

CHAIRMAN'S STATEMENT

On behalf of Coastal Greenland Limited (the "Company") and its subsidiaries (collectively the "Group"), I hereby present to the shareholders my report on the operations of the Group for the year ended 31 March 2003 as follows.

RESULTS

For the financial year ended 31 March 2003, the Group has recorded a turnover of about HK\$611 million and a net profit attributable to shareholders of approximately HK\$5.91 million.

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

For the financial year, the Group has shown significant improvement in its operations as compared with last year. Although only a small profit attributable to shareholders of approximately HK\$5.91 million was recorded for the year, it represents a turn-around from a significant loss recorded for last year. New development projects, which include Phases I and II of Shanghai Riviera Villa (formerly known as Shanghai Ritz Villa), Phase I of Wuhan Lakeside Apartment (formerly known as Wuhan Ritz Garden) and Phase IV of Anshan Greenland IT City, has started to make profit contributions to the Group. Ongoing development projects, namely Phases III and IV of Xiamen Lu Jiang New City has also made profit contribution for the year while the two old aged development projects, namely Phase II of Shenzhen Dragon Court and Fuzhou Mansion (formerly known as Fuzhou Roman Garden) has also made satisfactory progresses in pre-sales. Although these two old aged projects were not profit making projects for the Group, they have generated positive cashflow for the Group. For property leasing business, Wuhan Wah Zhong Trade Plaza has made significant improvement in its rental income. Substantially all the lettable floor area in this property was leased out during the year. However, the performance of the other rental income generating property of the Group, namely Shanghai Golden Bridge Mansion, remained weak during the year as strong competition for commercial/office premises continued.

The outbreak of SARS in the region has caused a negative impact on the operations of the Group that sales has slowed down during the SARS prevailing period. In particular, the development project in Beijing has been severely affected that the construction of the property had to be suspended as a result of impromptu measures implemented by the Beijing local authority for combating SARS that all the construction work, apart from those specifically approved, should be suspended. However, with the SARS situation under control, the business of the Group are returning to its normal track.

In respect of acquiring new development projects, the progress has been slow. The new land auction or tender requisite policy introduced by the PRC government has affected the negotiation progress of the several development projects that the Group is proposing to acquire. With the introduction of the new land auction or tender requisite policy in the PRC, the Group is facing a new challenge of acquiring new development projects with potentially higher land cost and more demanding payment terms.



Mr. CHAN Boon Teong

Chairman

Subsequent to the year end date, the Group has acquired a 47.5% equity interest in a joint venture company which is engaged in the development of an island in Tang Shan City, Hebei Province, the PRC with a site area of about 7.11 million square metres into a tourist resort with ancillary real estate development. Details of the transaction was set out in the Company's circular dated 13 May 2003.

OUTLOOK

The macro economy in China is expected to remain robust. GDP growth in China is forecasted to be at least at 7% for 2003 regardless of the impact of SARS outbreak. It is anticipated that the domestic demand for residential properties will continue to be strong as family income continue to improve generally in the PRC. However, the new government policies on regulating real estate business in the PRC have imposed more stringent requirements on property developers, which to certain extent will result in increasing the operating costs of property developers. Although it is anticipated that the operating environment for property developers will become tougher under the new policies introduced by the PRC government for preventing an over heat situation in the real estate sector, the Group believes that it has the capability to take on the new challenges.

APPRECIATION

Since the date of last year's Chairman Statement, Mr. Lin Bao Sheng and Mr. Wei Xiang Di resigned on their own accord as non-executive Directors on 2 December 2002. On behalf of the Board of Directors, I would like to take this opportunity to express our gratitude to Mr. Lin and Mr. Wei for their valuable contributions during their tenure.

I am also very thankful to other Directors and all the staff for their continuing contribution and dedication to the Group over the year.

Chan Boon Teong

Chairman

Hong Kong

28 July 2003