沿海綠色家園有限公司*

COASTAL GREENLAND LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1124)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2004

RESULTS

The Board of Directors (the "Directors") of Coastal Greenland Limited (the "Company") announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2004 with comparative figures for the previous year as follows:

	Notes	Year ended 31 March **2004** *HK$'000*	2003 *HK$'000* (Restated)
TURNOVER		**841,473**	610,774
Cost of sales		**(685,273)**	(529,930)
Gross profit		**156,200**	80,844
Other revenue and gains		**32,377**	7,973
Marketing and selling costs		**(2,438)**	(3,265)
Administrative expenses		**(43,000)**	(33,771)
Other operating expenses, net		**(15,572)**	(13,178)
PROFIT FROM OPERATING ACTIVITIES	*2*	**127,567**	38,603
Finance costs	*3*	**(13,196)**	(14,037)
Share of profits and losses of:			
Jointly controlled entities		**(18,011)**	(8)
Associate		**(3,913)**	–
Amortisation of goodwill on acquisition of an associate		**(1,041)**	–

PROFIT BEFORE TAX		**91,406**	24,558
Tax	*4*	**(41,910)**	(20,314)
PROFIT BEFORE MINORITY INTERESTS		**49,496**	4,244
Minority interests		**2,851**	(70)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		**52,347**	4,174
EARNINGS PER SHARE – Basic	*5*	**2.91 cents**	0.41 cents
EARNINGS PER SHARE – Diluted	*5*	**Not applicable**	Not applicable

Notes:

1. ADOPTION OF REVISED STATEMENT OF STANDARD ACCOUNTING PRACTICE ("SSAP")

The Group has adopted SSAP 12 (Revised): "Income taxes", which are effective for the first time for the current year's financial statements. As a result, certain prior year figures have been adjusted for the effect of the impact of SSAP 12 (Revised).

2. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	Year ended 31 March	
	2004	2003
	HK$'000	*HK$'000*
Depreciation	**7,679**	6,622
Less: Amounts capitalised in properties under development	**(954)**	(939)
	6,725	5,683
Provision for impairment of properties under development	**3,668**	–
Loss on disposal of fixed assets	**93**	125
Revaluation deficit/(surplus) on leasehold land and buildings	**(410)**	526
Amortisation of goodwill	**4,292**	–
Interest income	**(223)**	(227)
Exchange losses/(gains), net	**1,509**	(715)
Net rental income	**(20,217)**	(22,512)

3. FINANCE COSTS

	Year ended 31 March	
	2004	2003
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**35,008**	33,423
Interest on other loans	**572**	–
	35,580	33,423
Less: Amounts capitalised in properties under development	**(22,384)**	(19,386)
	13,196	14,037

4. TAX

	Year ended 31 March	
	2004	2003
	HK$'000	*HK$'000*
		(Restated)
Group:		
Current – Elsewhere		
Charge for the year	**20,940**	943
Deferred tax	**20,970**	19,371
Total tax charge for the year	**41,910**	20,314

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits arising in Hong Kong during the year (2003: Nil). The increased Hong Kong profits tax rate from 16% to 17.5% became effective from the year of assessment 2003/2004, and so is applicable to any assessable profits arising in Hong Kong for the whole of the year ended 31 March 2004.

The Group's profits tax 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. In accordance with the relevant tax rules and regulations in the PRC, certain of the Group's subsidiaries enjoy income tax reductions and preferential tax rates.

5. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit from ordinary activities attributable to shareholders for the year of HK$52,347,000 (2003 (restated): HK$4,174,000) and the weighted average of 1,796,602,740 (2003: 1,024,000,000) shares in issue during the year.

As the exercise price of the outstanding share options was higher than the average market price of the Company's shares during the years ended 31 March 2004 and 2003, they exerted no dilution effect on the basic earnings per share for the years ended 31 March 2004 and 2003.

FINAL DIVIDEND

The Directors do not recommend any final dividend for the year.

BUSINESS ANALYSIS

The Group recorded a turnover of approximately HK$841 million for the financial year ended 31 March 2004, an increase of about 38% over that of last year.

A breakdown of the Group's turnover together with an analysis of contribution to operating results by activity is set out below:

	Year ended 31 March	
	2004	2003
	HK$'000	*HK$'000*
Turnover by activity		
• Sale of properties	**810,786**	579,528
• Rental income	**27,589**	29,681
• Property management	**3,098**	1,565
Total	**841,473**	610,774

	Year ended 31 March	
	2004	2003
	HK$'000	*HK$'000*
Profit/(loss) before tax by activity		
• Sale of properties	**120,768**	56,143
• Rental income	**13,574**	18,421
• Property management	**2,664**	(5,508)
• Corporate and others	**(9,662)**	(30,680)
	127,344	38,376
Interest income	**223**	227
Profit from operating activities	**127,567**	38,603
Finance costs	**(13,196)**	(14,037)
Share of profits and losses of:		
Jointly-controlled entities	**(18,011)**	(8)
Associate	**(3,913)**	–
Amortisation of goodwill on acquisition of an associate	**(1,041)**	–
Profit before tax	**91,406**	24,558

The Group's turnover for the year was mainly derived from operations in the mainland of the People's Republic China.

The performance of the Group for the financial year has been encouraging. The turnover for the year ended 31 March, 2004 has reached a record high of about HK$841 million, representing an increase of about 38% over that of last year. The net profit attributable to shareholders for the year has increased by about 11.5 times to approximately HK$52.35 million from last year's HK$4.17 million (restated).

The turnover for sale of properties increased by about HK$231 million, from last year's HK$580 million to about HK$811 million for the year. The increase was mainly due to the satisfactory advancement in the pre-sales and sales of Phase I, Phase II and Phase III of Shanghai Riviera Villa, Phase I and Phase II of Wuhan Lakeside Apartment, Phase IV of Xiamen Lu Jiang New City, Fuzhou Mansion, and Phase III and IV of Anshan Greenland IT City. The revenue for the year contributed from sales and pre-sales of Phase I, Phase II and Phase III of Shanghai Riviera Villa, Phase I and Phase II of Wuhan Lakeside Apartment, Phase IV of Xiamen Lu Jiang New City, Fuzhou Mansion, Phase III and IV of Anshan Greenland IT City, Wuhan

Wah Zhong Trade Plaza and Phase II of Shenzhen Dragon Court respectively accounted for 32.84%, 18.50%, 16.29%, 10.19%, 8.41%, 4.95% and 4.88% of the turnover for sale of properties. The balance of 3.94% was contributed from the pre-sales of the Group's new developments, namely Phase I of Beijing Sunvilla Realhouse (formerly known as Beijing Ritz Garden Villa) and Anshan Riviera Garden.

For property rental, the Group recorded a drop in turnover of about 7% from last year. The decline was mainly due to the sales of certain commercial areas in Wuhan Wah Zhong Trade Plaza by the Group during the year resulting in lesser area available for leasing. The leasing performance of the remaining commercial area in Wuhan Wah Zhong Trade Plaza held by the Group has been satisfactory during the year. The leasing performance of the commercial/office area held in Shanghai Golden Bridge Mansion remained relatively weak as the old design features of this property has rendered it less competitive in the commercial/office rental market.

For property management operations, the Group has entered into a number of service contracts for properties developed by other developers during the year. As a result, a growth of about 98% in the turnover of property management from last year was recorded.

Administrative expenses of the Group for the year increased by about 27% as compared to that of last year. The increase was mainly due to additional costs incurred to cope with the business growth as well as in the set up of new operating establishments in anticipation of acquiring new development projects in cities where the Group has no presence in the past.

The improvement in the performance of the Group for the year was mainly attributable to the following factors:

(1) Satisfactory results were achieved from sales and pre-sales of Phase I, Phase II and Phase III of Shanghai Riviera Villa, Phase I and Phase II of Wuhan Lakeside Apartment, Phase IV of Xiamen Lu Jiang New City and sales of certain commercial areas in Wuhan Wah Zhong Trade Plaza;

(2) A positive result was achieved from property management operations for the year, a turn-around from a deficit in last year;

(3) A compensation of HK$4.31 million was received by the Group from a buyer of certain properties in Wuhan Wah Zhong Trade Plaza for breaching of a sale agreement; and

Despite the satisfactory overall performance for the year, the following events had caused a negative impact on the Group's profit for the year:

(1) Certain properties in Phase I of Shenzhen Dragon Court surrendered by certain buyers were resold at a loss of HK$4.7 million due to decline in selling price;

(2) Losses in the amount totalling HK$21.84 million were resulted from realization of properties in two old aged development projects namely, Phase II of Shenzhen Dragon Court and Fuzhou Mansion, as additional marketing expenses were incurred in the sales promotion of these two developments and their selling prices were lower than that expected; and

(3) A share of losses of a joint venture company of HK$18.01 million resulting from a disposal of certain land by the joint venture company so as to generate working capital for the operations of the joint venture company and alleviate the need to call for further capital injection from the joint venture partners.

FINANCIAL RESOURCES AND LIQUIDITY

For the year ended 31 March 2004, the principal source of fund for the Group came from the cashflow generated from property sales and leasings supplemented by bank and other borrowings.

During the year, the Company allotted and issued 1,000,000,000 ordinary shares of HK$0.1 each in satisfaction of the consideration for the acquisition of an aggregate 47.5% indirect interest in a joint venture company in the PRC.

At 31 March 2004, the net borrowings of the Group, being interest-bearing bank and other borrowings less cash and bank balances, time deposits and pledged bank deposits, amounted to about HK$484 million. Net debt to equity ratio, which is expressed as a percentage of the net borrowings over the net assets of the Group, decreased by about 4.15% to about 38.23% from about 42.38% last year. The decrease in the net debt to equity ratio is mainly due to the increase in net assets of the Group from about HK$1,090 million to about HK$1,266 million as a result of the issue of share capital as stated in the foregoing paragraph and the net profit made for the year.

BORROWINGS AND CHARGES

At 31 March 2004, the level of bank and other borrowings of the Group and their maturity profile are as follows:

	HK$'000
Bank overdrafts repayable:	
Within one year or on demand	9,153
Bank loans repayable:	
Within one year or on demand	376,966
In the second year	222,727
In the third to fifth years, inclusive	91,107
	690,800
Other loans repayable:	
Within one year	39,164
In the second year	3,718
In the third to fifth years, inclusive	12,081
Beyond five years	28,363
	83,326
	783,279

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

	HK$'000
Renminbi	711,208
Hong Kong dollars	59,583
United States dollars	12,488
	783,279

The borrowings bear interest rates based on normal commercial terms.

(a) Certain of the Group's borrowings are secured by:

(i) Certain investment properties of the Group with an aggregate carrying value at 31 March 2004 of approximately HK$395 million;

(ii) Certain properties under development of the Group with an aggregate carrying value at 31 March 2004 of approximately HK$503 million;

(iii) Certain completed properties for sale of the Group with an aggregate carrying value at 31 March 2004 of approximately HK$50 million;

(iv) Certain properties held for development with a carrying value at 31 March 2004 of approximately HK$471 million;

(v) Corporate guarantees from the Company and certain its subsidiary companies; and

(b) Certain other loans are secured by certain completed properties for sale of the Group with an aggregate carrying value of approximately HK$42 million at 31 March 2004 and a 50% equity interest in Shanghai Golden Bridge Real Estate Ltd, a wholly owned subsidiary of the Company at 31 March 2004.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's operations are principally in the People's Republic of China. Majority part of the Group's income and expenditure is in Renminbi. The exchange rate for Renminbi has been stable over the past few years and the directors do not foresee any circumstances that will lead to erratic fluctuation in the exchange rate for Renminbi in the foreseeable future. Therefore, the directors consider the Group does not have undue exposure to fluctuation in exchange rates.

CONTINGENT LIABILITIES

At 31 March 2004, the Group had given guarantees to the extent of approximately HK$339,921,000 to banks in respect of mortgage loan facilities granted by the banks to the buyers of certain properties developed by the Group and a property of which the sales were underwritten by the Group.

EMPLOYEES AND REMUNERATION POLICY

The Group employs a total of about 1,348 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 and share options.

OUTLOOK

The growth momentum in the macro economy in China is expected to remain strong. With the robust economic growth, the strong demand for residential properties is anticipated to continue in the next few years. However, recent macro economic measures introduced by the PRC central government to prevent an overheat in the PRC economy will to certain extent affect the business operating environment in the PRC. Coupled with the new government policies on regulating real estate business in the PRC regarding land grant measures and a tightened bank credit policy, the Group is expected to face with a tougher and more challenging operating environment in the years ahead. Nevertheless, the Group is confident that it has the well built up competitive strengths to march into this challenging arena.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by the annual report, except that the non-executive directors are not appointed for specific terms as required by paragraph 7 of the Code of Best Practice but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's bye-laws. The Company has established an audit committee in accordance with paragraph 14 of the Code of Best Practice.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company and its subsidiaries have not purchased, sold or redeemed any listed securities of the Company during the year ended 31 March 2004.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")'S WEBSITE

The Company's annual report containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Listing Rules will be subsequently published on the website of the Stock Exchange in due course.

By Order of the Board
Chan Boon Teong
Chairman

Hong Kong, 28 July 2004

* *For identification purposes only*