



NEO-CHINA GROUP (HOLDINGS) LIMITED

中新集團（控股）有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 563)

ANNOUNCEMENT OF 2007 FINAL RESULTS

On behalf of the Board of Director of Neo-China Group (Holdings) Limited (“Neo-China” or the “Company”), I am pleased to present the annual results of the Company and its subsidiaries (the “Group”) for the financial year ended 30 April 2007:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 April 2007

	<i>Notes</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Revenue	3	2,779,845	671,140
Cost of sales	4	(2,438,229)	(610,572)
Gross profit		341,616	60,568
Other income	5	72,657	42,078
Change in fair value of derivative financial instruments		436	–
Change in fair value of investment properties		214,700	–
Fair value gain on transfer of properties held for sale to investment properties		323,083	–
Gain on disposal of subsidiaries		283,247	125,018
Impairment loss on assets classified as held for sale		(20,000)	–
Administrative expenses		(197,145)	(54,725)
Selling expenses		(90,604)	(44,606)
Finance costs	6	(81,402)	(10,774)
Share of losses of associates		(5,258)	(8,579)
Profit before taxation		841,330	108,980
Income tax expense	7	(23,090)	(14,752)
Profit for the year	8	818,240	94,228

* *For identification purpose only*

		2007	2006
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Attributable to:			
Equity holders of the Company		833,319	104,663
Minority interests		(15,079)	(10,435)
		<u>818,240</u>	<u>94,228</u>
Dividends	9	<u>96,156</u>	<u>91,895</u>
Earnings per share	10		
– Basic		<u>14.67 HK cents</u>	<u>3.78 HK cents</u>
– Diluted		<u>13.18 HK cents</u>	<u>3.50 HK cents</u>

CONSOLIDATED BALANCE SHEET

At 30 April 2007

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Non-current assets		
Property, plant and equipment	137,933	6,698
Investment properties	1,475,834	–
Interests in associates	–	117,375
Loan to an associate	–	483,735
Long-term receivable	–	272,661
Available-for-sale investments	–	9,471
Deposits for acquisition of subsidiaries	255,170	185,675
Derivative financial instrument	20,000	–
Deferred tax assets	15,739	–
Pledged bank deposits	94,225	77,049
	<u>1,998,901</u>	<u>1,152,664</u>
Current assets		
Properties held for sale	375,493	25,721
Properties under development	8,299,508	1,923,255
Advances to suppliers	690,612	467,452
Trade and other receivables and prepayments	872,336	292,363
Amount due from an associate	–	22,248
Tax recoverable	123,907	46,306
Available-for-sale investments	90,900	–
Bank balances and cash	1,411,472	315,664
	<u>11,864,228</u>	<u>3,093,009</u>
Assets classified as held for sale	281,002	–
	<u>12,145,230</u>	<u>3,093,009</u>
Current liabilities		
Accruals and other payables	1,239,112	459,010
Presale receipts from customers	1,921,783	1,587,456
Amounts due to related companies	214,379	5,567
Amount due to a shareholder	20,412	1,678
Amounts due to minority shareholders	53,081	–
Dividend payable	9	23,121
Tax payable	201,224	141,967
Secured bank borrowings – due within one year	671,700	16,750
Loan payables	170,422	65,972
Convertible notes	–	99,307
	<u>4,492,122</u>	<u>2,400,828</u>
Liabilities directly associated with assets classified as held for sale	39,035	–
	<u>4,531,157</u>	<u>2,400,828</u>
Net current assets	<u>7,614,073</u>	<u>692,181</u>
Total assets less current liabilities	<u>9,612,974</u>	<u>1,844,845</u>

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Non-current liabilities		
Secured bank borrowings – due after one year	1,401,880	244,135
Deferred tax liabilities	934,295	59,309
Loan payables	458,174	–
Derivative financial instrument	53,000	–
Convertible notes	1,254,074	–
	<u>4,101,423</u>	<u>303,444</u>
	<u>5,511,551</u>	<u>1,541,401</u>
Capital and reserves		
Share capital	68,754	40,793
Reserves	4,890,077	1,350,909
	<u>4,958,831</u>	<u>1,391,702</u>
Equity attributable to the equity holders of the Company	552,720	149,699
Minority interests	<u>5,511,551</u>	<u>1,541,401</u>

Notes:

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

In November 2006, the Company has changed its functional currency from Hong Kong dollars to Renminbi as the Company substantially reduced its activity in trading of investments and as a consequence mainly holds its investments in subsidiaries whose operations are primarily in the PRC.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) which are either effective for accounting periods beginning on or after 1 December 2005, 1 January 2006, 1 March 2006 or 1 May 2006. The adoption of the new HKFRSs had no material effect on how the results for the current and prior accounting years are prepared and presented. Accordingly, no prior period adjustments has been required.

The Group has not early applied the following new and revised Hong Kong Accounting Standards (“HKAS(s)”), Hong Kong Financial Reporting Standards (“HKFRS(s)”), amendment and interpretations that have been issued but are not yet effective. Except for the application of HKAS 23 (revised) “Borrowing costs” that the directors are not yet in a position to determine whether the application will have a significant impact on how the results of operations and financial positions of the Group are prepared and presented, the directors of the Company anticipate that the application of these new and revised standards, amendment or interpretations will have no material impact on the results and the financial positions of the Group.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKAS 23 (Revised)	Borrowing Costs ²
HKFRS 7	Financial Instruments: Disclosures ¹
HKFRS 8	Operating Segments ²
HK(IFRIC) – INT 9	Reassessment of Embedded Derivatives ³
HK(IFRIC) – INT 10	Interim Financial Reporting and Impairment ⁴
HK(IFRIC) – INT 11	HKFRS 2 – Company and Treasury Share Transactions ⁵
HK(IFRIC) – INT 12	Service Concession Arrangements ⁶

¹ Effective for annual periods beginning on or after 1 January 2007

² Effective for annual periods beginning on or after 1 January 2009

³ Effective for annual periods beginning on or after 1 June 2006

⁴ Effective for annual periods beginning on or after 1 November 2006

⁵ Effective for annual periods beginning on or after 1 March 2007

⁶ Effective for annual periods beginning on or after 1 January 2008

3. REVENUE AND BUSINESS AND GEOGRAPHICAL SEGMENTS

Revenue represents amounts received and receivable for properties sold by the Group to outside customers, rental income and services rendered is summarised as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Sales of properties	2,779,642	669,404
Rental income	203	–
Provision of property management consultancy services	–	1,736
	<u>2,779,845</u>	<u>671,140</u>

Business segments

For management purposes, the Group is currently organised into two operating divisions – sales of properties and property investment. The operation of property investment business commenced in August 2006. The Group was primarily engaged in one operating division of sales of properties for the year ended 30 April 2006 and so no business segment analysis is presented for the year ended 30 April 2006.

Segmental information about these business is presented below.

2007

	Sales of properties	Property investment	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE			
External sales	<u>2,779,642</u>	<u>203</u>	<u>2,779,845</u>
RESULT			
Segment result	<u>520,054</u>	<u>208,737</u>	728,791
Unallocated corporate expenses			(128,755)
Other income			64,271
Change in fair value of derivative financial instruments			436
Gain on disposal of subsidiaries			283,247
Impairment loss on assets classified as held for sale			(20,000)
Finance costs			(81,402)
Share of losses of associates			<u>(5,258)</u>
Profit before taxation			841,330
Income tax expense			<u>(23,090)</u>
Profit for the year			<u><u>818,240</u></u>

BALANCE SHEET

	Sales of properties	Property investment	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Segment assets	<u>10,210,885</u>	<u>1,483,296</u>	11,694,181
Derivative financial instrument			20,000
Deferred tax assets			15,739
Tax recoverable			123,907
Available-for-sale investments			90,900
Pledged bank deposits			94,225
Bank balances and cash			1,411,472
Other unallocated corporate assets			<u>693,707</u>
Consolidated total assets			<u>14,144,131</u>
LIABILITIES			
Segment liabilities	<u>3,133,869</u>	<u>172,669</u>	3,306,538
Tax payable			201,224
Secured bank borrowings			2,073,580
Convertible notes			1,254,074
Deferred tax liabilities			934,295
Derivative financial instrument			53,000
Other unallocated corporate liabilities			<u>809,869</u>
Consolidated total liabilities			<u>8,632,580</u>

OTHER INFORMATION

	Sales of properties	Property investment	Unallocated	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital additions				
Acquisition of subsidiaries	7,767	560,924	90,000	658,691
Other additions	9,055	62,366	26,804	98,225
Depreciation	2,501	740	471	3,712
Fair value gain on transfer of properties held for sale to investment properties	323,083	–	–	323,083
Change in fair value of investment properties	–	214,700	–	214,700
Gain on disposal of a subsidiary	<u>283,247</u>	<u>–</u>	<u>–</u>	<u>283,247</u>

Geographical segments

Over 90% of the activities of the Group for the year ended 30 April 2007 and 30 April 2006 are carried out in the PRC and over 90% of the assets of the Group are located in the PRC. Accordingly, no geographical analysis is presented.

4. COST OF SALES

Cost of sales included land appreciation tax in the PRC of approximately HK\$200,613,000 (2006: HK\$4,124,000).

5. OTHER INCOME

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interest income on:		
Bank deposits	6,749	2,112
Loan to an associate	5,494	24,660
Other loans	6,602	2,446
Dividend income from unlisted investments held for trading	14,286	–
Exchange gain on convertible notes	24,291	–
Other net exchange gain	14,394	6,449
PRC government subsidies	545	5,696
Gain on disposal of available-for-sale investments	149	–
Others	147	715
	<u>72,657</u>	<u>42,078</u>

6. FINANCE COSTS

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interest on:		
Bank borrowings wholly repayable within five years	88,842	21,333
Amount due to a related company	5,770	–
Effective interest expense on convertible notes	96,007	6,393
Interest expense on loan payables	37,712	4,381
	<u>228,331</u>	<u>32,107</u>
<i>Less: amount capitalised under properties under development</i>	<u>(146,929)</u>	<u>(21,333)</u>
	<u>81,402</u>	<u>10,774</u>

Borrowing costs capitalised during the year arose on the borrowing pool and are calculated by applying a capitalisation rate of 7.48% (2006: 5.94%) to expenditure on qualifying assets.

7. INCOME TAX EXPENSE

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
The income tax expense comprises:		
Current tax – PRC enterprise income tax	<u>171,678</u>	<u>29,083</u>
Deferred taxation		
– current period	(24,915)	(14,331)
– attributed to a change in tax rate	<u>(123,673)</u>	<u>–</u>
	<u>(148,588)</u>	<u>(14,331)</u>
	<u>23,090</u>	<u>14,752</u>

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group did not derive any assessable profit in Hong Kong for both years.

The Group's subsidiaries established in the PRC are subject to PRC enterprise income tax on their taxable income at the rate of 33%. A subsidiary established in Shenzhen Special Administrative Region in the PRC is entitled to a preferential rate of 15%.

During the year, the National People's Congress of the PRC approved the new PRC enterprise income tax law. With effect from 1 January 2008, the tax rate will be unified for both domestic and foreign investment enterprises at the rate of 25%. As a result of the change in tax rate, a deferred tax credit of HK\$123,673,000 has been recognised in the consolidated income statement for the year.

8. PROFIT FOR THE YEAR

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Auditors' remuneration		
– current year	3,031	2,021
– underprovision in prior year	100	13
	<u>3,131</u>	<u>2,034</u>
Staff costs, including directors' emoluments		
– capitalised under properties under development	10,081	3,902
– included in administrative expenses	28,899	14,719
	<u>38,980</u>	<u>18,621</u>
Share based payments	97,840	4,287
Retirement benefit scheme contributions	1,571	707
	<u>138,391</u>	<u>23,615</u>
Depreciation of property, plant and equipment	3,712	1,396
<i>Less: capitalised in property under development</i>	<u>(442)</u>	<u>(101)</u>
	<u>3,270</u>	<u>1,295</u>
Cost of properties held for sale/properties under development recognised as an expense	<u>2,237,616</u>	<u>610,572</u>

9. DIVIDENDS

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Dividends recognised as distributions during the year:		
2007 Interim, paid – HK1.5 cents (2006: HK1.5 cents) per ordinary share	96,156	37,255
2006 Final, paid – Nil (2005: HK2.2 cents) per ordinary share	–	54,640
	<u>96,156</u>	<u>91,895</u>

The final dividend of HK1.2 cent (2006: nil) per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

Pursuant to the sales and purchase agreements for the acquisition of Lucky Merit Development Limited (“Lucky Merit”) and New Direction Development Limited (“New Direction”), 499,221,153 and 599,765,384 ordinary shares of the Company with par value of HK\$0.01 per share each were issued respectively. The acquisitions in Lucky Merit and New Direction give rise to a deemed distribution of HK\$707,278,000 (see note 37 and 38 (iii)) during the year ended 30 April 2006.

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company for the year is based on the following data:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Earnings:		
Earnings for the purposes of basic earnings per share	833,319	104,663
Effect of dilutive potential ordinary shares in respect of Convertible Note 2011 and Convertible Note 2005	<u>19,968</u>	<u>6,393</u>
Earnings for the purposes of diluted earnings per share	<u>853,287</u>	<u>111,056</u>
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share	5,679,325,194	2,770,710,769
Effect of dilutive potential ordinary shares on Convertible Note 2011 and Convertible Note 2005	791,552,730	400,000,000
Options	<u>3,600,122</u>	<u>316,804</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>6,474,478,046</u>	<u>3,171,027,573</u>

FINANCIAL REVIEW

The operating results of the Company again rose to historic highs in 2007. For the year ended 30 April 2007, under the Hong Kong Financial Reporting Standards (“HKFRS”), the Group recorded a turnover of HK\$2,780 million (2006: HK\$671 million), representing an increase of approximately 314% over the prior period. Profit attributable to shareholders amounted to HK\$833 million (2006: HK\$105 million). Basic earnings per share was HK14.67 cents (2006: HK3.78 cents) and diluted earnings per share was HK13.18 cents (2006: HK3.5 cents). Total prepaid receipts from customers as at 30 April 2007 were HK\$1,922 million. Total GFA of 274,000 sq.m. of the Group were sold and recognized.

PAYMENT OF DIVIDEND

The Board of Directors (the “Board”) has made very effort to maintain a stable dividend policy while keeping a sound financial position for further development. For the best interests of shareholders, the Board recommended a payment of final dividend of HK1.2 cents per share payable on 29 October 2007 to those shareholders whose names are shown in the register of members of the Company on 17 October 2007. Together with an interim dividend of HK1.5 cents per share, the total dividend for the whole year amounted to HK2.7 cents per share.

BUSINESS REVIEW

During the period under review, the Group underwent an effective consolidation of our businesses in accordance with its strategic plan, focusing its efforts and resources to accelerate the high potential property investment and development in several cities in PRC. The turnover of the Group increased by 314% to HK\$2,780 million, thus resulting in the gross profit contribution increased by 464% to HK\$342 million. The consolidated net profit of the Group sustained an increased of over 368% for three consecutive years, fulfilling the promise to the investors. During the year, the share price of the Company’s share performed well, thus enhancing the value for the shareholders of the Company.

Land Bank

The Group has successfully accumulated a valuable land bank representing a diversified portfolio of properties in selected cities in which we intend to focus on development activities.

Over the year, through taking part in mainly acquisitions of equity interests and by other means of increasing our equity interests in projects, the Group had increased its land bank by approximately 7 million sq.m. GFA, an increase of 230% over last year.

As at the date of this announcement, the aggregate land bank of the Group amounts to 10,032,615 sq.m. GFA is detailed below:

Property	Location	Aggregate GFA for Entire Project (sq.m.)	Completed Property Developments				Properties Under Development		GFA Held for Future Development (sq.m.)	Interest Attributable to Us
			Saleable GFA for Entire Project (sq.m.)	Total Completed Saleable GFA (sq.m.)	Total Saleable GFA Sold (sq.m.)	Total Saleable GFA held for rent (sq.m.)	Total Saleable GFA Under Development (sq.m.)	Total Saleable GFA Pre-sold (sq.m.)		
Phoenix Tower	Shenzhen	106,190	79,391	79,391	43,684	31,305	–	–	–	91%
Tianjin Laochengxiang	Tianjin	1,013,061	903,075	45,534	2,073	43,461	258,570	75,991	598,971	100%
American Rock	Beijing	523,075	455,888	402,003	400,930	–	53,885	26,568	–	100%
Youngman Point	Beijing	352,305	290,874	109,507	93,917	–	122,067	81,809	59,300	74%
Xidiaoyutai	Beijing	249,621	230,116	92,517	73,562	–	85,999	60,844	51,600	90%
Wen Jiang	Chengdu	775,000	761,501	–	–	–	–	–	761,501	70%
Yuanjiqiang	Chongqing	787,000	697,270	–	–	–	567,016	43,950	130,254	100%
Neo Water City	Xian	3,350,500	3,144,250	–	–	–	451,714	–	2,692,536	72%
Neo-China Flower City	Changsha	1,073,600	990,100	–	–	–	328,802	–	661,298	67%
Beichen	Tianjin	2,263,000	2,115,700	–	–	–	–	–	2,115,700	100%
Jiu Jiu Youth City	Shanghai	206,900	175,100	–	–	–	41,400	–	133,700	100%
		<u>10,700,252</u>	<u>9,843,265</u>	<u>728,952</u>	<u>614,166</u>	<u>74,766</u>	<u>1,909,453</u>	<u>289,162</u>	<u>7,204,860</u>	
Less: recognised up to 30 April 07		<u>667,637</u>	<u>614,166</u>	<u>614,166</u>	<u>–</u>					
total		<u>10,032,615</u>	<u>9,229,099</u>	<u>114,786</u>	<u>–</u>					

Substantial increase in land bank of the Group has further built up its foundation for continuous growth. The coverage of the Group's business has been extended from 4 cities to 8 cities.

During the year under review, the Group increased its land bank by means of mainly acquisition or increasing our equity in interests in projects, are as follows:

- May 2006: acquired a 20% effective interest in the Xidiaoyutai Project.
- May 2006: acquired 70% interest in Chongqing Yuanjiagang Project
- June 2006: acquired 100% interest in Tianjin Laochengxiang Project
- September 2006: further acquired a 40% equity interest in The Xidiaoyutai Project.
- October 2006: acquired 71.5% interest in The Number One Water City Project in Xian
- January 2007: further acquired 15% equity interest in The American Rock Project.
- January 2007: further acquired 22.1% equity interest Youngman Point Project
- January 2007: acquired 67% interest in Neo-China Forest Garden Project in Changsha
- January 2007: acquired 70% interest in Wen Jiang Project in Chengdu
- January 2007: acquired 100% interest in Beichen Project in Tianjin. As at the date of this announcement, the acquisition is pending our shareholders' approval of the issuance of shares to the seller.
- March 2007: acquired 100% interest in Jiujiu Youth City Project in Shanghai. As at the date of this announcement, the acquisition has not been completed.

The Group plans to expand its land bank to 15 million sq.m. GFA by this year end reflecting its very strong growth potential, which ensures economics of scale and diversification. Beyond 2007, The Group's rate of land bank expansion will be at more sustainable levels with the Group planning to expand its land bank by 2 to 3 million sq.m. GFA each year, such that it reaches 20 million sq.m. GFA by end of 2009.

In the expansion of the its land bank, the Group is focused on tier 1 and fast growing tier 2 cities which offer good return potential.

As at the date of this announcement, the Group has 11 projects under development in eight cities. These 11 projects have an aggregate site area of 5.4 million sq.m. and an aggregate GFA of approximately 10 million sq.m. or saleble GFA of approximately 9.2 million sq.m., including completed property developments with a total salesable GFA of 114,786 sq.m., properties under development with a total planned salesable GFA of 1.9 million sq.m., and properties held for future development with a total planned GFA of 7.2 million sq.m..

Development Projects

The Group has focused on a mixture of developments, ranging from residential complexes and serviced apartments to retail and office properties and high-end hotels. Only approximately one third of our properties are exclusively residential complexes, whereas the remainder of our projects are a mixture of property types: three projects include hotels, two include offices, three have apartments, and over half of our projects offer retail space. We believe that by diversifying our portfolio in this manner we reduce our dependence on any particular sector of the market, as well as position ourself to take advantage of a greater variety of future opportunities as we build development expertise across a broad range of property types.

- ***Shenzhen***

- Phoenix Tower Project*

- Phoenix Tower is located in the center district of Futian District, Shenzhen, and was co-developed with Phoenix Satellite Television Holdings, Ltd., one of China's leading television networks. The project comprises an office building and a shopping mall. The project occupies a total site area of 11,038 sq.m. with a GFA (including saleable and non-saleable) of approximately 106,190 sq.m. As of 30 April 2007, we had 91% ownership in this development. We have retained approximately 16%, 43% and 57% of the apartment, retail and office space, respectively, of this development for rental income.

- As of 30 April 2007, the completed property developments occupied a site area of approximately 11,038 sq.m. with saleable GFA of approximately 79,391 sq.m. As of 30 April 2007, saleable GFA of approximately 43,684 sq.m. had been sold, with the remaining GFA being retained for rental purposes.

- **Beijing**

Xidiaoyutai Project – Yushuiyuan

Xidiaoyutai Project is situated on the banks of the Kunyu River, one of the most prestigious areas in Beijing. The property is being developed into waterfront luxury apartments and a hotel. The project occupies a site area of 42,541 sq.m., with a GFA (including saleable and non-saleable) of 249,621 sq.m. We have a 90% ownership in this development.

As of 30 April 2007, the completed property developments comprised a saleable GFA of approximately 92,517 sq.m. As of 30 April 2007, saleable GFA of approximately 73,562 sq.m. had been sold, with a saleable GFA of approximately 18,955 sq.m. remaining for sale.

As of 30 April 2007, the properties under development comprised an expected saleable GFA of approximately 85,999 sq.m., and we estimate that an attributable saleable GFA of 77,399 sq.m. will be completed in fiscal year 2008. As of 30 April 2007, GFA of 60,844 sq.m. had been pre-sold.

As of 30 April 2007, the properties held for future development comprised an expected GFA (including saleable and non-saleable) of approximately 51,600 sq.m.

American Rock Project

American Rock Project is situated on Baiziwan Road, Chaoyang District, Beijing, and is adjacent to the central business district. The development consists of approximately 5,400 residential and commercial units. The project occupies a site area of 121,499 sq.m., with a GFA (including saleable and non-saleable) of 523,075 sq.m. The development is divided into four zones with different development themes, such as zones A and B are for BOBOS and zones C and D are for Kidults. We have 100% ownership in this development.

As of 30 April 2007, the completed property developments comprised saleable GFA of approximately 402,003 sq.m. As of 30 April 2007, GFA of 400,930 sq.m had been sold.

As of 30 April 2007, the properties under development comprised an expected saleable GFA of approximately 53,885 sq.m., and we estimate that whole area will be completed in fiscal year 2008. As of 30 April 2007, GFA of 26,568 sq.m. had been pre-sold.

We held an 85% interest in the joint venture company which owned this property project. In February 2007, our wholly-owned subsidiary, Beijing New Shine Land Investment Consultancy Limited, acquired the remaining 15% interest for an aggregate consideration of HK\$100,000,000 in cash.

Youngman Point Project

Youngman Point Project is located at No. 2 Ganluyan, Zhongli, Qingnian Road, Chaoyang District, Beijing, and is close to the central business district. The project occupies a site area of 113,166 sq.m., with a GFA (including saleable and non-saleable) 352,305 sq.m.

As of 30 April 2007, the completed property developments comprises a saleable GFA of approximately 109,507 sq.m. As of 30 April 2007, saleable GFA of approximately 93,917 sq.m. had been sold, with a saleable GFA of approximately 15,590 sq.m. remaining for sale.

As of 30 April 2007, the properties under development comprised an expected saleable GFA of approximately 122,067 sq.m., and we estimate that an attributable saleable GFA of 89,963 sq.m. will be completed in fiscal year 2008. As of 30 April 2007, GFA of 81,809 sq.m. had been pre-sold.

As of 30 April 2007, the properties held for future development comprised an expected GFA (including saleable and non-saleable) of approximately 59,300 sq.m.

The Group purchased a 70% share interest in the company that owns this project from Mr. Li, the chairman of the Group, in March 2006 for HK\$650,595,000. In January 2007, our wholly-owned subsidiary, Beijing New Shine Land Investment Consultancy Limited, entered into an acquisition agreement with Beijing Guoke Xinye Technology Development Company Limited, a company controlled by Mr. Li, to acquire another 22.1% interest in the company that holds this project, for an aggregate consideration of HK\$90,000,000 in cash, bringing our interest in the company that holds this project to 73.7%. The acquisition was completed in February 2007.

- **Chongqing**

Chongqing Yuanjiangang Project: Chongqing China New City

Yuanjiangang is located at a premier location at Yuanjiangang, the intersection of the Yuzhong District and the Hi-Tech District, a premier location in Chongqing. As well as residential, commercial, and office buildings, this development will also include a hotel. The project comprises five different sites and occupies a site area of 113,268 sq.m., with a GFA (including saleable and non-saleable) of 787,000 sq.m. We have a 100% ownership in this development.

As of 30 April 2007, the properties under development comprised an expected saleable GFA of approximately 567,016 sq.m. We estimate that an attributable saleable GFA of 504,788 sq.m. will be completed in fiscal year 2008. As of 30 April 2007, GFA of 43,950 sq.m. had been pre-sold.

As of 30 April 2007, the properties held for future development comprised an expected GFA (including saleable and non-saleable) of approximately 130,254 sq.m.

- **Tianjin**

Tianjin Laochengxiang Project

Tianjin Laochengxiang is located in an old urban area in the center of Tianjin city. This development will contain residential, commercial, office buildings and a hotel. The project comprises seven parcels of land and occupies a total site area of 353,014 sq.m., with a GFA (including saleable and non-saleable) of 1,013,061 sq.m. We have a 100% ownership in this development.

As of 30 April 2007, the completed property developments comprised a saleable GFA of approximately 45,434 sq.m. As of 30 April 2007, saleable GFA of approximately 2,073 sq.m. had been sold, with a saleable GFA of approximately 43,361 sq.m. remaining that we plan to retain for rental purposes.

As of 30 April 2007, the properties under development comprised an expected saleable GFA of approximately 258,570 sq.m. and we estimate that an attributable saleable GFA of 80,500 sq.m. will be completed in fiscal year 2008. As of 30 April 2007, GFA of 75,991 sq.m. had been pre-sold.

As of 30 April 2007, the properties held for future development comprised an expected GFA (including saleable and non-saleable) of approximately 598,571 sq.m.

In June 2006, our wholly-owned subsidiary, Neo-China Property Limited, entered into an agreement with Mr. Li, our chairman, to acquire from him this project for an aggregate consideration of HK\$758,252,000, which was satisfied by the issue and allotment of 1,243,034,853 shares in the Company. Our independent shareholders approved the acquisition in a general meeting on 8 August 2006. The acquisition was completed in August 2006.

Beichen Project

Beichen Project is situated at the old village of Yi Xing Fu, Beichen District in Tianjin. The development will mainly comprise residential units. In January 2007, we entered into an agreement to purchase 100% of the equity interest in this project. The acquisition is currently pending our shareholders' approval of the issuance of shares to the seller. The project occupies a site area of 1,115,550 sq.m., with a GFA (including saleable and non-saleable) of 2,263,000 sq.m., all of which is currently being held for future development. After we complete the acquisition, we will have a 100% ownership in this development.

- ***Changsha***

Neo-China Forest Garden Project

Neo-China Forest Garden is situated in Wancheng Xian, Changsha City, approximately 15 kilometers from the Changsha Municipal Government and is being developed mainly for residential use. The project comprises five parcels of land and occupies a total site area of 667,749 sq.m., with a GFA (including saleable and non-saleable) of 1,073,600 sq.m.

As of 30 April 2007, the properties under development comprised an expected saleable GFA of approximately 328,802 sq.m. and we estimate that an attributable saleable GFA of 220,297 sq.m. will be completed in fiscal year 2008. As of 30 April 2007, no GFA have been pre-sold.

As of 30 April 2007, the properties held for future development comprised a expected GFA (including saleable and non-saleable) of approximately 661,298 sq.m.

On 2 January 2007, the Company, entered into an acquisition agreement with Beijing New Shine Investment Group Limited, a company controlled by Mr. Li, to acquire 67% of the equity interest in the company holding this development for consideration of RMB216,000,000 in cash. Our independent shareholders approved the acquisition in our general meeting on 27 February 2007. The acquisition was completed on 28 February 2007.

- ***Xian***

Neo Water City Project

Neo Water City is located at the intersection of the Chan River and Ban River, in the only large ecological community in Xian and will comprise, in addition to residential and commercial developments, a hotel that is schedule to be completed in 2007 and is planned to be the permanent location of the Euro Asia Economic Forum. The project occupies a site area of 2,569,668 sq.m., with a GFA (including saleable and non-saleable) of approximately 3,350,500 sq.m. The project is divided into three phases. We have a 71.5% ownership in this development.

As of 30 April 2007, the properties under development comprised an expected saleable GFA of approximately 451,714 sq.m. and we estimate that an attributable saleable GFA of 322,976 sq.m. will be completed in fiscal year 2008. As of 30 April 2007, no GFA had been pre-sold.

As of 30 April 2007, the properties held for future development comprised an expected GFA (including saleable and non-saleable) of approximately 2,692,536 sq.m.

- ***Chengdu***

Wen Jiang Project

Wen Jiang is located at Wen Jiang Xin Cheng District in Chengdu City and is being developed mainly for residential use. The project occupies a site area of 228,200 sq.m., with a GFA (including saleable and non-saleable) of 775,000 sq.m., all of which is currently being held for future development. We have 70% ownership in this development. We are required to purchase the remaining 30% by 2 January 2009.

- **Shanghai**

Jiujiu Youth City Project

Jiujiu Youth City Project is situated in Song Jiang District Gui Dao Kiao Tong Kiu Tiang Zhen No. 1. The project will be developed into office buildings and serviced apartments. On 26 March 2007, our wholly-owned subsidiary entered into an agreement with Invest Gain Limited, a company wholly-owned by Mr. Li, to acquire 100% of the equity interest in this project. The consideration will be HK\$505,000,000, which will be satisfied by the issuance of shares in the Company. Our independent shareholders approved the acquisition in our general meeting on 1 June 2007 and the issuance of consideration shares to the seller is still pending. The project occupies a site area of approximately 57,944 sq.m., with a GFA (including saleable and non-saleable) of approximately 206,900 sq.m. After we complete the acquisition, we will have a 100% ownership in this development.

As of 30 April 2007, the properties under development comprised an expected GFA (including saleable and non-saleable) of approximately 41,400 sq.m. They are expected to comprise saleable GFA of approximately 31,950 sq.m., and the project is expected to be completed in April 2009. As of 30 April 2007, no GFA had been pre-sold.

As of 30 April 2007, the properties held for future development comprised an expected GFA (including saleable and non-saleable) of approximately 13,370 sq.m.

Primary Land Development Projects

We have also recently begun to enter into joint ventures with certain local governments in primary land development projects in which we assist in the preparation of new sites for sale at auction, which generally involves the build-out of city infrastructure. The joint is generally responsible for land development and construction of infrastructure (including construction of roadway, drainage, water and sewage systems, lighting, frontage design and landscaping). The local authority is responsible for land expropriation, relocation, compensation and the acquisitions of land use rights.

Through these joint ventures we not only will participate in the profits from the eventual sale of the sites, we will also be free to bid on the sites when the infrastructure is complete and they are sold at auction. We believe these joint ventures also strengthen our relationship with local governments and deepen our knowledge of the local development process. We plan to continue to enter into these joint ventures in the future, focusing on primary cities such as Beijing and Tianjin.

The table below summarizes the details of our two land development projects as of 30 April 2007:

Development Site	Total Site Area <i>(sq.m.)</i>	Start Date	Estimate Completion Date
Tianjin	7,000,000	2006	2008
Pi Xian, Chengdu	1,400,000	2007	2010
Total	<u>8,400,000</u>		

- ***Tianjin Project***

The Tianjin Primary Land Development Project is a joint venture with The Tianjin Dianshi Investment Consulting Limited and the Tianjin Xin Zhuang Economic Development Centre with respect to the property at Land Lot No. 2003-181 Jinnanke, west side of Keyan East Road, Nankai District in Tianjin. This joint venture intends to engage in the construction of city infrastructure for a plot of land of approximately 7.0 million sq.m. The land will be developed for sale to the public through an auction process, and after the Municipal Government of Tianjin retains 25% of the revenues the remaining profit will go to the joint venture. We have a 65% ownership in the joint venture.

- ***Chengdu Project***

The Pi Xian Primary Land Development Project arises out of a Cooperation Development Agreement that we entered into with the Pi Xian People's Government to jointly develop a 1.4 million sq.m. site situated in Pi Xian Xi Pu Town Longzi Wanpian District in Chengdu. This Pi Xian Government will coordinate the regulatory aspects, while we will provide capital funding and build out the infrastructure. When the land is developed and sold at auction, the Pi Xian government will retain 23% of the revenue, and we are to receive 55% of the profits.

Property Investment

As part of our strategy to generate an additional and regular revenue stream, we intend to retain some of our commercial and integrated developments as investment properties for lease. This plan will allow us to take advantage of the growth potential of selected commercial property segments in the key high-growth cities on which we focus. We intend to build up a portfolio of investment properties selectively and progressively, while continuing to grow our core property development business. To date, we have retained ownership to certain retail spaces in Shenzhen and Tianjin, some of which have been leased out to retailers. As of 30 April 2007, approximately 74,765 sq.m. of our total GFA is available for lease. It is expected that an increase of approximately 30% in net profit generated from rental investment can be achieved by the end of 2011.

We have grown our investment property portfolio gradually. As the properties we intend to develop and retain for long-term property investment are situated in prime locations in key commercial cities in China, we believe that these investment properties will be sustained by the anticipated strong demand for such properties. We have also engaged professional advisers and industry consultants to advise and assist us in relation to our commercial property development and investment plans. We will also be seeking partnerships with internationally recognized property management companies to assist us with the management of these investment properties.

PROSPECT

In the past few years, a series of macroeconomic measures were introduced by the PRC central government, mainly targeting regions with an overheated property market. In May 2006, the Ministry of Land of the PRC and eight other governmental authorities jointly issued an opinion regarding adjustments in the structure of housing supplies and measures for stabilization of housing prices.

The Group believes that the global economy will maintain a steady growth while economic development in emerging markets will continue a growth rapidly in the year ahead. The effects of the measures on macro economic control will be gradually seen and will better regulate and benefit the PRC property market in the long run. In China, 8% GDP growth is set by the Chinese government. With the robust economic development in China and appreciation of Renminbi, the company is confident that it can achieve better shareholder returns.

In order to diversify the Group's source of income and to have a better advantage to acquire new land bank, the Group will continue to participate in the primary land development business. We believe that participating in primary land development projects can effectively increase in land reserve as well as strengthen our relationship with local governments and deepen our knowledge of the local development process.

Land bank replenishment is one of the key strategies of the Group for boosting our sustainable development. Over the year, through taking part in mainly acquisition of equity interests and other means of increasing our equity interests in projects, the Group had increased its land bank by approximately 9.2 million sq.m. The Group will continue to focus on high potential investments and opportunities in several main cities in the PRC, such as Beijing, Shanghai, Tianjin, etc. so as to achieve a sustainable level of land bank for its business development.

Through the Board's extensive network, experience and market knowledge that enable the Group to source potential sites in emerging high-growth cities with attractive development opportunities. The Board's knowledge of market trends have helped the Group identify significant development opportunities in several cities, enabling the Group to acquire sites at reasonable prices and positioning the Group to benefit from the ensuing rapid market growth. The Board believes that the Group has entered into its target cities at opportune times and that its management team's understanding of market trends will lead the Group to continued success.

Looking forward, we are committed to maximum returns through strategic project developments and rapid asset turnover, while maintaining our existing operational model, replicating this in new high-growth areas and expanding our projects development allocation. With the dedication of our seasoned management team and a dynamic and healthy working force, Neo-China will explore further on our competitive strengths with a strong national presence and brand name.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 April 2007, the Group had cash and bank balance of approximately HK\$1,411 million with net assets totaling to HK\$5.512 million and current ratio at approximately 2.68. The total borrowings of the Group as at 30 April 2007 amounted to 3,956 million making the Group's gearing ratio at 79.8% at 30 April 2007 calculated by total borrowings over total equity of HK\$4,959 million.

The board of directors believes that liquid assets, funds and future revenue will be sufficient to finance future expansion and working capital requirement.

CONTINGENT LIABILITIES

(i) At balance sheet date, the Group had the following contingent liabilities:

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Guarantees in respect of mortgage facilities for certain purchasers	<u>1,278,429</u>	<u>672,074</u>

The Group provided guarantees in respect of mortgage loans granted by certain banks to the purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers but the Group is entitled to take over legal possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the Group obtained the "property title certificate" for the mortgagees.

No provision has been made in the consolidated financial statements for the financial guarantees as the fair value of the financial guarantee contracts is insignificant.

(ii) Three subsidiaries of the Group have been named as joint defendants in a court action in the PRC in respect of an alleged breach of contractual undertakings for an amount of HK\$37,789,000 (2006: HK\$35,976,000). The directors, having taken their legal counsel's view, and are of the opinion that the likelihood of success of defending the claim is high. Accordingly, no provision for any potential liability has been made in the consolidated financial statements.

(iii) The Group's share of contingent liabilities of its associates:

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of contingent liabilities of associates arising from guarantees given to banks for mortgage facilities for by purchasers of associates' properties	<u>–</u>	<u>38,553</u>

CHARGE ON GROUP'S ASSETS

Certain bank deposits pledged to banks to secure long-term mortgage loans granted by banks to the purchasers of the pre-sold properties and are therefore also classified as non-current assets. These pledged deposits will be released upon the transfer of the properties titles to the respective purchasers.

The deposits carry interest rates at respective bank saving deposits ranged from 0.72% to 0.79% for both years.

Certain properties under development and investment properties of the Group with a carrying amount amounting to approximately HK\$2,137,157,000 (2006: HK\$331,258,000) and HK\$1,475,834,000 (2006: nil) have been pledged as security for bank borrowings of the Group.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 April 2007, the Group employed 890 employees (including Hong Kong and PRC offices).

The emolument policy of the employees of the Group is set out by the Remuneration Committee on the basis of their merit, qualification and competence.

The emolument of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

Staff benefits include contributions to the Mandatory Provident Fund Schemes and discretionary bonus payment which is linked to the profit performance of the Group and individual performance.

The Group has adopted a share option scheme as an incentive to directors and eligible employees.

POST BALANCE SHEET EVENTS

- (a) On 26 March 2007, the Group entered into a sale and purchase agreement with Invest Gain Limited, which is controlled by Mr. Li Song Xiao, the chairman and controlling shareholder of the Group, to acquire the entire interest in One Alliance Investment Limited for a consideration of approximately HK\$505,000,000. One Alliance Investment Limited hold 100% equity interest in a property project in Shanghai, the PRC. The consideration is to be satisfied by the allotment and issue of 467,592,592 ordinary shares at HK\$0.01 each of the Company. Details of the acquisition are included in a circular of the Company dated 8 May 2007. The transaction has not yet been completed as at 30 April 2007 and up to the date of this report.
- (b) On January 2007, the Group entered into two sale and purchase agreements with three independent third parties for acquisition of 100% equity in Tianjin City Yi Jia he Zhi Ye Company Limited, which carry out property project development in Tianjin, the PRC, for a consideration of approximately HK\$667,926,000. The total purchase consideration is approximately HK\$217,926,000 in cash, plus the allotment and issue of 250,000,000 ordinary shares of the Company. Details of the transaction are included in an announcement of the Company dated 26 January 2007. The transaction has not yet been completed as at 30 April 2007 and up to the date of this report.
- (c) On 12 July 2007, the Company entered into purchase agreements with BOCI Asia Limited and Deutsche Bank Securities Inc. in connection with the issue of 4000 units consisting of US\$400,000,000 9.75% senior notes due 2014 and warrants to purchase 264,000,000 ordinary shares of the Company. Details of the transaction are included in an announcement of the Company dated 18 July 2007.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's five largest customers comprised approximately 5.34% of the Group's total revenue for the year and the sales attributable to the Group's largest customer were approximately 1.84% of the Group's total revenue for the year.

The aggregate purchase attributable to the Group's five largest suppliers comprised approximately 10.68% of the Group's total purchases and the purchases of the year attributable to the Group's largest supplier were approximately 5.10% of the Group's total purchases for the year.

None of the directors, their associates or any shareholder of the Company which, to the knowledge of the directors, owned more than 5% of the Company's issued share capital, had any interest in the share capital of any of the five largest customers and suppliers of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares during the year ended 30 April 2007.

CLOSURE OF REGISTER MEMBERS

The Register of Members of the Company will be closed from 15 October 2007 to 17 October 2007, both dates inclusive. In order to entitle for the said final dividend, all transfers of share accompanied by the relevant share certificates must be lodged with Share Registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 pm on 12 October 2007.

CODE OF CORPORATE GOVERNANCE PRACTICE

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the fiscal year ended 30 April 2007, except for the following:

Code A.4.1 specifies that the independent non-executive directors should be appointed for a specific term and every director should be subject to retirement by rotation at least once every three years. Currently, the existing three independent non-executive directors are not appointed for specific terms, but are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's Bye-laws.

The Company has not established a Nomination Committee. The duties and functions of the Nomination Committee recommended in the Code are performed by the Board collectively with no director being involved in fixing his/her own terms of appointment and no independent non-executive director being involved in assessing his/her own independence.

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company (the “Model Code”). Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standard as set out in the Model Code during the period.

AUDIT COMMITTEE

The Company’s audit committee comprises three independent non-executive directors. Its terms of reference have been modified to incorporate certain provisions with reference to the Appendix 14 of the Listing Rules. The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the audited financial statements for the year ended 30 April 2007.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE EXCHANGE’S WEBSITE

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

As at the date of this announcement, Directors are as follows:–

Executive Directors:

Mr Li Song Xiao

Mr Liu Yi

Ms Niu Xiao Rong

Mr Yuan Kun

Ms Liu Yan

Independent Non-Executive Directors:

Ms Nie Mei Sheng

Mr Gao Ning

Mr Zhang Qing Lin

By Order of the Board of
Neo-China Group (Holdings) Limited
Li Song Xiao
Chairman

Hong Kong, 28 August 2007