

Chairman's Statement



On behalf of Coastal Greenland Limited (the "Company"), I have the pleasure to present to the shareholders my report on the operations of the Group for the year ended 31 March 2006 as follows:

Chan Boon Teong

Chairman

RESULTS

For the financial year ended 31 March 2006, the Group has recorded a turnover of about HK\$759 million and a net profit attributable to shareholders of approximately HK\$105 million. Earnings per share for the year is HK5.13 cents.

DIVIDENDS

An interim dividend of HK1 cent per share was paid during the year and the Board of Directors recommend the payment of a final dividend of HK1 cent per share for the year.

BUSINESS OVERVIEW

The results for the financial year continue to be encouraging with a satisfactory growth in the results from business operations, although there is a significant non-operating charge of about HK\$26.64 million to the income statement arising from the adoption of new accounting policy in respect of the convertible bonds issued by the Company during the year which has erode the overall results for the year.

Riding on the continuing robust growth in the PRC economy, the Group has demonstrated a good growing track record. For the financial year, the Group's geographically diversified development portfolio has continued to contribute to a strong performance for the Group. The Group has closely monitored the development pace of its development projects with respect to their respective local market situations. Although there was a slow down in the Shanghai property market generally due to government macro economic austerity measures, the Group's development projects in other cities like Beijing, Wuhan and Anshan had delivered satisfactory performance.

The performance of the Group are well recognised in the industry. In the last two consecutive years, Coastal Greenland, the corporate brand, has been ranked as amongst the top 10 most valuable Chinese real estate company brand by the authoritative PRC real estate research team formed by the Ministry Corporate Research Center, the Tsinghua University Real Estate Research Center and the China Index Research Center. In the capital market, the Group's accomplishment has also attracted increasing attention from investors. During the year and subsequent to the year end date the Company has issued certain senior notes and convertible bonds to certain institutional investors, bringing in additional financial resources for the Group's operations.

OUTLOOK

The PRC property market is fuelled with opportunities and challenges. The housing demand driven by economic growth and urbanization in the PRC is paving a good prospect for the PRC property market. Nevertheless, the increasingly stringent credit policies for property development, more capital intensive nature of land acquisition in the PRC and the newly introduced measures by the PRC government to cool down the property market are presenting new challenges to the PRC property developers. However, with the Group's sound business strategies and proven capabilities, the Group is confident of continuing the encouraging path in its performance.

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 my fellow directors, our business partners, customers, suppliers, bankers and shareholders for their continuing support.

Chan Boon Teong

Chairman

Hong Kong

27 July 2006