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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000 (Restated)
Continuing operations			
Revenue	3	786,483	2,141,477
Cost of sales		<u>(818,173)</u>	<u>(1,917,002)</u>
Gross (loss) profit		(31,690)	224,475
Other income and gains	4	71,577	187,515
Change in fair value of held-for-trading investment		–	302
Marketing and selling expenses		(54,148)	(94,079)
Administrative expenses		(213,094)	(297,232)
Other expenses		(206,551)	(230,835)
Finance costs	5	(126,814)	(180,101)
Share of profit of associates		3,696	23,685
Share of loss of joint ventures		(13,417)	(5,671)
Net gain on disposal of subsidiaries		<u>5,670</u>	<u>9,205</u>
Loss before taxation		(564,771)	(362,736)
Taxation	6	<u>266,256</u>	<u>(86,860)</u>
Loss for the year from continuing operations	7	(298,515)	(449,596)
Discontinued operation			
Profit (loss) for the year from discontinued operation	8	<u>175,230</u>	<u>(74,492)</u>
Loss for the year		(123,285)	(524,088)
Other comprehensive (expense) income			
<i>Items that will not be reclassified to profit or loss</i>			
Exchange differences arising on translation to presentation currency		(195,574)	(4,972)
Surplus (deficit) on revaluation of buildings		24,563	(1,690)
Deferred tax (charge) credit arising on revaluation of buildings		<u>(6,141)</u>	<u>421</u>
Other comprehensive expense for the year		<u>(177,152)</u>	<u>(6,241)</u>
Total comprehensive expense for the year		<u>(300,437)</u>	<u>(530,329)</u>

	<i>Notes</i>	2016 HK\$'000	2015 <i>HK\$'000</i> (Restated)
(Loss) profit for the year attributable to owners of the Company:			
from continuing operations		(298,498)	(433,922)
from discontinued operation		175,230	(74,492)
		<u> </u>	<u> </u>
Loss for the year attributable to owners of the Company		<u>(123,268)</u>	<u>(508,414)</u>
Loss for the year attributable to non-controlling interests:			
from continuing operations		(17)	(15,674)
from discontinued operation		-	-
		<u> </u>	<u> </u>
Loss for the year attributable to non-controlling interests		<u>(17)</u>	<u>(15,674)</u>
		<u>(123,285)</u>	<u>(524,088)</u>
Total comprehensive expense attributable to:			
Owners of the Company		(298,477)	(514,150)
Non-controlling interests		(1,960)	(16,179)
		<u> </u>	<u> </u>
		<u>(300,437)</u>	<u>(530,329)</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share	9		
From continuing and discontinued operations			
Basic and diluted		<u>(2.94)</u>	<u>(12.15)</u>
From continuing operations			
Basic and diluted		<u>(7.13)</u>	<u>(10.37)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

	<i>Notes</i>	2016 HK\$'000	2015 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		241,596	235,201
Investment properties		219,250	230,643
Prepaid land lease payments		48,876	52,850
Pledged deposits for other borrowing		196,698	–
Interests in associates		724,963	745,313
Interests in joint ventures		382,233	427,800
Amounts due from associates and joint ventures		233,820	–
Available-for-sale investments		170,017	178,697
		<hr/>	<hr/>
Total non-current assets		2,217,453	1,870,504
CURRENT ASSETS			
Properties under development		9,776,748	7,808,925
Completed properties for sale		992,917	1,574,764
Trade receivables	<i>10</i>	2,040	21,986
Prepayments, deposits and other receivables		2,968,203	2,588,034
Amounts due from associates and joint ventures		1,015,834	1,620,539
Amounts due from customers for contract work		–	59,169
Prepaid tax		94,999	92,889
Pledged bank deposits		390,305	1,551,678
Cash and bank balances		433,535	843,951
		<hr/>	<hr/>
Total current assets		15,674,581	16,161,935
CURRENT LIABILITIES			
Trade and bills payables	<i>11</i>	342,753	1,370,894
Deposits received from pre-sales of properties		1,472,495	1,143,001
Other payables and accruals		3,719,767	1,214,871
Amount due to a substantial shareholder of the Company		7,948	3,948
Tax payable		363,604	808,850
Interest-bearing bank and other borrowings		3,310,054	4,670,570
		<hr/>	<hr/>
Total current liabilities		9,216,621	9,212,134

	2016	2015
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NET CURRENT ASSETS	6,457,960	6,949,801
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>8,675,413</u>	<u>8,820,305</u>
CAPITAL AND RESERVES		
Share capital	418,587	418,587
Reserves	3,715,428	4,013,198
Equity attributable to owners of the Company	4,134,015	4,431,785
Non-controlling interests	2,114	4,781
Total equity	4,136,129	4,436,566
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	4,307,471	4,139,681
Deferred tax liabilities	231,813	244,058
Total non-current liabilities	4,539,284	4,383,739
	<u>8,675,413</u>	<u>8,820,305</u>

NOTES:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA.

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new HKFRSs and amendments that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKFRS 15	Clarification to HKFRS 15 Revenue from Contracts with Customers ²
HKFRS 16	Leases ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ¹
Amendments to HKAS 1	Disclosure Initiative ¹
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ¹

¹ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted

² Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1 January 2019

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a ‘fair value through other comprehensive income’ (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are generally measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. The directors of the Company are in the process of ascertaining the financial impact.

HKFRS 15 “Revenue from contracts with Customers”

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipates that the application of HKFRS 15 in the future may have an impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

HKFRS 16 “Leases”

HKFRS 16, which upon the effective date will supersede HKAS 17 “Leases”, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The directors of the Company will assess the impact of the application of HKFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of HKFRS 16 until the Group performs a detailed review.

For other new standards and amendments, the directors of the Company do not anticipate that their application will have a material effect on the Group’s consolidated financial statements.

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 of the Company, 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 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:

- (a) the property development segment engages in the development of properties for sale in the PRC;
- (b) the property investment segment invests in commercial and residential properties located in the PRC for their rental income potential and/or for capital appreciation;
- (c) the property management segment engages in the management of properties in the PRC;
- (d) the project management segment engages in the provision of project management services in the PRC;
and
- (e) 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.

The Group's construction business was discontinued in the current year. Details of which is set out in note 8.

Segment assets and liabilities

The Group's 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. OTHER INCOME AND GAINS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
Continuing operations		
Interest income from banks	44,044	1,106
Gain on disposal of an associate	–	8,261
Gain on disposal of joint ventures	998	5,915
Gain on disposal of property, plant and equipment	8,950	–
Other interest income	12,907	149,497
Others	4,678	22,736
	<u>71,577</u>	<u>187,515</u>

5. FINANCE COSTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
Continuing operations		
Interest on bank loans	248,785	245,238
Interest on other loans	377,843	383,755
	<u>626,628</u>	<u>628,993</u>
Less: Amounts capitalised in properties under development	<u>(499,814)</u>	<u>(448,892)</u>
	<u>126,814</u>	<u>180,101</u>

Borrowing costs capitalised during the year arose on the funds borrowed specifically for the purpose of obtaining qualifying assets and are calculated by applying a capitalisation rate of 8.33% (2015: 8.16%) per annum.

6. TAXATION

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
Continuing operations		
Current tax:		
PRC Enterprise Income Tax ("EIT")		
Provision for current year	7,388	68,020
Overprovision in prior years	<u>(58,315)</u>	<u>(44,294)</u>
	(50,927)	23,726
PRC Land Appreciation Tax ("LAT")		
Provision for current year	26,600	83,898
(Overprovision) underprovision in prior years	<u>(232,752)</u>	<u>8,271</u>
	(206,152)	92,169
PRC withholding tax	<u>–</u>	<u>12,611</u>
	(257,079)	128,506
Deferred tax	<u>(9,177)</u>	<u>(41,646)</u>
Total tax (credit) charge for the year	<u>(266,256)</u>	<u>86,860</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 years.

The Group's income tax expense represents tax charges on the assessable profits of subsidiaries operating in the PRC calculated at the rates of tax prevailing in the locations in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

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

The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

7. LOSS FOR THE YEAR

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
Continuing operations		
Loss for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	7,538	7,668
Less: Amounts capitalised in properties under development	<u>(427)</u>	<u>(1,219)</u>
	7,111	6,449
Amortisation of prepaid land lease payments	<u>1,393</u>	<u>1,428</u>

8. DISCONTINUED OPERATION

During the year ended 31 March 2016, the Group entered into a disposal agreement to transfer 100% equity interests in Jingdian Construction Co. Ltd. (“Jingdian”) to an independent third party at nil consideration and a debt in the amount of HK\$566,064,000 (equivalent to RMB471,673,000) due and owing by a wholly-owned subsidiary of the Company to Jingdian will be waived. The disposal was completed on 31 March 2016 upon the approval of the transaction by the shareholders in a special general meeting and the transfer of the equity interest is approved by relevant government authority.

The profit (loss) from discontinued operations which has been included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows is set out below:

	Year ended 31 March 2016 HK\$'000	Year ended 31 March 2015 HK\$'000
Loss of construction operations for the year	(65,822)	(74,492)
Gain on disposal of a subsidiary	322,562	–
Tax on gain on disposal	(81,510)	–
	175,230	(74,492)
Revenue	160,153	25,318
Cost of sales	(125,870)	(23,507)
Gross profit	34,283	1,811
Other income	163	1,330
Expenses	(100,030)	(52,871)
Loss before taxation	(65,584)	(49,730)
Taxation	(238)	(24,762)
Loss for the year	(65,822)	(74,492)

9. LOSS PER SHARE

(a) Basic loss per share

(i) *From continuing and discontinued operations*

The calculation of the basic loss per share is based on the loss for the year attributable to owners of the Company of HK\$123,268,000 (2015: HK\$508,414,000) and the number of 4,185,874,285 ordinary shares in issue for the years ended 31 March 2016 and 2015.

(ii) *For continuing operations*

The calculation of the basic loss per share from continuing operations is based on the loss for the year attributable to owners of the Company of HK\$298,498,000 (2015: HK\$433,922,000) and the denominator used is the same as that detailed above.

(iii) For discontinued operation

Earnings per share for the discontinued operations is HK4.19 cents per share (2015: loss per share of HK1.78 cents), based on the profit for the year from discontinued operations of HK\$175,230,000 (2015: loss of HK\$74,492,000) and the denominator used is the same as detailed above.

(b) Diluted loss per share

The calculation of diluted loss per share for the years ended 31 March 2016 and 2015 did not assume the exercise of the Company's options as the exercise prices of the options were higher than the average market price of the Company's shares for the respective years.

10. TRADE RECEIVABLES

Except for the proceeds from sales of properties and rental income from lease of properties which are payable in accordance with the terms of the relevant agreements, the Group generally allows a credit period of not exceeding 60 days to its customers.

An aged analysis of trade receivables as at the end of the reporting period based on invoice date which approximate revenue recognition date, net of allowance for bad and doubtful debts, is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 – 30 days	2,040	7,560
31 – 60 days	–	–
61 – 90 days	–	118
Over 90 days	–	14,308
	2,040	21,986

11. TRADE AND BILLS PAYABLES

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 – 30 days	222,737	290,874
31 – 60 days	11,468	158,194
61 – 90 days	4,108	14,950
Over 90 days	104,440	906,876
	342,753	1,370,894

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 timeframe.

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 March 2016 (2015: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the financial year ended 31 March 2016, the Group has recorded a revenue of HK\$786 million, a decrease of about 63% as compared to the HK\$2,141 million for last year. The decrease in the revenue for the year was attributable to lesser amount of properties were completed and delivered to purchasers during the year.

Loss before taxation for the year was HK\$564.8 million, compared to a HK\$362.7 million loss before taxation for last year. Loss for the year attributable to owners of the Company was HK\$123.3 million, compared to HK\$508.4 million for last year.

Revenue

The following table sets out an analysis of the Group's revenue together with the contribution to operating results by activity:

	Year ended 31 March			
	2016		2015	
	Revenue	Contribution	Revenue	Contribution
	HK\$'000	to operating	HK\$'000	to operating
		results		results
		HK\$'000		HK\$'000
Property development	773,872	(408,303)	2,120,738	(306,867)
Property investment	1,154	(230)	3,270	2,199
Property management	11,440	4,065	6,862	4,185
Project management	17	(14,826)	10,607	(666)
Project investment services	–	5,670	–	9,205
Total	<u>786,483</u>	<u>(413,624)</u>	<u>2,141,477</u>	<u>(291,944)</u>

The Group derived revenue for the year mainly from operations in the mainland of the PRC.

Property Development

During the year under review, the recognised sales revenue from property development segment was HK\$774 million, representing a decrease of about 64% from last year's HK\$2,121 million, which corresponds to a decrease by 64% in the total gross floor area ("GFA") delivered by the Group of 91,100 sq.m. (2015: 255,000 sq.m.). The property sales revenue for the year mainly came from the sale of Phase VI section A of Dongguan Riveria Villa, Phase V Section B of Wuhan Silo City, Dalian Jianzhu Project Phase B2 and Shenyang Silo City Phase 4, which respectively represented about 21%, 20%, 11% and 10% of the total property sales revenue. The remaining 38% was derived from sale of the remaining inventory in the prior phases of the Group's completed development projects.

For the year ended 31 March 2016, the Group recorded contracted sales in the amount of HK\$3,841 million (2015: HK\$3,190 million) which corresponds to a total GFA of about 348,000 sq.m. (2015: 271,000 sq.m.). Included in the amount was HK\$2,751 million (2015: HK\$1,917 million) related to contracted sales attributable to the development projects in which the Group has equity interests ranging from 12% to 40% and of which the Group is the project manager. Such development projects accounted for a corresponding GFA of about 213,000 sq.m. (2015: 138,000 sq.m.).

During the year ended 31 March 2016, the Group completed development projects, namely Phase V section B of Wuhan Silo City, Phase II of Shanghai Shui Du South Crest, Phase III Section B of Shenyang Hunnan Project and Foshan Coastal Garden with a total GFA of approximately 160,000 sq.m. (2015: 269,000 sq.m.) of which 130,000 sq.m. (2015: 77,000 sq.m.) related to completed development projects in which the Group has equity interests ranging from 12% to 30% and of which the Group is the project manager.

Property Investment

Revenue from property rental decreased by about 64% to HK\$1.2 million from last year's HK\$3.3 million due to the disposal of certain retail shops toward the end of last year. The property investment segment for the year recorded a loss of HK\$0.2 million comparing to profit of HK\$2.2 million for last year.

Property Management

The Group's property management operations recorded a profit of about HK\$4.1 million for the year as compared to HK\$4.2 million for last year. The Group is committed to providing integrated and value-added property management services to foster good relations with tenants and owners and strengthen its brand image.

Project Management

Revenue from project management decreased by about 100% to HK\$17 thousand from last year's HK\$10.6 million. The decrease was due to decrease in the volume of project management business for the year and also there was about HK\$4.9 million project management revenue recorded as deferred project management revenue pending the confirmation of the value of contract work completed. The project management segment for the year recorded a loss of HK\$14.8 million comparing to a loss of HK\$0.7 million for last year.

Project Investment Services

During the year, the Group generated a profit of about HK\$5.7 million as compared to HK\$9.2 million for last year from the operations of this segment.

Gross (Loss) Profit Margin

The gross loss margin for the year was about 4% which was lower than the gross profit margin for last year's 10%. The decrease was mainly due to the charge of an impairment loss on properties under development of HK\$78.1 million to the cost of sales account and a lower level of selling price attained for the properties completed and delivered to purchasers during the year as a result of the overall decline in the property price level in the PRC property market over the past two years at which time the properties completed and delivered during the year were pre-sold.

Other Income and gains

Other income and gains for the year was HK\$71.6 million as compared to the HK\$187.5 million for last year. Other income for the year mainly represented the interest income from banks of HK\$44.0 million (2015: HK\$1.1 million), other interest income of HK\$12.9 million (2015: HK\$149.5 million), gain on disposal of property, plant and equipments of HK\$9.0 million (2015: nil) and gain on disposal of joint ventures of HK\$1.0 million (2015: HK\$5.9 million). Included in last year's other income and gains was gain on disposal of an associate of HK\$8.3 million.

Marketing, Selling and Administrative Expenses

Marketing and selling costs decreased by about 43% to HK\$54.1 million from last year's HK\$94.1 million in line with the decrease in the level of business activities for the year.

Administrative expenses for the year were HK\$213.1 million as compared to last year's HK\$297.2 million due to cost retrenchment made in response to the slow down in the business of the Group. The Group will continue to implement cost control measures so as to enhance its operational efficiency and competitive edges.

Other Expenses

Other expenses for the year were HK\$206.6 million as compared to last year's HK\$230.8 million. Other expenses mainly represented the impairment loss recognised on prepayments, deposits and other receivables of HK\$179.4 million (2015: HK\$189.2 million) in relation to property development projects acquisitions and impairment loss on trade receivables of HK\$18.0 million.

Finance Costs

During the year, the Group incurred finance costs before capitalisation (mainly interest for bank and other borrowings) of HK\$626.6 million, representing a decrease of about 0.4% as compared to the HK\$629.0 million incurred for last year. The decrease was mainly attributable to a decrease in the average cost of bank and other borrowings as compared to last year.

Interest expenses charged to profit or loss for the year were HK\$126.8 million as compared to last year's HK\$180.1 million. The decrease was mainly due to higher amount of finance costs were capitalised as compared to last year.

Corporate Brand

Coastal Greenland, the corporate brand, had been ranked among the top ten most valuable Chinese real estate company brands for the twelve consecutive years between 2004 and 2015 by an authoritative PRC real estate research team formed by the Development Research Center of the State Council, the Tsinghua University Real Estate Research Center and the China Index Research Team. The corporate brand has also been certified by the State Administration for Industry & Commerce of China in 2015 and was recognized as a “China Famous Trademark”.

FINANCIAL REVIEW

Financial Resources and Liquidity

The Group’s principal source of fund is the cashflow generated from property sales and leasings, provision of project management and project investment services supplemented by bank and other borrowings.

At 31 March 2016, the Group’s cash and bank deposits amounted to approximately HK\$824 million (2015: HK\$2,396 million). An analysis by currency denomination of the cash and bank deposits is as follows:

	2016	2015
	<i>HK\$’000</i>	<i>HK\$’000</i>
Renminbi	815,268	2,363,842
Hong Kong dollar	3,063	28,177
United States dollar	5,509	3,610
	<u>823,840</u>	<u>2,395,629</u>

At 31 March 2016, the net borrowings of the Group, being interest-bearing bank and other borrowings less cash and bank balances and pledged bank deposits, amounted to about HK\$6,794 million (2015: HK\$6,415 million). Net debt to total equity ratio, which is expressed as a percentage of net borrowings over total equity of the Group, increased by about 19% to 164% from 145% last year.

Loss before interest, taxation, depreciation, amortisation and non-cash items arising from fair value change in fair value of held-for-trading investment was about HK\$6.0 million comparing to last year’s HK\$120.1 million on the same basis. Profit before interest, taxation, depreciation, amortisation and the non-cash items in respect of fair value change of investment properties and held-for-trading investment had a coverage of 0.01 times (2015: 0.19 times) over the interest costs for the financial year of HK\$627 million (2015: HK\$629 million).

Borrowings and Charges

At 31 March 2016, the level of bank and other borrowings of the Group and their maturity profile are as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Bank loans repayable:		
Within one year	1,733,333	1,561,317
In the second year	915,854	1,583,153
In the third to fifth years inclusive	1,532,391	2,190,408
Bank loan that is repayable within one year from the end of the reporting period and contain a repayment on demand clause	268,590	609,537
	4,450,168	5,944,415
Other borrowings repayable:		
Within one year	1,308,131	2,499,716
In the second year	1,859,226	366,120
	3,167,357	2,865,836
	7,617,525	8,810,251

An analysis by currency denomination of the above borrowings is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Renminbi	7,273,166	8,122,814
Hong Kong dollar	159,896	162,026
United States dollar	184,463	525,411
	7,617,525	8,810,251

The bank and other borrowings bear interest rates based on normal commercial terms.

Certain of the Group's bank and other loans as at 31 March 2016 were secured by:

- (i) certain land and buildings of the Group with an aggregate carrying value of approximately HK\$202 million (2015: HK\$212 million);
- (ii) certain bank deposits of the Group with an aggregate carrying value of approximately HK\$371 million (2015: HK\$1,004 million);
- (iii) certain properties under development of the Group with an aggregate carrying value of approximately HK\$1,815 million (2015: HK\$1,688 million);
- (iv) certain completed properties for sale of the Group with an aggregate carrying value of approximately HK\$178 million (2015: HK\$444 million);
- (v) certain deposits of the Group with carrying value of approximately HK\$197 million (2015: nil);
- (vi) corporate guarantees from the Company and certain of its subsidiaries; and
- (vii) the Company's 100% equity interests in three (2015: four) property-based subsidiaries.

Exposure to Fluctuations in Exchange Rates

The Group's operations are principally in the PRC and accordingly a majority part of its income and expenditure is denominated in Renminbi. The exchange rates of Renminbi against Hong Kong dollar and United States dollar have been quite stable over the past years. Also the Group's operations will not be unduly exposed to exchange rates fluctuations as all the major assets, mainly property development projects, of the Group are located in the PRC and will generate Renminbi revenue to the Group. Except certain bank and other loans which are denominated in United States dollar or Hong Kong dollar, most of the Group's liabilities are denominated in Renminbi. Therefore, the Directors do not foresee that movement in the exchange rates of foreign currencies against Renminbi in the foreseeable future will cause a material adverse impact on the Group's operations.

Contingent Liabilities

At 31 March 2016, the Group had given guarantees to the extent of approximately HK\$2,976 million (2015: HK\$2,541 million) to banks in respect of mortgage loan facilities granted to the property purchasers. At 31 March 2015, guarantees in the amount totalling HK\$158 million to banks in connection with a banking facility granted to an associate, against which a

EMPLOYEES AND REMUNERATION POLICY

The Group employs a total of about 900 employees in the mainland China and Hong Kong. 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, housing allowances and share options.

PROSPECTS

China's economy is facing the challenge of consolidation amidst uncertainties in the global market. In response to the sluggish economic outlook, the Central Government has taken measures to release more liquidity into the market and has made positive adjustments to the policies so as to maintain a stable development of the property market. Furthermore, with the continuation of implementation of the urbanization policy by the Central Government and the continual growth in gross domestic product, it is expected that the real estate industry in China will be heading into a healthy direction. The Group expect that the lowering of the Renminbi interest rate, the possible further loosening up of control measures on property sector, the ongoing urbanisation and the continued increase in the household income are the major drivers that will boost the end users' demand for quality properties in the coming years. Concurrently, the Group will leverage on its experience and expertise in property development business with respect to the property market development.

The Group has a well established brand and seasoned experience in the property market. It will optimise its operations with its geographically well-distributed and diversified prominent property portfolio and will continue to enrich its land reserves and ameliorate the competitiveness of its products. Also, the Group will continuously explore different funding opportunities so as to enhance its financial capability.

CORPORATE GOVERNANCE

The Company is committed to ensure high standards of corporate governance in the interest of all its shareholders. The Company has applied and complied with the applicable code provisions set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") contained in Appendix 14 of the Listing Rules, except for below deviation:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual for a balance of power and authority. Mr. Jiang Ming is the chairman and managing director of the Company. Mr. Jiang Ming is the founder 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 stronger and more promptly response to fast changing business environment and a more efficient management and implementation process.

Code provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings. Two non-executive directors were unable to attend the annual general meeting of the Company held on 15 September 2015 and two non-executive directors were unable to attend the special general meetings of the Company held on 23 July 2015, 29 March 2016 and 26 May 2016 due to other important engagements. Two independent non-executive directors were unable to attend the annual general meeting of the Company held on 15 September 2015, three independent non-executive directors were unable to attend the special general meetings of the Company held on 29 March 2016 and one independent non-executive director was unable to attend the special general meeting of the Company held on 26 May 2016 due to other important engagements.

Further information will be set out in the Corporate Governance Report to be contained in annual report for the year ended 31 March 2016.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry of all Directors, the Directors confirmed that they have complied with the requirements as set out in the Model Code during the year ended 31 March 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 March 2016.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2016 as set out in the preliminary announcement have been agreed by the Group’s auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Deloitte Touche Tohmatsu on the preliminary announcement.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the Group’s consolidated financial statements for the year ended 31 March 2016.

ANNUAL GENERAL MEETING

The 2016 Annual General Meeting (“AGM”) of the shareholders of the Company will be held on Monday, 12 September 2016 and the Notice of AGM will be published and despatched to the shareholders in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders’ eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 8 September 2016 to Monday, 12 September 2016 (both days inclusive), during which period no transfer of shares will be effected. In order to entitle to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 7 September 2016.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The annual report of the Company for the year ended 31 March 2016 containing all the information required by Appendix 16 to the Listing Rules will be 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

Jiang Ming

Chairman

Hong Kong, 28 June 2016

As at the date of this announcement, the Board comprises Mr. Jiang Ming, Mr. Tao Lin, Mr. Cai Shaobin and Mr. Xia Xianglong as executive Directors, Mr. Lu Jiqiang and Dr. Dai Jingming as non-executive Directors and Mr. Chen Xiaotian, Mr. Wong Kai Cheong, Mr. Yang Jiangang and Mr. Huang Xihua as independent non-executive Directors.

* *For identification purpose only*