses) HK\$'000	Total equity HK\$'000
	At 1 April 2022	414,602	1,330,168	37,560	22,114	123,621	636,762	9,697	1,024,425	3,588,949
	Exchange differences arising on translation to presentation currency	-	-	-	-	-	(438,120)	-	-	(438,120)
	Deficit on revaluation of buildings	-	-	-	-	(1,775)	-	-	(1,775)	(1,775)
	Deferred tax credit arising on revaluation of buildings	-	-	-	-	444	-	-	-	444
	Other comprehensive income for the period	-	-	-	-	(1,331)	(438,120)	-	(43,992)	(439,451)
	Loss for the period	-	-	-	-	-	-	-	(43,992)	(43,992)
	Total comprehensive income for the period	-	-	-	-	(1,331)	(438,120)	-	(43,992)	(483,443)
	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
	At 1 April 2023	414,602	1,330,168	37,560	22,114	116,596	325,888	9,697	597,940	2,856,065
	Exchange differences arising on translation to presentation currency	-	-	-	-	-	(122,304)	-	-	(122,304)
	Deficit on revaluation of buildings	-	-	-	-	(5,423)	-	-	-	(5,423)
	Deferred tax credit arising on revaluation of buildings	-	-	-	-	1,356	-	-	-	1,356
	Other comprehensive income for the period	-	-	-	-	(4,067)	(122,304)	-	(793,466)	(126,371)
	Loss for the period	-	-	-	-	-	-	-	(793,466)	(793,466)
	Total comprehensive income for the period	-	-	-	-	(4,067)	(122,304)	-	(793,466)	(919,837)
	At 30 September 2023 (unaudited)	414,602	1,330,168	37,560	22,114	114,529	203,084	9,697	(195,526)	1,936,228
	At 1 April 2022	-	-	-	-	-	-	-	-	-
	Exchange differences arising on translation to presentation currency	-	-	-	-	-	(60,942)	-	-	(60,942)
	Deficit on revaluation of buildings	-	-	-	-	-	-	-	-	-
	Deferred tax credit arising on revaluation of buildings	-	-	-	-	-	-	-	-	-
	Other comprehensive income for the period	-	-	-	-	-	(60,942)	-	-	(60,942)
	Loss for the period	-	-	-	-	-	-	-	-	-
	Total comprehensive income for the period	-	-	-	-	-	(60,942)	-	-	(60,942)
	At 30 September 2022 (unaudited)	-	-	-	-	-	-	-	-	-
	At 1 April 2023	-	-	-	-	-	-	-	-	-
	Exchange differences arising on translation to presentation currency	-	-	-	-	-	(126,371)	-	-	(126,371)
	Deficit on revaluation of buildings	-	-	-	-	-	-	-	-	-
	Deferred tax credit arising on revaluation of buildings	-	-	-	-	-	-	-	-	-
	Other comprehensive income for the period	-	-	-	-	-	(126,371)	-	-	(126,371)
	Loss for the period	-	-	-	-	-	-	-	(66)	(66)
	Total comprehensive income for the period	-	-	-	-	-	(126,371)	-	(66)	(127,935)
	At 30 September 2023 (unaudited)	-	-	-	-	-	-	-	(66)	(793,532)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
<b>Cash flows from operating activities</b>		
Increase in properties under development	–	(774)
Decrease (increase) in completed properties for sales	175	(116)
Increase in prepayments, deposits and other receivables	(10,849)	(75,847)
Decrease in restricted bank balances	–	3,006
Increase in contract liabilities	–	1,511
Decrease in trade payables	–	(623)
Increase in other payables and accruals	95,214	94,324
Tax paid	–	(1)
Other operating cash flows	(35,413)	(36,132)
	<u>49,127</u>	<u>(14,652)</u>
Net cash generated from (used in) operating activities		
<b>Cash flows from investing activities</b>		
Repayment from a joint venture and associates	–	3,662
Purchases of property, plant and equipment	–	(196)
Withdrawal of pledged bank deposits	49	98,743
Proceeds from disposal of property, plant and equipment	–	447
Interest received	185	2,533
	<u>234</u>	<u>105,189</u>
Net cash generated from investing activities		

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	<b>Six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Cash flows from financing activities</b>		
Proceeds from new bank and other borrowings	<b>220,105</b>	77,396
Repayment of bank and other borrowings	<b>(213,613)</b>	(175,540)
Interest paid	<b>(46,545)</b>	(46,517)
Repayment to a substantial shareholder of the Company	<b>(40,842)</b>	(9,054)
Repayment of principal amount of the lease liabilities	–	(466)
Repayment of interest amount of the lease liabilities	–	(10)
	<u>–</u>	<u>(10)</u>
Net cash used in financing activities	<u><b>(80,895)</b></u>	<u>(154,191)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(31,534)</b>	(63,654)
Cash and cash equivalents at the beginning of the period	<b>156,669</b>	247,452
Effect of foreign exchange rate changes	<u><b>(24,202)</b></u>	<u>(30,769)</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><b>100,933</b></u>	<u>153,029</u>
<b>Analysis of cash and cash equivalents</b>		
Cash and bank balances	<b>13,358</b>	153,029
Cash and bank balances included in assets classified as held for sale (note 17)	<u><b>87,575</b></u>	<u>–</u>
	<u><b>100,933</b></u>	<u>153,029</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 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 Listing Rules. The Interim Financial Information is presented in Hong Kong dollar 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 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 2023

## 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	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
<b>Segment revenue:</b>										
Sales to external customers	104	-	1,911	2,452	-	-	-	-	2,015	2,452
<b>Disaggregation of revenue:</b>										
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
<b>Total</b>	<b>104</b>	<b>-</b>	<b>1,911</b>	<b>2,452</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,015</b>	<b>2,452</b>
<b>Time of revenue recognition</b>										
At a point in time	104	-	-	-	-	-	-	-	104	-
Transferred over time	-	-	1,911	2,452	-	-	-	-	1,911	2,452
<b>Total</b>	<b>104</b>	<b>-</b>	<b>1,911</b>	<b>2,452</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,015</b>	<b>2,452</b>
<b>Segment results:</b>										
Segment loss	(762,197)	(15,255)	(925)	(1,435)	(544)	(772)	-	-	(763,666)	(17,462)
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)
<b>Loss before taxation</b>									<b>(795,650)</b>	<b>(45,112)</b>

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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

### 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
<b>Revenue from contracts with customers</b>		
Sale of properties	104	–
<b>Revenue from other sources</b>		
Rental income – fixed payment	1,911	2,452
	<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	32	310
	<u>287</u>	<u>2,793</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

### 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>
<i>Less: Amounts capitalised on qualifying assets</i>	<u>(31,832)</u>	<u>(35,388)</u>
	<u>14,713</u>	<u>11,139</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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

### 8. LOSS BEFORE TAXATION

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

	Six months ended 30 September	
	2023 (unaudited) HK\$'000	2022 (unaudited) 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 <sup>‡</sup>	744,506	(797)
Indemnity against a legal case <sup>‡‡</sup>	565	–
Loss* (gain) on disposal of property, plant and equipment	296	(148)
Net foreign exchange loss	1	780
Rental expenses on short-term leases	<u>283</u>	<u>557</u>

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

<sup>‡</sup> 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 12(a)(ii)).

<sup>‡‡</sup> 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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 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. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2023, the Group did not acquire any property, plant and equipment (2022: acquired at a cost of HK\$196,000). In addition, during the period, the Group disposed of certain property, plant and equipment with a carrying value of HK\$296,000 (2022: HK\$299,000).

The Group's land and buildings were revalued individually at 30 September 2023 and 31 March 2023 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 2023

## 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
Leasehold land and buildings in Hong Kong of HK\$140,500,000 (31 March 2023: HK\$145,000,000)	Level 3	Direct comparison method	Price per square meter	HK\$346,716 – HK\$439,200 (31 March 2023: HK\$363,110 – HK\$378,093)	The higher the price per square meter, the higher the fair value
Leasehold land and buildings in the PRC of HK\$40,371,000 (31 March 2023: HK\$42,921,000)	Level 3	Direct comparison method	Price per square meter	HK\$13,375 – HK\$56,668 (31 March 2023: HK\$14,406 – HK\$66,264)	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 2023 would have been HK\$93,446,000 (2022: HK\$94,806,000).

## 11. INVESTMENT PROPERTIES

The fair values of the Group's investment properties as at 30 September 2023 and 31 March 2023 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 neighborhood. 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 2023

### 11. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the condensed consolidated statement of financial position	Valuation technique	Range or weighted average of unobservable input	Relationship of unobservable input to fair value
Investment properties in the PRC of HK\$69,631,000 (31 March 2023: HK\$72,989,000)	Income approach	Reversionary yield 4.00% – 4.25% (31 March 2023: 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 2023 and 31 March 2023.

### 12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30 September 2023 (unaudited) HK\$'000</b>	31 March 2023 (audited) HK\$'000
Other receivables (note a)	<b>749,088</b>	1,587,375
Deposits for future acquisition of land use rights (note b)	–	3,640,905
Prepaid operating expenses and other deposits	<b>32,167</b>	56,567
	<b>781,255</b>	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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Notes: (continued)

(a) (i) (continued)

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 the transaction are set out in note 17.

(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 the transaction are set out in note 17.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

### 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:

	<b>30 September 2023 (unaudited) HK\$'000</b>	31 March 2023 (audited) HK\$'000
0-30 days	<b>1,904</b>	1,996
Over 90 days	<b>79,725</b>	83,570
	<b>81,629</b>	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.

### 14. OTHER PAYABLES AND ACCRUALS

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 14. OTHER PAYABLES AND ACCRUALS (continued)

Notes: (continued)

(a) (continued)

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 the transaction are set out in note 17.

## 15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	<b>30 September 2023 (unaudited) HK\$'000</b>	31 March 2023 (audited) HK\$'000
<b>CURRENT</b>		
Bank borrowings repayable on demand or due for repayment within one year– secured	<b>79,873</b>	202,535
Other borrowings – secured	<b>171,284</b>	79,963
	<b>251,157</b>	282,498
<b>NON-CURRENT</b>		
Bank borrowings – secured	<b>27,826</b>	1,113,718
	<b>278,983</b>	1,396,216

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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

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

	<b>30 September 2023 (unaudited) HK\$'000</b>	31 March 2023 (audited) HK\$'000
<b>Bank borrowings</b>		
On demand	–	65,000
Within one year	<b>79,873</b>	137,535
More than one year, but not exceeding two years	<b>27,826</b>	–
More than five years	–	1,113,718
	<b><u>107,699</u></b>	<u>1,316,253</u>
<b>Other borrowings</b>		
Within one year	<b><u>171,284</u></b>	<u>79,963</u>
	<b><u>278,983</u></b>	<u>1,396,216</u>

Notes:

- (a) As at 30 September 2023, total facilities granted to the Group amounting to HK\$5,230,866,000 (31 March 2023: HK\$5,483,145,000) of which HK\$1,062,476,000 (31 March 2023: HK\$1,113,718,000) 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.
- (b) The Group's bank borrowings are secured by:
- (i) certain land and buildings of the Group with an aggregate carrying value of approximately HK\$8,868,000 (31 March 2023: HK\$154,556,000);
  - (ii) certain right of use assets of the Group with an aggregate carrying value of approximately HK\$10,090,000 (31 March 2023: HK\$10,970,000);
  - (iii) certain investment properties of the Group with an aggregate carrying value of approximately HK\$67,779,000 (31 March 2023: HK\$71,048,000);

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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

Notes: (continued)

(b) (continued)

- (iv) certain deposits for future acquisitions of land use rights of the Group with an aggregate carrying value of approximately HK\$3,640,905,000 as at 31 March 2023;
  - (v) corporate guarantees from the Company and certain subsidiaries (31 March 2023: corporate guarantees from the Company, certain subsidiaries and third parties);
  - (vi) personal guarantee from a substantial shareholder.
- (c) The Group's other borrowings are secured by:
- (i) certain financial asset at FVTOCI of the Group with an aggregate carrying value of approximately HK\$31,018,000 (31 March 2023: HK\$32,514,000);
  - (ii) certain property, plant and equipment of the Group with an aggregate carrying value of approximately HK\$140,500,000 (31 March 2023: nil);
  - (iii) corporate guarantees from the Company and certain subsidiaries; and
  - (iv) personal guarantee and assets from a substantial shareholder.
- (d) 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 2023		31 March 2023	
	Borrowings (unaudited) HK\$'000	Interest rate (unaudited)	Borrowings (audited) HK\$'000	Interest rate (audited)
Fixed-rate borrowings	171,284	12.00%	79,963	12.00%
Variable-rate borrowings	107,699	5.70% to 5.80%	1,316,253	2.83% to 7.92%

- (e) Other than RMB, the functional currency of the respective group entities, the Group's bank and other borrowings are denominated in Hong Kong dollar in the amount of HK\$95,000,000 (31 March 2023: HK\$65,000,000).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

### 16. SHARE CAPITAL

	Number of ordinary shares	Nominal value HK\$'000
Authorised:		
Ordinary shares of HK\$0.10 each at 1 April 2022, 31 March 2023 and 30 September 2023	<u>7,000,000,000</u>	<u>700,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.10 each at 1 April 2022, 31 March 2023 and 30 September 2023	<u>4,146,020,285</u>	<u>414,602</u>

### 17. 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 12(a)(ii)) would be waived.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

### 17. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (continued)

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:

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

### 18. 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 2023: 36.93%) interests in the Company. The amount is unsecured, interest-free and repayable on demand.
- (ii) The Directors consider that the amounts due from associates and a joint venture form part of the Group's net investment and accordingly presented as non-current asset as at 30 September 2023 and 31 March 2023. The amounts due from associates and a joint venture of HK\$319,129,000 (31 March 2023: HK\$331,353,000) are non-trade, interest-free and of which an amount of HK\$10,898,000 (31 March 2023: HK\$114,232,000) represents an amount due from Beijing Huichao Real Estate Development Company Limited ("Beijing Huichao"), is secured by 11% equity interests in Beijing Huichao beneficially owned by a third party partner in the joint venture.

#### (b) Compensation of key management personnel of the Group who are the executive Directors

	Six months ended 30 September 2023 (unaudited) HK\$'000		2022 (unaudited) HK\$'000
Short term benefits	2,387		3,526
Post-employment benefits	70		95
Total compensation paid to key management personnel	<u>2,457</u>		<u>3,621</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

### 19. 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
<b>As at 30 September 2023 (unaudited)</b>				
Financial assets at FVTOCI	–	–	60,822	60,822
<b>As at 31 March 2023 (audited)</b>				
Financial assets at FVTOCI	–	–	63,613	63,613
Financial assets at FVTPL	–	207	–	207

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 2023 and 31 March 2023.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

### 19. FAIR VALUE MEASUREMENT (continued)

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

	<b>30 September 2023 HK\$'000 (unaudited)</b>	31 March 2023 HK\$'000 (audited)
At beginning of period	<b>63,613</b>	68,429
Exchange realignment	<b>(2,791)</b>	(4,816)
	<hr/> <b>60,822</b> <hr/>	<hr/> 63,613 <hr/>
At end of period	<b>60,822</b>	63,613

The fair value of the unlisted equity securities is Level 3 recurring fair value measurement. During the six months ended 30 September 2023 and year ended 31 March 2023, 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.

### 20. EVENTS AFTER THE REPORTING PERIOD

- (a) The proposed disposal of Zhuhai Coastal as disclosed in note 17 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 17 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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).

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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:

	<b>30 September 2023 HK\$'000</b>	31 March 2023 HK\$'000
RMB	<b>10,533</b>	147,207
HK\$	<b>2,980</b>	7,767
US\$	<b>700</b>	2,599
	<b>14,213</b>	157,573

## MANAGEMENT DISCUSSION AND ANALYSIS

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.

## 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 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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.

## DISCLOSURE OF INTERESTS

### DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 2023, the interests and short positions of the Directors and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be maintained by the Company under 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	Number of shares and underlying shares held			% of the Company's issued share
	Beneficially owned	Interest in controlled corporation	Total	
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 59.14% 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 interests	% of the associated corporation's issued share
Mr. Jiang Ming	5,914	Beneficial owner	59.14%
	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 2023, none of the Directors or their associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations as recorded in the register required to be maintained by the Company under 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 2023, 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	% of the Company's issued share
Ms. Yang Sun Xin	Family <sup>2</sup>	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 2023, 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 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 Provisions"), except for below deviations:

### **CORPORATE GOVERNANCE**

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 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.

## **OTHER INFORMATION**

### **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 unaudited condensed consolidated financial statements for the six months ended 30 September 2023.

By Order of the Board  
**Coastal Greenland Limited**  
**Jiang Ming**  
*Chairman*

Hong Kong, 29 November 2023