ANNUAL REPORT **2009**

地产唯新力量

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

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Corporate Information

DIRECTORS

Executive Directors

Mr. Li Song Xiao (Chairman)
Mr. Liu Yi
Ms. Niu Xiao Rong
Mr. Yuan Kun
Ms. Liu Yan
Mr. Jia Bo Wei
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. Gao Ling
Mr. Zhang Qing Lin

COMPANY SECRETARY

Mr. Szeto Chak Wah

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

The Bank of Bermuda Limited
6 Front Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISERS

Richards Butler
Conyers Dill & Pearman
Mason Ching & Associates

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 1908-09
19th Floor, Office Tower
Convention Plaza
No. 1 Harbour Road
Wanchai
Hong Kong
Tel: (852) 2544 8000
Fax: (852) 2544 8004
Website: http://www.neochinagroup.com.hk

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Ordinary Shares
Code: 0563
Zero Coupon Convertible Bonds due 2011
Code: 2528

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

AUDITORS

CCIF CPA Limited
20/F, Sunning Plaza
10 Hysan Avenue
Causeway Bay
Hong Kong

Chairman's Statement

To our Shareholders,

On behalf of the Board of Directors (the "Board") of Neo-China Land Group (Holdings) Limited ("Neo-China" or the "Company"), I would like to present the operating results of the Company for the fiscal year ended 30 April 2009.

During the past year, the real estate market of the PRC had been confronted with a difficult situation caused by the outbreak of the financial tsunami and macroeconomic policies implemented by the government. While the market was undergoing dramatic changes, under the pressure from a loss of HK$271 million recorded in the first half of the year, Neo-China and its subsidiaries (the "Group") focused on upgrading product quality and enhancing the value of the Company's brand , coupled with the implementation of a more efficient and flexible sales policy aimed at speeding up capital return, and as a result, we recorded a profit amounting to HK$127 million. As at 30 April 2009, the balance of pre-sale receipts from customers reached HK$5.416 billion, representing an increase of approximately of 98.6% compared with the corresponding period of the previous year, which laid a solid foundation for the results of the coming year.

At the beginning of 2009, the positive effects of the government's economic stimulation plan began to emerge, and the property market bounced back rapidly. The Group will closely follow the market trend to launch new phases in regions such as Xian and Chongqing. At the same time, we will closely monitor the sales and delivery of projects in Beijing, Tianjin, Shanghai, Chengdu and Changsha, targeting an enhancement in profitability. As for land reserves, the Group will carefully assess the development trend of the property market of the PRC and make appropriate adjustments to the location of our land reserves as well as the type of property development.

Finally, on behalf of the Group and the Board of the Company, I would like to express my sincere thanks to our shareholders, investors, business partners and clients for their continuous support and trust to the Company despite the global economic turmoil. I believe that with the joint force of all our efforts, the Group will achieve outstanding results in the coming year.

Li Song Xiao
Chairman
27 July 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)

Notes: Net debt = total borrowings (including bank borrowings, loan payables, senior notes and convertible notes) – cash and cash equivalents.

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 REVIEW

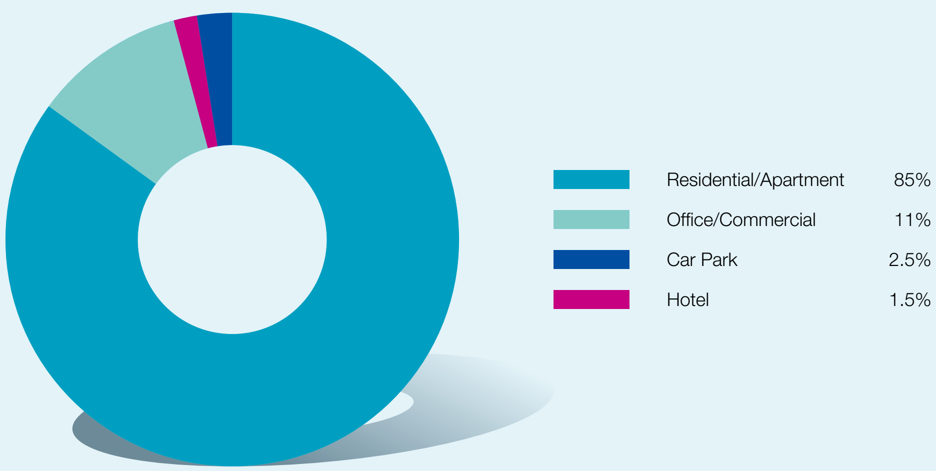
During the year under review, the Group had focused on enhancing its cash inflows, so the launch of new projects or new phases in divers cities, including Xian, Chengdu, Beijing, Tianjin and Shanghai, were accelerated. Total GFA sold by the Group for the year ended 30 April 2009 remained in a high level, 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

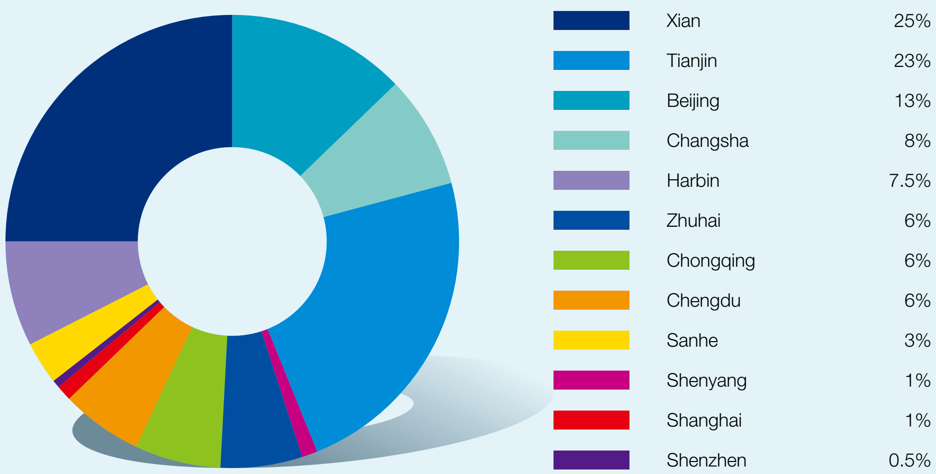
The Group has 16 projects in 12 cities, comprising high-end residential units, service apartments, hotels, commercial and office buildings. The Group has not acquired any land during the year under review. Management will continue to adopt a prudent approach when it comes to consider acquiring more lands.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

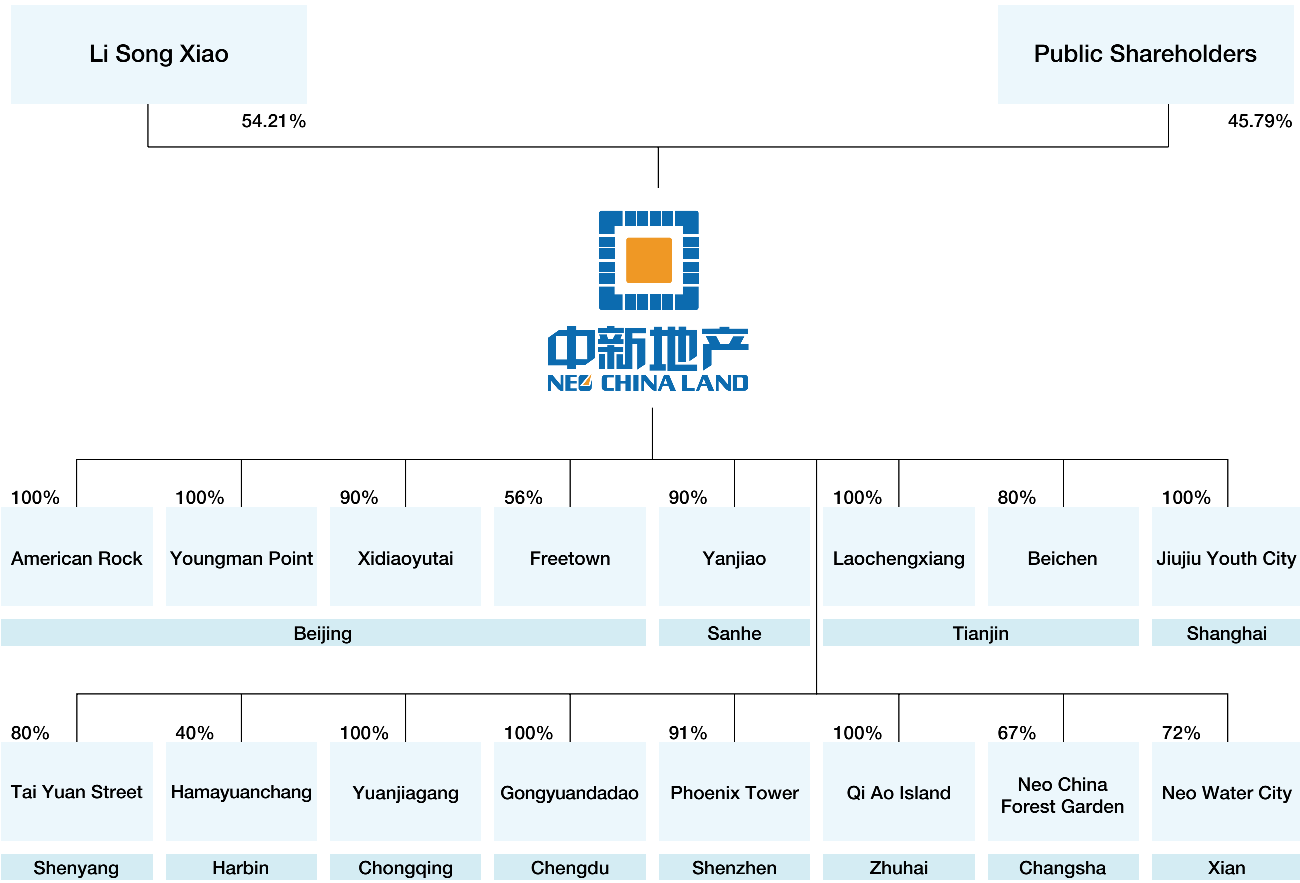
The map set out below shows the cities in which the Group's projects are located.

Saleable area by property type



Saleable area by cities




Li Song Xiao
54.21%
Public Shareholders
45.79%
中新地产
NEO CHINA LAND
100%
American Rock
100%
Youngman Point
90%
Xidiaoyutai
56%
Freetown
Beijing
90%
Yanjiao
Sanhe
100%
Laochengxiang
80%
Beichen
Tianjin
100%
Jiujiu Youth City
Shanghai
80%
Tai Yuan Street
Shenyang
40%
Hamayuanchang
Harbin
100%
Yuanjiagang
Chongqing
100%
Gongyuandadao
Chengdu
91%
Phoenix Tower
Shenzhen
100%
Qi Ao Island
Zhuhai
67%
Neo China Forest Garden
Changsha
72%
Neo Water City
Xian

Beijing	American Rock 523,833m^2
	Youngman Point 352,905m^2
	Xidiaoyutai 250,836m^2
	Freetown 826,092m^2
Tianjin	Laochengxiang 1,151,261m^2
	Beichen 2,263,000m^2
Sanhe	Yanjiao 460,000m^2
Shenyang	Tai Yuan Street 282,950m^2
Shanghai	Jiujiu Youth City 213,755m^2
Chongqing	Yuanjiagang 802,532m^2
Chengdu	Gongyuandadao 625,670m^2
Xian	Neo Water City 3,534,736m^2
Zhuhai	Qi Ao Island 1,090,000m^2
Shenzhen	Phoenix Tower 106,190m^2
Changsha	Neo-China Forest Garden 1,073,600m^2
Harbin	Hamayuanchang 1,214,000m^2

Total land bank: 14,771,360 sq.m.

DEVELOPMENT PROJECTS

Beijing

BEIJING

BEIJING

AMERICAN ROCK

Location	No. 16 Baiziwan Road, Chaoyang District, Beijing
Percentage owned	100%
Type	Residential/Commercial
Total GFA/ Total saleable GFA	523,833 sq.m./454,610 sq.m.
• Completed GFA	454,610 sq.m.
– Sold GFA	453,064 sq.m.

YOUNGMAN POINT

Location	No. 2 Gan Lu Yuan Zhong Li, Qingnian Road, Chaoyang District, Beijing
Percentage owned	100%
Type	Residential/Commercial
Total GFA/ Total saleable GFA	352,905 sq.m./289,700 sq.m.
• Completed GFA	213,085 sq.m.
– Sold GFA	202,965 sq.m.
• Under development	76,615 sq.m.
– Pre-sale	19,702 sq.m.

DEVELOPMENT PROJECTS
Beijing

BEIJING

BEIJING

XIDIAOYUTAI

Location	Lot No. 1, 2, West Diaoyutai Village, Haidian District, Beijing
Percentage owned	90%
Type	Residential/Service apartment
Total GFA/ Total saleable GFA	250,836 sq.m./220,647 sq.m.
• Completed GFA	175,682 sq.m.
– Sold GFA	166,315 sq.m.
• Future development	44,965 sq.m.

FREETOWN

Location	Xiaojie Village, Liyuan Town, Tongzhou District, Beijing
Percentage owned	55.95%
Type	Residential
Total GFA/ Total saleable GFA	826,092 sq.m./678,021 sq.m.
• Future development	678,021 sq.m.

DEVELOPMENT PROJECTS

Tianjin

TIANJIN

TIANJIN

LAOCHENGXIANG	
Location	Laocheng Xiang Area, Nankai District, Tianjin
Percentage owned	100%
Type	Residential/Commercial/Office/Hotel
Total GFA/ Total saleable GFA	1,151,261 sq.m./940,829 sq.m.
• Completed GFA	275,149 sq.m.
– Sold GFA	217,604 sq.m.
– Investment property	45,377 sq.m.
• Under development	289,692 sq.m.
– Pre-sale	226,542 sq.m.
• Future development	375,988 sq.m.

BEICHEN	
Location	Yixingfu Old Village, Tianjin
Percentage owned	80%
Type	Residential/Commercial/Apartment/Hotel
Total GFA/ Total saleable GFA	2,263,000 sq.m./2,125,500 sq.m.
• Future development	2,125,500 sq.m.

Note: In June 2009, the Company, Wukuang, Zhongzhi. Lixing and the project Company entered into the June 2009 agreement whereby it was agreed, inter alia, that Wukuang shall increase its equity interest in the project Company to 60%. The transaction has been completed up to the date of this report. Details of the transaction are set out in note 37(c) to the financial statements

DEVELOPMENT PROJECTS

Sanhe, Shenyang

SANHE

SHENYANG

YANJIAO	
Location	Yanjiao Economic Technology Development Zone, Heibei Province
Percentage owned	90%
Type	Residential/Commercial/Hotel
Total GFA/ Total saleable GFA	460,000 sq.m./433,333 sq.m.
• Future development	433,333 sq.m.

TAI YUAN STREET	
Location	Taiyuan Business Avenue, Shenyang
Percentage owned	80%
Type	Commercial/Service Apartment/Office
Total GFA/ Total saleable GFA	282,950 sq.m./251,964 sq.m.
• Future development	251,964 sq.m.

DEVELOPMENT PROJECTS

Shanghai, Chongqing

SHANGHAI

CHONGQING

JIUJIU YOUTH CITY

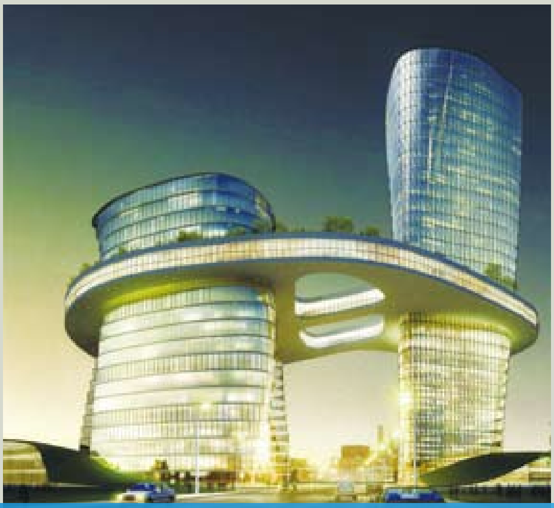
Location	No. 1519 Husong Road, Jiuting Zhen, Songjiang District, Shanghai
Percentage owned	100%
Type	Apartment/Office
Total GFA/ Total saleable GFA	213,755 sq.m./162,888 sq.m.
• Completed GFA	31,582 sq.m.
– Sold GFA	28,236 sq.m.
• Under development	131,306 sq.m.
– Pre-sale	51,989 sq.m.

YUANJIAGANG

Location	No. 1 Olympic Road, Yuanjiagang, Gaoxin District, Chongqing
Percentage owned	100%
Type	Residential/Commercial/Office/Hotel
Total GFA/ Total saleable GFA	802,532 sq.m./735,082 sq.m.
• Completed GFA	523,533 sq.m.
– Sold GFA	220,858 sq.m.
– Investment property	255,856 sq.m.
• Under development	211,549 sq.m.

DEVELOPMENT PROJECTS

Chengdu, Xian



CHENGDU

XIAN

GONGYUANDADAO	
Location	No. 66, Gingquan North Street, Yongquan Town, Wenjiang District, Chengdu
Percentage owned	100%
Type	Residential
Total GFA/ Total saleable GFA	625,670 sq.m./521,836 sq.m.
• Under development	295,482 sq.m.
– Pre-sale	35,568 sq.m.
• Future development	226,354 sq.m.

NEO WATER CITY	
Location	East Lake Road, Xinjia Temple, Chanba River Economic Development Zone, Xian
Percentage owned	71.5%
Type	Residential/Commercial/Hotel
Total GFA/ Total saleable GFA	3,534,736 sq.m./3,205,699 sq.m.
• Completed GFA	409,612 sq.m.
– Sold GFA	340,449 sq.m.
• Under development	844,213 sq.m.
– Pre-sale	368,840 sq.m.
• Future development	1,951,874 sq.m.

DEVELOPMENT PROJECTS

Zhuhai, Shenzhen

ZHUHAI

SHENZHEN

QI AO ISLAND

Location	Qi Ao Island, Zhuhai
Percentage owned	100%
Type	Villa/Commercial/Hotel
Total GFA/ Total saleable GFA	1,090,000 sq.m./770,000 sq.m.
• Future development	770,000 sq.m.

PHOENIX TOWER

Location	No. 2008, Shennan Road, Futian District, Shenzhen
Percentage owned	91%
Type	Apartment/Office/Commercial
Total GFA/ Total saleable GFA	106,190 sq.m./79,391 sq.m.
• Completed GFA	79,391 sq.m.
– Sold GFA	64,782 sq.m.

DEVELOPMENT PROJECTS

Changsha, Harbin

CHANGSHA

HARBIN

NEO-CHINA FOREST GARDEN

Location	No. 140, Guoliang North Road, Gaotang Ling Town, Wangcheng County, Changsha
Percentage owned	67%
Type	Residential
Total GFA/ Total saleable GFA	1,073,600 sq.m./992,335 sq.m.
• Completed GFA	50,700 sq.m.
– Sold GFA	41,656 sq.m.
• Under development	194,833 sq.m.
– Pre-sale	43,818 sq.m.
• Future development	746,802 sq.m.

HAMAYUANCHANG

Location	Nangang District, Harbin
Percentage owned	40%
Type	Residential/Commercial
Total GFA/ Total saleable GFA	1,214,000 sq.m./986,411 sq.m.
• Future development	986,411 sq.m.

Note: In June 2009, the Group has entered into an agreement with an independent third party to dispose 40% equity interest of Invest Online Limited which holds 100% equity interest in the project company. The transaction has been completed up to the date of this report. Details of the transaction are set out in note 37(b) to the financial statements.

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.

AWARD IN 2009

- 2006 – 2009 China Top 100 Real Estate Developers for 4 consecutive years
- One of outstanding projects of 2009 China Top 100 Real Estate Developers
- 2008 TOP10 China Real Estate Company by Brand Value
- 2008 TOP10 China Regional Real Estate Property By Brand Value (Northern China) – Tianjin
- 2008 TOP10 China Regional Real Estate Property by Brand Value (Central and Western China) – Xian
- 2008 Most Reliance Real Estate Company

MAJOR OPERATING ACTIVITIES IN 2008/2009

2008

June	– Acquired 12% equity interest of Beijing Freetown Project
July	– Launched Top City of Tianjin Laochengxiang Project – Launched trial-operation of Xian Neo China Kempinski Hotel – Launched phase II of Xian Neo Water City Project
September	– Implemented the relocation Lot no. 1A of Tianjin Beichen Project – Launched Lot no. 4 of Tianjin Laochengxiang Project
November	– Launched phase III of Youngman Point Project – Delivered Lot no. B1 of Chongqing Yuanjiagang Project

2009

January	– Delivered phase I of Shanghai Jiujiu Youth City Project
February	– Delivered Building no. 6 of Lot no. B2 of Chongqing Yuanjiagang Project
April	– Launched Chengdu Gongyuandadao Project – Launched Up Town of Tianjin Laochengxiang Project
May	– Acquired the remaining 30% equity interest of Chengdu Gongyuandadao Project
June	– Redeemed HK$ 864,850,000 principal amount of convertible bond – Disposed 40% equity interest of Harbin Hamayuanchang Project – Disposed 40% equity interest of Tianjin Beichen Project
July	– Launched the construction of Shenyang Tai Yuan Street Project

Biographical Details of Directors and Company Secretary

DIRECTORS

Executive directors

Mr. Li Song Xiao, aged 43, is the Chairman of the Company. Mr. Li graduated from the Department of Architectural Engineering, Nanjing College of Architectural Engineering in 1985 and obtained a master degree in Architectural Management from the Graduate School of Chongqing College of Architectural Engineering in 1988 and an EMBA degree from Guanghua School of Management, Peking University in 2004. Mr. Li has vast experience in property management and development in the PRC, and has been working in related fields since 1987. Mr. Li is currently vice-chairman of Housing Industry Association of the All China Federation of Industry Commerce and assistant head of the Consolidated Development Committee of the Research Committee of Real Estate and Accommodation in the PRC. He is also the chairman and controlling shareholder of Yardway Group Limited (stock code: 646), the share of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He is also the sole director of Invest Gain Limited, a substantial shareholder of the Company.

Mr. Liu Yi, aged 55, is an Executive Director and the President of the Company. Mr. Liu, who graduated from the Department of Biology, Peking University in 1981 and obtained the EMBA degree from Guanghua School of Management, Peking University in 2004, holds the title of Senior Engineer. He has been general manager for several major state-owned enterprises in the PRC, and has over 23 years of experience in senior corporate management. Mr. Liu has successful experience in overall strategic planning, management and business development.

Ms. Niu Xiao Rong, aged 44, is an Executive Director of the Company. Ms. Niu has over 22 years of experience in the construction and engineering industries. Ms. Niu holds a bachelor degree of construction from The Nanjing College of Architectural Engineering, the PRC.

Mr. Yuan Kun, aged 35, is an Executive Director and the Chief Operating Officer of the Company. Mr. Yuan has over 10 years of experience in the fields of finance and investment. Prior to joining the Company, Mr. Yuan has worked for the investment banking division of Hai Tong Securities Limited in the PRC. Mr. Yuan holds an accounting degree from Australia. He is currently an executive director of Yardway Group Limited (stock code: 646), the shares of which are listed on the Stock Exchange.

Ms. Liu Yan, aged 38, is an Executive Director of the Company. Ms. Liu has over 8 years of experience in the PRC property industry. She graduated from Guanghua School of Management, Peking University in 2006. Ms. Liu is the sister-in-law of Mr. Li Song Xiao (the chairman and the controlling shareholder of the Company). Prior to her appointment of as Executive Director of the Company, Ms. Liu was a deputy General Manager of the sales department of Beijing Jin Ma Wen Hua Yuan Properties Co Ltd (a subsidiary of the Company).

Mr. Jia Bo Wei, aged 43, is an Executive Director and the Chief Executive Officer of the Company. He has extensive experience in finance and management. Mr. Jia graduated from the monetary banking department of Xin Jiang Finance Institute and earned his post-graduate qualification in 2000. In 2003, he obtained a master degree in business administration from Guanghua Management School of Peking University. Mr. Jia has 23 years of working experience. Before joining the Company, he worked as the general manager and a director for Suntime International Wine Co., Ltd. (a trading company whose shares are listed as A shares in the Shanghai Stock Exchange).

Ms. Bao Jing Tao, aged 32, is an Executive Director and the Chief Financial Officer of the Company. She has extensive experience in accounting and financial management. She obtained her master degree in finance from South West University of Finance and Economics in 2001.

Mr. Lam Kwan Sing, aged 39, is an Executive Director of the Company. He holds a degree in Bachelor of Arts in Accountancy from the City University of Hong Kong. Mr. Lam has more than 13 years of experience in the commercial and corporate finance field. He is currently a director of China National Resources, Inc., a company listed on NASDAQ, and was formerly an executive director of Forefront Group Limited (stock code: 885) and New Times Energy Corporation Limited (stock code: 166), both of the shares of which are listed on the Stock Exchange.

Non-executive Director

Mr. Lai Leong, aged 44, is a Non-Executive Director and Vice-Chairman of the Company. Since 1991, Mr. Lai has worked for several property and trading companies in Mainland China and has over 17 years of experience in property investment, development and management and in corporate management for companies in Hong Kong and in Mainland China. Mr. Lai received an MBA degree from the Maastricht School of Management in the Netherlands in 2005. Mr. Lai is also an executive director of both China Power New Energy Development Company Limited (stock code: 735) and Rising Development Holdings Limited (stock code: 1004), both of the shares of which are listed on the Stock Exchange.

Independent Non-executive Directors

Ms. Nie Mei Sheng, aged 68, is an Independent Non-Executive Director of the Company. Ms. Nie is a senior engineer of professor grade and has over 33 years of experience in civil engineering and construction technology and was the Secretary of the Technology Department of Ministry of Construction. Ms. Nie was awarded the first class technology enhancement prize from the National Teaching Committee and the first class technology enhancement prize from the National Ministry of Construction. Ms. Nie is currently a director of China Housing Industry Association, a standing committee member of China Civil Engineering Society and head of the sub-committee of the Water Industry Association.

Mr. Gao Ling, aged 54, is an Independent Non-Executive Director of the Company. Mr. Gao received his Master degree in politics and laws from Capital Normal University, PRC and is a certified Accountant, certified Economist and certified Asset Valuer in the PRC. Mr. Gao has over 22 years of experience in financial, accounting and auditing areas. He is an independent non-executive director of Yardway Group Limited (stock code: 646), the shares of which are listed on the Stock Exchange.

Mr. Zhang Qing Lin, aged 65, a professor-graded chief engineer, is an Independent Non-Executive Director of the Company. He has over 40 years experience in the property construction industry. He was the deputy director, director-general and secretary of the National Planning Committee, the Administrative Bureau for Construction of the National Ministry of Construction, and the deputy general manager of China State Construction Engineering Group. Currently, he is a committee member of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), a part-time professor of the international project management research institute of Qing Hua University, an expatriate associate in charge of the management of Singapore projects, a president of the Engineering Project Management Committee of Construction Industry Association of China and a fellow member of the Royal Institute of British Architects. He is an independent non-executive director of Yardway Group Limited (stock code: 646), the shares of which are listed on the Stock Exchange.

Company Secretary

Mr. Szeto Chak Wah, Michael, age 59, is the Company Secretary of the Company. He is a practicing solicitor in Hong Kong and a consultant of a firm of solicitors in Hong Kong. Mr. Szeto was chairman of the board of directors and executive directors of Oxford Properties & Finance Limited (stock code: 220) prior to its privatization in June 2004 and China Conservational Power Holdings Limited (stock code: 290). He was also a non-executive director of Tack Fat Group International Limited (stock code: 928), the shares of which are listed on the Stock Exchange.

Directors' Report

The Board present the annual report and the audited financial statements for the year ended 30 April 2009.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its subsidiaries and associates are set out in note 41 and 15 respectively to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 April 2009 are set out in the consolidated income statement on page 41.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in investment properties and other property, plant and equipment of the Group are set out in note 13 and 14 respectively to the financial statements.

CAPITAL AND RESERVES

Details of capital and reserves of the Company are set out in note 29 to the financial statements.

SENIOR NOTES/WARRANTS

Details of senior notes/warrants of the Company are set out in note 27 to the financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 30 April 2009, the Company had HK$1,627,254,000 (2008: HK$1,763,954,000) reserves available for distribution.

Under the Companies Act 1981 of Bermuda (as amended), the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus if:

(a) it is, or would after the payment be unable to pay its liabilities as they become due; or

(b) the realizable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Under the Companies Act 1981 of Bermuda (as amended), the Company's share premium account of HK$5,515,551,000 (2008: HK$5,515,551,000) may be distributed in the form of fully paid bonus shares.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Li Song Xiao
Mr. Liu Yi
Ms. Niu Xiao Rong
Mr. Yuan Kun
Ms. Liu Yan
Mr. Jia Bo Wei
Mr. Lu Zhao Qun (resigned on 21 April 2009)
Ms. Bao Jing Tao
Mr. Lam Kwan Sing

Non-executive directors:

Mr. Lai Leong

Independent non-executive directors:

Ms. Nie Mei Sheng
Mr. Zhang Qing Lin
Mr. Gao Ling
Mr. Lai Man Leung (resigned on 9 May 2009)

In accordance with clause 87 of the Company's Bye-laws, Ms. Niu Xiao Rong, Mr. Yuan Kun, Mr. Gao Ling and Mr. Zhang Qing Lin retire by rotation and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The term of office of each director is the period up to his or her retirement by rotation in accordance with the Company's Bye-laws.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 April 2009, the interests of the directors and their associates in the shares and underlying shares of the share options of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long position

(1) *Issued ordinary shares of HK$0.04 each of the Company:*

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Li Song Xiao	Held by controlled corporation (note)	1,051,762,995	54.05%
	Beneficial owner	3,157,500	0.16%
		1,054,920,495	54.21%
Ms. Niu Xiao Rong	Beneficial owner	1,375,000	0.07%
Ms. Liu Yan	Beneficial owner	800,000	0.04%

Note: 1,051,762,995 shares/underlying shares held by Invest Gain Limited, a company wholly-owned by Mr. Li.

(2) *Share options outstanding under the share option scheme of the Company:*

Name of director	Capacity	Number of shares options held	Number of underlying shares
Mr. Li Song Xiao	Beneficial owner	750,000	750,000
Mr. Liu Yi	Beneficial owner	10,000,000	10,000,000
Ms. Niu Xiao Rong	Beneficial owner	8,625,000	8,625,000
Mr. Yuan Kun	Beneficial owner	6,000,000	6,000,000
Ms. Liu Yan	Beneficial owner	10,700,000	10,700,000
Mr. Jia Bo Wei	Beneficial owner	2,500,000	2,500,000
Ms. Bao Jing Tao	Beneficial owner	250,000	250,000

Save as disclosed above, during the year, none of the Directors or chief executives of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (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 and short positions which they are taken or deemed to have taken under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies and which were required to be entered into the register required to be kept under section 352 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"). The particulars of the Share Option Scheme are set out in note 30 to the financial statements.

As at 30 April 2009, the underlying shares of the outstanding share options were 125,625,000, representing 6.46% of the issued share capital of the Company at 30 April 2009.

The following table discloses movements in the Company's share options during the year:

	No. of options outstanding at 30 April 2008	Increase/ (Decrease)	No. of options outstanding at 30 April 2009
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	(7,250,000)	86,800,000
Total	132,875,000	(7,250,000)	125,625,000

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 April 2006	4 April 2006 – 3 April 2016	HK$3.60*	HK$3.52*	HK$4.36*
17 November 2006	17 November 2006 – 22 October 2016	HK$3.72*	HK$3.40*	HK$3.92*
14 March 2007	14 March 2007 – 6 March 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.

ARRANGEMENTS FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

Other than the share option scheme detailed in note 30 to the financial statements, at no time during the year was the Company, its holding company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CONNECTED TRANSACTIONS

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), 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. Further details of the transactions are set out in note 37(c) to the financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 36 to the financial statements, no significant contracts, to which the Company, its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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.

During the year under review, no convertible notes were converted into ordinary shares of the Company.

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.

CONTINGENT ASSETS AND LIABILITIES

Details of contingent assets and liabilities are set out in note 35 to the financial statements.

CHARGE ON GROUP'S ASSETS

The following assets are secured for bank borrowings:

(i) certain properties under development, certain completed properties held for sale, a hotel property and certain investment properties of the Group located in the PRC with total carrying amounts of approximately HK$3,322,106,000 (2008: HK$2,755,744,000), HK$11,940,000 (2008: HK$288,891,000) HK$295,298,000 (2008: HK$Nil) and HK$2,754,532,000 (2008: HK$3,395,620,000) respectively.

(ii) certain bank deposits of the Group amounting to approximately HK$19,030,000 (2008: HK$11,100,000), which have been pledged to secure short-term bank borrowings and are therefore classified as current assets.

As at 30 April 2009, certain properties under development of the Group located in the PRC with a total carrying amount of approximately HK$624,722,000 (2008: HK$608,644,000), are secured for a loan payable of the carrying amount RMB200 million (2008: RMB140 million).

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 Roud East, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 4 September 2009.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY

As at 30 April 2009, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

(A) Ordinary shares of HK$0.04 each 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 (note (a))	Long	Beneficial Owner	1,051,762,995	54.05
Ms. Liu Hui (note (b))	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	113,821,616	5.85
	Short	Beneficial owner and person having a security interest in shares	48,095,651	2.47

Notes:

(a) These shares held by Invest Gain Limited were beneficially owned by Mr. Li Song Xiao. Such interest was also disclosed as the interest of Mr. Li Song Xiao in the section headed "Directors' Interests in Shares and Underlying Shares" above.

(b) Ms. 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, Mr. Li Song Xiao.

(B) Long positions in the underlying shares of the Company

(i) Physically settled unlisted equity derivatives

Name of Substantial Shareholder	Nature of interest	Number of underlying shares in respect of the share options granted	Percentage of the issued share capital of the Company
Ms. Liu Hui	Held by spouse (note)	750,000	0.04

Note: Ms. Liu Hui was deemed to be interested in 750,000 share options of the Company owned by her spouse, Mr. 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	23,568,165	1.21

(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	2,650,000	0.14

Save as disclosed above, as at 30 April 2009, no person (other than the directors of the Company whose interests are set out in the section headed "Directors' 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.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's five largest customers comprised approximately 4.76% of the Group's total revenue for the year and the sales attributable to the Group's largest customer were approximately 1.71% of the Group's total revenue for the year.

The aggregate purchase attributable to the Group's five largest suppliers comprised approximately 13.8% of the Group's total purchases and the purchases of the year attributable to the Group's largest supplier were approximately 4.69% 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.

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.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Company's directors.

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 2009.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years to set out on page 136 of the annual report.

NON-ADJUSTING POST BALANCE SHEET EVENTS

Details of the non-adjusting post balance sheet events are set out in note 37 on the financial statements.

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.

On behalf of the Board

Li Song Xiao
Chairman
27 July 2009

Corporate Governance Report

The Board of the Company is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 30 April 2009.

The manner in which the principles and code provisions in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") are applied and implemented are explained as follows:

CORPORATE GOVERNANCE PRACTICES

The Group strives to attain and maintain high standards of corporate governance to enhance shareholders' value and safeguard shareholders' interests.

The Company recognises the importance of high standards of corporate governance to sustain healthy growth and has taken a proactive approach in strengthening corporate governance practices in accordance with the needs of its business.

The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the CG Code.

Throughout the year ended 30 April 2009, the Company has complied with the code provisions set out in the CG Code, save for certain deviations from the code provisions, details of which are explained in the relevant paragraphs in this Report.

The Company has also put in place certain recommended best practices as set out in the CG Code.

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review its corporate governance practices from time to time to ensure they comply with the CG Code and align with the latest developments.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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. The Company had made specific enquiry of all Directors regarding any non-compliance with the Model Code during the year, and they all confirmed that they had fully complied with the required standard set out in the Model Code.

PRACTICES AND CONDUCT OF MEETINGS

Annual meeting schedules and draft agenda of each meeting are normally made available to directors in advance.

Notices of regular Board meetings are served to all directors at least 14 days before the meetings and reasonable notice is generally given for other Board meetings. For committee meetings, notice is served in accordance with the required notice period stated in the relevant terms of reference.

Board papers together with all appropriate, complete and reliable information are sent to all directors/committee members at least 3 days before each Board meeting or committee meeting to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management whenever necessary.

The senior management, Financial Controller or Company Secretary attended some regular Board meetings and when necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Company Secretary/secretary of the Committees is responsible to take and keep minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to directors for comments within a reasonable time after each meeting and the final version are open for directors' inspection.

The Company's Articles of Association contains provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest. According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting.

BOARD OF DIRECTORS

The Board is collectively responsible for the formulating of the Group's overall strategy, reviewing and monitoring the business performance of the Group, preparing and approving financial statements, recommending directors' appointments or re-appointments, considering and approving material contracts and transactions as well as other significant policy and financial matters. The Board also gives clear directions as to the powers delegated to senior management for the day-to-day operation and administration functions of the Group.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed.

Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

Up to the date of this report, the Board comprised twelve members, including eight executive directors, one non-executive director and three independent non-executive directors. One of the independent non-executive directors has relevant financial management expertise required by the Listing Rules.

The Company has arranged for appropriate insurance cover for directors' liabilities in respect of legal actions against its directors and senior management arising out of corporate activities.

Directors' Attendance Records

During the year ended 30 April 2009, two regular Board meetings were held for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

Code provision A.1.1 stipulates that Board meetings should be held at least four times a year at approximately quarterly intervals. There were eleven Board meetings held during the year under review, two of which were regular meetings held for approving the final results for the year ended 30 April 2008 and interim results for the period ended 31 October 2008 respectively. The other Board meetings were held as and when the business and operational needs arose.

The attendance records of each director at the meetings of the Board, Audit Committee, Remuneration Committee and Nomination Committee during the year ended 30 April 2009 are set out below:

	Attendance/Number of Meetings		
Name of Directors	**Board**	**Audit Committee**	**Remuneration Committee**
Executive directors:			
Mr. Li Song Xiao	7/11		
Mr. Liu Yi	7/11		
Ms. Niu Xiao Rong	5/11		
Mr. Yuan Kun	9/11		
Ms. Liu Yan	6/11		
Mr. Jia Bo Wei	10/11		
Mr. Lu Zhao Qun (Note 1)	8/11		
Ms. Bao Jing Tao	10/11		
Mr. Lam Kwan Sing	7/11		
Non-executive directors:			
Mr. Lai Leong	3/11		
Independent non-executive directors:			
Ms. Nie Mei Sheng	4/11	2/2	1/1
Mr. Zhang Qing Lin	4/11	2/2	1/1
Mr. Gao Ling	4/11	2/2	1/1
Mr. Lai Man Leung (Note 2)	3/11		

Notes:

1. Mr. Lu Zhao Qun was resigned as executive director of the Company on 21 April 2009.

2. Mr. Lai Man Leung was resigned as independent non-executive director of the Company on 9 May 2009.

The Company has received the annual confirmation of independence from independent non-executive directors and the Company considers them to be independent.

Given the nature and business objectives of the Company, the Board has a balance of skills and experience appropriate for the requirements of the business of the Company. The list of directors and their respective biographies are set out on pages 20 to 22 of this annual report.

CHAIRMAN AND PRESIDENT

Mr. Li Song Xiao is the Chairman of the Board and Mr. Liu Yi is the President of the Company. The roles of the Chairman and the President are two distinctively separate positions. The Chairman is responsible for providing leadership for the Board and ensuring that the Board works effectively. The President is responsible for the Group's daily operation, business development and management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

REMUNERATION COMMITTEE

The Remuneration Committee has been established. It currently consists of three independent non-executive directors of the Company namely Ms. Nie Mei Sheng, Mr. Zhang Qing Lin and Mr. Gao Ling (as Chairman).

The responsibilities of the Remuneration Committee are:

1. to make recommendations to the Board on the Company's policy and structure for the remuneration of Directors and senior management;

2. to have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management for submission to the Board for approval;

3. to review and approve above performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

4. to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office;

5. to review and approve compensation arrangements relating to dismissal or removal of directors; and

6. to ensure that no director or any of his associates is involved in deciding his own remuneration.

NOMINATION OF DIRECTORS

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.

EXTERNAL AUDITOR AND AUDITORS' REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 39 and 40.

During the year, the remuneration paid to the Company's auditors, CCIF CPA Limited, is set out below:–

	HK$'000
Services rendered	
– audit fee paid for the fiscal year ended 30 April 2009	3,500
During the year, audit fees paid to auditors, CCIF CPA Limited,	
for non-audit service:	
– Review of the accounts for the 6 month period ended 31 October 2008	1,180

AUDIT COMMITTEE

An Audit Committee has been established. It currently consists of three independent non-executive directors namely Ms. Nie Mei Sheng, Mr. Zhang Qing Lin and Mr. Gao Ling (as Chairman).

The main responsibilities of the Audit Committee are:–

1. to review the accounting principles and practices adopted by the Group;

2. to review the financial reporting process and internal control system of the Group; and

3. to review the Independence and objectivity of the external auditors, the scope of audit services and related audit fees payable to the external auditors.

There were two Audit Committee meetings held for the year ended 30 April 2009. The Chairman of the Audit Committee, Mr. Gao Ling, possesses relevant financial management expertise and meets the requirements of rule 3.21 of the Listing Rules.

The Audit Committee reviewed the independence and objectivity of the external auditors, the scope of audit services and related audit fees payable to the external auditors for the Board's approval. The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the financial statements for the year ended 30 April 2009.

ACCOUNTABILITY

The directors are responsible for overseeing the preparation of accounts of each financial period, which give a true and fair view of the state of affairs of the Company and the Group and of the Group's results and cash flow for the period. In preparing the financial statements for the year ended 30 April 2009, appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants which are pertinent to its operations and relevant to the financial statements on the going concern basis were adopted. The Company has received acknowledgements from all directors of their responsibility for preparing the financial statements. It is the responsibility of the auditors to form an independent opinion, based on their audit, of these financial statements and to report their opinion to the members of the Company, as a body, and for no other purpose. The auditors do not assume responsibilities toward or accept liability to any other person for the contents of their report.

INTERNAL CONTROLS

During the year under review, the Board, with the support of the Audit Committee, has conducted a review of the effectiveness of the internal control system of the Group. Such review covered the financial, operational, compliance and risk management aspects of the Group including the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget.

The Board is responsible for maintaining an adequate internal control system to safeguard shareholder investments and the assets of the Company and with the support of the Audit Committee, reviewing the effectiveness of such system on an annual basis.

The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The senior management shall review and evaluate the control process and monitor any risk factors on a regular basis and report to the Audit Committee on any findings and measures to address the variances and identified risks.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board recognizes the importance of good communications with all shareholders. Extensive information on the Company's activities is provided in the annual and interim reports, which are sent to shareholders. The Company's annual general meeting is a valuable forum for the Board to communicate directly with shareholders. The directors are present to answer shareholders' questions. Details of some transactions undertaken by the Group are also disclosed in a timely manner to shareholders through press announcements to facilitate shareholders' understanding of the Group's activities.

The Company continues to enhance communications and relationships with its investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them abreast of the Company's developments. Enquires from investors are dealt with in an informative and timely manner.

As a channel to promote effective communication, the Company maintains a website at www.neochinagroup.com.hk, where up-to-date information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access. Shareholders and investors may write directly to the Company at its principal place of business in Hong Kong or via facsimile at (852) 2544 8004 for any inquiries.

At the request of the Company, trading in the shares (stock code: 0563) 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 announcements in respect certain price-sensitive information.

The Company will continue to work closely with the Stock Exchange on an announcement with respect to matters which led to the Company's suspension of trading of its securities and will apply to the Stock Exchange for the resumption of trading of its shares and the convertible bonds as soon as practicable.

SHAREHOLDERS' RIGHTS

To safeguard the shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors.

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings at which voting is taken on a poll are contained in the Company's Articles of Association. Details of such rights to demand a poll were included in all circulars to shareholders and will be explained during the proceedings of meetings.

Independent Auditor's Report

CCIF
CCIF CPA LIMITED
20/F Sunning Plaza
10 Hysan Avenue
Causeway Bay Hong Kong

To the shareholders of
Neo-China Land Group (Holdings) Limited
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Neo-China Land Group (Holdings) Limited (the "Company") set out on pages 41 to 135, which comprise the consolidated balance sheet as at 30 April 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

AUDITOR'S RESPONSIBILITY (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30 April 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 27 July 2009

Yau Hok Hung
Practising Certificate Number P04911

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		**(2,044,087)**	(4,060,574)
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	13	**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		**(363,655)**	(342,642)
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	33(b)	**–**	47,660
Gain on disposal of partial interests in subsidiaries	33(c)	**–**	699,680
Loss on disposal of associate		**(1,014)**	–
Impairment loss on assets classified as held for sale	28	**(201,000)**	–
Profit before taxation	5	**338,698**	2,375,514
Income tax	6(a)	**(249,142)**	(808,990)
Profit for the year		**89,556**	1,566,524
Attributable to:			
Equity shareholders of the Company		**126,567**	1,550,486
Minority interests		**(37,011)**	16,038
Profit for the year		**89,556**	1,566,524
Dividends payable to equity shareholders of the Company attributable to the year:	10		
Interim dividend declared during the year		**–**	19,456
Final dividend proposed after the balance sheet date		**–**	272,390
		–	291,846
Earnings per share	11		
Basic		**6.51 HK cents**	84.23 HK cents
Diluted		**5.56 HK cents**	68.19 HK cents

The notes on pages 49 to 135 form part of these financial statements

Consolidated Balance Sheet

as at 30 April 2009

	Note	2009 HK$'000	2009 HK$'000	2008 HK$'000	2008 HK$'000
Non-current assets					
Fixed assets					
– Investment properties	13		3,313,447		3,395,620
– Other property, plant and equipment	14		641,308		780,553
			3,954,755		4,176,173
Interests in associates	15		–		1,445,771
Restricted bank deposits	16(a)		173,399		104,495
Derivative financial instrument					
– Redemption Right of the Issuer	26		–		46,000
Deferred tax assets	23(b)		24,832		25,186
			4,152,986		5,797,625
Current assets					
Inventories	17	20,908,384		15,811,195	
Investments in securities held for trading	18	1,513		1,486	
Trade and other receivables	19	707,980		1,458,957	
Prepaid income tax	23(a)	231,172		119,224	
Restricted bank deposits	16(b)	19,030		11,100	
Cash and cash equivalents	20	2,618,105		4,363,937	
		24,486,184		21,765,899	
Non-current assets classified as held for sale	28	656,578		–	
		25,142,762		21,765,899	
Current liabilities					
Trade and other payables	21	3,286,936		3,772,835	
Pre-sale receipts from customers	22	5,415,588		2,727,406	
Bank borrowings	24	971,656		541,491	
Loan payables	25	2,737,281		2,549,746	
Derivative financial instrument					
– Warrants	27	32,100		158,000	
Income tax payable	23(a)	1,093,457		963,455	
Dividend payable		6,473		4,360	
		13,543,491		10,717,293	
Net current assets			11,599,271		11,048,606

CONSOLIDATED BALANCE SHEET

as at 30 April 2009

	Note	2009 HK$'000	2009 HK$'000	2008 HK$'000	2008 HK$'000
Total assets less current liabilities			**15,752,257**		16,846,231
Non-current liabilities					
Bank borrowings	24	**1,554,048**		2,772,558	
Convertible notes	26	**1,028,195**		939,480	
Senior notes	27	**2,923,895**		2,897,838	
Derivative financial instrument					
– Redemption Right of the Holder	26	**–**		34,000	
Deferred tax liabilities	23(b)	**1,173,976**		1,123,032	
			6,680,114		7,766,908
NET ASSETS			**9,072,143**		9,079,323
CAPITAL AND RESERVES	29				
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

Approved and authorised for issue by the board of directors on 27 July 2009.

Li Song Xiao
Chairman

Liu Yi
Director

The notes on pages 49 to 135 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 April 2009

	Attributable to equity shareholders of the Company												
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Convertible notes equity reserve HK$'000	Share options reserve HK$'000	Investment revaluation reserve HK$'000	Other revaluation reserve HK$'000	Special reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
Balance at 1 May 2007	68,754	3,673,938	331,149	67,832	101,170	49,847	87,795	(23,069)	123,397	478,018	4,958,831	552,720	5,511,551
Exchange differences on translation into presentation currency	–	–	–	–	–	–	–	–	614,857	–	614,857	40,379	655,236
Changes in fair value of available-for-sale investments	–	–	–	–	–	4,018	–	–	–	–	4,018	–	4,018
Reversal of deferred tax liability on changes in fair value of available-for-sale investments	–	–	–	–	–	8,080	–	–	–	–	8,080	–	8,080
Deferred tax effect on equity component of convertible notes	–	–	–	7,993	–	–	–	–	–	–	7,993	–	7,993
Transfer to profit or loss on sales of properties	–	–	–	–	–	–	(41,254)	23,069	–	–	(18,185)	–	(18,185)
Transfer to profit or loss on disposal of available-for-sale investments	–	–	–	–	–	(61,945)	–	–	–	–	(61,945)	–	(61,945)
Profit for the year	–	–	–	–	–	–	–	–	–	1,550,486	1,550,486	16,038	1,566,524
Total recognised income and expense for the year	–	–	–	7,993	–	(49,847)	(41,254)	23,069	614,857	1,550,486	2,105,304	56,417	2,161,721
Shares issued upon conversion of convertible notes	2,811	440,864	–	(31,460)	–	–	–	–	–	–	412,215	–	412,215
Shares issued for the acquisition of subsidiaries	6,076	1,377,583	–	–	–	–	–	–	–	–	1,383,659	–	1,383,659
Shares issued upon exercise of share options	185	23,166	–	–	(6,551)	–	–	–	–	–	16,800	–	16,800
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	131,083	131,083
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(48,335)	(48,335)
Disposal of partial interests in subsidiaries	–	–	–	–	–	–	–	–	–	–	–	13,386	13,386
Equity settled share-based transactions	–	–	–	–	92,942	–	–	–	–	–	92,942	–	92,942
Deemed distribution	–	–	(331,149)	–	–	–	–	–	–	(154,641)	(485,790)	–	(485,790)
Dividend approved in respect of the previous year	–	–	–	–	–	–	–	–	–	(90,453)	(90,453)	–	(90,453)
Dividend declared in respect of the current year (note 10)	–	–	–	–	–	–	–	–	–	(19,456)	(19,456)	–	(19,456)
Balance at 30 April 2008	77,826	5,515,551	–	44,365	187,561	–	46,541	–	738,254	1,763,954	8,374,052	705,271	9,079,323

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 April 2009

	Attributable to equity shareholders of the Company									
	Share capital HK$'000	Share premium HK$'000	Convertible notes equity reserve HK$'000	Share options reserve HK$'000	Other revaluation reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
Balance at 1 May 2008	77,826	5,515,551	44,365	187,561	46,541	738,254	1,763,954	8,374,052	705,271	9,079,323
Exchange differences on translation into presentation currency	–	–	–	–	–	58,521	–	58,521	18,589	77,110
Transfer to profit or loss on sales of properties	–	–	–	–	(312)	–	–	(312)	–	(312)
Transfer to retained profits upon forfeiture of share options	–	–	–	(9,123)	–	–	9,123	–	–	–
Profit for the year	–	–	–	–	–	–	126,567	126,567	(37,011)	89,556
Total recognised income and expense for the year	–	–	–	(9,123)	(312)	58,521	135,690	184,776	(18,422)	166,354
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	68,910	68,910
Equity settled share-based transactions	–	–	–	29,946	–	–	–	29,946	–	29,946
Dividend approved in respect of the previous year (note 10)	–	–	–	–	–	–	(272,390)	(272,390)	–	(272,390)
Balance at 30 April 2009	**77,826**	**5,515,551**	**44,365**	**208,384**	**46,229**	**796,775**	**1,627,254**	**8,316,384**	**755,759**	**9,072,143**

The notes on pages 49 to 135 form part of these financial statements

Consolidated Cash Flow Statement

for the year ended 30 April 2009 (expressed in Hong Kong dollars)

	Note	2009 HK$'000	2009 HK$'000	2008 HK$'000	2008 HK$'000
Operating activities					
Profit before taxation		**338,698**		2,375,514	
Adjustments for:					
Net valuation gain on investment properties	13	**(409,047)**		(111,281)	
Fair value gain on transfer of completed properties held for sale to investment properties		**–**		(972,403)	
Depreciation	5(c)	**37,953**		10,792	
Impairment loss on assets classified as held for sale	28	**201,000**		–	
Finance costs	5(a)	**210,224**		268,363	
Interest income	4	**(45,873)**		(28,721)	
Dividend income from unlisted investments held for trading	4	**(27)**		(37,366)	
Loss/(gain) on disposal of investment properties	4	**31,218**		(32,453)	
Loss on disposal of other property, plant and equipment	4	**113**		–	
Changes in fair values of derivative financial instruments	4	**(113,900)**		(48,802)	
Gain on disposal of subsidiaries	33(b)	**–**		(47,660)	
Gain on disposal of partial interests in subsidiaries	33(c)	**–**		(699,680)	
Loss on disposal of associate		**1,014**		–	
Share of losses of associates		**477**		3,853	
Transfer from equity on disposal of available-for-sale investments	4	**–**		(61,945)	
Transfer from equity on sales of properties		**(312)**		(18,185)	
Equity-settled share-based payment expenses	5(b)	**29,946**		92,942	
Foreign exchange (gain)/loss		**(107,943)**		(51,604)	
Operating profit before changes in working capital		**173,541**		641,364	
Increase in inventories		**(1,717,813)**		(970,109)	
Decrease in trade and other receivables		**412,880**		279,538	
(Decrease)/increase in trade and other payables		**(487,908)**		268,936	
Increase in pre-sale receipts from customers		**2,568,600**		615,347	

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 April 2009 (expressed in Hong Kong dollars)

	Note	2009 HK$'000	2009 HK$'000	2008 HK$'000	2008 HK$'000
Cash generated from operations		**949,300**		835,076	
Tax paid					
The People's Republic of China (the "PRC") Income Tax paid		**(176,463)**		(121,031)	
PRC Land Appreciation Tax paid		**(55,751)**		(52,074)	
Net cash generated from operating activities			**717,086**		661,971
Investing activities					
Payments for acquisition of subsidiaries, net of cash acquired	32(c)	**(92,089)**		(4,336,032)	
Refund of deposits paid for acquisition of project companies		**309,246**		–	
Repayment from a former shareholder of a subsidiary		**54,390**		–	
Advances to subsidiaries prior to acquisitions		**–**		(260,146)	
Proceeds from disposal of subsidiaries	33(b)	**–**		188,595	
Proceeds from disposal of partial interests in subsidiaries	33(c)	**–**		888,000	
Payments for acquisition of associates		**–**		(1,142,607)	
Advances to associates		**(989)**		(6,856)	
Payments for the acquisition of investment properties		**(1,457)**		–	
Payments for purchases of other property, plant and equipment		**(486,868)**		(21,271)	
Proceeds from disposal of investment properties		**550,181**		147,300	
Proceeds from disposal of other property, plant and equipment		**1,822**		–	
Increase in restricted bank deposits		**(72,417)**		(12,041)	
Increase in investments in securities held for trading		**–**		(1,486)	
Proceeds from sale of available-for-sale investments		**–**		94,918	
Interest received		**45,873**		28,721	
Dividend received from unlisted investments in securities held for trading		**–**		37,366	

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 April 2009 (expressed in Hong Kong dollars)

	Note	2009 HK$'000	2009 HK$'000	2008 HK$'000	2008 HK$'000
Net cash generated from/(used in) investing activities			**307,692**		(4,395,539)
Financing activities					
Proceeds from new bank loans		**772,800**		1,890,360	
Repayments of bank loans		**(1,635,312)**		(530,301)	
(Decrease)/increase in loan payables		**(1,050,847)**		1,464,791	
Repayments to former shareholders of the Company's subsidiaries		**(134,243)**		(171,945)	
Repayment to a shareholder		**(20,412)**		–	
Repayments to related companies		**(81,137)**		(132,510)	
(Repayments to)/advances from associates		**(75,816)**		75,816	
Advances from minority shareholders		**2,290**		1,246,984	
Proceeds from issue of senior notes		**–**		3,120,000	
Expenses on issue of senior notes		**–**		(78,904)	
Proceeds from issue of shares		**–**		16,800	
Interest paid		**(346,637)**		(296,728)	
Dividends paid to equity shareholders of the Company		**(270,277)**		(105,558)	
Net cash (used in)/generated from financing activities			**(2,839,591)**		6,498,805
Net (decrease)/increase in cash and cash equivalents			**(1,814,813)**		2,765,237
Cash and cash equivalents at the beginning of the year	20		**4,363,937**		1,490,701
Effect of foreign exchange rate changes			**68,981**		107,999
Cash and cash equivalents at the end of the year	20		**2,618,105**		4,363,937

The notes on pages 49 to 135 form part of these financial statements.

Notes to the Financial Statements

for the year ended 30 April 2009

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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"). A summary of the significant accounting policies adopted by the Group is set out below.

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.

(b) Basis of preparation of the financial statements

(i) Basis of measurement

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– investment properties (see note 1(f)); and

– financial instruments classified as available-for-sale or as trading investments (see note 1(d)); and

– derivative financial instruments (see note 1(e)).

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 1(v)).

(ii) Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries and associates are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The consolidated financial statements are presented in Hong Kong dollars, rounded to the nearest thousand, which is different from the functional currency of the Company, Renminbi ("RMB") as the Company is listed on the Stock Exchange, where most of its investors are located in Hong Kong and therefore, the directors of the Company consider that Hong Kong dollars is preferable in presenting the operating result and financial position of the Group. The majority of the Company's subsidiaries are operating in the People's Republic of China (the "PRC") with RMB as their functional currency.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements (continued)

(iii) Use of estimates and judgement

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 38.

(c) Basis of consolidation

The consolidated financial statements for the year ended 30 April 2009 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

(i) Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "*Business Combinations*" are recognised at their fair values at the acquisition date, except for non– current assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "*Non-Current Assets Held for Sale and Discontinued Operations*", which are recognised and measured at fair value less costs to sell (see note 1(v)).

(ii) Acquisition of subsidiaries and businesses under common control

Acquisition of subsidiaries and businesses under common control are accounted for using the purchase method of accounting. The shortfall of the cost of the business combination below the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities are recognised as deemed contribution from the controlling shareholder as an adjustment to the contributed surplus in equity. The excess of the cost of the business combination over the Group's interest in the net fair value of the identified assets, liabilities and contingent liabilities are recognised as deemed distribution to the controlling shareholder as an adjustment to the contributed surplus in equity.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation (continued)

(iii) Acquisition of additional interests in subsidiaries

Goodwill arising on the acquisition of additional interests in subsidiaries represents the excess of the cost of the acquisition over the fair value of the net assets attributable to the additional interests in the subsidiaries. The difference between the fair values and the carrying amounts of the underlying assets and liabilities attributable to the additional interests in subsidiaries is recognised directly in the special reserve.

(iv) Subsidiaries and minority interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meet the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

Loans from holders of minority interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated balance sheet in accordance with notes 1 (l), (m) or (n) depending on the nature of the liability.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation (continued)

(v) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 1(v)). Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets and any impairment loss relating to the investment (see notes 1(c)(vi) and 1(j)). The Group's share of the post-acquisition, post-tax results of the associates and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the associates' other reserves is recognised in the consolidated statement of changes in equity.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal and constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

(vi) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(j)). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the interest in the associate and the entire carrying amount of the investment is tested for impairment whenever there is objective evidence of impairment (see note 1(j)).

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate is recognised immediately in profit or loss.

On disposal of a cash generating unit or an associate during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Investments in equity securities

The Group's policies for investments in equity securities, other than investments in subsidiaries and associates, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in note 1(s)(iv) and (v).

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 1(j)).

Investments in securities, which do not fall into any of the above categories are classified as available-for-sale securities. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised directly in equity in the investment valuation reserve. Dividend income from these investments is recognised in profit or loss in accordance with the policy set out in note 1(s)(iv). When these investments are derecognised or impaired (see note 1(j)), the cumulative gain or loss is reclassified from equity to profit or loss.

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(e) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately to profit or loss.

(f) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 1(h)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Investment properties (continued)

Investment properties are stated in the balance sheet at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 1(s)(ii).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 1(h)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 1(h).

Property that is being constructed or developed for future use as investment property is classified as construction in progress and stated at cost until construction or development is complete, at which time it is reclassified as investment property at fair value. Any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

(g) Other property, plant and equipment

Items of other property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation (see below) and impairment losses (see note 1(j)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(t)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of the following items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

– Hotel buildings and improvements	25 years
– Hotel furniture and equipment	5 – 20 years
– Leasehold improvements	5 years
– Other furniture and equipment	3 – 5 years
– Motor vehicles	5 – 8 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Other property, plant and equipment (continued)

Construction in progress comprises direct costs of construction during the period of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the relevant class of property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided in respect of construction in progress until it is completed and substantially ready for its intended use.

(h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exception:

– property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 1(f)).

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 1(f)) or is held for development for sale (see note 1(k)(i)).

(i) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 1(j)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities (other than investments in subsidiaries: see note 1(j)(ii)) and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For investments in associates recognised using the equity method (see note 1(c)(v)), the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount in accordance with note 1(j)(ii)). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 1(j)(ii).

– For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

(i) *Impairment of investments in equity securities and other receivables* (continued)

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

– For available-for-sale securities, the cumulative loss that has been recognised in the fair value reserve is recognised in profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

  Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in equity.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) *Impairment of other assets*

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment

– investments in subsidiaries (except for those classified as being held for sale (or included in a disposal group that is classified as held for sale)) (see note 1(v)); and

– goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34 "Interim financial reporting" in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see note 1(j)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised directly in equity and not profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Inventories

(i) Property development

Inventories in respect of property development activities are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

– Property under development for sale

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 1(t)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

– Completed property held for sale

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less estimated costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(ii) Hotel operations

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Convertible notes

Convertible notes that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain a liability component, an equity component and a derivative component which is not closely related to the host contract.

At initial recognition the liability component of the convertible notes is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option, and the derivative component of the convertible notes is measured at fair value and presented as derivative financial instruments (see note 1(e)). Any excess of the proceeds over the amounts initially recognised as the liability and derivative components is recognised as equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability component, equity component and the derivative component in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The derivative component is subsequently remeasured in accordance with 1(e). The equity component is recognised in the convertible note equity reserve until either the note is converted or redeemed.

If the note is converted, the convertible note equity reserve, together with the carrying amounts of the liability and derivative components at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, the convertible note equity reserve is released directly to retained profits, and any difference between the amount paid relating to the liability component and the carrying amounts of the liability and derivative components is recognised in profit or loss.

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 1(r)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(p) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plan

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year under review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share options reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the share options reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share options reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires or is forfeited (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognised when, and only when, the group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax (continued)

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(r) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 1(r)(iii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Financial guarantees issued, provisions and contingent liabilities (continued)

(ii) Contingent liabilities acquired in business combinations

Contingent liabilities acquired as part of a business combination are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 1(r)(iii). Contingent liabilities acquired in a business combination that cannot be reliably fair valued are disclosed in accordance with note 1(r)(iii).

(iii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of properties

Revenue arising from the sale of properties held for sale is recognised in profit or loss when all of the following criteria are met:

- the significant risks and rewards of ownership of the properties are transferred to purchasers;
- neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties are retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from sales of properties excludes business tax and is after deduction of any trade discount. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheet under pre-sale receipts from customers.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue recognition (continued)

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Revenue from hotel operations

Revenue from hotel operations which includes rooms rental, food and beverages sales and other ancillary services is recognised when the services are rendered.

(iv) Dividends

– Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

– Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

(vi) Government grants

Government grants are recognised in the balance sheet initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted in arriving at the carrying amount of the asset and consequently are recognised in profit or loss over the useful life of the asset.

(t) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised directly in equity.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

For the purposes of presenting the consolidated financial statements, the results of the Group's operations not denominated in Hong Kong dollars are translated into Hong Kong dollars, i.e. the presentation currency of the Group, at the average exchange rates for the year. Balance sheet items, including goodwill on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity. On disposal of a foreign operation, the cumulative amount of exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

(v) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group are concerned are deferred tax assets, financial assets which have already been carried at fair value with changes in fair value recognised in profit or loss and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 1.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(x) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format. As the operation of the Group are all in the People's Republic of China (the "PRC"), no geographical segment information is presented for the purposes of these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Segment reporting (continued)

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables, investment properties and property, plant and equipment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

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 Benfit 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 (see note 39).

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 HK$'000	2008 HK$'000
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	–
	2,534,580	5,029,260

4. OTHER REVENUE AND NET INCOME

	2009 HK$'000	2008 HK$'000
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	–
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
	47,080	68,166

4. OTHER REVENUE AND NET INCOME (continued)

	2009 HK$'000	2008 HK$'000
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
	289,477	421,817

5. PROFIT BEFORE TAXATION

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

	2009 HK$'000	2008 HK$'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
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)
	210,224	268,363

* The borrowing costs have been capitalised at a rate of 5.13% – 20.00% (2008: 5.91% – 19.66%) per annum.

5. PROFIT BEFORE TAXATION (continued)

		2009 HK$'000	2008 HK$'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
		192,328	199,546
	Less: Staff costs capitalised into properties under development	(54,113)	(22,914)
		138,215	176,632
(c)	Other items:		
	Depreciation	39,665	11,163
	Less: depreciation capitalised into properties under development	(1,712)	(371)
		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

6. INCOME TAX IN THE INCOME STATEMENT

(a) Taxation in the income statement represents:

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

6. INCOME TAX IN THE INCOME STATEMENT (continued)

(a) Taxation in the income statement represents: (continued)

(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.

6. INCOME TAX IN THE INCOME STATEMENT (continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2009 HK$'000	2008 HK$'000
Profit before taxation	**338,698**	2,375,514
Notional tax on profit before taxation calculated at the rates applicable to profits in the tax jurisdictions concerned	**83,033**	593,878
Tax effect of Land Appreciation Tax deductible for PRC Enterprise Income Tax	**(23,031)**	(66,278)
Tax effect of non-deductible expenses	**249,974**	374,592
Tax effect of non-taxable income	**(194,455)**	(355,663)
Tax effect of unused tax losses not recognised	**76,448**	40,964
Tax effect of prior years' tax losses utilised this year	**(29,074)**	(5,276)
Tax effect of concessionary rate	**(6,181)**	(36,925)
Decrease in deferred tax liabilities resulting from decrease in applicable tax rate	**–**	1,386
Provision for Land Appreciation tax for the year	**92,125**	265,112
Tax effect of share of results of associates	**–**	963
Others	**303**	(3,763)
Actual tax expense	**249,142**	808,990

7. DIRECTORS' REMUNERATION

Details of directors' remuneration are as follows:

	2009					
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Sub-total HK$'000	Share-based payments (note) HK$'000	Total HK$'000
Executive directors:						
Li Song Xiao	–	2,070	–	2,070	52	2,122
Liu Yi	–	2,090	–	2,090	2,539	4,629
Niu Xiao Rong	–	1,590	–	1,590	2,539	4,129
Yuan Kun	–	1,450	–	1,450	1,646	3,096
Liu Yan	–	1,160	–	1,160	1,506	2,666
Jia Bo Wei	–	1,860	–	1,860	1,160	3,020
Lu Zhao Qun (resigned on 21 April 2009)	–	490	–	490	–	490
Bao Jing Tao	–	845	–	845	116	961
Lam Kwan Sing (appointed on 7 May 2008)	–	1,257	11	1,268	–	1,268
Independent non-executive directors:						
Nie Mei Sheng	–	–	–	–	–	–
Zhang Qing Lin	–	–	–	–	–	–
Gao Ling	–	–	–	–	–	–
Lai Man Leung (resigned on 9 May 2009)	–	–	–	–	–	–
	–	12,812	11	12,823	9,558	22,381

7. DIRECTORS' REMUNERATION (continued)

Details of directors' remuneration are as follows:

	2008					
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Sub-total HK$'000	Share-based payments (note) HK$'000	Total HK$'000
Executive directors:						
Li Song Xiao	–	2,259	–	2,259	114	2,373
Liu Yi	–	1,251	–	1,251	4,916	6,167
Niu Xiao Rong	–	1,300	–	1,300	4,916	6,216
Yuan Kun	–	1,100	–	1,100	3,176	4,276
Liu Yan	–	910	–	910	8,491	9,401
Jia Bo Wei (appointed on 24 January 2008)	–	175	–	175	2,013	2,188
Lu Zhao Qun (appointed on 24 January 2008 & resigned on 21 April 2009)	–	105	–	105	–	105
Bao Jing Tao (appointed on 24 January 2008)	–	105	–	105	201	306
Independent non-executive directors:						
Nie Mei Sheng	–	–	–	–	–	–
Zhang Qing Lin	–	–	–	–	–	–
Gao Ling	–	–	–	–	–	–
Lai Man Leung (appointed on 31 March 2008 & resigned on 9 May 2009)	–	–	–	–	–	–
	–	7,205	–	7,205	23,827	31,032

During the year, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. No directors of the Company waived or agreed to waive any remuneration during the year.

Note:

These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 1(p)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Share options" in the directors' report and note 30.

8. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2008: one) are directors of the Company whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other one (2008: four) individuals are as follows:

	2009 HK$'000	2008 HK$'000
Salaries and other benefits	112	863
Share-based payments	5,800	41,046
Retirement schemes contributions	7	10
	5,919	41,919

The emoluments of one individual (2008: four individuals) with the highest emoluments are within the following bands:

	2009 No. of employees	2008 No. of employees
HK$5,500,001 to HK$6,000,000	1	–
HK$9,500,001 to HK$10,000,000	–	1
HK$10,000,001 to HK$10,500,000	–	1
HK$10,500,001 to HK$11,000,000	–	1
HK$11,000,001 to HK$11,500,000	–	1

During the year, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

9. EMPLOYEE RETIREMENT BENEFITS

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in defined contribution retirement schemes (the "Schemes") organized by the relevant local government authorities whereby the Group is required to make contributions to the Schemes at rates ranging from 18% to 22% of the eligible employees' salaries. The local government authorities are responsible for the entire pension obligations payable to retired employees.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the plan vest immediately.

9. EMPLOYEE RETIREMENT BENEFITS (continued)

The Group has no other obligation for the payment of post-retirement benefits beyond the contributions described above.

10. DIVIDENDS

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

	2009 HK$'000	2008 HK$'000
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
	–	291,846

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 during the year.

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

11. 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
Weighted average number of ordinary shares at 30 April	1,945,640,189	1,840,767,124

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. Further details for Share Consolidation are set out in note 29(b)(i).

(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)
Profit attributable to ordinary equity shareholders (diluted)	117,827	1,410,830

11. EARNINGS PER SHARE (continued)

(b) Diluted earnings per share (continued)

(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
Weighted average number of ordinary shares (diluted) at 30 April	2,118,654,012	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. Further details for Share Consolidation are set out in note 29(b)(i).

12. 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.

12. SEGMENT REPORTING (continued)

Business segments (continued)

	Property development		Property leasing		Hotel operations		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'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	2,498,107	5,018,642	14,734	10,618	22,863	–	(1,124)	–	2,534,580	5,029,260
Segment result	274,167	1,441,913	372,736	172,265	(52,249)	–	–	–	594,654	1,614,178
Unallocated corporate income/ (expenses), net									110,886	257,491
Interest income									45,873	28,721
Profit from operations									751,413	1,900,390
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									(249,142)	(808,990)
Profit for the year									89,556	1,566,524
Other information										
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	–	–	–	–				

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

12. SEGMENT REPORTING (continued)

Business segments (continued)

	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								
Segments assets	21,283,421	17,328,617	3,355,233	3,425,664	596,181	–	25,234,835	20,754,281
Unallocated corporate assets							4,060,913	6,809,243
Consolidated total assets							29,295,748	27,563,524
Liabilities								
Segment liabilities	8,824,221	6,250,145	34,332	62,070	49,503	–	8,908,056	6,312,215
Unallocated corporate liabilities							11,315,549	12,171,986
Consolidated total liabilities							20,223,605	18,484,201

13. INVESTMENT PROPERTIES

	2009 HK$'000	2008 HK$'000
Balance at the beginning of year	3,395,620	1,475,834
Exchange adjustments	88,722	225,664
Additions	1,457	–
Transfer from completed properties held for sale	–	1,697,688
Disposals	(581,399)	(114,847)
Fair value adjustments	409,047	111,281
Balance at the end of year	3,313,447	3,395,620

(a) Revaluation of investment properties

All investment properties of the Group were revalued as at 30 April 2009 and 2008 at their open market value by reference to recent market transactions in comparable properties. The valuations were carried out by an independent firm of qualified professional valuers, Savills Valuation and Professional Services Limited, who have among their staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

13. INVESTMENT PROPERTIES (continued)

(b) The analysis of carrying amount of investment properties is as follows:

	2009 HK$'000	2008 HK$'000
In the PRC		
– medium-term leases	**3,313,447**	3,395,620

(c) Investment properties leased out under operating leases

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 2 to 20 years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2009 HK$'000	2008 HK$'000
Within 1 year	**21,518**	5,254
After 1 year but within 5 years	**87,248**	85,471
After 5 years	**195,483**	222,139
	304,249	312,864

(d) Pledge of investment properties

As at 30 April 2009, certain investment properties with a total carrying amount of HK$2,754,532,000 (2008: HK$3,395,620,000) were pledged as collateral for the Group's bank borrowings, details of which are set out in note 24.

14. OTHER PROPERTY, PLANT AND EQUIPMENT

	Hotel buildings and improvements HK$'000	Hotel furniture and equipment HK$'000	Leasehold improvements HK$'000	Other furniture and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Sub-total HK$'000	Interest in leasehold land held for own use under operating leases HK$'000	Total HK$'000
Cost:									
At 1 May 2007	–	–	999	13,464	19,977	113,230	147,670	–	147,670
Exchange adjustments	–	–	107	1,160	1,681	11,212	14,160	–	14,160
Transfer from properties under development	–	–	–	–	–	616,127	616,127	–	616,127
Additions									
– through acquisition of subsidiaries	–	–	117	1,578	1,708	–	3,403	–	3,403
– others	–	–	754	5,857	14,660	–	21,271	–	21,271
Disposal through disposal of subsidiaries	–	–	–	(117)	(117)	–	(234)	–	(234)
At 30 April 2008	–	–	1,977	21,942	37,909	740,569	802,397	–	802,397
At 1 May 2008	–	–	1,977	21,942	37,909	740,569	802,397	–	802,397
Exchange adjustments	3,755	4,494	53	567	945	18,954	28,768	1,262	30,030
Transfer upon completion	210,321	251,786	–	–	–	(553,302)	(91,195)	91,195	–
Reclassification to properties under development	–	–	–	–	–	(614,326)	(614,326)	–	(614,326)
Additions									
– through acquisition of subsidiaries	–	–	–	248	653	–	901	–	901
– others	–	–	–	4,207	9,289	473,372	486,868	–	486,868
Disposals	–	(105)	–	(428)	(1,733)	–	(2,266)	–	(2,266)
At 30 April 2009	**214,076**	**256,175**	**2,030**	**26,536**	**47,063**	**65,267**	**611,147**	**92,457**	**703,604**
Accumulated amortisation and depreciation:									
At 1 May 2007	–	–	297	5,123	4,317	–	9,737	–	9,737
Exchange adjustments	–	–	54	350	571	–	975	–	975
Charge for the year	–	–	742	3,903	6,518	–	11,163	–	11,163
Written back on disposals	–	–	–	(16)	(15)	–	(31)	–	(31)
At 30 April 2008	–	–	1,093	9,360	11,391	–	21,844	–	21,844
At 1 May 2008	–	–	1,093	9,360	11,391	–	21,844	–	21,844
Exchange adjustments	137	292	44	240	359	–	1,072	46	1,118
Charge for the year	7,712	16,338	828	4,289	7,158	–	36,325	3,340	39,665
Written back on disposals	–	(2)	–	(75)	(254)	–	(331)	–	(331)
At 30 April 2009	**7,849**	**16,628**	**1,965**	**13,814**	**18,654**	**–**	**58,910**	**3,386**	**62,296**
Carrying amount:									
At 30 April 2009	**206,227**	**239,547**	**65**	**12,722**	**28,409**	**65,267**	**552,237**	**89,071**	**641,308**
At 30 April 2008	–	–	884	12,582	26,518	740,569	780,553	–	780,553

14. OTHER PROPERTY, PLANT AND EQUIPMENT (continued)

(a) The analysis of the carrying amount of leasehold land is as follows:

	2009 HK$'000	2008 HK$'000
In the PRC		
– medium-term leases	89,071	–

(b) Pledge of hotel property

As at 30 April 2009, interest in leasehold land held for own use under operating leases and hotel buildings and improvements (hereinafter collectively referred to as the "hotel property") with a total carrying amount of HK$295,298,000 were pledged as collateral for the Group's bank borrowings, details of which are set out in note 24.

15. INTERESTS IN ASSOCIATES

	The Group	
	2009 HK$'000	2008 HK$'000
Share of net assets	–	1,445,771

Notes:

(a) In November 2007, the Group entered into purchase agreements with independent third parties to acquire a 40% equity interest in Invest Online Limited ("Invest Online"), a company incorporated in the British Virgin Islands. Invest Online owns 100% equity interest in 哈爾濱亞麻房地產開發有限公司(「哈爾濱亞麻」), a company established in the PRC and engaged in property development at Nan Gang District, Harbin, the PRC. The total purchase consideration is approximately HK$839 million. Upon the transfer of the 40% equity interest in Invest Online to the Group, Invest Online and 哈爾濱亞麻 became associates of the Group as the Group has the power to appoint directors in Invest Online and can exercise significant influence.

During the year ended 30 April 2009, the directors of the Company were committed to a plan to sell Invest Online and has initiated an active programme to locate a buyer and complete the plan. Accordingly the Group classified this associate as held for sale. Details of which are set out in note 28.

(b) In November and December 2007, the Group entered into purchase agreements with independent third parties for the acquisition of aggregate 43.95% equity interest in Beijing Jun He Bai Nian Property Development Co., Ltd. ("Jun He Bai Nian"), a company established in the PRC and owns the right to develop a property development project in Beijing City Tong Zhou Qu Li Yuan District, Beijing, the PRC for a total consideration of approximately HK$610 million. Upon the transfer of the 43.95% equity interest in Jun He Bai Nian to the Group, Jun He Bai Nian became an associate of the Group as the Group has the power to appoint directors in Jun He Bai Nian and can exercise significant influence.

In June 2008, the Group acquired a further 12% equity interest in Jun He Bai Nian. The consideration for such 12% equity interest is approximately RMB82 million. Upon the transfer of 12% equity interest in Jun He Bai Nian to the Group, the Group holds approximately 55.95% of the entire equity interest in Jun He Bai Nian and Jun He Bai Nian become a subsidiary of the Group. Details of such acquisition are set out in note 32(a).

Summary of financial information on associates

	Assets HK$'000	Liabilities HK$'000	Equity HK$'000	Revenues HK$'000	Profit/(loss) HK$'000
2008					
100 percent	4,834,125	1,356,619	3,477,506	3,045	(9,385)
Group's effective interest	2,028,148	582,377	1,445,771	1,218	(3,853)

16. RESTRICTED BANK DEPOSITS

(a) The Group has entered into agreements with certain banks with respect to mortgage loans provided to the buyers of the Group's property units. As at 30 April 2009, the Group made deposits of RMB152,105,000 (equivalent to approximately HK$173,399,000) (2008: RMB94,140,000 (equivalent to approximately HK$104,495,000) as security for the settlement of the mortgage instalments by the mortgagors under these agreements. Should the mortgagors fail to pay the mortgage instalments, the banks can draw down the security deposits up to the amount of outstanding mortgage instalments and demand the Group to repay the outstanding balance to the extent that the deposit balance is insufficient. These restricted bank deposits will be released when the property title deeds are pledged to banks as security for respective mortgage loans, which generally take place within one year after the property title deeds are passed to the buyers.

The directors of the Company are in view that the above restricted bank deposits are not expected to be released within one year.

(b) As at 30 April 2009, the Group's bank deposits of RMB16,693,000 (equivalent to approximately HK$19,030,000) (2008: RMB10,000,000 (equivalent to approximately HK$11,100,000) were pledged as collateral for the Group's bank borrowings, details of which are set out in note 24.

17. INVENTORIES

(a) Inventories in the consolidated balance sheet comprise:

	2009 HK$'000	2008 HK$'000
Property development		
Properties under development	20,058,563	15,277,716
Completed properties held for sale	841,432	533,479
	20,899,995	15,811,195
Hotel operations		
Food and beverage and others	8,389	–
	20,908,384	15,811,195

All of the properties under development and completed properties held for sale are located in the PRC.

(b) The analysis of the amount of inventories recognised as an expense and included in profit as loss is as follows:

	2009 HK$'000	2008 HK$'000
Carrying amount of properties	2,038,681	4,060,574
Carrying amount of food, beverage and others	5,406	–
	2,044,087	4,060,574

17. INVENTORIES (continued)

(c) The amount of properties under development expected to be recovered after more than one year is analysed as follows:

	2009 HK$'000	2008 HK$'000
Properties under development	13,254,159	13,573,435

All of the other properties under development and completed properties held for sale are expected to be recovered within one year.

(d) Pledge of inventories

Certain of the Group's properties under development and completed properties held for sale were pledged as collateral for amount due to a minority shareholder and the Group's bank borrowings, details of which are set out in notes 24 and 25(c)(ii) respectively.

18. INVESTMENTS IN SECURITIES HELD FOR TRADING

	2009 HK$'000	2008 HK$'000
Unlisted investments in securities held for trading, at fair value	1,513	1,486

19. TRADE AND OTHER RECEIVABLES

	2009 HK$'000	2008 HK$'000
Trade debtors	93,679	139,197
Amount due from a former shareholder of a subsidiary (see note below)	–	54,390
Amounts due from associates (see note below)	7,845	6,856
Other debtors	59,215	8,143
Loans and receivables	160,739	208,586
Advance payments to contractors	131,877	701,502
Deposits paid for acquisition of project companies	–	309,246
Prepaid sales commission	113,947	18,450
Prepaid other taxes	252,969	129,114
Deposits and prepayments	48,448	92,059
	707,980	1,458,957

Note: The amounts due from a former shareholder of a subsidiary and associates are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

19. TRADE AND OTHER RECEIVABLES (continued)

(a) Ageing analysis

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 HK$'000	2008 HK$'000
Less than 90 days	78,334	128,786
More than 90 days but less than 180 days	2,235	–
More than 180 days	13,110	10,411
	15,345	10,411
	93,679	139,197

Trade debtors are generally due within 90 days from the dates of the sale and purchase agreements. Further details on the Group's credit policy are set out in note 31(a).

(b) Impairment of trade debtors

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly (see note 1(j)(i)).

(c) Trade debtors that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	2009 HK$'000	2008 HK$'000
Neither past due nor impaired	78,334	128,786
Less than 3 months past due	2,235	–
More than 3 months past due	13,110	10,411
	15,345	10,411
	93,679	139,197

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers. However, the Group would not release the property title deeds to the customers before the customers fully settle the purchase consideration of the relevant property units sold. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

20. CASH AND CASH EQUIVALENTS

	2009 HK$'000	2008 HK$'000
Cash at banks and in hand	2,410,534	4,479,532
Cash balance maintained with a securities company	400,000	–
Less: Restricted bank deposits (see note 16)	(192,429)	(115,595)
Cash and cash equivalents in the consolidated balance sheet and cash flow statement	2,618,105	4,363,937

21. TRADE AND OTHER PAYABLES

	2009 HK$'000	2008 HK$'000
Accrued expenditure on properties under development	1,075,017	1,161,342
Retentions payable to contractors	1,485	98,623
Receipts from customers for payment of expenses on their behalf	176,545	58,938
Consideration payables for acquisition of subsidiaries and associates	578,271	688,527
Interest payable	285,715	128,928
Accrued charges and other payables	288,593	146,095
Amounts due to former shareholders of the Company's subsidiaries (note 21(a))	21,944	156,187
Amounts due to related companies (note 21(a))	2,881	84,018
Amount due to a shareholder (note 21(a))	–	20,412
Amounts due to associates (note 21(a))	–	75,816
Amounts due to minority shareholders (note 21(a))	48,055	45,765
Financial liabilities measured at amortised cost	2,478,506	2,664,651
Advance payment from a minority shareholder for the property development project (note 21(b))	798,000	1,098,900
Other taxes payables (note 21(c))	10,430	9,284
	3,286,936	3,772,835

(a) The amounts due to former shareholders of the Company's subsidiaries, a shareholder, associates and minority shareholders are non-trade in nature, interest free, unsecured and repayable on demand. The amounts due to related companies are interest free, unsecured and repayable on demand. These related companies are controlled by Mr. Li Song Xiao, the controlling shareholder of the Company.

(b) Advance payment of RMB700,000,000 (equivalent to approximately HK$798,000,000) (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 repayable on demand.

(c) Other taxes payable comprise urban real estate tax payable, city maintenance and construction tax payable and business tax payable.

22. PRE-SALE RECEIPTS FROM CUSTOMERS

Pre-sale receipts from customers represent proceeds received on property unit sales that have not been recognised as revenue in accordance with the Group's revenue recognition policy (see note 1(s)(i)). Included in the pre-sale receipts from customers is an amount of HK$2,178,414,000 (2008: HK$nil) which is not expected to be recognised as revenue after more than one year.

23. INCOME TAX IN THE CONSOLIDATED BALANCE SHEET

(a) Income tax in the consolidated balance sheet represents:

	2009 HK$'000	2008 HK$'000
PRC Enterprise Income Tax		
At the beginning of the year	407,436	77,317
Exchange adjustments	10,278	10,775
Provision for the year	135,410	440,378
Tax paid	(176,463)	(121,031)
Acquistion of subsidiaries	–	(3)
At the end of the year	376,661	407,436
Land Appreciation Tax		
At the beginning of the year	436,795	196,879
Exchange adjustments	12,455	26,878
Provision for the year	92,125	265,112
Tax paid	(55,751)	(52,074)
At the end of the year	485,624	436,795

	2009			2008		
	PRC Enterprise Income Tax HK$'000	Land Appreciation Tax HK$'000	Total HK$'000	PRC Enterprise Income Tax HK$'000	Land Appreciation Tax HK$'000	Total HK$'000
Income tax recoverable recognised in the consolidated balance sheet	(161,535)	(69,637)	(231,172)	(83,968)	(35,256)	(119,224)
Income tax payable recognised in the consolidated balance sheet	538,196	555,261	1,093,457	491,404	472,051	963,455
	376,661	485,624	862,285	407,436	436,795	844,231

23. INCOME TAX IN THE CONSOLIDATED BALANCE SHEET (continued)

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

	Convertible notes	Fair value adjustment on available-for-sale investments	Revaluation of investment properties	Fair value adjustment on properties under development/ properties held for sale	Fair value adjustment on hotel properties	Impairment on property, plant and equipment	Accrued expenses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Deferred tax arising from:								
At 1 May 2007	28,067	8,080	149,530	771,535	–	(22,917)	(15,739)	918,556
Exchange adjustments	–	–	25,594	69,473	–	(2,269)	(935)	91,863
Effect of changes in tax rate	–	–	39,934	(38,548)	–	–	–	1,386
Charged/(credited) to profit or loss	(3,763)	–	248,657	(159,454)	–	–	16,674	102,114
Credited to reserves	(7,993)	(8,080)	–	–	–	–	–	(16,073)
At 30 April 2008	16,311	–	463,715	643,006	–	(25,186)	–	1,097,846
At 1 May 2008	16,311	–	463,715	643,006	–	(25,186)	–	1,097,846
Exchange adjustments	–	–	13,533	16,470	351	(663)	–	29,691
Reclassification	–	–	–	(19,808)	19,808	–	–	–
Charged/(credited) to profit or loss	(4,146)	–	55,991	(31,070)	(185)	1,017	–	21,607
At 30 April 2009	12,165	–	533,239	608,598	19,974	(24,832)	–	1,149,144

	2009 HK$'000	2008 HK$'000
Net deferred tax assets recognised in the consolidated balance sheet	**(24,832)**	(25,186)
Net deferred tax liabilities recognised in the consolidated balance sheet	**1,173,976**	1,123,032
	1,149,144	1,097,846

23. INCOME TAX IN THE CONSOLIDATED BALANCE SHEET (continued)

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 1(q), the Group has not recognised deferred tax assets in respect of cumulative tax losses of HK$526,577,000 (2008: HK$313,314,000) as at 30 April 2009 as it is not probable that future taxable profits against which the tax losses can be utilised will be available in the relevant tax jurisdiction and entity.

(d) Deferred tax liabilities not recognised

Under the Corporate Income Tax Law of the PRC with effect from 1 January 2008 onwards, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business but the relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding income tax at the rate of 10% on various types of passive income such as dividends derived from sources in the PRC. Pursuant to the double tax arrangement between the PRC and Hong Kong effective on 8 December 2006, the withholding income tax rate will be reduced to 5% if the investment by the Hong Kong investor in the invested entities in the PRC is not less than 25% equity interest. On 22 February 2008, the Minister of Finance and State Administration of Tax approved Caishui (2008) No.1, pursuant to which dividend distributions out of retained earnings of foreign investment enterprises prior to 31 December 2007 will be exempted from withholding income tax.

As at 30 April 2009, temporary differences relating to the undistributed profits of these subsidiaries amounted to HK$426,420,000. Deferred tax liabilities of HK$21,321,000 have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Group is able to control the timing of the reversal of the temporary differences and it is possible that the temporary differences will not reverse in the foreseeable future.

24. BANK BORROWINGS

At 30 April 2009, the bank loans were repayable as follows:

	2009	2008
	HK$'000	HK$'000
Within 1 year or on demand	**971,656**	541,491
After 1 year but within 2 years	**972,192**	1,980,240
After 2 years but within 5 years	**240,677**	363,525
After 5 years	**341,179**	428,793
Total bank loans	**2,525,704**	3,314,049
Less: repayable within 1 year or on demand as classified under current liabilities	**(971,656)**	(541,491)
Repayable after 1 year as classified under non-current liabilities	**1,554,048**	2,772,558

During the year, the Group obtained new bank borrowings amounting to HK$772,800,000 (2008: HK$1,890,360,000) and assumed bank borrowings of HK$Nil (2008: HK$67,600,000) through acquisitions of subsidiaries (see note 32(c). The proceeds were used to finance the development of properties.

24. BANK BORROWINGS (continued)

The bank borrowings are variable-rate borrowings which carry interest at commercial rates in the PRC.

The effective interest rates (being the People's Bank of China's lending rate) on the Group's bank borrowings denominated in RMB ranges from 5.13% to 7.94% (2008: 5.91% to 8.32%) per annum.

The bank borrowings are secured by:

(i) certain properties under development, certain completed properties held for sale, a hotel property and certain investment properties of the Group located in the PRC with total carrying amounts of approximately HK$3,322,106,000 (2008: HK$2,755,744,000), HK$11,940,000 (2008: HK$288,891,000), HK$295,298,000 (2008: HK$Nil) and HK$2,754,532,000 (2008: HK$3,395,620,000) respectively.

(ii) certain bank deposits of the Group amounting to approximately HK$19,030,000 (2008: HK$11,100,000), which have been pledged to secure short-term bank borrowings and are therefore classified as current assets.

25. LOAN PAYABLES

	2009	2008
	HK$'000	HK$'000
Loan Payable denominated in RMB (see note 25(a))	**1,710,000**	1,665,000
Loan Payable A (see note 25(b))	**–**	197,025
Loan Payable B (see note 25(c))	**296,400**	687,721
Loan Payable C (see note 25(d))	**730,881**	–
	2,737,281	2,549,746

(a) Loan Payable denominated in RMB

On 29 November 2007, the Group entered into a term loan agreement with an independent third party whereby the independent third party granted a term loan facility of RMB1,500,000,000 to the Group to finance the acquisition by the Group of a property development project in Zhuhai, the PRC ("Qi Ao Island Project").

25. LOAN PAYABLES (continued)

(a) Loan Payable denominated in RMB (continued)

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 BVI;

(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.

The Company's directors expect the Loan Payable to be settled within one year.

(b) Loan Payable A

According to an agreement in May 2006 and supplement agreements in July 2006 and August 2006, an independent third party ("Lender A") contributed an amount of RMB250,000,000 ("Loan Payable A") for the 26.3% of the registered capital in a group entity. However, under the agreements, Lender A has no right to share any profits of this group entity other than a 7% guaranteed annual amount. The Group is obliged to purchase from Lender A the 26.3% registered capital in August 2008 in accordance with the contractual arrangement at a price of approximately RMB285,000,000 (equivalent to approximately HK$316,350,000) inclusive of the 7% annual amount payable.

As the Group has contractual obligations to deliver cash in accordance with the agreements of Loan Payable A and Lender A has no profit sharing rights in the group entity irrespective of his equity ownership, Loan Payable A is classified as a financial liability. The liability is recognised in accordance with the Group's policy for interest-bearing borrowings set out in note 1(m) and accordingly the 7% guaranteed annual amount is recognised on an accrual basis in profit or loss as finance costs.

During the year ended 30 April 2009, the Group repaid approximately RMB160,000,000 (equivalent to approximately HK$182,400,000) (2008: RMB90,000,000 (equivalent to approximately HK$99,900,000)) on Loan Payable A plus interest of approximately RMB12,298,612 (equivalent to approximately HK$13,774,000) (2008: RMB17,500,000 (equivalent to approximately HK$18,725,000)), and accordingly, the outstanding balance together with interest accrued have been settled in full.

The effective interest rate of Loan Payable A during the year was 7.00% (2008: 7.14%) per annum.

25. LOAN PAYABLES (continued)

(c) Loan Payable B

An analysis of Loan Payable B is set out below:

	2009 HK$'000	2008 HK$'000
Loan Payable under the Agreement (see note 25(c)(i))	**68,400**	532,321
Loan Payable under the Arrangement (see note 25(c)(ii))	**228,000**	155,400
	296,400	687,721

The effective interest rates of Loan Payable B at 30 April 2009 ranged from 0.00% – 7.02% (2008: 7.02% – 16.37%).

(i) Loan Payable under the Agreement

According to an agreement in February 2007 (the "Agreement"), another independent third party ("Lender B") contributed an amount of RMB60,000,000 in respect of 30.0% of the registered capital in another group entity (the "Project Company") plus a loan facility of RMB240,000,000 ("Loan Payable under the Agreement"). However, under the Agreement, Lender B has no right to share any profits of the Project Company. The Group is obliged to purchase from Lender B the 30.0% registered capital of the Project Company for a consideration of RMB60,000,000 and repay the relevant loan of RMB240,000,000 plus a guaranteed additional amount of RMB100,000,000 (the exact amount of which is determined with reference to the market situation in and the city development of a project in Chengdu, the PRC and the potential increase in the market value of the properties in Chengdu, the PRC) within 24 months from the date of the Agreement.

As the Group has contractual obligations to deliver cash in accordance with the agreements of Loan Payable under the Agreement and Lender B has no profit sharing rights in the Project Company irrespective of his equity ownership, Loan Payable under the Agreement is classified as a financial liability. The liability is recognised in accordance with the Group's policy for interest-bearing borrowings set out in note 1(m).

On 1 June 2008, the Group entered into an agreement with Lender B whereby the Group exercised its right under the Agreement and purchased the total capital contribution made by Lender B of RMB60,000,000 (equivalent to approximately HK$67,000,000) and the related loan of RMB326,110,000 (equivalent to approximately HK$365,000,000) in the Project Company plus the guaranteed additional amount of RMB100,000,000 (equivalent to approximately HK$112,000,000) for a total consideration of RMB486,110,000 (equivalent to approximately HK$544,000,000).

During the year, the Group settled the loan of RMB326,110,000 (equivalent to approximately HK$365,000,000) together with the guaranteed additional amount of RMB100,000,000 (equivalent to approximately HK$112,000,000). As at 30 April 2009, the carrying amount of Loan Payable under the Agreement was RMB60,000,000 (equivalent to approximately HK$68,400,000) (2008: RMB479,558,000 (equivalent to approximately HK$532,321,000)).

25. LOAN PAYABLES (continued)

(c) Loan Payable B (continued)

(ii) Loan Payable under the Arrangement

On 12 September 2007, the Group entered into a loan arrangement with the Lender B whereby the Lender B agreed to lend an amount of RMB140,000,000 ("Loan Payable under the Arrangement") to the Project Company.

As at 30 April 2009, the carrying amount of Loan Payable under the Arrangement was RMB200,000,000 (equivalent to approximately HK$228,000,000) (2008: RMB140,000,000 (equivalent to approximately HK$155,400,000)), which is secured by certain properties under development of the Group located in the PRC with a total carrying amount of approximately HK$624,722,000 (2008: HK$608,644,000), bears interest at a rate of 7.02% per annum and repayable on or before 1 August 2009.

(d) Loan Payable C

The loan is from minority shareholders of a subsidiary. It bears interest at 12.5% per annum, is unsecured and is repayable on demand.

26. CONVERTIBLE NOTES

On 12 June 2006, the Company issued zero coupon convertible notes at par with a principal amount of HK$1,340,000,000 ("Convertible Note 2011"). Convertible Note 2011 will be redeemed at 135.7% of the principal amount on 11 May 2011 ("Maturity Date"). The Convertible Note 2011 is listed on the Stock Exchange.

The holders of Convertible Note 2011 have the right to convert all or any portion of Convertible Note 2011 into shares of the Company at an initial conversion price of HK$1.5048 per share, subject to anti-dilutive adjustment. The conversion right can be exercised at any time on or after 60 days from the date on which Convertible Note 2011 is issued up to, and including, the close of business on the business day seven days prior to the Maturity Date.

On 12 June 2009, the holders of Convertible Note 2011 can put back the Convertible Note 2011 to the Company at the price of 120.103% of principal amount ("Redemption Right of the Holder"). As the economic characteristics and risks of the Redemption Right of the Holder are not closely related to the host contract, the Redemption Right of the Holder is separately accounted for at fair value at each reporting date as derivative financial instrument. The fair value of the Redemption Right of the Holder at 30 April 2009 was HK$Nil (2008: HK$34,000,000). Accordingly, a change in the fair value of the derivative financial instrument of approximately HK$34,000,000 (2008: HK$19,000,000) was credited to the consolidated income statement for the year.

26. CONVERTIBLE NOTES (continued)

At any time after 12 June 2009 but not less than seven business days prior to the Maturity Date, the Company may redeem Convertible Note 2011 in whole but not in part at a pre-determined redemption amount if the closing price of the shares for any 20 trading days out of the 30 consecutive trading days prior to the date upon which notice of such redemption is given is at least 130 per cent of the applicable early redemption amount divided by the conversion ratio ("Redemption Right of the Issuer"). As the economic characteristics and risks of the Redemption Right of the Issuer are not closely related to the host contract, the Redemption Right of the Issuer is separately accounted for at fair value at each reporting date as a derivative financial instrument. The fair value of the Redemption Right of the Issuer at 30 April 2009 was HK$Nil (2008: HK$46,000,000). Accordingly, a change in the fair value of the derivative financial instrument of HK$46,000,000 was debited (2008: HK$26,000,000 was credited) to the consolidated income statement for the year.

In the event that the Company's Shares cease to be listed or admitted to trading on the Stock Exchange, each holder of Convertible Note 2011 shall have a right, at such holder's option, to require the Company to redeem Convertible Note 2011 on the twentieth business day after notice has been given to the holder at the early redemption amount ("Delisted Put Right"), As the economic characteristics and risks of the Delisted Put Right are not closely related to the host contract, the Delisted Put Right is separately accounted for at fair value at each reporting date as a derivative financial instrument. The fair value of the Delisted Put Right is insignificant as at both 30 April 2009 and 30 April 2008.

During the year ended 30 April 2008, the holders of the Convertible Note 2011 converted part of the Convertible Note 2011 with principal amount of HK$422,990,000 into shares of the Company (see note 29(b)).

Convertible Note 2011 contains a liability element, Redemption Right of the Holder, Redemption Right of the Issuer, Delisted Put Right and equity element. The equity element is represented in equity heading "convertible note equity reserve". The effective interest rate of the liability element is 9.44%.

Pursuant to the terms and conditions of the Convertible Note 2011, the conversion price of the conversion right to the holders was adjusted with the consolidation of shares effective on 29 October 2007. The holders are now entitled to convert the Convertible Note 2011 for a fully paid share at the adjusted conversion price of HK$6.0193 per share. The number of shares issuable on the exercise of the conversion right is reduced to one-fourth of the outstanding shares issuable under the Convertible Note 2011 with effect from 29 October 2007.

27. SENIOR NOTES/WARRANTS

On 23 July 2007, the Company issued 4,000 units consisting in aggregate of senior notes at a par value of US$400,000,000, (equivalent to approximately HK$3,120,000,000) ("Senior Notes 2014") and 264,000,000 warrants ("Warrants 2012"). The Senior Notes 2014 bear interest at 9.75% and will mature on 23 July 2014 ("Notes Maturity Date"). The Senior Notes 2014 are guaranteed by all of the Company's existing subsidiaries at the date of issue other than those established under the laws of the PRC.

The Senior Notes 2014 and Warrants 2012 are separated immediately upon their issuance and the Warrants 2012 are detachable from the Senior Notes 2014.

The Warrants 2012 are exercisable at any time from the date of issue to 23 July 2012 at an exercise price of HK$1.68 per share, subject to anti-dilutive adjustment, to subscribe for shares of the Company. The Warrants 2012 are denominated in Hong Kong dollars and will be settled in net share settlement upon exercise. As the Warrants 2012 may be settled other than by exchange of a fixed amount of cash for a fixed number of the Company's shares, the Warrants 2012 are classified as a derivative financial liability and measured at fair value with changes in fair value recognised in the consolidated income statement.

The fair value of Warrants 2012 at 30 April 2009 was HK$32,100,000 (2008: HK$158,000,000). Accordingly, a change in fair value of warrants of HK$125,900,000 was credited (2008: HK$3,802,000 was debited) to the consolidated income statement for the year.

Pursuant to the terms and conditions of Warrants 2012, on 29 October 2007, the subscription price of Warrants 2012 was adjusted following the consolidation of the Company's shares. Warrants 2012 holders were entitled to subscribe in cash for fully paid shares at the adjusted subscription price of HK$6.72 per share. The number of shares issuable on the exercise of the Warrants 2012 was reduced to one-fourth of the outstanding shares issuable under Warrants 2012 as at 29 October 2007.

As at 30 April 2009, 66,000,000 (2008: 66,000,000) of Warrants 2012 were outstanding. Exercise in full of the outstanding Warrants 2012 would result in the issue of 66,000,000 (2008: 66,000,000) additional shares with an aggregate subscription value of HK$443,520,000 (2008: HK$443,520,000).

At any time prior to the Notes Maturity Date, the Company may redeem the Senior Notes 2014, in whole or in part, at a redemption price equal to 100% of the principal amount plus the greater of (1) 1% of the principal amount of Senior Notes 2014 being redeemed and (2) the excess of (A) the present value at such redemption date of (i) 100% of the principal amount of the Senior Notes 2014 plus (ii) all required remaining scheduled interest payments due on Senior Notes 2014 through to the Notes Maturity Date, computed using a discount rate equal to the comparable treasury issue plus 100 basis points, over (B) the principal amount of Senior Notes 2014 on such redemption date ("100% Redemption Right of the Issuer – Senior Notes 2014"). As the economic characteristics and risks of the 100% Redemption Right of the Issuer – Senior Notes 2014 are not closely related to the host contract, the 100% Redemption Right of the Issuer – Senior Notes 2014 is separately accounted for at fair value at each reporting date as a derivative financial instrument. The fair value of the 100% Redemption Right of the Issuer – Senior Notes 2014 was insignificant as at both 30 April 2009 and 30 April 2008.

27. SENIOR NOTES/WARRANTS (continued)

At any time prior to 23 July 2011, the Company may redeem up to 35% of the principal amount of the Senior Notes 2014 with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 109.75% of the principal amount of the Senior Notes 2014 ("35% Redemption Right of the Issuer – Senior Note 2014"). As the economic characteristics and risk of the 35% Redemption Right of the Issuer – Senior Notes 2014 are not closely related to the host contract, the 35% Redemption Right of the Issuer – Senior Notes 2014 is separately accounted for at fair value at each reporting date as a derivative financial instrument. The fair value of the 35% Redemption Right of the Issuer – Senior Notes 2014 was insignificant as at both 30 April 2009 and 30 April 2008.

The Senior Notes 2014 contain a liability element, Warrants 2012, 100% Redemption Right of the Issuer – Senior Notes 2014 and 35% Redemption Right of the Issuer – Senior Notes 2014. The effective interest rate of the liability element is 11.35% (2008: 11.35%).

28. 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, which owns a property development project in Harbin, the PRC, and has initiated an active programme to locate a buyer and complete the plan so as to increase the Group's working capital. 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 for a total consideration of RMB556,000,000 (equivalent to approximately HK$631,000,000).

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 for write-down of interest in the associate to fair value less costs to sell of HK$201,000,000 was recognized.

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

	HK$'000
Interest in the associate	857,578
Less: impairment loss	(201,000)
	656,578

29. CAPITAL AND RESERVES

(a) Movements in components of consolidated equity

The reconciliations between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

(b) Share capital

Authorised and issued share capital

	2009 Number of shares	2009 Nominal value HK$'000	2008 Number of shares	2008 Nominal value HK$'000
Authorised:				
At 1 May 2008 – ordinary shares of HK$0.04 each (at 1 May 2007: ordinary shares of HK$0.01 each)	**10,000,000,000**	**400,000**	40,000,000,000	400,000
Effect of Share Consolidation on 29 October 2007	**–**	**–**	(30,000,000,000)	–
At 30 April 2009 – ordinary shares of HK$0.04 each (at 30 April 2008: ordinary shares of HK$0.04 each)	**10,000,000,000**	**400,000**	10,000,000,000	400,000
Ordinary shares, issued and fully paid:				
At 1 May 2008 – ordinary shares of HK$0.04 each (at 1 May 2007: ordinary shares of HK$0.01 each)	**1,945,640,189**	**77,826**	6,875,374,340	68,754
Before Share Consolidation:				
Issue of shares upon conversion of Convertible Note 2011	**–**	**–**	267,803,024	2,678
Issue of shares upon exercise of share options	**–**	**–**	15,100,000	151
Issue of shares for acquisition of subsidiaries (note 32(b))	**–**	**–**	467,592,592	4,676
Effect of share consolidation on 29 October 2007	**–**	**–**	(5,719,402,467)	–
After Share Consolidation:				
Issue of shares for acquisition of subsidiaries (note 32(a))	**–**	**–**	35,000,000	1,400
Issue of shares upon conversion of Convertible Note 2011	**–**	**–**	3,322,700	133
Issue of shares upon exercise of share options	**–**	**–**	850,000	34
At 30 April 2009 – ordinary shares of HK$0.04 each (at 30 April 2008: ordinary shares of HK$0.04 each)	**1,945,640,189**	**77,826**	1,945,640,189	77,826

29. CAPITAL AND RESERVES (continued)

(b) Share capital (continued)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(i) Consolidation of shares ("Share Consolidation")

On 17 October 2007, an ordinary resolution was passed by the shareholders of the Company at an extraordinary general meeting of the Company pursuant to which four shares of HK$0.01 each in the existing issued and unissued shares of share capital of the Company were consolidated into one share of HK$0.04 each ("Consolidated Shares") with effect from 29 October 2007.

(ii) Terms of unexpired and unexercised share options at the balance sheet date

Exercise period	Exercise price	2009 Number	2008 Number
4 April 2006 – 3 April 2016	HK$3.60	**13,125,000**	13,125,000
17 November 2006 – 22 October 2006	HK$3.72	**65,000,000**	72,250,000
14 March 2007 – 6 March 2017	HK$3.92	**47,500,000**	47,500,000
		125,625,000	132,875,000

Each option entitles the holder to subscribe for one ordinary share in the Company. Further details of these options are set out in note 30 to the consolidated financial statements.

(c) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by Section 90 of the Bermuda Companies Act 1981.

(ii) Contributed surplus

The contributed surplus comprises the following:

– the deemed contribution represents the shortfall of the fair value of the consideration below the fair value of the net assets acquired from acquisition of subsidiaries from the controlling shareholder in accordance with the accounting policy adopted for business combination under common control in note 1(c)(ii); and

– the deemed distribution represents the excess of the fair value of consideration over the fair value of the net assets acquired from acquisition of subsidiaries from the controlling shareholder in accordance with the accounting policy adopted for business combination under common control in note 1(c)(ii).

29. CAPITAL AND RESERVES (continued)

(c) Nature and purpose of reserves (continued)

(iii) Convertible note equity reserve

The convertible notes equity reserve comprises the value of the unexercised equity component of convertible notes issued by the Group recognised in accordance with the accounting policy adopted for convertible notes in note 1(l).

(iv) Share options reserve

The share options reserve comprises the portion of the grant date the fair value of unexercised share options granted to employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in note 1(p)(ii).

(v) Investment valuation reserve

The investment valuation reserve comprises the cumulative net change in the fair value of available-for-sale securities held at the balance sheet date and is dealt with in accordance with the accounting policies in note 1(d).

(vi) Other revaluation reserve

The other revaluation reserve comprises the difference between the fair value, net of deferred tax, and the carrying amount of additional interest in associates being acquired and become subsidiaries of the Company. This other revaluation reserve will be recognised in the consolidated income statement upon the earlier of the disposal of the subsidiaries or the disposal by the subsidiaries of the assets to which it relates.

(vii) Special reserve

The special reserve comprises the difference between the fair value and the carrying amount of the net assets attributable to the additional interest in a subsidiary being acquired from minority shareholders in accordance with the accounting policy adopted for acquisition of additional interests in subsidiaries in note 1(c)(iii). This special reserve will be recognised in the consolidated income statement upon the earlier of the disposal of the subsidiaries or the disposal by the subsidiaries of the assets to which it relates.

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can fund its development and construction of real estate projects, and continue to provide returns for shareholders, by pricing properties commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to strictly control the debt level. The Group maintains a strategy on acquiring land only if the project development can commence within a short period of time so as to minimise the time period between acquisition and development of the acquired land, thus the Group's capital can be efficiently deployed.

29. CAPITAL AND RESERVES (continued)

(d) Capital management (continued)

Consistent with industry practice, the Group monitors its capital structure on the basis of a gearing ratio. This ratio is calculated as net debt divided by total equity attributable to the equity shareholders of the Company. For this purpose, the Group defines net debt as total debt (which includes loans and borrowings, convertible notes and senior notes) less cash and cash equivalents and restricted bank deposits secured against bank borrowings.

During the year, the Group's strategy, which was unchanged from last year, was to maintain a gearing ratio of not more than 100%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, raise new debt financing or sell assets to reduce debt.

The gearing ratio as at 30 April 2009 and 2008 was as follows:

	Note	2009 HK$'000	2008 HK$'000
Current liabilities:			
– Bank borrowings	24	971,656	541,491
– Loan payables	25	2,737,281	2,549,746
		3,708,937	3,091,237
Non-current liabilities:			
– Bank borrowings	24	1,554,048	2,772,558
– Convertible notes	26	1,028,195	939,480
– Senior notes	27	2,923,895	2,897,838
Total debt		9,215,075	9,701,113
Less: Cash and cash equivalents	20	(2,618,105)	(4,363,937)
Restricted bank deposits secured against bank borrowings		(19,030)	(11,100)
Net debt		6,577,940	5,326,076
Total equity attributable to the equity shareholders of the Company		8,316,384	8,374,052
Gearing ratio		79.1%	63.6%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

30. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company has a share option scheme which was adopted on 12 December 2002 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the group, to take up options for a consideration of HK$1 to subscribe for shares of the Company. The exercise period of the share options granted is determinable by the directors of the Company, but no later than 10 years from the date of the offer. Each option gives the holder the right to subscribe for one ordinary share in the Company.

(a) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to directors:			
– on 4 April 2006	18,750,000	– up to 20% immediately from the date of grant – up to 40% immediately after 1 year from the date of grant – up to 60% immediately after 2 years from the date of grant – up to 80% immediately after 3 years from the date of grant – up to 100% immediately after 4 years from the date of grant	10 years
– on 17 November 2006	20,000,000	– up to 20% immediately from the date of grant – up to 40% immediately after 1 year from the date of grant – up to 60% immediately after 2 years from the date of grant – up to 80% immediately after 3 years from the date of grant – up to 100% immediately after 4 years from the date of grant	10 years
– on 14 March 2007	7,500,000	– up to 50% immediately from the date of grant – up to 100% immediately after 1 year from the date of grant	10 years

30. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(a) The terms and conditions of the grants are as follows: (continued)

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to employees:			
– on 4 April 2006	2,750,000	– up to 20% immediately from the date of grant – up to 40% immediately after 1 year from the date of grant – up to 60% immediately after 2 years from the date of grant – up to 80% immediately after 3 years from the date of grant – up to 100% immediately after 4 years from the date of grant	10 years
– on 17 November 2006	2,250,000	– up to 20% immediately from the date of grant – up to 40% immediately after 1 year from the date of grant – up to 60% immediately after 2 years from the date of grant – up to 80% immediately after 3 years from the date of grant – up to 100% immediately after 4 years from the date of grant	10 years
– on 17 November 2006	55,250,000	– up to 20% immediately after 1 year from the date of grant – up to 40% immediately after 2 years from the date of grant – up to 60% immediately after 3 years from the date of grant – up to 80% immediately after 4 years from the date of grant – up to 100% immediately after 5 years from the date of grant	10 years
– on 14 March 2007	40,000,000	– up to 50% immediately from the date of grant – up to 100% immediately after 1 year from the date of grant	10 years
Total share options granted	146,500,000		

Note: Upon the Share Consolidation becoming effective on 29 October 2007, the above share options granted were consolidated on the basis of 4 share options into 1 share option.

30. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(b) The number and weighted average exercise prices of share options are as follows:

	2009 Weighted average exercise price	2009 Number of options	2008 Weighted average exercise price	2008 Number of options
Outstanding at the beginning of the year	HK$3.780	132,875,000	HK$3.772	142,500,000
Exercised during the year	–	–	HK$3.644	(4,625,000)
Forfeited during the year	HK$3.720	(7,250,000)	HK$3.696	(5,000,000)
Outstanding at the end of the year	HK$3.783	125,625,000	HK$3.780	132,875,000
Exercisable at the end of the year	HK$3.816	87,025,000	HK$3.906	71,825,000

Note: the above number of share options and weighted average price before Share Consolidation were adjusted by the effect of Share Consolidation.

The weighted average share price at the date of exercise for share options exercised during the year was HK$Nil (2008: HK$7.81).

The options outstanding at 30 April 2009 had exercise prices of HK$3.60, HK$3.72 or HK$3.92 (2008: HK$3.60, HK$3.72 or HK$3.92) after adjusting for the effect of the Share Consolidation (see note 29(b)(ii)) and a weighted average remaining contractual lives of 7 years, 7.5 years and 8 years (2008: 8 years, 8.5 years and 9 years), respectively.

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity and market risks (including interest rate, currency risk and equity price risk) arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from the movements in its own equity share price.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from:

– the carrying amount of the respective financial assets as stated in the consolidated balance sheet; and

– the amount of contingent liabilities as disclosed in note 35.

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(a) Credit risk (continued)

In order to minimise the credit risk in relation to each class of recognised financial assets as stated in the consolidated financial statements, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt and non-trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Cash and cash equivalents and restricted bank deposits are placed with banks and financial institutions with good credit ratings, the directors of the Company consider that the Group's credit risk on the cash and cash equivalents and restricted bank deposits is low.

In relation to the Group providing guarantees to secure obligations of the buyers of the property units for repayments, if there is default in payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted purchasers to banks. Under such circumstances, the Group is able to retain the customer's deposits, take over the ownership of the relevant properties and sell the properties to recover any amounts paid by the Group to banks. In this regard, the directors of the Company consider that the Group's credit risk on such guarantees is significantly reduced. Detailed disclosure of these guarantees has been made in note 35.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the balance sheet date, the Group had no significant concentrations of credit risk within the property development business segment.

The maximum exposure to credit risk without taking into account of any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, in the consolidated balance sheet after deducting any impairment allowance. Except for the financial guarantees given by the Group as set out in note 35, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in note 35.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 19.

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the balance sheet date of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

	2009					
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
Trade and other payables	2,478,506	2,478,506	2,478,506	–	–	–
Bank borrowings	2,525,704	2,851,170	1,083,149	1,143,165	258,227	366,629
Loan payables	2,737,281	3,172,155	3,172,155	–	–	–
Convertible notes	1,028,195	1,244,401	–	–	1,244,401	–
Senior notes	2,923,895	4,792,683	304,200	304,200	913,433	3,270,850
	11,693,581	14,538,915	7,038,010	1,447,365	2,416,061	3,637,479

	2008					
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
Trade and other payables	2,664,651	2,664,651	2,644,651	–	–	–
Bank borrowings	3,314,049	3,998,612	770,435	2,153,297	495,002	579,878
Loan payables	2,549,646	2,922,710	2,922,710	–	–	–
Convertible notes	939,480	1,244,401	–	–	1,244,401	–
Senior notes	2,897,838	5,096,983	304,250	304,250	913,433	3,575,050
	12,365,664	15,927,357	6,662,046	2,457,547	2,652,836	4,154,928

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(c) Interest rate risk

(i) Exposure to interest rate risk

The Group's interest rate risk arises primarily from bank borrowings, loan payables, convertible notes, senior notes, cash and cash equivalents and restricted bank deposits. Cash and cash equivalents and restricted bank deposits comprise mainly cash at banks, with the annual interest rates ranging from 0.001% to 0.360% as at 30 April 2009 (2008: 0.79% to 1.53%). The interest rates of the Group's bank borrowings, loan payables, convertible notes and senior notes are disclosed in notes 24, 25, 26 and 27, respectively.

Bank deposits and borrowings issued at variable rates expose the Group to cash flow interest rate risk, and borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group does not carry out any hedging activities to manage its interest rate exposure.

(ii) Sensitivity analysis

The Group does not anticipate significant impact on interest-bearing assets resulting from the changes in interest rates as the interest rates of bank deposits are not expected to change significantly.

As at 30 April 2009, it is estimated that a general increase/decrease of 100 basis points in interest rates applicable to the Group's borrowings, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately HK$83,217,000 (2008: HK$86,514,000). Other components of consolidated equity would not be affected (2008: HK$Nil) by the changes in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest risk at the balance sheet date. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense of such a change in interest rates. The analysis is performed on the same basis for 2008.

(d) Currency risk

Renminbi ("RMB") is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China ("PBOC") or other financial institutions authorised to buy and sell foreign exchange. The exchange rate adopted for foreign exchange transactions are the rates of exchange quoted by the PBOC that would be subject to a managed float against an unspecified basket of currencies.

Foreign currency payments, including the remittance of earnings outside the PRC, are subject to the availability of foreign currency (which depends on the foreign currency denominated earnings of the Group) or must be arranged through the PBOC with government approval.

All the revenue-generating operations of the Group are transacted in RMB. The Group is exposed to foreign currency risk on financing transactions denominated in currencies other than RMB. Depreciation or appreciation of the RMB against foreign currencies can affect the Group's results. The Group did not hedge its currency exposure.

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(d) Currency risk (continued)

(i) Exposure to currency risk

The following table details the Group's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. Differences resulting from the translation of the financial statements of the entity within the Group into the Group's presentation currency are excluded.

	2009		2008	
	United States Dollars '000	Hong Kong Dollars '000	United States Dollars '000	Hong Kong Dollars '000
Trade and other receivables	194	52,016	191	1,495
Cash and cash equivalents	31,680	417,641	30,203	279,633
Trade and other payables	(10,471)	(12,272)	(10,703)	(11,594)
Convertible notes	–	(1,028,195)	–	(939,480)
Senior notes	(374,858)	–	(371,518)	–
Overall exposure to currency risk	(353,455)	(570,810)	(351,827)	(669,946)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the balance sheet date had changed at that date, assuming all other risk variables remained constant.

	2009		2008	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits HK$'000	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits HK$'000
United States Dollars	2%	(55,139)	2%	(54,869)
	(2)%	55,139	(2)%	54,869
Hong Kong Dollars	5%	(28,541)	5%	(34,962)
	(5)%	28,541	(5)%	34,962

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group's entities' profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the balance sheet date for presentation purposes.

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis (continued)

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date. The analysis excludes differences that would result from the translation of the financial statements of the entity within the Group into the Group's presentation currency. The analysis is performed on the same basis for 2008.

(e) Equity price risk

The Group is exposed to equity price risk arising from changes in the Company's own share price to the extent that the Company's own equity instruments underlie the fair values of financial derivatives of the Group. As at the balance sheet date the Group is exposed to this risk through the warrants and redemption rights attached to the convertible notes issued by the Company as disclosed in notes 27 and 26, respectively.

(f) Fair value

All financial instruments are carried at amounts not materially different from their fair values as at 30 April 2009 and 2008.

(g) Estimation of fair values

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments.

(i) Cash and cash equivalents, trade and other receivables, trade and other payables

The carrying amounts approximate fair values because of the short maturities of these instruments.

(ii) Interest-bearing loans and borrowings

The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

(iii) Derivatives

The Group selects appropriate valuation methods and makes assumptions with reference to market conditions existing at each balance sheet date to determine the fair value of the derivatives. The details of these derivatives are set out in notes 26 and 27.

(iv) Financial guarantees issued

The fair value of financial guarantees issued is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantee not been available, where reliable estimates of such information can be made.

32. ACQUISITION OF SUBSIDIARIES

The Group acquired the following subsidiaries with details below:

(a) Acquisition of assets and liabilities through acquisition of subsidiaries

For the year ended 30 April 2009

On 30 June 2008, the Group acquired 12% equity interest in Beijing Jun He Bai Nian Property Development Co., Ltd. ("Jun He Bai Nian"), a company established in the PRC and engaged in property development in Beijing, the PRC, for a total consideration of RMB82,090,000 (equivalent to approximately HK$93,369,000). Prior to the acquisition, the Group held 43.95% interest in Jun He Bai Nian and this has been accounted for as interest in an associate. Jun He Bai Nian then became a 55.95% owned subsidiary of the Group subsequent to the acquisition.

Details of the net assets acquired in respect of the acquisition of Jun He Bai Nian are summarised below:

	Fair values on acquisition HK$'000
NET ASSETS ACQUIRED	
Plant and equipment	901
Properties under development	1,558,140
Trade and other receivables and prepayments	2,456
Bank balances and cash	1,280
Accruals and other payables	(63,478)
Amounts due to a shareholder	(710,786)
Amounts due to group companies	(1,912)
	786,601
Minority interests	(68,910)
	717,691
Less: interest in an associate held prior to the acquisition	(624,322)
	93,369
Total consideration satisfied by:	
Cash consideration paid	(93,369)
Net cash outflow arising on acquisition:	
Cash consideration paid	(93,369)
Bank balances and cash acquired	1,280
Net cash outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	(92,089)

32. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of assets and liabilities through acquisition of subsidiaries (continued)

For the year ended 30 April 2008

(i) Beichen Project

In October 2007, the Group acquired a property project in Tianjin, the PRC ("Beichen Project") and its related assets and liabilities for a total consideration of approximately HK$743,205,000, which was satisfied by cash of approximately HK$416,305,000 and by the allotment and issue of 35,000,000 Consolidated Shares at HK$9.34 each of the Company. The purchase was by way of acquisition of the entire issued share capital of Wah Po Holdings Limited. This transaction has been reflected as a purchase of assets and liabilities.

Details of the net assets acquired in respect of the acquisition of Beichen Project are summarised below:

	HK$'000
Net assets acquired	
Plant and equipment	334
Properties under development	979,061
Trade and other receivables and prepayments	525
Advances to suppliers	41,605
Tax recoverable	3
Amounts due from related companies	47
Bank balances and cash	35,477
Accruals and other payables	(4,907)
Amounts due to group companies	(308,940)
	743,205
Total consideration satisfied by:	
Cash consideration paid	(161,135)
Deposit for acquisition of subsidiaries in prior period	(255,170)
Equity instruments of the Company (see note below)	(326,900)
	(743,205)
Net cash outflow arising on acquisition:	
Cash consideration paid	(161,135)
Bank balances and cash acquired	35,477
	(125,658)

Note: Pursuant to the sales and purchase agreements for the acquisition of Beichen Project, 35,000,000 Consolidated Shares were issued. The fair value of the shares issued for the acquisition of Beichen Project amounting to approximately HK$326,900,000 was determined using the published closing price at the date of acquisition. The shares were allotted and the relevant registration with the share registrar was completed on 6 November 2007.

32. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of assets and liabilities through acquisition of subsidiaries (continued)

For the year ended 30 April 2008 (continued)

(ii) Tai Yuan Street Project

In November 2007, the Group entered into purchase agreements with independent third parties to acquire in aggregate a 80% equity interest in 瀋陽向明陽益置業有限公司 ("Tai Yuan Street Project"), a company established in the PRC to carry out a property development project in Shenyang, the PRC, for a total cash consideration of approximately HK$609,800,000.

Details of the net assets acquired in respect of the acquisition of Tai Yuan Street Project are summarised below:

	HK$'000
Net assets acquired	
Plant and equipment	108
Properties under development	721,691
Trade and other receivables and prepayments	7,621
Amounts due from group companies	245,890
Bank balances and cash	9,294
Accruals and other payables	(1)
Amounts due to a shareholder	(267,447)
	717,156
Minority interests	(107,356)
	609,800
Total consideration satisfied by:	
Cash consideration paid	(513,200)
Payables for acquisition of subsidiaries	(96,600)
	(609,800)
Net cash outflow arising on acquisition:	
Cash consideration paid	(513,200)
Bank balances and cash acquired	9,294
Net cash outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	(503,906)

32. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of assets and liabilities through acquisition of subsidiaries (continued)

For the year ended 30 April 2008 (continued)

(iii) Qi Ao Island Project

In November 2007, the Group entered into purchase agreements with independent third parties to acquire a 100% equity interest in Zhuhai City Qi Zhou Island Movie Town Co., Ltd（珠海市淇州島影視城有限公司）("Qi Ao Island Project"), a company established in the PRC to carry out a property development project in Zhuhai, the PRC, for a total cash consideration of approximately HK$3,076,232,000.

Details of the net assets acquired in respect of the acquisition of Qi Ao Island Project are summarised below:

	HK$'000
Net assets acquired	
Plant and equipment	168
Properties under development	3,290,810
Trade and other receivables and prepayments	2,889
Bank balances and cash	1,110
Amounts due to group companies	(165,951)
Accruals and other payables	(52,794)
	3,076,232
Total consideration satisfied by:	
Cash consideration paid	(2,942,396)
Payables for acquisition of subsidiaries	(133,836)
	(3,076,232)
Net cash outflow arising on acquisition:	
Cash consideration paid	(2,942,396)
Bank balances and cash acquired	1,110
Net cash outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	(2,941,286)

32. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of assets and liabilities through acquisition of subsidiaries (continued)

For the year ended 30 April 2008 (continued)

(iv) Yanjiao Project

In December 2007, the Group entered into purchase agreements with independent third parties to acquire a 90% equity interest in Zhongou Chengkai Co., Ltd (中歐城開有限公司)("Yanjiao Project"), a company established in the PRC to carry out a property development project in Hebei Province, the PRC, for a total cash consideration of approximately HK$547,260,000.

Details of the net assets acquired in respect of the acquisition of Yanjiao Project are summarised below:

	HK$'000
Net assets acquired	
Plant and equipment	124
Properties under development	581,968
Trade and other receivables and prepayments	5,048
Bank balances and cash	4,172
Accruals and other payables	(37,059)
	554,253
Minority interests	(6,993)
	547,260
Total consideration satisfied by:	
Cash consideration paid	(396,300)
Payables for acquisition of a subsidiary	(150,960)
	(547,260)
Net cash outflow arising on acquisition:	
Cash consideration paid	(396,300)
Bank balances and cash acquired	4,172
Net cash outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	(392,128)

32. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of assets and liabilities through acquisition of subsidiaries (continued)

For the year ended 30 April 2008 (continued)

(v) 天津凱津房地產開發有限公司

In November 2007, the Group entered into purchase agreements with independent third parties to acquire a 100% equity interest in 天津凱津房地產開發有限公司(“天津凱津”), a company established in the PRC to carry out a property development project in Tianjin, the PRC, at a total cash consideration of approximately HK$222,000,000.

Details of the net assets acquired in respect of the acquisition of 天津凱津 are summarised below:

	HK$'000
Net assets acquired	
Properties under development	345,698
Bank balances and cash	932
Accruals and other payables	(124,630)
	222,000
Total consideration satisfied by:	
Cash consideration paid	(222,000)
Net cash outflow arising on acquisition:	
Cash consideration paid	(222,000)
Bank balances and cash acquired	932
Net cash outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	(221,068)

32. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of assets and liabilities through acquisition of subsidiaries (continued)

For the year ended 30 April 2008 (continued)

(vi) 北京淺野水泥有限公司

In December 2007, the Group entered into purchase agreements with independent third parties to acquire a 100% equity interest in 北京淺野水泥有限公司(“淺野水泥”), a company established in the PRC to carry out a property development project in Beijing, the PRC, for a total cash consideration of approximately HK$100,468,000.

Details of the net assets acquired in respect of the acquisition of 淺野水泥 are summarised below:

	HK$'000
Net assets acquired	
Properties under development	31,205
Trade and other receivables and prepayments	66,560
Bank balances and cash	2,956
Accruals and other payables	(253)
	100,468
Total consideration satisfied by:	
Cash consideration paid	(100,468)
Net cash outflow arising on acquisition:	
Cash consideration paid	(100,468)
Bank balances and cash acquired	2,956
Net cash outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	(97,512)

32. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of assets and liabilities through acquisition of subsidiaries (continued)

For the year ended 30 April 2008 (continued)

(vii) 北京盈通房地產開發有限公司

In December 2007, the Group entered into purchase agreements with independent third parties to acquire in aggregate 100% equity interest in Win Early Investments Limited ("Win Early"), a company incorporated in the British Virgin Islands to carry out a primary land development project in Beijing, the PRC, for a total cash consideration of approximately HK$90,000,000. Win Early owns 67.5% equity interest in 北京盈通房地產開發有限公司("北京盈通"), a company established in the PRC and engaged in primary land development project in Beijing.

Details of the net assets acquired in respect of the acquisition of 北京盈通 are summarised below:

	HK$'000
Net assets acquired	
Plant and equipment	72
Properties under development	125,046
Trade and other receivables and prepayments	1
Bank balances and cash	754
Accruals and other payables	(12,841)
Amounts due to a related company	(3)
Amounts due to a shareholder	(6,295)
	106,734
Minority interests	(16,734)
	90,000
Total consideration satisfied by:	
Cash consideration paid	(90,000)
Net cash outflow arising on acquisition:	
Cash consideration paid	(90,000)
Bank balances and cash acquired	754
Net cash outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	(89,246)

32. ACQUISITION OF SUBSIDIARIES (continued)

(b) Acquisition of subsidiaries and businesses under common control

For the year ended 30 April 2008

(i) 北京中新沃克建築裝飾工程有限公司 and 北京新松建築研究發展有限公司

In May 2007, 100% equity interest in 北京中新沃克建築裝飾工程有限公司(“中新沃克”)and 北京新松建築研究發展有限公司(“新松建築研發”)were transferred into the Group for a total consideration of HK$2,020,000 from the controlling shareholder, Mr. Li Song Xiao. 中新沃克 and 新松建築研發 are engaged in the design and construction business in the PRC. These acquisitions have been accounted for by the purchase method of accounting.

Details of the net assets acquired in respect of the acquisitions of 中新沃克 and 新松建築研發 are summarised below:

	Acquiree's carrying amount before combination and fair value HK$'000
Net assets acquired	
Plant and equipment	962
Properties under development	9,016
Trade and other receivables	1,104
Amounts due from group companies	303
Bank balances and cash	5,844
Accruals and other payables	(2,768)
Amounts due to related companies	(2,193)
Amounts due to group companies	(14,788)
	(2,520)
Deemed distribution to the controlling shareholder (see note below)	4,540
	2,020
Total consideration satisfied by:	
Cash consideration paid	(2,020)
Net cash inflow arising on acquisition:	
Cash Consideration paid	(2,020)
Bank balances and cash acquired	5,844
Net cash inflow of cash and cash equivalents in respect of the acquisition of subsidiaries	3,824

Note: 中新沃克 and 新松建築研發 were acquired from the controlling shareholder. The deemed distribution represented the excess of the fair value of the consideration, which was an insignificant amount, over the fair value of the net assets acquired.

32. ACQUISITION OF SUBSIDIARIES (continued)

(b) Acquisition of subsidiaries and businesses under common control (continued)

For the year ended 30 April 2008 (continued)

(ii) Jiujiu Youth City Project

In October 2007, the Group acquired from the controlling shareholder, Mr. Li Song Xiao, a property project in Shanghai, the PRC ("Jiujiu Youth City Project") and its related assets and liabilities for a consideration of approximately HK$1,056,759,000, which was settled by the issue of 467,592,592 ordinary shares at HK$2.26 each of the Company. The purchase was by way of the acquisition of 100% interest in One Alliance Investment Limited. This transaction has been reflected as a purchase of assets and liabilities.

Details of the net assets acquired in respect of the acquisition of Jiujiu Youth City Project are summarised below:

	HK$'000
Net assets acquired	
Plant and equipment	1,635
Properties under development	617,625
Trade and other receivables and prepayments	2,369
Amounts due from group companies	10
Bank balances and cash	30,948
Accruals and other payables	(9,204)
Amounts due to group companies	(274)
Bank borrowings	(67,600)
	575,509
Deemed distribution to the controlling shareholder (see note (a) below)	481,250
Total consideration satisfied by equity instruments of the Company (see note (b) below)	1,056,759
Net cash inflow arising on acquisition:	
Bank balances and cash acquired	30,948

Notes:

(a) Jiujiu Youth City Project was acquired from the controlling shareholder. The deemed distribution represented the excess of the fair value of the consideration over the fair value of net assets acquired.

(b) Pursuant to the sale and purchase agreements for the acquisition of Jiujiu Youth City Project, 467,592,592 ordinary shares of the Company with par value of HK$0.01 each were issued. The fair value of the shares issued for the acquisition of Jiujiu Youth City Project amounting to approximately HK$1,056,759,000 was determined using the published closing price at the date of the acquisition.

32. ACQUISITION OF SUBSIDIARIES (continued)

(c) Summary of acquisition of subsidiaries

Details of the net assets acquired in respect of the acquisitions of the above subsidiaries as detailed in note 32(a) and note 32(b) are summarised below:

	2009 HK$'000	2008 HK$'000
Net assets acquired		
Plant and equipment	901	3,403
Properties under development	1,558,140	6,702,120
Trade and other receivables and prepayments	2,456	127,722
Tax recoverable	–	3
Amounts due from group companies	–	246,203
Amount due from related companies	–	47
Bank balances and cash	1,280	91,487
Accruals and other payables	(63,478)	(244,457)
Bank borrowings	–	(67,600)
Amounts due to related companies	–	(2,196)
Amounts due to group companies	(1,912)	(489,953)
Amounts due to shareholders	(710,786)	(273,742)
	786,601	6,093,037
Minority interests	(68,910)	(131,083)
Deemed distribution to the controlling shareholder	–	485,790
Less: interest in an associate held prior to acquisition	(624,322)	–
	93,369	6,447,744
Total purchase consideration satisfied by:		
Cash consideration paid	(93,369)	(4,427,519)
Payables for acquisition of subsidiaries	–	(381,396)
Deposit for acquisition of subsidiaries in prior period	–	(255,170)
Equity instrument of the Company		
– Beichen Project (note 32(a)(i))	–	(326,900)
– Jiujiu Youth City Project (note 32(b)(ii))	–	(1,056,759)
	(93,369)	(6,447,744)
Net cash outflow arising on acquisition:		
Cash consideration paid	(93,369)	(4,427,519)
Bank balances and cash acquired	1,280	91,487
Net cash outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	(92,089)	(4,336,032)

For the year ended 30 April 2009

The subsidiary acquired during the year did not contribute significantly to the Group's revenue and results.

32. ACQUISITION OF SUBSIDIARIES (continued)

(c) Summary of acquisition of subsidiaries (continued)

For the year ended 30 April 2008

The subsidiaries acquired during the year contributed a loss of approximately HK$61,361,000 to the Group's result.

If the acquisitions had been completed on 1 May 2007, the Group's total revenue for the year would have been HK$5,029,260,000 and profit for the year would have been HK$1,493,431,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed on 1 May 2007, nor is it intended to be a projection of future results.

33. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries

For the year ended 30 April 2008

(i) Tianjin Zhongxin Mingshi

During the year, the Group completed the disposal of the entire interest in Tianjin Zhongxin Mingshi for a consideration of approximately HK$223,086,000. A loss on disposal of HK$35,400,000 arose from this disposal.

Details of the net assets disposed of in respect of the disposal of Tianjin Zhongxin Mingshi are summarised below:

	2008 HK$'000
NET ASSETS DISPOSED OF	
Properties under development	201,774
Bank balances and cash	79,229
Amounts due from group companies	16,518
Deferred tax liabilities	(39,035)
	258,486
Loss on disposal of subsidiary	(35,400)
	223,086
Total consideration satisfied by	
Cash received	161,524
Deposit received for disposal of a subsidiary in prior period	61,562
	223,086
Net cash inflow arising on disposal:	
Cash consideration received	161,524
Bank balances and cash disposed of	(79,229)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiary	82,295

The subsidiary disposed of during the period did not contribute significantly to the Group's results and cash flows.

33. DISPOSAL OF SUBSIDIARIES (continued)

(a) Disposal of subsidiaries (continued)

For the year ended 30 April 2008 (continued)

(ii) 中新綿世(成都)建設發展有限公司

In March 2008, the Group entered into a sale and purchase agreement with an independent third party to dispose of the entire equity interest in 中新綿世(成都)建設發展有限公司(“中新綿世”) for a consideration of approximately HK$142,080,000, and this transaction was completed on April 2008. A gain on disposal on HK$83,060,000 arose from this disposal.

Details of the net assets disposed of in respect of the disposal of 中新綿世 are summarised below:

	2008 HK$'000
NET ASSETS DISPOSED OF	
Plant and equipment	203
Properties under development	412,925
Trade and other receivables and prepayments	4,028
Bank balances and cash	35,780
Accruals and other payables	(2,469)
Bank borrowings	(342,990)
Amounts due to group companies	(122)
	107,355
Minority interests	(48,335)
	59,020
Gain on disposal of subsidiaries	83,060
	142,080
Total consideration satisfied by:	
Cash received	142,080
Net cash inflow arising on disposal:	
Cash consideration received	142,080
Bank balances and cash disposed of	(35,780)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	106,300

The subsidiaries disposed of during the period did not contribute significantly to the Group's results and cash flows.

33. DISPOSAL OF SUBSIDIARIES (continued)

(b) Summary of disposal of subsidiaries

Details of the net assets disposed of in respect of the disposal of subsidiaries are summarised below:

	2008 HK$'000
NET ASSETS DISPOSED OF	
Property, plant and equipment	203
Properties under development	614,699
Trade and other receivables and prepayments	4,028
Bank balances and cash	115,009
Amounts due from group companies	16,518
Other payables and accruals	(2,469)
Bank borrowings	(342,990)
Amounts due to group companies	(122)
Deferred tax liability	(39,035)
	365,841
Minority interests	(48,335)
	317,506
Gain on disposal of subsidiaries	47,660
	365,166
Satisfied by:	
Cash consideration received	303,604
Deposit received for disposal of a subsidiary in prior period	61,562
	365,166
Net cash inflow arising on disposal:	
Cash received	303,604
Bank balances and cash disposed of	(115,009)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	188,595

The subsidiaries disposed of during the year did not contribute significantly to the Group's results and cash flows.

33. DISPOSAL OF SUBSIDIARIES (continued)

(c) Disposal of partial interest in subsidiaries

For the year ended 30 April 2008

In April 2008, the Group completed the disposal of 20% equity interest in in Tianjin City Yi Jia He Zhi Ye Co., Ltd ("Tianjin Yi Jia He") and its subsidiaries at a cash consideration of approximately HK$888,000,000 to an independent third party. Prior to the disposal, Tianjin Yi Jia He was a wholly-owned subsidiary of the Group. The disposal gave rise to a gain on disposal of HK$699,680,000. Due to the disposal of partial equity interest in Tianjin Yi Jia He and its subsidiaries, the minority interests were increased by HK$13,386,000.

34. COMMITMENTS

(a) Commitments in respect of properties under development outstanding at 30 April not provided for in the consolidated financial statements were as follows:

	The Group	
	2009	2008
	HK$'000	HK$'000
Authorised and contracted for but not provided for	**6,064,142**	3,720,684

(b) At the balance sheet date, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2009	2008
	HK$'000	HK$'000
Within one year	**3,785**	5,526
After one year but within five years	**1,611**	2,926
	5,396	8,452

Operating lease payments represent rentals payable by the Group for its office properties. The leases typically run for an initial period of three months to three years, with an option to renew the lease when all terms are renegotiated.

35. CONTINGENT ASSETS AND LIABILITIES

(a) Guarantees

The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of the Group's property units and has given guarantees on mortgage loans provided to the buyers by these banks under the agreements. Pursuant to the terms of guarantees, upon default in payments of mortgage instalments by these buyers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted buyers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The guarantees will be released when the property title deeds are pledged to banks as security for the respective mortgage loans, which generally take place within one year after the property title deeds are passed to the buyers. The total amount of mortgages outstanding which are guaranteed by the Company's subsidiaries was HK$1,617,631,000 as at 30 April 2009 (2008: HK$2,131,318,000).

In the opinion of the Directors, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition, and the directors of the Company consider that the possibility of default by the parties involved is remote, and in case of default in payments, the net realisable value of the related properties can recover the repayment of the outstanding mortgage principals together with the accrued interest and penalty. Accordingly, no provision has been made in the consolidated financial statements for guarantees.

(b) Warranty against defects of properties

Properties purchased by buyers are provided with various warranties with terms ranging from one to two years against certain specified defects as stipulated in the PRC laws and regulations which are covered by back-to-back warranties provided by the relevant contractors of the projects.

36. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7, is as follows:

	2009 HK$'000	2008 HK$'000
Short-term employee benefits	12,812	8,068
Post-employment benefits	11	10
Equity compensation benefits	9,558	64,873
	22,381	72,951

Total remuneration is included in "staff costs" (see note 5(b)).

36. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Balances with related parties

Details of the balances with related parties as at 30 April 2009 and 2008 are set out in the notes 19, 21 and 25.

(c) Transactions with related parties

During the year, the Group entered into the following transactions with related companies which are controlled by the controlling shareholder of the Company, Mr. Li Song Xiao:

(i) During the year, the Group paid rental expense in respect of leasehold property from 北京欣錦佳資產管理有限公司, in which Mr. Li Song Xiao has controlling interest, for the Group's own office. The amount of rent charged under the lease was agreed mutually by both parties. The amount of rental incurred in the year was HK$5,611,000 (2008: HK$Nil). An amount of HK$2,977,000 was outstanding (2008: HK$Nil) as at 30 April 2009 and was included in "Accrued charges and other payables" under "Trade and other payables" (note 21).

(ii) During the year, agency fees were paid to 天津博華物業管理有限公司 ("博華物管"), 北京西宇嘉業物業管理有限公司深圳分公司 ("西宇嘉業") and 重慶中新嘉業物業服務有限公司 ("中新嘉業"), in which Mr. Li Song Xiao has controlling interest, for providing property management services to the group companies. The amounts of agency fees charged were agreed mutually by both parties. The amounts of agent fees incurred in the year were HK$2,808,000 (2008: HK$Nil), HK$971,000 (2008: HK$Nil) and HK$971,000 (2008: HK$Nil), which were charged by 博華物管, 西宇嘉業 and 中新嘉業, respectively. An amount of HK$369,000 was outstanding for 中新嘉業 as at 30 April 2009 and was included in "Accrued charges and other payables" under "Trade and other payables" (note 21). No amounts were outstanding for 博華物管 and 西宇嘉業 as at 30 April 2009 (2008: HK$Nil).

(iii) During the year ended and as at 30 April 2009, 北京新松投資集團有限公司(「新松投資集團」) and 北京新松家園房地產開發有限公司(「新松家園」), in which Mr. Li Song Xiao has controlling interest, provide corporate guarantees to secure the Group's bank loan facilities to the extent of approximately HK$420,314,000 (2008: HK$342,400,000) and HK$Nil (2008: HK$188,320,000) respectively at no charge.

(iv) The Group acquired certain subsidiaries from Mr. Li Song Xiao. Details of such acquisitions are set out in note 32.

The directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms and were priced with reference to prevailing market prices, and in the ordinary course of business.

37. 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. With reference to the carrying amount of the liability component of convertible bond and the consideration paid allocated to the liability component as at the redemption date, the Group expected to record a gain from redemption of approximately HK$426 million in the year ending 30 April 2010.

(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, 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 annual report, the disposal has been completed. Details of such disposal are set out in note 28.

(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. With reference to the carrying amount of the Group in the Project Company and taking into account the consideration of RMB360 million, the Group expected to record a gain from disposal of approximately RMB55,500,000 in the year ending 30 April 2010. Up to the date of this annual report, the disposal has been completed.

38. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the consolidated financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities mainly include those related to property development activities.

38. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(a) Current taxation and deferred taxation

The Group is subject to Enterprise Income Tax in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination are made.

Deferred taxation relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred taxation in the periods in which such estimate is changed.

(b) PRC Land Appreciation Tax

PRC Land Appreciation Tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditure including borrowing costs and all property development expenditure.

The Group is subject to LAT in the PRC which has been included in income tax of the Group. However, the Group has not finalised its land appreciation tax returns with the tax authorities for certain property development projects of the Group. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(c) Write-down of properties under development and completed properties held for sale

As explained in Note 1(k), the Group's properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion in case for properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in write-down of properties under development and completed properties held for sale. Such write-down requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying amount and write-down of properties in the periods in which such estimate is changed will be adjusted accordingly.

In addition, given the volatility of the PRC property market and the unique nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than estimated at the balance sheet date. Any increase or decrease in the write-down of properties would affect profit or loss in future years.

38. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(d) Recognition and allocation of construction cost on properties under development

Development costs of properties are recorded as properties under development during the construction stage and will be transferred to profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

When developing properties, the Group typically divides the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on the estimated market value of each phase as a percentage of the total estimated market value of the entire project, or if the above is not practicable, the common costs are allocated to individual phases based on saleable area.

Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

(e) Impairment for property, plant and equipment

If circumstances indicate that the carrying amounts of property, plant and equipment may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with the accounting policy for impairment of property, plant and equipment as described in Note 1(j)(ii). The carrying amounts of property, plant and equipment are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The recoverable amount is the greater of the net selling price and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to the level of selling price and the amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of selling price and the amount of operating costs. Changes in these estimates could have a significant impact on the carrying amount of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(f) Impairment for trade and other receivables

The Group estimates impairment losses for trade and other receivables resulting from the inability of the debtors to make the required payments. The Group bases the estimates on the aging of the trade and other receivables balance, debtor credit-worthiness, and historical write-off experience. If the financial condition of the debtors were to deteriorate, actual write-offs would be higher than estimated.

(g) Derivative financial instruments

In determining the fair value of the derivative financial instruments, considerable judgement is required to interpret market data used in the valuation techniques. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

39. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 APRIL 2009

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 30 April 2009 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to result in a restatement of the Group's results of operations and financial position.

In addition, the following developments are expected to result in amended disclosures in the financial statements, including restatement of comparative amounts in the first period of adoption:

	Effective for accounting periods beginning on or after
HKFRS 8, *Operating segments*	1 January 2009
HKAS 1 (revised 2007), *Presentation of financial statements*	1 January 2009

40. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 30 April 2009, the directors of the Company consider the immediate parent and ultimate controlling party of the Group to be Invest Gain Limited, which is incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use.

41. PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 30 April 2008 are set out below:

Name	Place of incorporation/ registration and operation	Particulars of issued and paid-up share capital/ registered capital	Percentage of issued share capital/ and paid-up registered capital held Directly	Indirectly	Principal activities
Capital Team Investment Limited	British Virgin Islands/ Hong Kong	1 ordinary share of US$1	–	100%	Investment holding
DIVO Success Limited	British Virgin Islands/ Hong Kong	1 ordinary share of US$1	–	100%	Investment holding
Eastern Winway Limited	British Virgin Islands/ Hong Kong	1 ordinary share of US$1	–	100%	Investment holding
Joyful Fortune Limited	British Virgin Islands/ Hong Kong	1 ordinary share of US$1	–	100%	Investment holding
Lead Mix Limited	British Virgin Islands/ Hong Kong	1 ordinary share of US$1	–	100%	Investment holding
Leadway Pacific Limited	British Virgin Islands/ Hong Kong	1 ordinary share of US$1	–	100%	Investment holding
Lucky Merit Development Limited ("Lucky Merit")	British Virgin Islands/ Hong Kong	1 ordinary share of US$1	–	100%	Investment holding
Maxsun Limited	British Virgin Islands/ Hong Kong	1 ordinary share of US$1	–	100%	Investment holding
Neo-China Property Limited	British Virgin Islands/ Hong Kong	1 ordinary share of US$1	100%	–	Investment holding
New Direction Development Limited ("New Direction")	British Virgin Islands/ Hong Kong	1 ordinary share of US$1	–	100%	Investment holding

41. PRINCIPAL SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and operation	Particulars of issued and paid-up share capital/ registered capital	Percentage of issued share capital/ and paid-up registered capital held Directly	Indirectly	Principal activities
Oasiscity Limited ("Oasiscity")	British Virgin Islands/ Hong Kong	1 ordinary share of US$1	–	100%	Investment holding
Phoenix Real Property Limited ("Phoenix Real Property")	British Virgin Islands/ Hong Kong	200 ordinary shares of US$1 each	–	80%	Investment holding
Reliapoint Ltd	British Virgin Islands/ Hong Kong	1 ordinary share of US$1	–	100%	Investment holding
Richspeed Investment Ltd.	British Virgin Islands/ Hong Kong	1 ordinary share of US$1	100%	–	Investment holding
Sunkit Development Limited	British Virgin Islands/ Hong Kong	1 ordinary share of US$1	–	100%	Investment holding
Top Fair Limited	British Virgin Islands/ Hong Kong	1 ordinary share of US$1 each	–	100%	Investment holding
Shenzhen Phoenix Real Estates Company Limited 深圳鳳凰置業有限公司 ("Shenzhen Phoenix", notes (a))	The PRC	US$10,000,000	–	82%	Property investment
中置(北京)企業管理有限公司 (note (b))	The PRC	HK$200,000,000	–	100%	Investment holding
北京金馬文華園房地產開發有限公司 ("Beijing Jinma", note (a))	The PRC	US$12,000,000	–	100%	Property development
北京新松房地產開發有限公司 (note (a))	The PRC	RMB190,000,000	–	73.7% (note (d))	Property development
北京市御水苑房地產開發有限責任公司 (note (c))	The PRC	RMB20,000,000	–	90%	Property development

41. PRINCIPAL SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and operation	Particulars of issued and paid-up share capital/ registered capital	Percentage of issued share capital/ and paid-up registered capital held Directly	Indirectly	Principal activities
北京新松置地投資顧問有限公司 (note (c))	The PRC	RMB30,000,000	–	100%	Investment holding
成都中新錦泰房地產開發有限公司 (note (a))	The PRC	RMB200,000,000	–	70% (note (e))	Property development
西安滻灞建設開發有限公司 (note (a))	The PRC	US$86,880,000	–	71.5%	Property development
西安中新滻灞歐亞酒店發展有限公司 (note (a))	The PRC	RMB50,000,000	–	71.5%	Hotel operations
西安中新永榮房地產開發有限公司 (note (a))	The PRC	RMB10,000,000	–	71.5%	Property development
西安中新佳園房地產開發有限公司 (note (a))	The PRC	RMB10,000,000	–	71.5%	Property development
西安中新永佳房地產開發有限公司 (note (a))	The PRC	RMB10,000,000	–	71.5%	Property development
湖南淺水灣湘雅溫泉花園有限公司 (note (c))	The PRC	RMB30,000,000	–	67%	Property development
重慶中華企業房地產發展有限公司 (note (c))	The PRC	RMB200,000,000	–	100%	Property development
天津新潤房地產開發有限公司 (note (b))	The PRC	RMB240,000,000	–	100%	Property development
天津中新濱海房地產開發有限公司 (note (b))	The PRC	HK$100,000,000	–	100%	Property development
天津中新華安房地產開發有限公司 (note (b))	The PRC	RMB240,000,000	–	100%	Property development
天津中新華城房地產開發有限公司 (note (b))	The PRC	RMB80,000,000	–	100%	Property investment
天津中新嘉業房地產開發有限公司 (note (b))	The PRC	RMB120,000,000	–	100%	Property development
天津中新信捷房地產開發有限公司 (note (b))	The PRC	RMB240,000,000	–	100%	Property development
上海九久廣場投資開發有限公司 (note (c))	The PRC	RMB226,160,000	–	100%	Property development

41. PRINCIPAL SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and operation	Particulars of issued and paid-up share capital/ registered capital	Percentage of issued share capital/ and paid-up registered capital held		Principal activities
			Directly	Indirectly	
天津市億嘉合置業有限公司 (note (c))	The PRC	RMB38,000,000	–	80%	Property development
瀋陽向明長益置業有限公司 (note (a))	The PRC	USD63,750,000	–	80%	Property development
珠海市淇洲島影視城有限公司 (note (a))	The PRC	RMB90,000,000	–	100%	Property development
中歐城開有限公司 (note (c))	The PRC	RMB100,000,000	–	90%	Property development
北京盈通房地產開發有限公司 (note (a))	The PRC	USD6,000,000	–	67.5%	Primary land development
天津凱津房地產開發有限公司 (note (c))	The PRC	RMB210,000,000	–	100%	Property development
北京君合百年房地產開發有限公司 (note (c))	The PRC	RMB168,000,000	–	55.95%	Property development

Notes:

(a) These companies were established in the PRC in the form of sino-foreign equity joint ventures.

(b) These companies were established in the PRC in the form of wholly-owned foreign enterprises.

(c) This company was established in the PRC in the form of a limited liability company.

(d) 26.3% registered capital is held by an independent party in the PRC. The Group has entered into an agreement with the independent third party that the independent third party has no right to share profit of 新松房地產開發有限公司 other than a fixed rate of return at 6.5% per annum. Further details are set out in note 25(b).

(e) 30% registered capital is held by an independent party in the PRC. The Group has entered into an agreement with the independent third party that the independent third party has no right to share profit of 成都中新錦泰房地產開發有限公司. The Group shall purchase from the independent third party the 30% registered capital at a mutually-agreed price. Further details are set out in note 25(c).

The above table only includes those subsidiaries which, in the opinion of the Company's directors, principally affected the results of the Group for the year or formed a substantial portion of the net assets of the Group. To give details of all subsidiaries would in the opinion of the Company's directors, result in particulars of excessive length.

Five Year Financial Summary

	For the year ended 30 April				
	2005	2006	2007	2008	**2009**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
	(restated)		(restated)		
Revenue	476,472	671,140	2,779,845	5,029,260	**2,534,580**
Profit before taxation	332,390	108,980	1,041,943	2,375,514	**338,698**
Income tax expense	(73,374)	(14,752)	(223,703)	(808,990)	**(249,142)**
Profit for the year	259,016	94,228	818,240	1,566,524	**89,556**
Attributable to:					
Equity holders of the Company	177,817	104,663	833,319	1,550,486	**126,567**
Minority interests	81,199	(10,435)	(15,079)	16,038	**(37,011)**
Profit for the year	259,016	94,228	818,240	1,566,524	**89,556**

	As at 30 April				
	2005	2006	2007	2008	**2009**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Assets and liabilities					
Total assets	1,893,377	4,245,673	14,144,131	27,563,524	**29,295,748**
Total liabilities	(1,067,779)	(2,704,272)	(8,632,580)	(18,484,201)	**(20,223,605)**
	825,598	1,541,401	5,511,551	9,079,323	**9,072,143**
Equity attributable to equity					
Holders of the Company	583,551	1,391,702	4,958,831	8,374,052	**8,316,384**
Minority interests	242,047	149,699	552,720	705,271	**755,759**
	825,598	1,541,401	5,511,551	9,079,323	**9,072,143**