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NEO-CHINA LAND GROUP (HOLDINGS) LIMITED

中新地產集團(控股)有限公司

(Incorporated in Bermuda with limited liability)

(Shares – Stock Code: 563, Convertible bonds due 2011: Stock Code: 2528)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30 APRIL 2009

On behalf of the board of directors (the “Board”) of Neo-China Land Group (Holdings) Limited (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 2009:

FINANCIAL HIGHLIGHTS			
For the year ended 30 April	2009	2008	Change %
Financial Highlights (HK\$'000)			
Turnover	2,534,580	5,029,260	(49.6)
Profit attributable to equity shareholders of the Company	126,567	1,550,486	(91.8)
Pre-sale receipts from customers	5,415,588	2,727,406	98.6
Total assets	29,295,748	27,563,524	6.3
Financial Ratios			
Net debt to shareholders' funds (%)	79.1	63.6	
Current ratio	1.86	2.03	
Financial Information per share (HK cents)			
Earnings			
– Basic	6.51	84.23	(92.27)
– Diluted	5.56	68.19	(91.85)
Dividends			
– Interim dividend	0	1.0	
– Final dividend	0	14.0	
Equity attributable to equity shareholders (HK\$'000)	8,316,384	8,374,052	(0.7)

CONSOLIDATED INCOME STATEMENT

For the year ended 30 April 2009

	Note	2009 HK\$'000	2008 HK\$'000
Turnover	3	2,534,580	5,029,260
Cost of sales		<u>(2,044,087)</u>	<u>(4,060,574)</u>
Gross profit		490,493	968,686
Other revenue	4	47,080	68,166
Other net income	4	289,477	421,817
Net valuation gain on investment properties		409,047	111,281
Fair value gain on transfer of completed properties held for sale to investment properties		–	972,403
Distribution and selling expenses		(121,029)	(299,321)
General and administrative expenses		<u>(363,655)</u>	<u>(342,642)</u>
Profit from operations		751,413	1,900,390
Finance costs	5(a)	(210,224)	(268,363)
Share of losses of associates		(477)	(3,853)
Gain on disposal of subsidiaries		–	47,660
Gain on disposal of partial interests in subsidiaries		–	699,680
Loss on disposal of associate		(1,014)	–
Impairment loss on assets classified as held for sale	11	<u>(201,000)</u>	<u>–</u>
Profit before taxation	5	338,698	2,375,514
Income tax	6	<u>(249,142)</u>	<u>(808,990)</u>
Profit for the year		<u>89,556</u>	<u>1,566,524</u>
Attributable to:			
Equity shareholders of the Company		126,567	1,550,486
Minority interests		<u>(37,011)</u>	<u>16,038</u>
Profit for the year		<u>89,556</u>	<u>1,566,524</u>
Dividends payable to equity shareholders of the Company attributable to the year:	7		
Interim dividend declared during the year		–	19,456
Final dividend proposed after the balance sheet date		–	272,390
		<u>–</u>	<u>291,846</u>
Earnings per share	8		
Basic		<u>6.51 HK cents</u>	<u>84.23 HK cents</u>
Diluted		<u>5.56 HK cents</u>	<u>68.19 HK cents</u>

CONSOLIDATED BALANCE SHEET

As at 30 April 2009

		2009		2008	
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets					
Fixed assets					
– Investment properties			3,313,447		3,395,620
– Other property, plant and equipment			641,308		780,553
			<u>3,954,755</u>		<u>4,176,173</u>
Interests in associates			–		1,445,771
Restricted bank deposits			173,399		104,495
Derivative financial instrument					
– Redemption Right of the Issuer			–		46,000
Deferred tax assets			24,832		25,186
			<u>4,152,986</u>		<u>5,797,625</u>
Current assets					
Inventories		20,908,384		15,811,195	
Investments in securities held for trading		1,513		1,486	
Trade and other receivables	10	707,980		1,458,957	
Prepaid income tax		231,172		119,224	
Restricted bank deposits		19,030		11,100	
Cash and cash equivalents		2,618,105		4,363,937	
			<u>24,486,184</u>	<u>21,765,899</u>	
Non-current assets classified as held for sale	11	656,578		–	
			<u>25,142,762</u>	<u>21,765,899</u>	
Current liabilities					
Trade and other payables		3,286,936		3,772,835	
Pre-sale receipts from customers		5,415,588		2,727,406	
Bank borrowings		971,656		541,491	
Loan payables		2,737,281		2,549,746	
Derivative financial instrument					
– Warrants		32,100		158,000	
Income tax payable		1,093,457		963,455	
Dividend payable		6,473		4,360	
			<u>13,543,491</u>	<u>10,717,293</u>	
Net current assets			<u>11,599,271</u>	<u>11,048,606</u>	

<i>Note</i>	2009		2008	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets less current liabilities		15,752,257		16,846,231
Non-current liabilities				
Bank borrowings	1,554,048		2,772,558	
Convertible notes	1,028,195		939,480	
Senior notes	2,923,895		2,897,838	
Derivative financial instrument				
– Redemption Right of the Holder		–	34,000	
Deferred tax liabilities	1,173,976		1,123,032	
		6,680,114		7,766,908
NET ASSETS		9,072,143		9,079,323
CAPITAL AND RESERVES				
Share capital		77,826		77,826
Reserves		8,238,558		8,296,226
Total equity attributable to equity shareholders of the Company		8,316,384		8,374,052
Minority interest		755,759		705,271
TOTAL EQUITY		9,072,143		9,079,323

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2009

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following new Interpretations and an amendment to HKFRSs that are first effective for the current accounting period of the Group:

- HK(IFRIC)–Int 11 “HKFRS 2 – Group and Treasury Share Transactions”
- HK(IFRIC)–Int 12, “Service Concession Arrangements”
- HK(IFRIC)–Int 14, “HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction”
- Amendment to HKAS 39, “Financial Instruments: Recognition and Measurement”, and “HKFRS 7, Financial Instruments: Disclosures” – Reclassification of Financial Assets

These HKFRS developments have had no material impact on the Group’s financial statements as either they were consistent with accounting policies already adopted by the Group or they were not relevant to the Group’s operations.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. TURNOVER

The principal activities of the Group are property development, property investment and hotel operations.

Turnover represents revenue from sale of properties (net of business tax), rental income from leasing of properties and revenue from hotel operations. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Revenue from sale of properties	2,498,107	5,018,642
Rental income from leasing of properties	14,734	10,618
Revenue from hotel operations	21,739	–
	<u>2,534,580</u>	<u>5,029,260</u>

4. OTHER REVENUE AND NET INCOME

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Other revenue		
Interest income from bank deposits	25,153	28,721
Interest income on the delay for refund of deposits in respect of the cancellation of acquisition of a project company	20,720	–
	<u>45,873</u>	<u>28,721</u>
Total interest income on financial assets not at fair value through profit or loss	45,873	28,721
Dividend income from unlisted investments held for trading	27	37,366
PRC government subsidies	–	765
Others	1,180	1,314
	<u>47,080</u>	<u>68,166</u>
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Other net income		
Net (loss)/gain on disposal of investment properties	(31,218)	32,453
Net loss on disposal of other property, plant and equipment	(113)	–
Bad debts recovered	9,535	4,793
Forfeiture of customers' deposits	–	496
Available-for-sale investments: transfer from equity		
– on disposal	–	61,945
Changes in fair values of derivative financial instruments	113,900	48,802
Exchange gain on convertible notes	26,502	108,355
Exchange gain on senior notes	81,441	97,595
Other net exchange gain	89,430	67,378
	<u>289,477</u>	<u>421,817</u>

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2009	2008
	HK\$'000	HK\$'000
(a) Finance costs:		
Interest on bank borrowings wholly repayable within five years	167,969	158,748
Interest on bank borrowings wholly repayable after five years	31,812	17,163
Interest on loan payables	451,105	244,963
Interest on convertible notes	88,715	97,622
Interest on senior notes	329,700	254,128
	<hr/>	<hr/>
Total interest expense on financial liabilities not at fair value through profit or loss	1,069,301	772,624
Less: interest expense capitalised into properties under development*	(859,077)	(504,261)
	<hr/>	<hr/>
	210,224	268,363
	<hr/>	<hr/>
* <i>The borrowing costs have been capitalised at a rate of 5.13% – 20.00% (2008: 5.91% – 19.66%) per annum.</i>		
	2009	2008
	HK\$'000	HK\$'000
(b) Staff costs:		
Contributions to defined contribution retirement plans	17,684	3,290
Equity-settled share-based payment expense	29,946	92,942
Salaries, wages and other benefits	144,698	103,314
	<hr/>	<hr/>
	192,328	199,546
Less: Staff costs capitalised into properties under development	(54,113)	(22,914)
	<hr/>	<hr/>
	138,215	176,632
	<hr/>	<hr/>
(c) Other items:		
Depreciation	39,665	11,163
Less: depreciation capitalised into properties under development	(1,712)	(371)
	<hr/>	<hr/>
	37,953	10,792
Operating lease charges: minimum lease payments		
– property rentals	13,604	11,219
Auditors' remuneration		
– audit services	3,500	3,500
– other services	1,180	720
Rental income from investment properties less direct outgoings of HK\$2,640,000 (2008: HK\$1,833,000)	(11,764)	(8,785)
Other rental income	(330)	–
Cost of properties sold	2,038,681	4,060,574
	<hr/>	<hr/>

6. INCOME TAX IN THE INCOME STATEMENT

Taxation in the income statement represents:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Current tax		
Provision for the year		
– PRC Enterprise Income Tax	135,410	440,378
– PRC Land Appreciation Tax	92,125	265,112
	<u>227,535</u>	<u>705,490</u>
Deferred tax		
Origination and reversal of temporary differences		
– Current year	21,607	102,114
– Attributed to a change in tax rate	–	1,386
	<u>21,607</u>	<u>103,500</u>
	<u>249,142</u>	<u>808,990</u>

(i) PRC Enterprise Income Tax

The provision for PRC Enterprise Income Tax for the Company's subsidiaries in the PRC is based on PRC Enterprise Income Tax rates of 15% to 33% of the taxable income as determined in accordance with the relevant income tax rules and regulations of the PRC on or before 31 December 2007.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("New Tax Law") which takes effect on 1 January 2008. As a result of the New Tax Law, the PRC Enterprise Income Tax rate applicable to the Company's subsidiaries in the PRC except for Shenzhen Phoenix Real Estates Co., Ltd. is reduced from 33% to 25%, while that applicable to Shenzhen Phoenix Real Estates Co., Ltd. is increased gradually from 15% to standard rate of 25% over a five-year transitional period commencing from January 2008.

(ii) PRC Land Appreciation Tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例》) effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例實施細則》) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

(iii) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax for the years ended 30 April 2009 and 2008 has been made as the Group has no estimated assessable profits arising in Hong Kong for these two years.

(iv) **Other Income Tax**

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands, the Group is not subject to any income tax in Bermuda and the British Virgin Islands.

7. DIVIDENDS

(a) **Dividends payable to equity shareholders of the Company attributable to the year**

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Interim dividend declared and paid of HK Nil cent per ordinary share (2008: HK1.0 cent)	–	19,456
Final dividend proposed after the balance sheet date of HK Nil cent per ordinary share (2008: HK14.0 cents)	–	272,390
	<u>–</u>	<u>291,846</u>

The final dividend proposed after the balance sheet date 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 and paid during the year.**

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK14.0 cents per ordinary share (2008: HK 4.8 cents per ordinary share)	<u>272,390</u>	<u>90,453</u>

8. EARNINGS PER SHARE

(a) **Basic earnings per share**

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$126,567,000 (2008: HK\$1,550,486,000) and the weighted average number of 1,945,640,189 ordinary shares (2008: 1,840,767,124 ordinary shares) in issue during the year, calculated as follows:

Weighted averaged number of ordinary shares

	2009	2008
Issued ordinary shares at 1 May	1,945,640,189	1,718,843,585
Effect of conversion of convertible notes	–	38,848,716
Effect of shares issued for acquisition of subsidiaries	–	80,420,588
Effect of share options exercised	–	2,654,235
	<u>1,945,640,189</u>	<u>1,840,767,124</u>

Note: The weighted average number of ordinary shares for the purpose of basic earnings per share in respect of the year ended 30 April 2008 have been adjusted for the effect of Share Consolidation.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$117,827,000 (2008: HK\$1,410,830,000) and the weighted average number of 2,118,654,012 ordinary shares (2008: 2,069,070,162 ordinary shares), calculated as follows:

(i) *Profit attributable to ordinary equity shareholders of the Company (diluted)*

	2009 HK\$'000	2008 HK\$'000
Profit attributable to ordinary equity shareholders	126,567	1,550,486
After tax effect of effective interest on the liability component of convertible notes	5,762	13,699
After tax effect of exchange gain on the liability component of convertible notes	(26,502)	(108,355)
After tax effect of losses/(gains) recognised on the derivative component of convertible notes	12,000	(45,000)
	<hr/> 117,827	<hr/> 1,410,830

(ii) *Weighted average number of ordinary shares (diluted)*

	2009	2008
Weighted average number of ordinary shares at 30 April	1,945,640,189	1,840,767,124
Effect of conversion of convertible notes	152,347,488	183,772,228
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	20,666,335	44,530,810
	<hr/> 2,118,654,012	<hr/> 2,069,070,162

During the years ended 30 April 2009 and 2008, the computation of diluted earnings per share did not assume the exercise of the Company's outstanding warrants since the exercise would result in an increase in diluted earning per share.

Note: The weighted average number of ordinary shares for the purpose of diluted earnings per share in respect of the year ended 30 April 2008 have been adjusted by the effect of Share Consolidation.

9. SEGMENT REPORTING

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 operations of the Group are all in 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 leasing: the leasing of properties to generate rental income and/or to gain from the appreciation in the properties' values in the long term.

Hotel operations: renting of hotel room accommodation, leasing of commercial shopping arcades, provision of food and beverage at restaurant outlets, and other minor departments such as telephone, guest transportation and laundry within hotel premises.

(a) Segment turnover and results

	Property development		Property leasing		Hotel operations		Eliminations		Consolidated	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Turnover from external customers	2,498,107	5,018,642	14,734	10,618	21,739	-	-	-	2,534,580	5,029,260
Inter-segment turnover (Note)	-	-	-	-	1,124	-	(1,124)	-	-	-
Segment turnover	<u>2,498,107</u>	<u>5,018,642</u>	<u>14,734</u>	<u>10,618</u>	<u>22,863</u>	<u>-</u>	<u>(1,124)</u>	<u>-</u>	<u>2,534,580</u>	<u>5,029,260</u>
Segment result	<u>274,167</u>	<u>1,441,913</u>	<u>372,736</u>	<u>172,265</u>	<u>(52,249)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>594,654</u>	<u>1,614,178</u>
Unallocated corporate income/ (expenses), net									110,886	257,491
Interest income									<u>45,873</u>	<u>28,721</u>
Profit from operations									<u>751,413</u>	<u>1,900,390</u>
Finance costs									(210,224)	(268,363)
Share of losses of associates	(477)	(3,853)	-	-	-	-	-	-	(477)	(3,853)
Loss on disposal of associate	(1,014)	-	-	-	-	-	-	-	(1,014)	-
Gain on disposal of subsidiaries	-	47,660	-	-	-	-	-	-	-	47,660
Gain on disposal of partial interests in subsidiaries	-	699,680	-	-	-	-	-	-	-	699,680
Impairment loss on assets classified as held for sale	(201,000)	-	-	-	-	-	-	-	(201,000)	-
Income tax									<u>(249,142)</u>	<u>(808,990)</u>
Profit for the year									<u>89,556</u>	<u>1,566,524</u>

Note: Inter-segment turnover was charged at terms determined and agreed between group companies.

(b) *Segment assets and liabilities*

	Property development		Property leasing		Hotel operations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets								
Segment assets	<u>21,283,421</u>	<u>17,328,617</u>	<u>3,355,233</u>	<u>3,425,664</u>	<u>596,181</u>	<u>-</u>	<u>25,234,835</u>	<u>20,754,281</u>
Unallocated corporate assets							<u>4,060,913</u>	<u>6,809,243</u>
Consolidated total assets							<u>29,295,748</u>	<u>27,563,524</u>
Liabilities								
Segment liabilities	<u>8,824,221</u>	<u>6,250,145</u>	<u>34,332</u>	<u>62,070</u>	<u>49,503</u>	<u>-</u>	<u>8,908,056</u>	<u>6,312,215</u>
Unallocated corporate liabilities							<u>11,315,549</u>	<u>12,171,986</u>
Consolidated total liabilities							<u>20,223,605</u>	<u>18,484,201</u>

(c) *Other information*

	Property development		Property leasing		Hotel operations	
	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital expenditure						
– through acquisition of subsidiaries	901	2,441	-	-	-	-
– others	458,577	12,858	118	3,202	27,918	-
Depreciation	9,121	7,449	1,380	1,039	27,589	-
Valuation gain on investment properties	-	-	409,047	111,281	-	-
Fair value gain on transfer of completed properties held for sale to investment properties	-	972,403	-	-	-	-

10. 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:

	2009	2008
	HK\$'000	HK\$'000
Less than 90 days	<u>78,334</u>	<u>128,786</u>
More than 90 days but less than 180 days	<u>2,235</u>	<u>-</u>
More than 180 days	<u>13,110</u>	<u>10,411</u>
	<u>15,345</u>	<u>10,411</u>
	<u>93,679</u>	<u>139,197</u>

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

11. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

During the year ended 30 April 2009, the senior management planned to sell a 40% equity interest in Invest Online Limited, which owns a property development project in Harbin, the PRC, and has initiated an active programme to locate a buyer and complete the plan. Accordingly, the interest in this associate has been presented as non-current assets held for sale as at 30 April 2009. Subsequent to 30 April 2009, the Group entered into a sale and purchase agreement with an independent third party (the “Purchaser”) whereby it was agreed that the Group shall sell and the Purchaser shall purchase the 40% equity interest in Invest Online Limited for a total consideration of RMB556,000,000 (equivalent to approximately HK\$631,000,000). Details of such disposal are set out in note 12(b).

The proceeds of disposal are expected to be less than the net carrying amount of the interest in this associate, and accordingly, an impairment loss of HK\$201,000,000 was recognized.

Non-current assets classified as held for sale are as follows:

	<i>HK\$'000</i>
Interest in the associate	857,578
Less: impairment loss	<u>(201,000)</u>
	<u>656,578</u>

12. NON-ADJUSTING POST BALANCE SHEET EVENTS

- (a) On 11 May 2009, the Company announced, among other things, that the Company proposed to amend the terms of the Redemption Right of the Holder, at the option of the holders of the Convertible Note 2011, so as to enable the holders of the Convertible Note 2011 to exercise the Redemption Right of the Holder requiring the Company to redeem all of the Convertible Note 2011 at a price of HK\$6,300 for each HK\$10,000 principal amount of the Convertible Note 2011 (“Amendments to the Terms of the Redemption Right of the Holder”) on 12 June 2009.

The meeting of holders of the Convertible Note 2011 held on 13 May 2009 passed an extraordinary resolution of holders of the Convertible Note 2011 to approve the Amendments to the Terms of the Redemption Right of the Holder.

On 12 June 2009, the Company was required to pay in aggregate HK\$544,855,500 to redeem all HK\$864,850,000 principal amounts of the Convertible Note 2011 and immediately after that redemption, HK\$52,160,000 in aggregate principal amounts of the Convertible Note 2011 remain outstanding.

- (b) On 10 June 2009, the Group entered into a sale and purchase agreement with an independent third party (the “Purchaser”) whereby it was agreed that the Group shall sell and the Purchaser shall purchase the Group’s 40% equity interest in Invest Online Limited, which owns a property development project in Harbin, the PRC, for a total consideration of RMB556,000,000 (equivalent to approximately HK\$631,000,000). Up to the date of this announcement, the disposal has been completed.
- (c) On 10 June 2009, the Group entered into a sale and purchase agreement (“SP Agreement”) with a minority shareholder of a subsidiary to dispose of 40% equity interest in Tianjin City Yi Jia He Zhi Ye Co. Ltd. (天津市億嘉合置業有限公司) (the “Project Company”), which owns a property development project in Tianjin, the PRC, for a total consideration of RMB360,000,000 (equivalent to approximately HK\$408,000,000) in cash. Details of this SP Agreement are set out in the announcement and the circular as issued by the Company on 25 June 2009 and 15 July 2009, respectively.

Before the disposal, the Group owned 80% equity interest in Project Company. Upon completion of the disposal, Project Company became an associate of the Company. Up to the date of this announcement, the disposal has been completed.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 30 April 2009, the Group recorded a turnover of approximately HK\$2.53 billion (2008: HK\$5.03 billion), representing a decrease of approximately 49.6% over the immediate previous year. Profit attributable to shareholders amounted to HK\$127 million (2008: HK\$1.55 billion), representing a decrease of approximately 91.8% over the immediate previous year. Basic earnings per share was HK6.51 cents (2008: HK84.23 cents) and diluted earnings per share was HK5.56 cents (2008: HK68.19 cents). Total pre-sale receipts from customers as at 30 April 2009 were HK\$5.42 billion (2008: HK\$2.73 billion), representing an increase of approximately 98.6% over the immediate previous year.

PAYMENT OF DIVIDENDS

The Board does not recommend the payment of any final dividend for the year ended 30 April 2009 (2008: HK14 cents).

BUSINESS OVERVIEW

During the year under review, the Group had focused on enhancing its cash inflows, so the launch of new projects or new phases in divers cities, including Xian, Chengdu, Beijing, Tianjin and Shanghai, were accelerated. Total GFA sold by the Group for the year ended 30 April 2009 remained in a high level, amounting to 769,000 sq.m. (2008: 811,000 sq.m.). Total recognized saleable GFA for the year under review amounted to 299,000 sq.m. (2008: 823,000 sq.m.). The Group will continue to work hard with a view to increasing the recognizable saleable GFA swiftly, so that the Group's turnover may be improved.

LAND BANK

The Group has 16 projects in 12 cities, comprising high-end residential units, service apartments, hotels, commercial and office buildings. The Group has not acquired any land during the year under review. Management will continue to adopt a prudent approach when it comes to consider acquiring more lands. As at 30 April 2009, the land bank of the Group was approximately 14.77 million sq.m.

DEVELOPMENT PROJECTS

DEVELOPMENT PROJECTS							
Project Name	City	Type	Saleable GFA (thousand sq.m.)	Completed GFA (thousand sq.m.)	Under development (thousand sq.m.)	Future development (thousand sq.m.)	Owned %
American Rock	Beijing	Residential/ Commercial	455	455	-	-	100%
Yongman Point		Residential	290	213	77	-	100%
Xidiaoyutai		Residential/Service apartment	221	176	-	45	90%
Freetown		Residential	678	-	-	678	56%
Yanjiao	Sanhe	Residential/ Commercial/Hotel	433	-	-	433	90%
Laochengxiang	Tianjin	Residential Commercial/Hotel	941	275	290	376	100%
Beichen		Residential	2,126	-	-	2,126	80%
Neo Water City	Xian	Residential/ Commercial/Hotel	3,206	410	844	1,952	71.5%
Yuanjiagang	Chongqing	Residential/ Commercial/Hotel	735	524	211	-	100%
Taiyuanstreet	Shenyang	Commercial/ Service apartment	252	-	-	252	80%
Gongyuandadao	Chengdu	Residential	522	-	295	227	100%
Neo-China Forest Garden	Changsha	Residential	992	51	195	746	67%
Qi Ao Island	Zhuhai	Villas/Commercial/ Hotel	770	-	-	770	100%
Phoenix Tower	Shenzhen	Service apartment/ Office/Commercial	79	79	-	-	91%
Jiujiu Youth City	Shanghai	Service apartment/Office	163	32	131	-	100%
Hamayuanchang	Harbin	Residential/ Commercial	986	-	-	986	40%
Total			12,849	2,215	2,043	8,591	

INVESTMENT PROPERTIES

During the year under review, the Group has leased out several of its investment properties in Chongqing, Shenzhen and Tianjin for retail rental purposes thereby generating stable cash inflow to the Group. The Group intends to develop suitable investment properties as part of its land bank portfolio in the coming years. In addition, the Group will use its best endeavours to establish co-operation and/or business relationship with experienced property management companies with a view to identifying suitable investment properties for acquisitions and/or strategies to enhance the value of its existing investment properties portfolio.

PROSPECT

Subsequent to a series of macroeconomic control policy of the PRC government for the purpose of stimulating the economy, which has developed a positive effect and created the confidence of the market. The China's economy has stabilized rapidly in the first half of 2009. The confidence of consumption of housing has been rebuilt. Although, at present, there are still many uncertainties existed in economic development internationally and domestically, the Company considers that in the long term, the major factors such as the growth of economy, the process of urbanization and the need of improvement, which enhance the development within the real estate industry have not been changed. Being one of the key industries in terms of the national economic development, the potential of China's real estate industry is still great.

In the coming year, the Company will grasp the opportunity of the recovery of the domestic real estate market. It will fully utilize its advantages of the design for different products and its stronger marketing ability to expedite the sales while improving the Group's liquidity. In addition, the Company will continue to adopt the policy to enhance product quality consistently and the brand value of the Company, so as to increase the Company's profitability by increasing the add-on value of its products. Despite the Company's current land bank is sufficient to fulfill next five years' development, the Company will appropriately adjust the region and structure of existing lands to meet the needs for future development and profit enhancement.

SHARE CAPITAL

The Company's issued and fully paid share capital as at 30 April 2009 amounted to HK\$77,825,608 divided into 1,945,640,189 ordinary shares of HK\$0.04 each.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 April 2009, the Group had cash and bank balances of approximately HK\$2,618,105,000. Its net assets was about HK\$9,072,143,000. The Group's current ratio was approximately 1.86. The net debt of the Group as at 30 April 2009 amounted to HK\$6,577,940,000 making the Group's gearing ratio at 79.1% calculated as net debt to shareholders' funds of HK\$8,316,384,000.

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

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 April 2009, the Group employed 1,163 employees (including Hong Kong and PRC offices) (2008: 1,176).

The emolument policy of the employees of the Group is set out by the Remuneration Committee on the basis of their merit, qualifications 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 payments which are linked to the profit performance of the Group and individual performances.

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

CLOSURE OF REGISTER MEMBERS

The register of members of the Company will be closed from Monday, 7 September 2009 to Thursday, 10 September 2009, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting to be held on Thursday, 10 September 2009, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 4 September 2009.

CODE OF CORPORATE GOVERNANCE PRACTICES

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 2009, 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 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.
- (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 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 have confirmed that they had complied with the required standard as set out in the Model Code during the period.

AUDIT COMMITTEE

The Group’s audit committee comprises three independent non-executive directors. Its terms of reference have been modified to incorporate certain provisions with reference to Appendix 14 of the Listing Rules. The audit committee has reviewed the accounting principles and practices adopted by the Group and considered auditing, internal controls and financial reporting matters including a review of the audited financial statements for the year ended 30 April 2009.

AUDITORS

Messrs. Deloitte Touche Tohmatsu resigned as auditors of the Company on 10 June 2008 while CCIF CPA Limited was appointed by the Board to fill the casual vacancy.

Apart from the foregoing, there were no other changes in auditors of the Company in any of the preceding three years.

CCIF CPA Limited shall retire and being eligible, offer themselves for re-appointment. A resolution for the reappointment of CCIF CPA Limited as auditors of the Company is to be proposed at the forthcoming annual general meeting.

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. The Company will continue to work closely with the Stock Exchange on its application for the resumption of trading of the Company’s securities.

On behalf of the Board
Li Song Xiao
Chairman

Hong Kong, 27 July 2009

As at the date hereof, the Board comprises Mr. Li Song Xiao, Mr. Liu Yi, Ms. Niu Xiao Rong, Mr. Yuan Kun, Ms. Liu Yan, Mr. Jia Bo Wei, Ms. Bao Jing Tao and Mr. Lam Kwan Sing as executive directors; Mr. Lai Leong as non-executive director and Ms. Nie Mei Sheng, Mr. Zhang Qing Lin and Mr. Gao Ling as independent non-executive directors.