沿海綠色家園 ®

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 2005

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 2005 with comparative figures for the previous year as follows:

		Year ended 31 March	
		2005	2004
	Notes	***HK$'000***	*HK$'000*
TURNOVER		**552,914**	841,473
Cost of sales		**(437,509)**	(685,273)
Gross profit		**115,405**	156,200
Other revenue and gains		**141,530**	32,377
Marketing and selling costs		**(4,141)**	(2,438)
Administrative expenses		**(48,334)**	(43,000)
Other operating expenses, net		**(34,365)**	(15,572)
PROFIT FROM OPERATING ACTIVITIES	*2*	**170,095**	127,567
Finance costs	*3*	**(19,716)**	(13,196)
Share of profits and losses of:			
Jointly controlled entities		**(2,993)**	(18,011)
An associate		**(433)**	(3,913)
Amortisation of goodwill on acquisition of an associate		**(162)**	(1,041)
PROFIT BEFORE TAX		**146,791**	91,406
Tax	*4*	**(43,661)**	(41,910)
PROFIT BEFORE MINORITY INTERESTS		**103,130**	49,496
Minority interests		**1,192**	2,851
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		**104,322**	52,347

EARNINGS PER SHARE – Basic	*5*	**5.15 HK cents**	2.91 HK cents
EARNINGS PER SHARE – Diluted	*5*	**Not applicable**	Not applicable

Notes:

1. IMPACT OF RECENTLY ISSUED HONG KONG FINANCIAL REPORTING STANDARDS

Hong Kong Interpretation 3 "Revenue – Pre-completion Contracts for the Sale of Development Properties" ("HK Int-3") is applicable to pre-completion contracts for the sale of development properties entered into on or after 1 January 2005. The Group has early applied HK Int-3 to pre-completion contracts entered into on or after 1 April 2004. The principal impact of this change in accounting policy is that revenue from pre-sales of properties under development is not accounted for in the turnover for the year, whereas in prior years revenue from pre-sales of properties under development was accounted for and reflected in the turnover on a percentage of completion basis.

2. PROFIT FROM OPERATING ACTIVITIES

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

	Year ended 31 March	
	2005	2004
	HK$'000	*HK$'000*
Depreciation	**9,532**	7,679
Less: Amounts capitalised in properties under development	**(473)**	(954)
	9,059	6,725
Provision for prepayment	**14,000**	–
Loss on disposal of fixed assets (excluding investment properties)	**666**	93
Gain on disposal of investment properties	**(53,903)**	–
Revaluation surplus on leasehold land and buildings	**(1,440)**	(410)
Amortisation of goodwill	**1,875**	4,292
Interest income	**(180)**	(223)
Exchange losses, net	**484**	1,509
Net rental income	**(16,427)**	(20,217)
Reversal of business tax provision	**(10,655)**	–
Waiver of loan and interest payables	**(13,685)**	–
Gain on disposal of subsidiaries	**(47,966)**	–

3. FINANCE COSTS

	Year ended 31 March	
	2005	2004
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**76,387**	35,008
Interest on other loans	**1,581**	572
	77,968	35,580
Less: Amounts capitalised in properties under development	**(58,252)**	(22,384)
	19,716	13,196

4. TAX

	Year ended 31 March	
	2005	2004
	HK$'000	*HK$'000*
Group:		
Current – Elsewhere Charge for the year	**69,157**	20,940
Deferred tax	**(25,496)**	20,970
Total tax charge for the year	**43,661**	41,910

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits arising in Hong Kong during the year (2004: Nil).

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 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$104,322,000 (2004: HK$52,347,000) and the 2,024,000,000 (2004: weighted average of 1,796,602,740) 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 2005 and 2004, the outstanding share options have no dilution effect on the basic earnings per share for the years ended 31 March 2005 and 2004.

FINAL DIVIDEND

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

BUSINESS ANALYSIS

The Group recorded a turnover of approximately HK$553 million for the financial year ended 31 March 2005, an decrease of about 34% from 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	
	2005	2004
	HK$'000	*HK$'000*
Turnover by activity		
– Sale of properties	**524,988**	810,786
– Rental income	**24,836**	27,589
– Property management	**3,090**	3,098
Total	**552,914**	841,473
Profit/(loss) before tax by activity		
– Sale of properties	**112,065**	120,768
– Rental income	**67,589**	13,574
– Property management	**(3,427)**	2,664
– Corporate and others	**(6,312)**	(9,662)
	169,915	127,344
Interest income	**180**	223
Profit from operating activities	**170,095**	127,567
Finance costs	**(19,716)**	(13,196)
Share of profits and losses of:		
Jointly-controlled entities	**(2,993)**	(18,011)
Associate	**(433)**	(3,913)
Amortisation of goodwill on acquisition of an associate	**(162)**	(1,041)
Profit before tax	**146,791**	91,406

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 continues to be encouraging. The net profit attributable to shareholders for the year increased to about HK$104 million, representing an increase of about 99% over that of last year, although the turnover decreased from last year's about HK$841 million to about HK$553 million in current year which is mainly attributable to a decrease in turnover for sale of properties as explained in the following paragraph.

For property sales, the turnover decreased by about HK$286 million, from last year's about HK$811 million to about HK$525 million for the year. The decrease was mainly attributable to the early adoption of Hong Kong Interpretation 3 "Revenue-Pre-completion Contracts for Sale of Development Properties" by the Group for accounting the revenue of sale of property developments for the year. The principal impact of this change in accounting policy is that revenue from pre-sales of properties under development is not accounted for in the turnover for the year, whereas in prior years revenue from pre-sales of properties under development was accounted for and reflected in the turnover on a percentage of completion basis. Also, the sales of properties held as investment properties or through disposal of equity interests in the subsidiaries holding the properties were not included in the turnover for the year. The turnover for sale of properties for the year ended 31 March 2005 was mainly attributable to the sales of Phase III of Shanghai Riviera Villa, sections A, B and C of Phase I of Beijing Sunvilla Realhouse, Anshan Riviera Garden and Phases III and IV of Anshan Greenland IT City which respectively accounted for about 62.01%, 22.21%, 7.46%, and 3.76% of the turnover for sale of properties for the year. The balance of about 4.56% was contributed from sales of the remaining commercial area in Phase IV of Xiamen Lu Jiang New City, remaining residential units in Phase II of Wuhan Lakeside Apartment and Shenzhen Dragon Court and certain commercial area classified as completed properties for sale in Wuhan Wah Zhong Trade Plaza.

Turnover for property rental decreased by about 9.98% as compared to last year. The decrease was mainly due to the disposal during the year of a substantial portion of the commercial area in Wuhan Wah Zhong Trade Plaza so as to generate additional working capital for new development projects. The disposal has also resulted in a significant profit contribution to the Group for the year. The leasing performance of the commercial/office area held in Shanghai Golden Bridge Mansion has slightly improved although the revenue contribution to the Group is not significant. Based on the successful experience of the Group in Wuhan Wah Zhong Trade Plaza and as a business development opportunity, the Group acquired Shenyang Dongbei Furniture and Ornaments Plaza during the year. Since the acquisition of this property much of the Group's effort on it has been focusing on identifying a niche market that can be held in this property. Before the launch of a new theme of market to be held in this property, only insignificant rental income was generated from the existing lessees for the year. Subsequent to the year end, the Group has successfully come into an agreement with a major PRC automobile manufacturer and vendor to develop an automobile and related accessories market in this property, which is planned to be the largest of its kind in the north-east part of the PRC. The preparation works for setting up the market, including the lining up of distributors and wholesalers to operate in this premises and the drawing up of a master marketing plan are in progress. It is anticipated that in two to three years' time the contemplated market will be established in this property and hence the value of this property will be greatly enhanced.

The income from property management operations remained stable. However a negative result of about HK$3.43 million was recorded for the year ended 31 March 2005, which was attributable to a provision of about HK$1.7 million made for certain aged receivables in respect of Anshan Greenland IT City and Shenzhen Great Park Garden, and an increase in general expenses for property management operations with a view to upgrading the overall quality of property management services provided to customers in a bid to enhance the brandname image of the Group.

To strengthen the management team in anticipation of business expansion, during the year the Group has added certain new recruits to its management team and has revised its human resources policy so as to attract and retain high-calibre employees which involves an increase in the remuneration level for employees in terms of basic salary, benefits in kind and performance related bonus. As a result administrative expenses increased by about 12.4% as compared to that of last year.

Comparing to last year, the amount of finance costs (mainly interest for bank and other borrowings) before capitalisation increased by about 119% to about HK$77.97 million. The increase is mainly due to an overall increase in the total amount of bank and other borrowings for financing the development of ongoing projects and acquisition of new development projects.

The net profit attributable to shareholders for the year has increased by about 99% to approximately HK$104 million from last year's about HK$52 million. The improvement in the performance of the Group for the year was mainly attributable to the following factors:

(1) Satisfactory results achieved from sales of Phase III of Shanghai Riviera Villa, sections A, B and C in Phase I of Beijing Sunvilla Realhouse, and the Anshan Riviera Garden;

(2) Significant profits realized from the sale of certain commercial area in Wuhan Wah Zhong Trade Plaza, all the interests in the Tangshan Tourism Project and in the Fuzhou Gushan Luxury Villa during the year;

(3) Sharing of losses of jointly-controlled entities and an associate company was narrowed down from about HK$21.94 million in last year to about HK$2.75 million in current year;

(4) During the year, there were a reversal of business tax provision and a waiver of loan and interest payable totalling about 24 million.

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

(1) An additional cost of about HK$4.5 million was incurred for Phase II of Shenzhen Dragon Court;

(2) Deficit in the amount totalling about HK$6 million was resulted from the sales of the remaining units in Phases III and IV and a provision made for diminution in value of certain commercial area in Phase I of Anshan Greenland IT City; and

(3) A provision of about HK$14 million was made for the prepayment in respect of the acquisition of a parcel of land in Shenyang due to a uncertainty in the ability of the Group to convert the land use right of the parcel of land from agricultural use to property development use.

FINANCIAL RESOURCES AND LIQUIDITY

For the year ended 31 March 2005, the principal source of fund for the Group came from the cashflow generated from property sales and leasings supplemented by bank and other borrowings.

At 31 March 2005, the net borrowings of the Group, being interest-bearing bank and other borrowings less cash and bank balances and pledged deposits, amounted to about HK$917 million. Net debt to equity ratio, which is expressed as a percentage of the net borrowings over the net assets of the Group, increased by about 31.15% to about 69.38% from about 38.23% last year. The increase in the net debt to equity ratio is mainly due to an overall increase in the total amount of bank and other borrowings for financing the development of ongoing projects and acquisition of new development projects.

BORROWINGS AND CHARGES

At 31 March 2005, 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	8,756
Bank loans repayable:	
Within one year or on demand	252,580
In the second year	431,506
In the third to fifth years, inclusive	–
	684,086
Other loans repayable:	
Within one year	520,876
In the second year	3,484
In the third to fifth years, inclusive	10,808
Beyond five years	13,978
	549,146
	1,241,988

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

	HK$'000
Renminbi	1,184,834
Hong Kong dollars	44,706
United States dollars	12,448
	1,241,988

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 2005 of approximately HK$177 million;

(ii) Certain properties under development of the Group with an aggregate carrying value at 31 March 2005 of approximately HK$2,263 million;

(iii) Certain completed properties for sale of the Group with an aggregate carrying value at 31 March 2005 of approximately HK$62 million;

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

(b) Certain other loans are secured by the 100% equity interest in Shanghai Xinhongda Real Estate Ltd., a wholly owned subsidiary of the Company at 31 March 2005.

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 which will cause a material adverse impact on the Group's operations. Therefore, the directors consider the Group does not have undue exposure to fluctuation in exchange rates.

CONTINGENT LIABILITIES

At 31 March 2005, the Group had given guarantees to the extent of approximately HK$584,846,000 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 1,669 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 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.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") in force prior to the accounting period commencing on 1 January 2005, 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code") as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company's directors, the directors have complied with the required standard set out in the Model Code throughout the accounting period covered by the annual report.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company.

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 2005.

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, 27 July 2005

* *For identification purposes only*