

NEO-CHINA LAND GROUP (HOLDINGS) LIMITED

中新地產集團(控股)有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 563)

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 OCTOBER 2008**

The board of directors (the “Board”) of Neo-China Land Group (Holdings) Limited (the “Company”) announces that the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 31 October 2008, together with the comparative figures for the corresponding period in the prior year were as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 October 2008 – unaudited

	NOTE	Six months ended 31 October	
		2008 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)
Turnover	2	57,802	1,024,526
Cost of sales		(38,332)	(920,745)
Gross profit		19,470	103,781
Other revenue and net income/(loss)		205,209	(28,520)
Net valuation (loss)/gain on investment properties		(100,757)	450,401
Distribution and selling expenses		(113,287)	(64,833)
General and administrative expenses		(185,199)	(150,695)
(Loss)/profit from operations		(174,564)	310,134
Finance costs		(143,893)	(42,150)
Share of (losses)/profits of associates		(769)	110
Loss on disposal of a subsidiary		–	(32,814)
(Loss)/profit before taxation	3	(319,226)	235,280
Income tax	4	21,345	(110,574)
(Loss)/profit for the period		(297,881)	124,706
Attributable to:			
Equity shareholders of the Company		(271,426)	132,745
Minority interests		(26,455)	(8,039)
(Loss)/profit for the period		(297,881)	124,706
Dividends	5	–	19,456
(Loss)/earnings per share	6		
– Basic		HK(13.95) cents	HK7.64 cents
– Diluted		HK(13.95) cents	HK3.43 cents

CONDENSED CONSOLIDATED BALANCE SHEET*At 31 October 2008 – Unaudited*

		At 31 October 2008	At 30 April 2008
	<i>NOTE</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(audited)
NON-CURRENT ASSETS			
Investment properties		3,070,435	3,395,620
Other property, plant and equipment		943,161	780,553
Interests in associates		834,455	1,445,771
Restricted bank deposits		65,828	104,495
Derivative financial instrument			
– Redemption Right of the Issuer		3,000	46,000
Deferred tax assets		25,867	25,186
		<hr/> 4,942,746	<hr/> 5,797,625
CURRENT ASSETS			
Inventories		19,947,412	15,811,195
Investments in securities held for trading		1,507	1,486
Trade and other receivables	7	1,155,599	1,458,957
Income tax recoverable		181,171	119,224
Restricted bank deposits		33,878	11,100
Cash and cash equivalents		2,522,262	4,363,937
		<hr/> 23,841,829	<hr/> 21,765,899
CURRENT LIABILITIES			
Trade and other payables	8	4,106,907	3,928,235
Pre-sale receipts from customers		4,945,812	2,727,406
Bank borrowings		752,309	541,491
Loan payables		2,036,165	2,394,346
Derivative financial instrument – Warrants		14,520	158,000
Income tax payable		1,017,658	963,455
Dividend payable		6,473	4,360
		<hr/> 12,879,844	<hr/> 10,717,293
NET CURRENT ASSETS		<hr/> 10,961,985	<hr/> 11,048,606
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 15,904,731	<hr/> 16,846,231

		At 31 October 2008	At 30 April 2008
	<i>NOTE</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(audited)
NON-CURRENT LIABILITIES			
Bank borrowings		2,424,757	2,772,558
Convertible notes		983,201	939,480
Senior notes		2,910,893	2,897,838
Derivative financial instrument			
– Redemption Right of the Holder		49,000	34,000
Deferred tax liabilities		1,077,673	1,123,032
		7,445,524	7,766,908
NET ASSETS		8,459,207	9,079,323
CAPITAL AND RESERVES			
Share capital	9	77,826	77,826
Reserves		7,615,666	8,296,226
Total equity attributable to equity holders of the Company		7,693,492	8,374,052
Minority interests		765,715	705,271
TOTAL EQUITY		8,459,207	9,079,323

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 31 October 2008

1. BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), including compliance with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issuance by the Board of Directors (the “Board”) on 13 January 2009.

This interim financial report has been prepared in accordance with the same accounting policies adopted in the 2007/2008 annual financial statements.

The HKICPA has issued certain new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), which term collectively included HKASs and Interpretations, that are first effective or available for early adoption for the current accounting period of the Group. The Board has determined the accounting policies expected to be adopted in the preparation of the Group’s annual financial statements for the year ending 30 April 2009 on the basis of HKFRSs currently in issue which, the Board believes, do not have a significant impact on the Group’s prior year financial position and results of operations but may result in new or amended disclosures.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the 2007/2008 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

The interim financial report is unaudited, but has been reviewed by the independent auditor, CCIF CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. This interim financial report has also been reviewed by the Company’s Audit Committee.

2. TURNOVER AND SEGMENT REPORTING

Turnover represents revenue from sale of property units (net of business tax) and rental income.

Segment information is presented in respect of the Group's business segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

As the Group mainly operates in the People's Republic of China (the "PRC"), no geographical segment information is presented.

Business segments

The Group comprises the following main business segments:

Property development: the development and sale of commercial and residential properties.

Property investment: the leasing of properties to generate rental income and to gain from the appreciation in the properties' values in the long term.

	Six months ended 31 October					
	Property		Property		Consolidated	
	development		investment			
	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE						
External sales	<u>48,999</u>	<u>1,017,513</u>	<u>8,803</u>	<u>7,013</u>	<u>57,802</u>	<u>1,024,526</u>
RESULT						
Segment result	<u>(173,714)</u>	<u>(27,856)</u>	<u>(153,061)</u>	<u>456,195</u>	<u>(326,775)</u>	428,339
Unallocated corporate income/(expenses), net					152,211	(118,205)
Finance costs					(143,893)	(42,150)
Share of (losses)/profit of associates					(769)	110
Loss on disposal of a subsidiary					—	(32,814)
(Loss)/profit before taxation					<u>(319,226)</u>	235,280
Income tax					<u>21,345</u>	<u>(110,574)</u>
(Loss)/profit for the period					<u>(297,881)</u>	<u>124,706</u>

3. (LOSS)/PROFIT BEFORE TAXATION

	Six months ended 31 October	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
 (Loss)/profit before taxation is arrived at after charging/(crediting):		
(a) Finance costs		
Effective interest on convertible notes	43,721	56,221
Effective interest on senior notes	165,986	90,513
Interest expense on bank borrowings	137,198	93,195
Interest expense on loan payables	196,498	34,392
Interest on loan from a minority shareholder	22,567	1,248
Less: capitalised under properties under development	<u>(422,077)</u>	<u>(233,419)</u>
	<u>143,893</u>	<u>42,150</u>
(b) Other items		
Interest income from bank deposits	(12,640)	(7,006)
Loss/(gain) on disposal of investment properties	48,124	(3,011)
Changes in fair values of derivative financial instruments	(85,480)	144,198
Exchange gain on convertible notes	(25,713)	(33,658)
Exchange gain on senior notes	(90,001)	(27,746)
Other net exchange gain	(17,711)	(10,076)
Depreciation	22,407	3,707
Equity-settled share-based payment expense	20,502	60,153
Cost of properties sold	<u>38,332</u>	<u>920,745</u>

4. INCOME TAX

	Six months ended 31 October	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
 The income tax in the income statement represents:		
Current tax		
– PRC Enterprise Income Tax	20,449	14,099
– Land Appreciation Tax	<u>32,191</u>	<u>13,450</u>
	<u>52,640</u>	<u>27,549</u>
Deferred tax		
– Current period	(73,985)	75,387
– Attributed to a change in tax rate	<u>–</u>	<u>7,638</u>
	<u>(73,985)</u>	<u>83,025</u>
	<u>(21,345)</u>	<u>110,574</u>

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group did not derive any assessable profits in Hong Kong during the period.

The provision for PRC Enterprise Income Tax for the Company's subsidiaries in the PRC is based on PRC Enterprise Income Tax rates of 18% to 25% (2007: 15% to 33%) of the taxable income as determined in accordance with the relevant income tax rules and regulations of the PRC during the period.

In accordance with the Land Appreciation Tax Law of the PRC, Land Appreciation Tax is charged on the appreciated amount of the properties developed by the Group for sale in the PRC at progressive rates ranging from 30% to 60%.

5. DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the interim period

	Six months ended 31 October	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
No interim dividend declared after the interim period end (2007: 1.0 cent per ordinary share)	<u><u>–</u></u>	<u><u>19,456</u></u>

The interim dividend has not been recognised as a liability at the balance sheet date.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period

	Six months ended 31 October	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Dividend in respect of the financial year ended 30 April 2008 approved and paid during the following interim period, of HK 14.0 cents per ordinary share (year ended 30 April 2007: HK 4.8 cents per ordinary share)	<u><u>272,390</u></u>	<u><u>90,453</u></u>

6. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic loss per share is based on the loss for the period attributable to equity shareholders of the Company of HK\$271,426,000 (2007: profit of HK\$132,745,000) and the weighted average number of approximately 1,945,640,189 ordinary shares (2007: 1,737,435,858 ordinary shares) in issue during the period.

(b) Diluted (loss)/earnings per share

The diluted loss per share for the six months ended 31 October 2008 is the same as basis loss per share because the existence of outstanding convertible notes and the Company's share options during the period have an anti-dilutive effect on the calculation of diluted loss per share.

The calculation of diluted earnings per share for the six months ended 31 October 2007 is based on the profit for that period attributable to equity shareholders of the Company of HK\$66,620,000 (after adjusting the effect of conversion of convertible notes) and the weighted average number of approximately 1,942,011,686 shares (after adjusting the effect of conversion of convertible notes and exercise of share options) in issue during that period.

7. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis as of the balance sheet date:

	At 31 October 2008 HK\$'000 (unaudited)	At 30 April 2008 HK\$'000 (audited)
Less than 90 days	18,372	128,786
More than 90 days but less than 180 days	–	–
More than 180 days	<u>28,478</u>	<u>10,411</u>
	<u>46,850</u>	<u>139,197</u>

Trade debtors are generally due within 90 days from the dates of the sale and purchase agreements.

8. TRADE AND OTHER PAYABLES

	At 31 October 2008 <i>HK\$'000</i> (unaudited)	At 30 April 2008 <i>HK\$'000</i> (audited)
Accrued expenditure on properties under development	836,916	1,161,342
Retentions payable to contractors	86,039	98,623
Consideration payable for acquisition of subsidiaries	494,691	381,396
Consideration payable for acquisition of associates	28,013	307,131
Interest payable	272,413	128,928
Accrued charges and other payables	305,879	205,033
Amounts due to former shareholders of the Company's subsidiaries	159,817	156,187
Amounts due to related companies	82,084	84,018
Amount due to a shareholder	–	20,412
Amounts due to associates	88,639	75,816
Amounts due to minority shareholders	935,630	201,165
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	3,290,121	2,820,051
Advanced payment from a minority shareholder for the property development project	798,000	1,098,900
Other taxes payables	18,786	9,284
	<hr/>	<hr/>
	4,106,907	3,928,235
	<hr/> <hr/>	<hr/> <hr/>

9. SHARE CAPITAL

	Number of shares	Nominal value <i>HK\$'000</i>
<i>Authorised:</i>		
At 1 May 2008 and 31 October 2008 – ordinary share of HK\$0.04 each	<u>10,000,000,000</u>	<u>400,000</u>
<i>Issued and fully paid:</i>		
At 1 May 2008 and 31 October 2008 – ordinary shares of HK\$0.04 each	<u>1,945,640,189</u>	<u>77,826</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the six months ended 31 October 2008, the Group recorded a turnover of HK\$57.8 million (2007: HK\$1,024.5 million), representing a decrease of approximately 94.4% as compared to the same period in 2007.

As at 31 October 2008, presale receipts from customers was HK\$4,945.8 million (as at 30 April 2008: HK\$2,727.4 million), representing an increase of approximately 81.3% as compared to the prior year end. Loss attributable to equity holders of the Company amounted to HK\$271.4 million for the six months ended 31 October 2008 against profit attributable to equity holders of the Company amounted to HK\$132.7 million for the six months ended 31 October 2007. For the six months ended 31 October 2008, basic loss per share was HK13.95 cents and diluted loss per share was HK13.95 cents. For the same period of 2007, basic earnings per share was HK7.64 cents and diluted earnings per share was HK3.43 cents. Total equity was HK\$8,459.2 million (30 April 2008: HK\$9,079.3 million).

Payment of Dividend

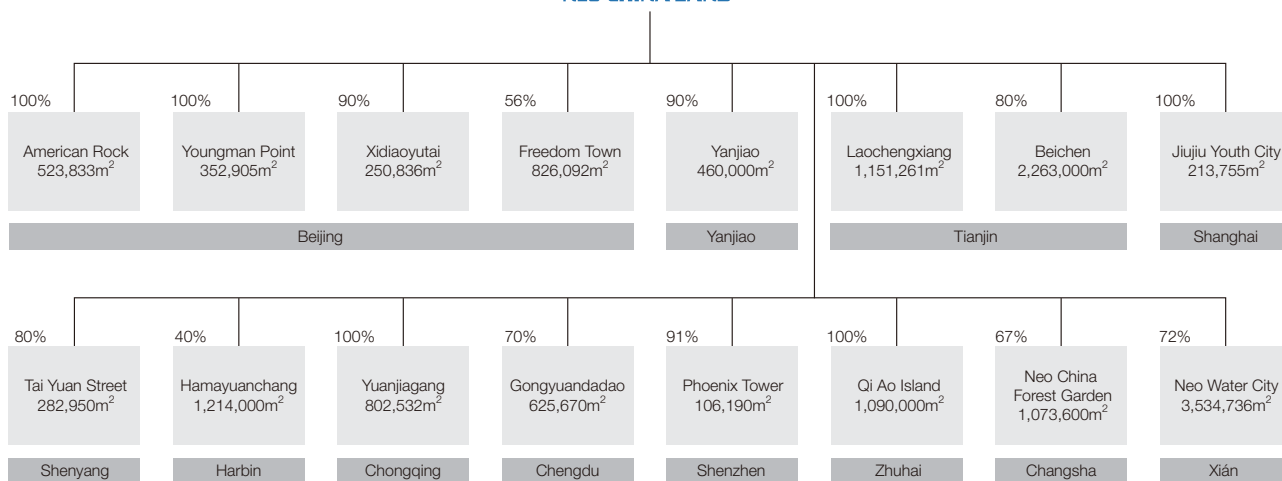
The Board of the Company has resolved not to declare an interim dividend for the six months ended 31 October 2008 (six months ended 31 October 2007: HK1.0 cent).

Review of Operations

During the reporting period, due to the macro control policies and austerity measures implemented on the real estate market by the PRC government as well as the material downturn in the global financial market which has resulted in tightened monetary policy in the PRC and worldwide, the sentiment of the PRC real estate market has been adversely affected and become stagnant. Added with the impact of the earthquake occurred in Sichuan, the PRC in May 2008, completion of the construction/development of the Group's several projects in the PRC had to be delayed resulting in the Group generating substantially less sales for the six months ended 31 October 2008 as compared to the six months period of last year. Nevertheless, management of the Group have undertaken to use its best endeavour to accelerate the completion of the existing projects and improve the sales of the Group in the second half of the financial year.

Land Bank

The Group has placed great emphasis on the diversification of its land bank portfolio, which comprises comprehensive residential projects, service apartments, commercial and office buildings, and high end hotels. During the report period, the Company has increased its equity interests in Youngman Point Project in Beijing to 100%, increased its interests in Freedom Town Project in Beijing to approximately 56%. At present, the Group's 16 projects comprise a GFA of 14,771,360 sq.m. or a saleable GFA of 12,848,246 sq.m., including completed property developments with a saleable GFA of 1,938,262 sq.m., property under development with a planned saleable GFA of 2,223,342 sq.m., and properties held for future development with a planned saleable GFA of 8,686,642 sq.m..



Note: m² shown represents total GFA

• Beijing

Xidiaoyutai Project

Xidiaoyutai Project is situated on the banks of the Kunyu River, a prestigious area in Beijing. The Group has 90% interest in this project.

The project divides into three phases, and comprises waterfront luxury residential and service apartments. The project occupies a site area of approximately 42,541 sq.m., with a GFA of approximately 250,836 sq.m. The completed property development consists of a saleable GFA of approximately 175,682 sq.m., the construction of the phase III of the project with a saleable GFA approximately 45,000 sq.m. is scheduled to commence in 2009.

American Rock Project

The American Rock Project is situated at Baiziwan Road, Chaoyang District, Beijing, adjacent to the central business district. The development is divided into four zones with different development themes to cater for the needs of customer groups. The project with a GFA (both saleable and non-saleable) of 523,833 sq.m., consists of approximately 5,400 residential and commercial units. The Company has 100% interest in this development.

As of 31 October 2008, this property development project is fully completed, with a saleable GFA of approximately 453,064 sq.m. has been sold.

Youngman Point Project

The Youngman Point Project is located at No. 2 Ganluyuan, Zhongli, Qingnian Road, Chaoyang District, Beijing, and is close to the central business district. The project will be completed by three phases, with a GFA of 352,905 sq.m. The Group currently has 100% interest in this development.

As of 31 October 2008, a saleable GFA of approximately 213,085 sq.m. for the project I and II has completed and the sales of phase III has been commenced in November of 2008.

During the six months ended 31 October 2008, the Group has fully paid the consideration for repurchasing 26.30% of its registered capital pursuant to the agreement entered with independent third party.

Freedom Town Project

The project is situated at Liyuan Town, Tong Zhou District, Beijing. The project is planned to be developed into a composite development including luxury residential buildings, together with ancillary facilities. The development occupies an site area of 253,043 sq.m. and has a planned GFA of approximately 826,092 sq.m. The project will be completed by two phases. Phase I of the said development is scheduled to be completed before the end of 2010.

During the period, the Group has completed the acquisition of 12% equity interest in project company, the details of which were disclosed in the Company's circular dated 4th July 2008. By far, the Group totally has 56% interest in this project.

Yanjiao Project

The project is situated in Yanjiao Economic Development Zone, Hebei Province and will be developed into a composite project including residential, commercial and hotel properties. The project occupies an site area of 333,333 sq.m. and has a planned GFA of approximately 460,000 sq.m. The Group has 90% interest in this project.

- **Tianjin**

Laochengxiang Project

The project is located in an old urban area in the center of Tianjin city and is one of the largest comprehensive planning zone in Tianjin. The project comprises seven parcels of land, including residential, commercial, office building and hotel, with a GFA (including saleable and non-saleable) of 1,151,261 sq.m.. The Group has 100% interest in this development.

As of 31 October 2008, completed property developments of the project comprises a saleable GFA of approximately 129,445 sq.m., among which, with a saleable GFA of approximately 81,559 sq.m. has been sold. The Group will keep a saleable GFA of approximately 46,857 sq.m. for rental purposes.

As of 31 October 2008, properties under development comprises an expected saleable GFA of approximately 380,812 sq.m., among which, a saleable GFA of 240,000 sq.m. has been pre-sold.

Beichen Project

Beichen Project is situated at the old village of Yi Xing Fu. The project is planned to be developed into residential units and occupies a site area of 1,115,476 sq.m., with a GFA of 2,263,000 sq.m. As the existing constructions on the land are still in the process of being demolished and relocated, the whole area of the land is currently being held for future development. The Group has 80% interest in this project.

- **Chongqing**

Yuanjiagang Project

This project is located at a premier location at Yuanjiagang, the intersection of the Yuzhong District and the Hi-Tech Zone, Chongqing. The project comprises five plots, including residential, commercial and office buildings, and a hotel property. The project occupies a site area of 113,268 sq.m., with a GFA (both saleable and non-saleable) of 802,532 sq.m.. The Group has 100% interest in this development.

As of 31 October 2008, the completed property development of the project comprised a saleable GFA of approximately 425,737 sq.m., among which a saleable GFA of approximately 121,657 sq.m. has been sold.

As of 31 October 2008, properties under development comprises a saleable GFA of approximately 309,345 sq.m., among which a saleable GFA of 92,602 sq.m. has been pre-sold.

- **Chengdu**

Gongyuandadao Project

The project is located at Wen Jiang Xin Cheng District and is mainly being developed into high quality residential units. The project occupies a total site area of approximately 228,200 sq.m. with GFA (including saleable and non-saleable) of 625,670 sq.m., and is planned to be developed into two phases, the first phase of which has commenced construction, the sales of the project had been delayed to the end of 2008 by the effect of Sichuan Earthquake. The Group has 70% interest in this project.

- **Xian**

Neo Water City Project

Neo Water City is located at the intersection of Chan River and Ba River, in the only large ecological community in Xian. The project will be mainly developed for residential units and commercial buildings. The project has a planned GFA of approximately 3,534,736 sq.m.. The Group has 71.5% interest in this project.

As of 31 October 2008, the completed property development of the project comprised a saleable GFA of approximately 409,612 sq.m. has been completed, including a five star hotel of a saleable GFA of 68,745 sq.m., among which the saleable GFA of 339,425 sq.m. has been sold.

As of 31 October 2008, properties under development comprises a saleable GFA of approximately 844,213 sq.m. As of 31 October 2008, the properties held for future development comprised saleable GFA of approximately 1,951,874 sq.m..

- **Changsha**

Neo-China Forest Garden Project

Neo-China Forest Garden is situated in Wangcheng Xian, Changsha City, approximately 15 kilometers from the Changsha Municipal Government Headquarters and is being developed mainly for residential purpose. The project comprises five parcels of land and occupies a total site area of approximately 667,749 sq.m., with a GFA (both saleable and non-saleable) of approximately 1,073,600 sq.m., among which 992,335 sq.m. are saleable GFA. The Group has 67% interest in this project.

As of 31 October 2008, the saleable GFA of completed properties of the project were approximately 50,700 sq.m., properties under development comprises a saleable GFA of approximately 194,833 sq.m. and the remaining properties held for future development.

- **Shanghai**

Jiujiu Youth City Project

Jiujiu Youth City Project is situated in Gui Dao Jiao Tong Jiu Ting Zhen No. 1, Song Jiang District, Shanghai. The project will be mainly developed into office buildings and service apartments. The project occupies a site area of approximately 57,944 sq.m., with a GFA of 213,754 sq.m., properties under development comprises all the saleable GFA of approximately 162,888 sq.m. As of 31 October 2008, a saleable GFA of 67,896 sq.m. has been pre-sold. The Group has 100% interest in this project.

- **Shenzhen**

Phoenix Tower Project

Phoenix Tower project is located in the central zone of Futian District, Shenzhen, and is co-developed with Phoenix Satellite Television Holdings, Ltd. The Group has 91% interest in this project.

The project comprises apartment, office and commercial units, with a GFA of approximately 106,190 sq.m. The project has been fully completed with a saleable GFA of approximately 79,391 sq.m., among which a saleable GFA of approximately 59,765 sq.m. has been sold.

- **Shenyang**

Tai Yuan Street Project

The property is situated in the commercial hub of Tai Yuan Street, Shenyang. The project primarily will be developed into commercial buildings. The project occupies a land area of 22,651 sq.m. and a planned GFA of 282,950 sq.m. The Group has 80% equity interest in this project.

- **Harbin**

Hamayuanchang Project

The property is situated at Nan Gang District, Harbin. It is a composite of high quality high-rise apartments and commercial premises which can accommodate up to 30,000 residents. The project has a GFA of approximately 1,214,000 sq.m., among which an area of approximately 50,000 sq.m. will be developed for commercial purpose. The Group has 40% equity interest in this project. Phase I of the project is planned to commence construction in 2009.

- **Zhuhai**

Qi Ao Island Project

The project is located at Qi Ao Island, Zhu Hai, and is going to be developed into a mix of high class villas and commercial properties. The project occupies a site area of 2,215,516 sq.m. and a GFA of approximately 1,090,000 sq.m. The Group has 100% equity interest in this project.

Investment Property

As of the date of this announcement, the aggregate saleable GFA held by the Group has reached 386,638 sq.m. Some investment properties have been leased to retailers for rental purpose. The Group has been enhancing the pool of talented professionals in property operations and seeking partnerships with internationally recognized property management companies, and at the same time, timely adjusting distribution of properties held in different districts and industries in accordance with market changes. This has ensured development strategies for investment properties operating of the Group.

Prospects

Since the end of 2007, the property market has suffered a significant adjustment for more than one year. With the spreading global financial crisis, the PRC Government has launched various financial stimulating plans to expand the domestic demand, together with a series of interest rate cuts to stabilize the economy, and the property industry is one of the industries benefiting from such stimulating plans. The management of the Company has been optimistic about the medium and long term development of the property market in China, an unbalanced supply-demand relationship will last in the property market, as the demand has been driven by long term steady increase in residents' income in China, urbanization, increasing population, and the desire for improvement of living conditions. We believe that the volatile property market will stabilize with emerging effects of such stimulating policies, the Group will be better positioned in the future competition as outstanding financial situation and diversified products.

In the second half of the year, the Group has launched new sites in Beijing, Tianjin, Chengdu, Xian, Changsha, Shanghai and other cities, with various projects at prime locations while speeding up transferring property buildings to purchasers, our diversified products may better meet the demand of various customers. At the meantime, the Group has been focusing on the R&D of new products, adjusting the present land portfolio, establishing our brand-name, and speeding up our cash flow by flexible sales strategies, so as to enhance our defense capability against risks.

Liquidity and Financial Resources

As at 31 October 2008, the Group had cash and bank balance of approximately HK\$2,522 million with net assets totaling to HK\$8,459 million and current ratio at approximately 1.85. The net debt of the Group as at 31 October 2008 amounted to HK\$6,585 million making the Group's gearing ratio at 77.8% at 31 October 2008 calculated by net debt over total equity of HK\$8,459 million.

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

Human Resources

As at 31 October 2008, the Group employed 983 employees (including Hong Kong and PRC offices).

The emolument policy 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 operation 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.

Charge on Group's assets

Certain bank deposits of approximately HK\$65,738,000 (30 April 2008: HK\$104,495,000) were pledged to banks to secure long-term mortgage loans granted by banks to the purchasers of pre-sold properties and are therefore also classified as non-current assets. These pledged deposits will be released upon the transfer of the property title certificates to the respective purchasers.

Except for bank borrowings of approximately HK\$342,000,000 (30 April 2008: HK\$310,800,000), the remaining bank borrowings are secured by:

- (i) certain properties under development, certain completed properties held for sale and other properties of the Group located in the PRC with total carrying amounts of approximately HK\$5,104,804,000 (30 April 2008: HK\$2,755,744,000), HK\$330,933,000 (30 April 2008: HK\$288,891,000) and HK\$1,609,542,000 (30 April 2008: HK\$3,395,620,000) respectively.
- (ii) certain bank deposits of the Group amounting to approximately HK\$33,878,000 (30 April 2008: HK\$11,100,000) and HK\$90,000 (30 April 2008: HK\$ Nil), which have been pledged to secure current and non-current bank borrowings and are therefore classified as current assets and non-current assets, respectively.

Advanced payment of RMB700,000,000 (equivalent to approximately HK\$798,000,000) (30 April 2008: RMB990,000,000 (equivalent to approximately HK\$1,098,900,000)) from a minority shareholder is secured by 20% equity interest in the registered capital of Tianjin City Yi Jia He Zhi Ye Co., Ltd., a subsidiary of the Company established in the PRC, interest free and has no fixed terms of repayment.

Loan Payable denominated in RMB bears interest at 20% per annum and is secured by:

- (i) share mortgage over the issued capital of Moral Luck Group Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands;
- (ii) equity pledge over the registered capital of Zhuhai City Qi Zhou Island Movie Town Co., Ltd., a wholly-owned subsidiary of the Company established in the PRC;

(iii) subordination of intra-group's balances between certain wholly-owned subsidiaries of the Company in favour of this independent third party; and

(iv) corporate guarantees given by the Company and certain of the Company's subsidiaries.

Equity

The Company's issued and fully paid share capital as at 31 October 2008 amounted to HK\$77,825,608 divided into 1,945,640,189 ordinary shares of HK\$0.04 each.

During the period under review, no convertible notes were converted into ordinary shares of HK\$0.04 each of the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 October 2008, the interests of the directors of the Company in the shares and underlying shares of the Company which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO") (including interests which he/she was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in the Listing Rules (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

(1) Long position in the ordinary shares of the Company

Name of Director	Capacity	No. of ordinary shares interested	% of the Company's issued share capital
Li Song Xiao	Interest in corporations (note)	1,051,762,995	
	Beneficial owner	<u>3,157,500</u>	
		1,054,920,495	54.21
Liu Yan	Beneficial owner	800,000	0.04
Niu Xiao Rong	Beneficial owner	1,375,000	0.07

Note: Li Song Xiao was deemed to be interested in 1,051,762,995 shares of the Company which were held by Invest Gain Limited.

(2) Long position in the underlying shares of the Company-physically settled unlisted equity derivatives

Name of Director	Capacity	No. of share options outstanding	% of the underlying shares over the Company's issued share capital
Li Song Xiao	Beneficial owner	750,000	0.04
Liu Yi	Beneficial owner	10,000,000	0.51
Niu Xiao Rong	Beneficial owner	8,625,000	0.44
Yuan Kun	Beneficial owner	6,000,000	0.31
Liu Yan	Beneficial owner	10,700,000	0.55
Jia Bo Wei	Beneficial owner	2,500,000	0.13
Bao Jing Tao	Beneficial owner	250,000	0.01

Save as disclosed above and disclosed under the section headed “Share Option Scheme” below, as at 31 October 2008, none of the directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code; nor had there been any grant or exercise of rights during the interim period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 October 2008, so far as is known to the Directors or chief executive of the Company, the following persons had interest or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group:

(i) Long/short positions in the ordinary shares of the Company

Name of substantial shareholder	Long/short position	Capacity	No. of shares of the Company interested	% of the Company's issued share capital
Invest Gain Limited <i>(note (a))</i>	Long	Beneficial Owner	1,051,762,995	54.05
Liu Hui <i>(note (b))</i>	Long	Beneficial owner and Interest in spouse	1,054,920,495	54.21
Deutsche Bank Aktiengesellschaft	Long	Beneficial owner and person having a security interest in shares	199,657,260	10.26
	Short	Beneficial owner and person having a security interest in shares	57,804,655	2.97

Notes:

- (a) These shares held by Invest Gain Limited were beneficially owned by Li Song Xiao. Such interest was also disclosed as the interest of Li Song Xiao in the section headed "Directors' and Chief Executive's Interests in Shares and Underlying Shares" above.
- (b) Liu Hui was deemed to be interested in 1,051,762,995 ordinary shares of the Company, being the interest held beneficially by her spouse, Li Song Xiao.

(2) Long/short positions in the underlying shares of the Company

(i) Physically settled unlisted equity derivatives

Name of substantial shareholder	Long/short position	Capacity	Number of underlying shares in respect of the share options granted	Percentage of the underlying shares over the Company's issued share capital
Liu Hui (<i>note</i>)	Long	Interest of spouse	750,000	0.04

Note: Liu Hui was deemed to be interested in 750,000 share options of the Company owned by her spouse, Li Song Xiao, pursuant to Part XV of the SFO.

(ii) Physically settled listed equity derivatives

Name of substantial shareholder	Long/short position	Number of underlying shares interested	Percentage of the underlying shares over the Company's issued share capital
Deutsche Bank Aktiengesellschaft	Long	92,580,656	4.76

(iii) Cash settled unlisted equity derivatives

Name of substantial shareholder	Long/short position	Number of underlying shares interested	Percentage of the underlying shares over the Company's issued share capital
Deutsche Bank Aktiengesellschaft	Long	4,191,000	0.22

Save as disclosed above, as at 31 October 2008, no person (other than the directors of the Company whose interests are set out in the section headed “Directors’ and Chief Executive’s Interests in Shares and Underlying Shares” above) had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTIONS

Pursuant to a resolution passed by shareholders of the Company on 12 December 2002, the Company adopted a share option scheme (the “Share Option Scheme”).

As at 31 October 2008, the underlying shares of the outstanding share options were 132,875,000, representing 6.83% of the issued share capital of the Company at 31 October 2008.

The following table discloses movements in the Company’s share options during the period:

	No. of options outstanding at 30 April 2008	Increase/ (Decrease)	No. of options outstanding at 31 October 2008
Directors			
– Mr. Li Song Xiao	750,000	–	750,000
– Mr. Liu Yi	10,000,000	–	10,000,000
– Ms. Niu Xiao Rong	8,625,000	–	8,625,000
– Mr. Yuan Kun	6,000,000	–	6,000,000
– Ms. Liu Yan	10,700,000	–	10,700,000
– Mr. Jia Bo Wei	2,500,000	–	2,500,000
– Ms. Bao Jing Tao	250,000	–	250,000
Employees	94,050,000	–	94,050,000
	<hr/>	<hr/>	<hr/>
Total	132,875,000	–	132,875,000
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Details of share options granted were as follows:

Date of grant/ acceptance	Exercise period	Exercise price per share	Closing price immediately before date of offer	Closing price immediately before date of grant
4 Apr 2006	4 Apr 2006 – 3 Apr 2016	HK\$3.60*	HK\$3.52*	HK\$4.36*
17 Nov 2006	17 Nov 2006 – 22 Oct 2016	HK\$3.72*	HK\$3.40*	HK\$3.92*
14 Mar 2007	14 Mar 2007 – 6 Mar 2017	HK\$3.92*	HK\$3.96*	HK\$4.00*

* *Note:* The above exercise prices and the above closing prices have been consolidated from 4 to 1 as previously disclosed in an announcement of the Company.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CODE OF CORPORATE GOVERNANCE

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 six-month period ended 31 October 2008, except for the following:–

- (1) 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 four 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.

- (2) 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 of Listed Issuers (“Model Code”) set out in Appendix 10 of the Listing Rules of the Stock Exchange. Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standards as set out in the Model Code during the period.

AUDIT COMMITTEE

The Company’s audit committee comprises three independent non-executive directors of the Company. 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 unaudited interim financial statements of the Company for the six months ended 31 October 2008.

The Group’s external auditors, CCIF CPA Limited, have reviewed the Company’s unaudited condensed consolidated financial statements for the six months ended 31 October 2008 in accordance with the Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, and Hong Kong Accounting Standard 34, “Interim Financial Reporting”, both of which were issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT

This interim results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and on the website of the Company at www.aplushk.com/clients/0563Neo-china. The Interim Report containing all the applicable information required by the Listing Rules will be dispatched to the shareholders of the Company and will be published on the above websites in due course.

SUSPENSION OF TRADING

At the request of the Company, trading in the shares and the convertible bonds (stock code: 2528) of the Company was suspended with effect from 10:10 a.m. on 22 January 2008 pending the release of an announcement in respect of certain price-sensitive information. Trading in the shares and convertible bonds of the Company will remain suspended pending the release of further announcement(s) in relation to certain further price-sensitive information.

By Order of the Board of
Neo-China Land Group (Holdings) Limited
LI SONG XIAO
Chairman

Hong Kong, 13 January 2009

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Mr. Li Song Xiao (*Chairman*)

Mr. Liu Yi

Ms. Niu Xiao Rong

Mr. Yuan Kun

Ms. Liu Yan

Mr. Jia Bo Wei

Mr. Lu Zhao Qun

Ms. Bao Jing Tao

Mr. Lam Kwan Sing

Non-Executive Director:

Mr. Lai Leong (*Vice-Chairman*)

Independent Non-Executive Directors:

Ms. Nie Mei Sheng

Mr. Zhang Qing Lin

Mr. Gao Ling

Mr. Lai Man Leung