

## CHAIRMAN'S STATEMENT



**Chan Boon Teong**

*Chairman*

On behalf of Coastal Greenland Limited (the "Company") and its subsidiaries (collectively the "Group"). I have the pleasure to present to the shareholders my report on the operations of the Group for the year ended 31 March 2005 as follows:

## RESULTS

For the financial year ended 31 March 2005, the Group has recorded a turnover of about HK\$553 million and a net profit attributable to shareholders of approximately HK\$104 million. Earning per share for the year is HK cents 5.15.

## DIVIDENDS

No interim dividend was paid during the year and the Board of Directors does not recommend the payment of a final dividend for the year.

## BUSINESS REVIEW

The Group has continued to accomplish an encouraging growth in profit in the financial year. A profit attributable to shareholders of approximately HK\$104 million was recorded for the year, representing a significant increase of about 99% from last year. The ongoing development projects, which include Phase III of Shanghai Riviera Villa, sections A, B and C of Phase I of Beijing Sunvilla Realhouse and Anshan Riviera Garden have contributed to the Group's profit for the year as these projects made progresses in their sales and construction as planned.

During the year, the Group has reassessed its business strategy that a more aggressive approach has been taken to realize its longer term investment projects so as to generate additional working capital to enable the Group to take on new development projects with better profitability and cashflow potentials. As such, the Group has captured the opportunities of realizing its interests in two development projects namely, Fuzhou Gushan Luxury Villa and Tangshan Tourism Project which have resulted in making significant profit to the Group for the year. Also, capitalising on a strong demand for the commercial area in Wuhan Wah Zhong Trade Plaza, the Group has sold certain floor area in this property during the year which has also yielded considerable profit to the Group for the year.

For property leasing business, the leasing demand for Wuhan Wah Zhong Trade Plaza continued to be strong. Apart from the satisfactory results achieved from the sale of certain floor area in this property as stated in the foregoing, all the remaining lettable floor area in this property was leased out during the year. The performance of the other rental income generating property of the Group, namely Shanghai Golden Bridge Mansion, has slightly improved although the revenue contribution to the Group is not significant.

The efforts of the Group made in seeking new development projects have brought to fruition. During the year, the Group has acquired interests in four major development projects in Beijing, Shanghai, Nanchang and Chendu respectively. These developments will be developed by phases and it is expected that they will make positive contributions to the results of the Group in the coming few years.

### OUTLOOK

The macro economic measures introduced by the central government to prevent an overheat in the PRC economy and the recent new government policies to cool down the real estate market in the PRC have casted a cooling effect on the buying sentiment of real estate properties in recent period. However, with an optimistic forecast on the overall development and growth of the PRC economy generally, it is expected that the PRC real estate market will develop positively in the coming few years as the demand for real estate properties is expected to be growing steadily. The Group will continue to monitor its business strategy, including the development pace of its projects and the composition of its property portfolio, with respect to the real estate market development in the PRC.

### APPRECIATION

I would like to take this opportunity to express my appreciation to our management team and staff for their hard work and contribution to the Group. I am also very thankful to our business partners, customers, suppliers, bankers and shareholders for their continuing support.

**Chan Boon Teong**

*Chairman*

Hong Kong

27 July 2005