



Coastal Greenland Announces 2006/07 Annual Results Net Profits Increases by 20.7% to HK\$126.7 Million

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Two-pronged Business Strategy Assures Future Growth

Financial Highlights

- Turnover increased by 165.1% to HK\$2,012.2 million
 - Net profit rose to HK\$126.7 million despite a non-operating charge of approximately HK\$166.5 million arising from fair value adjustment for the derivative liability in connection with issue of convertible bonds
 - Final dividend of HK1 cent per share was recommended
 - Record high turnover from property sale at HK\$2,002.7 million
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(Hong Kong, 26 July 2007) – **Coastal Greenland Limited** (“Coastal Greenland” / the “Group”) (SEHK stock code: 1124), a leading Mainland China property developer, announced its annual results for the year ended 31 March 2007.

During the year, the Group recorded a turnover of approximately HK\$2,012.2 million, representing an increase of approximately 165.1% from HK\$759.1 million last year. Net profit attributable to shareholders also rose by 20.7% from HK\$105.0 million to about HK\$126.7 million despite a non-operating charge of HK\$166.5 million arising from fair value adjustment for derivative liability in connection with issue of convertible bonds. Before the charge, the net profit of the Group is about HK\$293.2 million, an increase of about 122.8% as compared to that of last year on a same basis. Although the implementation details of the Land Appreciation Tax (“LAT”) have yet to be announced, the Group exercised prudence and made a total provision for LAT in the amount of HK\$46.6 million for the year under review. Earnings per share were HK5.69 cents (2005/06: HK5.13 cents).

The Board of Directors recommended payment of a final dividend of HK1 cent per share for the year ended 13 March 2007. Together with the interim dividend of HK1 cent per share already paid, total dividend for the year amounted to HK2 cents per share (2005/06: HK2 cents per share).

Mr. Chan Boon Teong, Chairman of Coastal Greenland, said, "In the past year, with the Chinese economy booming and living standard of the Chinese people improving, demand for quality and contemporary housing has been rising. During the year, dedicated to providing healthy residence to home buyers in China, Coastal Greenland had much success in marketing property projects that are environmentally friendly and conducive to saving energy and healthy lifestyle. Furthermore, we continued to benefit from the diverse locations of our projects, a strategic set up to free the Group from relying on any one single market. These together contributed to the satisfactory performance of the Group during the year."

Riding on a thriving property market, the Group made record high property sales, registering sales revenue of HK\$2,002.7 million, an increase of 169.6% against HK\$742.9 million last year. The revenue was mainly derived from sale of Phases I and II of Beijing Sunvilla Realhouse, Phases I and II of Beijing Silo City, Phases I and II of Jiangxi Riviera Garden, Anshan Greenland IT City, Wuhan Lakeside Apartment and inventory of previously launched projects.

As for the leasing business, turnover from property rental decreased by 51.6% to approximately HK\$6.1 million, the result of the disposal of the remaining area of Wuhan Wah Zhong Trade Plaza by the Group last year. The project was the major rental income generator of the Group in the previous year. However, the Group completed and retained a majority of the commercial area in Phases I and II of Beijing Silo City with a total gross floor area of about 12,500 sq. m. as investment property. The shopping arcade is expected to open in October this year and will contribute to the Group's recurring rental income.

Apart from property development and investment, the Group is also committed to providing integrated and value added property management services to foster good relations with tenants and owners and also strengthen brand image. During the year under review, its property management operations recorded a loss of about HK\$2.0 million (2005/06: loss of HK\$1.1 million).

During the year under review, the Group acquired interests in various property development projects in Dalian, Beijing, Chengdu and Shenyang. As a result, the total gross floor area of the Group's development projects increased to approximately 5 million sq. m., enough to supply for property development over the next 3 to 4 years. The Group also acquired substantial equity stake in the PRC-listed company Shanghai Fenghua Group Company Limited, which has positioned the Group to readily capture opportunities that may arise in the PRC capital market.

Boasting impressive track records and promising prospects, the Group caught the attention of Shenzhen Investment Limited (SEHK stock code: 604) which made a significant equity investment in Coastal Greenland during the year and became its second largest shareholder. Moreover, the Group also issued certain senior notes and convertible bonds to a number of institutional investors for a total amount of US\$100 million as additional working capital for its operations.

The Group has enhanced its property development capabilities through forging a strategic partnership with Angelo, Gordon Asia Limited (“Angelo Gordon”). The two partners worked together on an integrated property project in Dalian in January and another one in Shenyang in July this year. Combining Angelo Gordon’s extensive experience in the international capital markets for real estates and the Group’s many years of experience in property development, Coastal Greenland is well equipped to develop more quality property projects, both commercial and residential, and expand its property development portfolio and customer base.

Looking ahead, the Group will implement a two-pronged business development strategy to pave the way for future growth. In addition to developing and marketing quality residential properties, the Group will develop and retain part of its commercial properties and hotels at prime locations in major PRC cities for rental. The Group plans to increase the proportion of its investment properties to about 30% of the Group’s total property portfolio in the next three to five years so as to generate more stable recurring income and capture potential gains from property value appreciation.

“The PRC economy is expected to remain on the up trend and provide substantial growth impetus to the property market, and efforts of the Central Government will see the property market become more stable and sustainable. At the same time, as the property sector consolidates, smaller developers who cannot meet the more stringent operational and financial requirements are likely to be ousted leaving the bigger and more capable and resourceful developers like Coastal Greenland in the market. Led by an experienced management team and armed with a well recognised corporate brand, strong financial resources and a quality and geographically-diversified portfolio, we are ready to take on new challenges and capture the tremendous opportunities ahead,” **Mr. Chan** concluded.

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About Coastal Greenland Limited

Established in Hong Kong in 1990, Coastal Greenland Limited (“Coastal Greenland”) (SEHK stock code: 1124) has been investing in the Mainland China property market for over 16 years. The Group’s investment is focused mainly in major cities of six major economic regions in the PRC, namely Northeastern Region, Northern Region, Central Region, Eastern Region, Southern Region and Southwestern Region. Coastal Greenland has received many awards for its prominent presence in the PRC property market, including the “Top 10 Most Valuable Real Estate Company Brand in China” ranked by the “China Real Estate Top 10 Research Team” for three consecutive years since 2004. It also made the list of the most influential brands in China published by the World Brand Lab in 2005 and 2006.

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