

[For Immediate Release]

**Coastal Greenland Announces 2005/06 Annual Results
Profit Reaches HK\$105 million**

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***Broad Geographical Coverage
Braces Performance Against Austerity Measures***

Highlights

- Turnover increased by 37% to HK\$759 million
- Net profit rose to HK\$105 million, equivalent to 3% growth (Affected by the two major events detailed below)
- Basic earnings per share were HK5.13 cents
- Final dividend of HK1 cent per share was recommended
- Turnover from sales of properties rose by 42% to approximately HK\$743 million
- Gross profit margin improved from last year's 21% to 29% for the year

(Hong Kong, 30 July 2006) – **Coastal Greenland Limited** (“Coastal Greenland” / the “Group”) (HKEx: 1124), a leading Mainland China property developer, announced its annual results for the year ended 31 March 2006.

For the year ended 31 March 2006, the Group reported a turnover of HK\$759 million, representing an increase of 37% against HK\$553 million of the last financial year. Net profit attributable to shareholders increased 3% to HK\$105 million (2004/05: HK\$102 million) despite that there was a non-operating charge of HK\$26.64 million arising from fair value adjustment for the derivative liability in connection with the issue of the convertible bonds, and a deferral of a net profit of about HK\$44 million arising from a joint development agreement with an independent third party developer to develop a property project of the Group under which the Group had fulfilled all its obligations and had already received the whole amount of a guaranteed return. Basic earnings per share was HK5.13 cents (2004/05: HK5.06 cents).

The Board of Directors recommended the payment of a final dividend of HK1 cent per share for the year under review. Together with the interim dividend of HK1 cent per share already paid, the total dividend payment for the fiscal year is HK2 cents per share.

Mr. Chan Boon Teong, Chairman of Coastal Greenland, said, “Our business has broad geographical coverage, meaning we would not be heavily impacted by conditions in any one particular city. During the year under review, for example, while the property market in Shanghai was slack due to austerity measures imposed by the government, our development projects in cities like Beijing, Wuhan and Anshan delivered encouraging results, leading to an overall satisfactory performance. This unique business model gives us higher flexibility in directing resources and frees us from relying too much on any single market”

Sales of properties reported satisfactory growth during the year under review. The segment's income grew 42% from HK\$525 million in 2004/05 to HK\$743 million, mainly because more properties were completed and sold during the year. Sales from Phases III and IV of Wuhan Lakeside Apartment, Phase I of Beijing Sunvilla Realhouse, Phase V of Anshan Greenland IT City and Anshan Riviera Garden accounted for 60%, 21%, 12% and 6% respectively of turnover from properties sales. The sales of certain commercial areas in Xiamen Xiang Jiang Garden and car parking areas in Fuzhou Mansion made up the remaining 1%.

As for the leasing business, the disposal of all remaining commercial area in Wuhan Wah Zhong Trade Plaza during the year explained the 49% decrease in turnover from property rental which was reported at HK\$12.6 million (2004/05: HK\$24.8 million). Nevertheless, the disposal of the properties generated additional working capital for the Group's new development projects. The commercial/office areas in Shanghai Golden Bridge Mansion brought in improved rental income to the Group. The establishment of the Shenyang Dongbei Furniture and Ornaments Plaza into an agricultural products market also progressed satisfactorily marked by the signing of a preliminary agreement with the owner of a major agricultural products franchise in the PRC.

The Group's property management operations also registered improved turnover, growing by approximately 16% against the amount in the last financial year, narrowing loss to HK\$1.05 million from last year's HK\$3.43 million.

Armed with a unique and proven business model and boasting brilliant prospects, the Group appealed to Mellon HBV, a US-based investment fund and global wealth management service provider. In July 2005, the Group entered into a Subscription Agreement with Mellon HBV regarding the issue and subscription of Senior Notes and Convertible Bonds valuing US\$30 million in total (equivalent to approximately HK\$234 million). Mellon HBV acquired 3.86% stake in the Group by converting the first tranche of the convertible bonds in December 2005. The second tranche of same size was converted in June 2006 subsequently. The Group uses the proceeds as working capital for its operation.

Mr. Chan added, "Mellon HBV's interest in Coastal Greenland is an evidence of institutional investors recognizing our strengths, business direction and future prospects. Subsequent to the year-end date, the Group has issued certain senior notes and convertible bonds to other renowned institutional investors such as Citadel, which generated additional financial resources for us to expand our business development."

As at 31 March 2006, the total gross floor area of properties under development and held for development by the Group amounted to approximately 3,213,666 square metres which are being developed into residential and/or commercial properties in accordance with the prevailing market demand. Currently, the Group is negotiating with a number of independent third parties to acquire certain land parcels in major cities of the PRC. The Group will continue to purchase and make acquisitions of suitable land bank for its future development.

In 2005, for the second consecutive year, Coastal Greenland made it into the top 10 most valuable Chinese real estate company brands, an authoritative ranking put together by experts in real estate research from the Ministry Corporate Research Center, the Tsinghua University Real Estate Research Center and the China Index Research Center.

“Looking ahead, with housing demand on constant rise driven by strong economic growth and accelerating urbanization, we see a PRC property market full of opportunities. Nevertheless, there are also immediate challenges including the increasingly stringent credit policies on property development, land acquisition becoming more capital-intensive in the PRC and possible new economic austerity measures. Weighing the opportunities and challenges and given our sound business strategies and proven capabilities, we are confident of continuing to deliver strong performance and satisfactory returns to our shareholders,” **Mr. Chan** concluded.

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About Coastal Greenland Limited

Established in Hong Kong in 1990, Coastal Greenland Limited (“Coastal Greenland”) (HKEx: 1124) has been investing in the Mainland China property market for 16 years. The Group’s investment is focused mainly in cities of six major economic zones, namely Northeastern China, the Yangtze River Delta, the Pearl River Delta, along the Bohai Bay, and Central and Western China. Coastal Greenland has received many awards for its superior product quality, including the “Top 10 Most Valuable Real Estate Company Brand in China in 2004 and 2005 ” ranked by the “China Real Estate Top 10 Research Team”. It also made the list of the most influential brands in China published by the World Brand Lab in 2005.

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