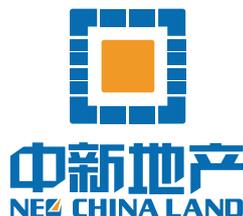


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## NEO-CHINA LAND GROUP (HOLDINGS) LIMITED

### 中新地產集團(控股)有限公司

(Incorporated in Bermuda with limited liability)

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

## ANNOUNCEMENT OF FINAL RESULTS FOR THE EIGHT MONTHS ENDED 31 DECEMBER 2009

On behalf of the board of directors (the “Board”) of Neo-China Land Group (Holdings) Limited (the “Company”), I am pleased to present the final results of the Company and its subsidiaries (the “Group”) for the eight months ended 31 December 2009:

### FINANCIAL HIGHLIGHT

	<b>For the eight months ended 31 December 2009</b>	For the year ended 30 April 2009	Change %
<b>Financial Highlights (HK\$'000)</b>			
Turnover	<b>513,086</b>	2,534,580	(79.8)
(Loss)/Profit attributable to equity shareholders of the Company	<b>(2,106,392)</b>	126,567	N/A
	<b>As at 31 December 2009</b>	As at 30 April 2009	
Pre-sale receipts from customers	<b>8,763,402</b>	5,415,588	61.8
<b>Financial Ratios</b>			
Net debt to shareholders' funds (%)	<b>70.0</b>	79.1	
Current ratio	<b>1.50</b>	1.86	
<b>Financial Information per share (HK cents)</b>			
Earnings (loss)			
– Basic	<b>(108.26)</b>	6.51	
– Diluted	<b>(127.94)</b>	5.56	

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

## CONSOLIDATED INCOME STATEMENT

for the eight-month period from 1 May 2009 to 31 December 2009

	Note	8 months ended 31 December 2009 HK\$'000	Year ended 30 April 2009 HK\$'000
<b>Turnover</b>	3	<b>513,086</b>	2,534,580
Cost of sales		<b>(448,138)</b>	(2,044,087)
<b>Gross profit</b>		<b>64,948</b>	490,493
Other revenue	4	<b>20,450</b>	47,080
Other net (loss)/income	4	<b>(23,943)</b>	289,477
Net valuation (loss)/gain on investment properties		<b>(158,337)</b>	409,047
Write down of inventories		<b>(124,398)</b>	–
Distribution and selling expenses		<b>(252,359)</b>	(121,029)
General and administrative expenses		<b>(394,571)</b>	(363,655)
<b>(Loss)/profit from operations</b>		<b>(868,210)</b>	751,413
Finance costs	5(a)	<b>(132,342)</b>	(210,224)
Gain on redemption of convertible notes		<b>426,074</b>	–
Share of losses of associates		<b>(1,789)</b>	(477)
Gain on disposal of subsidiaries		<b>336,866</b>	–
Loss on disposal of associate		<b>(5,100)</b>	(1,014)
Impairment loss on assets of disposal group/non-current assets classified as held for sale	10	<b>(1,790,000)</b>	(201,000)
<b>(Loss)/profit before taxation</b>	5	<b>(2,034,501)</b>	338,698
Income tax	6	<b>(149,798)</b>	(249,142)
<b>(Loss)/profit for the period/year</b>		<b>(2,184,299)</b>	89,556
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(2,106,392)</b>	126,567
Minority interests		<b>(77,907)</b>	(37,011)
<b>(Loss)/profit for the period/year</b>		<b>(2,184,299)</b>	89,556
<b>(Loss)/earnings per share</b>	7		
Basic		<b>(108.26) HK cents</b>	6.51 HK cents
Diluted		<b>(127.94) HK cents</b>	5.56 HK cents

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the eight-month period from 1 May 2009 to 31 December 2009

	Note	8 months ended 31 December 2009 HK\$'000	Year ended 30 April 2009 HK\$'000
<b>(Loss)/profit for the period/year</b>		<b>(2,184,299)</b>	89,556
<b>Other comprehensive (loss)/income for the period/year (after tax and reclassification adjustments)</b>			
Exchange differences on translation into presentation currency		<b>(1,235)</b>	77,110
Reclassification adjustment for realisation of exchange differences transferred to profit or loss upon disposal of interests in subsidiaries		<b>(145,234)</b>	–
Reclassification adjustment for realisation of exchange differences transferred to profit or loss upon disposal of interest in an associate		<b>(22,681)</b>	–
Reclassification adjustment for realisation of revaluation gains transferred to profit or loss upon sale of completed properties held for sale		<b>(270)</b>	(312)
<b>Other comprehensive (loss)/income for the period/year</b>		<b>(169,420)</b>	76,798
<b>Total comprehensive (loss)/income for the period/year</b>		<b>(2,353,719)</b>	166,354
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(2,275,812)</b>	184,776
Minority interests		<b>(77,907)</b>	(18,422)
<b>Total comprehensive (loss)/income for the period/year</b>		<b>(2,353,719)</b>	166,354

## CONSOLIDATED BALANCE SHEET

as at 31 December 2009

	Note	31 December 2009		30 April 2009	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Non-current assets</b>					
Fixed assets					
– Investment properties			<b>2,949,328</b>		3,313,447
– Other property, plant and equipment			<b>827,900</b>		641,308
			<b>3,777,228</b>		3,954,755
Interests in associates			<b>328,380</b>		–
Restricted bank deposits			<b>55,023</b>		173,399
Derivative financial instrument					
– Redemption Right of the Issuer			<b>600</b>		–
Deferred tax assets			<b>24,142</b>		24,832
			<b>4,185,373</b>		4,152,986
<b>Current assets</b>					
Inventories			<b>14,462,055</b>	20,908,384	
Investments in securities held for trading			–	1,513	
Loan receivables			<b>412,626</b>	–	
Trade and other receivables	9		<b>2,231,914</b>	707,980	
Prepaid income tax			<b>339,673</b>	231,172	
Restricted bank deposits			–	19,030	
Cash and cash equivalents			<b>1,627,196</b>	2,618,105	
			<b>19,073,464</b>	24,486,184	
Assets of disposal group/non-current assets classified as held for sale	10		<b>2,732,943</b>	656,578	
			<b>21,806,407</b>	25,142,762	
<b>Current liabilities</b>					
Trade and other payables			<b>2,413,007</b>	3,286,936	
Pre-sale receipts from customers			<b>8,763,402</b>	5,415,588	
Bank borrowings			<b>702,240</b>	971,656	
Loan payables			<b>1,402,200</b>	2,737,281	
Derivative financial instrument					
– Warrants			<b>29,600</b>	32,100	
Income tax payable			<b>1,238,927</b>	1,093,457	
Dividend payable			<b>6,473</b>	6,473	
			<b>14,555,849</b>	13,543,491	
Liabilities of disposal group classified as held for sale	10		<b>835</b>	–	
			<b>14,556,684</b>	13,543,491	
<b>Net current assets</b>			<b>7,249,723</b>		11,599,271

	Note	31 December 2009		30 April 2009	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Total assets less current liabilities</b>			<b>11,435,096</b>		15,752,257
<b>Non-current liabilities</b>					
Bank borrowings		<b>768,064</b>		1,554,048	
Convertible notes		<b>62,136</b>		1,028,195	
Senior notes		<b>2,942,803</b>		2,923,895	
Derivative financial instrument					
– Redemption Right of the Holder		–		–	
Deferred tax liabilities		<b>1,002,111</b>		1,173,976	
			<b>4,775,114</b>		6,680,114
<b>NET ASSETS</b>			<b>6,659,982</b>		9,072,143
<b>CAPITAL AND RESERVES</b>					
Share capital			<b>77,826</b>		77,826
Reserves			<b>5,995,603</b>		8,238,558
<b>Total equity attributable to equity shareholders of the Company</b>			<b>6,073,429</b>		8,316,384
<b>Minority interest</b>			<b>586,553</b>		755,759
<b>TOTAL EQUITY</b>			<b>6,659,982</b>		9,072,143

## SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the eight months ended 31 December 2009

### 1. BASIS OF PREPARATION

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

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

Pursuant to the board of directors’ meeting on 11 December 2009, the financial year end date of the Group and the Company has been changed from 30 April to 31 December in order to a conterminous financial year end as that of its major operating subsidiaries engaged in the business of property development. As a result, the consolidated financial statements are presented covering a period of eight months from 1 May 2009 to 31 December 2009. Accordingly, the comparative figures (which cover a period of twelve months from 1 May 2008 to 30 April 2009) for the consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement, consolidated statement of changes in equity and related notes to financial statements are not comparable with those of the current period.

### 2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group’s financial statements:

- HKFRS 8 “Operating Segments”
- HKAS 1 (revised) “Presentation of Financial Statements”
- Amendments to HKFRS 7 “Financial Instruments: Disclosures” – *Improving disclosures about financial instruments*
- Improvements to HKFRSs (2008)
- Amendments to HKAS 27 “Consolidated and Separate Financial Statements” – *cost of an investment in a subsidiary, jointly controlled entity or associate*
- HKAS 23 (revised 2007) “Borrowing Costs”
- Amendments to HKFRS 2 “Share-Based Payment” – *vesting conditions and cancellations*

The amendments to HKAS 23 and HKFRS 2 have had no material impact on the Group's financial statements as the amendments were consistent with policies already adopted by the Group. The impact of the remainder of these developments is as follows:

- HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amount reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management, and has resulted in additional reportable segments being identified and presented. Corresponding amounts have been provided on a basis consistent with the revised segment information.
- As a result of the adoption of HKAS 1 (revised), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.
- As a result of the adoption of the amendments to HKFRS 7, the financial statements include expanded disclosures in note about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.
- The "Improvements to HKFRSs (2008)" comprise a number of minor and non-urgent amendments to a range of HKFRSs which the HKICPA has issued as an omnibus batch of amendments. Of these, the following two amendments have resulted in changes to the Group's accounting policies:
  - As a result of amendments to HKAS 28 "Investments in Associates", impairment losses recognised in respect of the associates carried under the equity method are no longer allocated to the goodwill inherent in that carrying amount. As a result, when there has been a favourable change in the estimates used to determine the recoverable amount, the impairment losses to goodwill and, in accordance with the accounting policy for goodwill, did not consider the loss to be reversible. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any impairment losses that arise in the current or future periods and previous periods have not been restated.
  - As a result of amendment to HKAS 40 "Investment Property", investment property which is under construction will be carried at fair value at the earlier of when the fair value first becomes reliably measurable and the date of completion of the property. Any gain or loss will be recognised in profit or loss, consistent with the policy adopted for all other investment properties carried at fair value. Previously such property was carried at cost until the construction was completed, at which time it was fair valued with any gain or loss being recognised in profit or loss. As the Group does not currently have any investment property under construction, this change in policy has no impact on net assets or profit or loss for any of the periods presented.

- The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 May 2009, all dividends receivable from subsidiaries and associates, whether out of pre- or post-acquisition profits, will be recognised in the Group's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Group would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

### 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 (net of business tax) and revenue from hotel operations (net of business tax). The amount of each significant category of revenue recognised in turnover during the period/year is as follows:

	<b>8 months ended 31 December 2009 HK\$'000</b>	Year ended 30 April 2009 HK\$'000
Revenue from sale of properties	<b>477,796</b>	2,498,107
Rental income from leasing of properties	<b>7,345</b>	14,734
Revenue from hotel operations	<b>27,945</b>	21,739
	<b>513,086</b>	2,534,580

### 4. OTHER REVENUE AND NET (LOSS)/INCOME

	<b>8 months ended 31 December 2009 HK\$'000</b>	Year ended 30 April 2009 HK\$'000
<b>Other revenue</b>		
Interest income from bank deposits	<b>9,469</b>	25,153
Interest income on the delay for refund of deposits in respect of the cancellation of acquisition of a project company	<b>3,762</b>	20,720
Total interest income on financial assets not at fair value through profit or loss	<b>13,231</b>	45,873
Dividend income from unlisted investments held for trading	–	27
PRC government subsidies	<b>5,980</b>	–
Others	<b>1,239</b>	1,180
	<b>20,450</b>	47,080

	<b>8 months ended 31 December 2009 HK\$'000</b>	Year ended 30 April 2009 HK\$'000
<b>Other net (loss)/income</b>		
Net loss on disposal of investment properties	<b>(23,639)</b>	(31,218)
Net loss on disposal of other property, plant and equipment	<b>(51)</b>	(113)
Impairment loss for a long outstanding debtor (see note below)	<b>(6,840)</b>	–
Bad debts recovered	–	9,535
Changes in fair values of derivative financial instruments	<b>3,100</b>	113,900
Exchange gain on convertible notes	–	26,502
Exchange gain on senior notes	–	81,441
Other net exchange gain	<b>3,487</b>	89,430
	<b>(23,943)</b>	289,477

Note: This debtor was due for more than one year, and the directors of the Company assessed that this debtor is expected to be irrecoverable. Consequently, specific allowance for doubtful debt of approximately HK\$6,840,000 was recognised.

## 5. (LOSS)/PROFIT BEFORE TAXATION

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

	<b>8 months ended 31 December 2009 HK\$'000</b>	Year ended 30 April 2009 HK\$'000
(a) Finance costs:		
Interest on bank borrowings wholly repayable within five years	<b>66,025</b>	167,969
Interest on bank borrowings wholly repayable after five years	<b>18,728</b>	31,812
Interest on loan payables	<b>227,785</b>	451,105
Interest on convertible notes	<b>14,015</b>	88,715
Interest on senior notes	<b>223,097</b>	329,700
Total interest expense on financial liabilities not at fair value through profit or loss	<b>549,650</b>	1,069,301
Less: interest expense capitalised into properties under development*	<b>(417,308)</b>	(859,077)
	<b>132,342</b>	210,224

\* The borrowing costs have been capitalised at an interest rate of 5.40% – 20.00% (year ended 30 April 2009: 5.13% – 20.00%) per annum.

	<b>8 months ended 31 December 2009 HK\$'000</b>	Year ended 30 April 2009 HK\$'000
(b) Staff costs:		
Contributions to defined contribution retirement plans	<b>6,327</b>	17,684
Equity-settled share-based payment expense	<b>13,076</b>	29,946
Salaries, wages and other benefits	<b>97,612</b>	144,698
	<b>117,015</b>	192,328
Less: staff costs capitalised into properties under development	<b>(20,020)</b>	(54,113)
	<b>96,995</b>	138,215
(c) Other items:		
Depreciation	<b>29,805</b>	36,325
Less: depreciation capitalised into properties under development	<b>(937)</b>	(1,712)
	<b>28,868</b>	34,613
Amortisation of land lease premium	<b>1,533</b>	3,340
Operating lease charges: minimum lease payments – property rentals	<b>14,674</b>	13,604
Auditors' remuneration		
– audit services	<b>3,000</b>	3,500
– other services	<b>1,100</b>	1,180
Rental income from investment properties less direct outgoings of HK\$2,780,000 (year ended 30 April 2009: HK\$2,640,000)	<b>(4,246)</b>	(11,764)
Other rental income	<b>(319)</b>	(330)
Cost of properties sold	<b>437,015</b>	2,038,681

## 6. INCOME TAX

Taxation in the consolidated income statement represents:

	<b>8 months ended 31 December 2009 HK\$'000</b>	Year ended 30 April 2009 HK\$'000
<b>Current tax</b>		
Provision for the year		
– PRC Enterprise Income Tax	<b>196,940</b>	135,410
– PRC Land Appreciation Tax	<b>32,129</b>	92,125
	<b>229,069</b>	227,535
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<b>(79,271)</b>	21,607
	<b>149,798</b>	249,142

(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 20% to 25% (year ended 30 April 2009: 18% to 25%) of the taxable income as determined in accordance with the relevant income tax rules and regulations of the PRC.

(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 eight-month period from 1 May 2009 to 31 December 2009 has been made as the Group has no estimated assessable profits arising in Hong Kong for this period (year ended 30 April 2009: Nil).

(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 in respect of the eight-month period from 1 May 2009 to 31 December 2009 (year ended 30 April 2009: Nil).

## 7. (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of HK\$2,106,392,000 (year ended 30 April 2009: profit of HK\$126,567,000) and the weighted average number of 1,945,640,189 ordinary shares (year ended 30 April 2009: 1,945,640,189 ordinary shares) in issue during the period.

### (b) Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of HK\$2,532,627,000 (year ended 30 April 2009: profit of HK\$117,827,000) and the weighted average number of 1,979,523,429 ordinary shares (year ended 30 April 2009: 2,118,654,012 ordinary shares), calculated as follows:

#### (i) (Loss)/profit attributable to ordinary equity shareholders of the Company (diluted)

	<b>8 months ended 31 December 2009 HK\$'000</b>	Year ended 30 April 2009 HK\$'000
(Loss)/profit attributable to ordinary equity shareholders	<b>(2,106,392)</b>	126,567
After tax effect of effective interest on the liability component of convertible notes	<b>439</b>	5,762
After tax effect of exchange gain on the liability component of convertible notes	<b>-</b>	(26,502)
After tax effect of (gains)/losses recognised on the derivative component of convertible notes	<b>(600)</b>	12,000
Effect of gain recognised on redemption of convertible notes	<b>(426,074)</b>	-
(Loss)/profit attributable to ordinary equity shareholders (diluted)	<b>(2,532,627)</b>	117,827

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

	<b>8 months ended 31 December 2009</b>	Year ended 30 April 2009
Weighted average number of ordinary shares (basic) at 31 December/30 April	<b>1,945,640,189</b>	1,945,640,189
Effect of conversion of convertible notes	<b>33,883,240</b>	152,347,488
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	<b>-</b>	20,666,335
Weighted average number of ordinary shares (diluted) at 31 December/30 April	<b>1,979,523,429</b>	2,118,654,012

During the eight-month period ended 31 December 2009, the computation of diluted loss per share did not assume the exercise of the Company's outstanding share options since the exercise would result in a decrease in diluted loss per share.

During the eight-month period ended 31 December 2009 and the year ended 30 April 2009, the computation of diluted earnings per share did not assume the exercise of the Company's outstanding warrants since the exercise price of the warrants exceeded the average market price of ordinary shares during the period/year.

## 8. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organized by a mixture of both products and services and geography. On first-time adoption of HKFRS 8 “Operating Segments” and in a manner consistent with the way in which information is reported internally to the Group’s most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Property leasing: this segment leases office and residential premises to generate rental income and to gain from the appreciation in the properties’ values in the long term. Currently the Group’s investment property portfolio is located in Mainland China.
- Property development: this segment develops and sells commercial and residential properties. Currently the Group’s activities in this regard are carried out in Mainland China.
- Hotel operations: this segment is engaged in 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. Currently the Group’s activities in this regard are carried out in Mainland China.

### (a) Segment Results, Assets and Liabilities

For the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group’s senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible and current assets with the exception of investments in financial assets, deferred tax assets, prepaid income tax and other corporate assets. Segment liabilities include trade and other payables attributable to the sales activities of the individual segments and borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit/(loss) is “adjusted operating profit/(loss)”. To arrive at “adjusted operating profit/(loss)”, the Group’s profit/(loss) are further adjusted for items not specifically attributable to individual segments, such as directors’ and auditors’ remuneration and other head office or corporate administration costs. Taxation charge is not allocated to reporting segments. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the eight-month period from 1 May 2009 to 31 December 2009 and the year ended 30 April 2009 is set out below.

	Property development		Property leasing		Hotel operations		Total	
	8 months ended 31 December 2009	Year ended 30 April 2009	8 months ended 31 December 2009	Year ended 30 April 2009	8 months ended 31 December 2009	Year ended 30 April 2009	8 months ended 31 December 2009	Year ended 30 April 2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	478,116	2,498,437	7,025	14,404	27,945	21,739	513,086	2,534,580
Inter-segment revenue	3,397	3,040	-	-	4,591	1,130	7,988	4,170
<b>Reportable segment revenue</b>	<b>481,513</b>	<b>2,501,477</b>	<b>7,025</b>	<b>14,404</b>	<b>32,536</b>	<b>22,869</b>	<b>521,074</b>	<b>2,538,750</b>
<b>Reportable segment (loss)/profit</b>	<b>(578,084)</b>	<b>227,434</b>	<b>(219,772)</b>	<b>340,099</b>	<b>(44,561)</b>	<b>(52,557)</b>	<b>(842,417)</b>	<b>514,976</b>
Finance income	4,308	18,098	700	1,423	27	17	5,035	19,538
Finance costs	(10,283)	(21,379)	(18,729)	(32,636)	-	-	(29,012)	(54,015)
Net valuation (loss)/gain on investment properties	-	-	(158,337)	409,047	-	-	(158,337)	409,047
Depreciation and amortisation	(4,984)	(7,510)	(706)	(1,279)	(23,779)	(27,590)	(29,469)	(36,379)
Share of losses of associates	(1,789)	(477)	-	-	-	-	(1,789)	(477)
<b>Reportable segment assets</b>	<b>19,386,601</b>	<b>23,601,145</b>	<b>3,066,882</b>	<b>3,836,185</b>	<b>815,331</b>	<b>600,679</b>	<b>23,268,814</b>	<b>28,038,009</b>
(including interests in associates)	328,380	-	-	-	-	-	328,380	-
Additions to associates during the period	330,169	-	-	-	-	-	330,169	-
Additions to non-current segment assets during the period/year	3,516	459,478	-	118	217,639	27,918	221,155	487,514
<b>Reportable segment liabilities</b>	<b>12,844,227</b>	<b>12,638,546</b>	<b>435,098</b>	<b>464,771</b>	<b>44,377</b>	<b>49,700</b>	<b>13,323,702</b>	<b>13,153,017</b>

**(b) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities**

	8 month ended 31 December 2009 HK\$'000	Year end 30 April 2009 HK\$'000
<b>Revenue</b>		
Reportable segment revenue	521,074	2,538,750
Elimination of inter-segment revenue	(7,988)	(4,170)
Consolidated turnover	<u>513,086</u>	<u>2,534,580</u>
<b>Profit or loss</b>		
Reportable segment (loss)/profit	(842,417)	514,976
Elimination of inter-segment (profits)/loss	(5,150)	24,061
Reportable segment (loss)/profit derived from		
Group's external customers	(847,567)	539,037
Finance costs	(103,330)	(156,209)
Corporate finance income	8,196	26,335
Fair value changes on derivative financial instruments	3,100	113,900
Other revenue and net income	227	130,643
Unallocated depreciation	(932)	(1,574)
Unallocated head office and corporate expenses	(62,035)	(111,420)
Impairment loss on assets of disposal group/non-current assets classified as held for sales	(1,790,000)	(201,000)
Gain on redemption of convertible notes	426,074	–
Gain on disposal of subsidiaries	336,866	–
Loss on disposal of an associate	(5,100)	(1,014)
Consolidated (loss)/profit before taxation	<u>(2,034,501)</u>	<u>338,698</u>
	<b>At 31 December 2009 HK\$'000</b>	<b>At 30 April 2009 HK\$'000</b>
<b>Assets</b>		
Reportable segment assets	23,268,814	28,038,009
Deferred tax assets	24,142	24,832
Prepaid income tax	339,673	231,172
Derivative financial instrument	600	–
Investments in securities held for trading	–	1,513
Unallocated head office and corporate assets	2,358,551	1,000,222
Consolidated total assets	<u>25,991,780</u>	<u>29,295,748</u>
	<b>At 31 December 2009 HK\$'000</b>	<b>At 30 April 2009 HK\$'000</b>
<b>Liabilities</b>		
Reportable segment liabilities	13,323,702	13,153,017
Convertible notes	62,136	1,028,195
Senior notes	2,942,803	2,923,895
Derivative financial instrument	29,600	32,100
Income tax payable	1,238,927	1,093,457
Deferred tax liabilities	1,002,111	1,173,976
Dividend payable	6,473	6,473
Unallocated head office and corporate liabilities	726,046	812,492
Consolidated total liabilities	<u>19,331,798</u>	<u>20,223,605</u>

## 9. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors with the following ageing analysis as of the balance sheet date:

	At 31 December 2009 HK\$'000	At 30 April 2009 HK\$'000
Less than 90 days	16,442	40,908
More than 90 days but less than 180 days	6,284	2,235
More than 180 days	16,769	13,110
	<b>23,053</b>	15,345
	<b>39,495</b>	56,253

Trade debtors are generally due within 90 days from the date of the billing.

## 10. DISPOSAL GROUP/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Disposal group and non-current assets classified as held for sale are as follows:

	At 31 December 2009 HK\$'000	At 30 April 2009 HK\$'000
Assets of a disposal group (net of impairment loss)	2,732,943	–
Liabilities of a disposal group	(835)	–
Interest in the associate	–	857,578
Less: impairment loss	–	(201,000)
	<b>2,732,108</b>	656,578

- (a) At the end of December 2009, the Group intended to dispose of a parcel of land, which is located at Qiao Island, Zhuhai, the PRC, through the disposal of 珠海市淇洲島影視城有限公司, a subsidiary of the Company, the assets and liabilities related to 珠海市淇洲島影視城有限公司 (the “Zhuhai Project Company”) have been presented as held for sale. On 19 January 2010, the Group entered into an agreement with Turbo Wise Limited, a company wholly owned by Mr. Li Song Xiao, the controlling shareholder of the Company, subject to certain conditions, to sell the Zhuhai Project Company for a consideration of HK\$2,500,000,000.

The proceeds of the disposal are expected to be less than the net carrying amount of the interest in Zhuhai Project Company, and accordingly, an impairment loss of HK\$1,790,000,000 for write-down of interest in Zhuhai Project Company to fair value less costs to sell was recognised in the consolidated income statement for the eight months ended 31 December 2009.

- (b) 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\$633,000,000).

The proceeds of disposal were expected to be less than the net carrying amount of the interest in this associate, and accordingly, an impairment loss of HK\$201,000,000 for write-down of interest in the associate to fair value less costs to sell was recognised in the consolidated income statement for the year ended 30 April 2009. During the eight months ended 31 December 2009, this disposal transaction was completed, and loss of approximately HK\$5,100,000 on disposal of this associate was recognised in the consolidated income statement.

## **11. NON-ADJUSTING POST BALANCE SHEET EVENTS**

On 19 January 2010, the Company entered into an agreement with Turbo Wise Limited ("Turbo Wise"), a company wholly owned by Mr. Li Song Xiao, the controlling shareholder of the Company, subject to certain conditions, to dispose of the entire interest in a parcel of land located in Qiao Island, Zhuhai, the PRC, for a total consideration of HK\$2,500,000,000. Details of this transaction are set out in the announcement as issued by the Company on 19 January 2010.

## **FINANCIAL REVIEW**

For the eight months ended 31 December 2009, the Group recorded a turnover of approximately HK\$513 million (For the year ended 30 April 2009: HK\$2.53 billion), representing a decrease of approximately 79.8% over the immediate previous fiscal year. Loss attributable to shareholders amounted to HK\$2.11 billion (For the year ended 30 April 2009: profit attributable to shareholders amounted to HK\$127 million). Basic loss per share was HK\$1.08 and diluted loss per share was HK\$1.28. (For the year ended 30 April 2009, basic earnings per share was HK6.51 cents and diluted earnings per share was HK5.56 cents). Total pre-sale receipts from customers as at 31 December 2009 were HK\$8.76 billion (30 April 2009: HK\$5.42 billion), representing an increase of approximately 61.8% over the immediate previous fiscal year.

## **PAYMENT OF DIVIDENDS**

The Board does not recommend the payment of any final dividend for the eight months ended 31 December 2009 (For the year ended 30 April 2009: HK nil cents).

## **BUSINESS REVIEW**

During the eight months ended 31 December 2009 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, Tianjin and Shanghai, were accelerated. Total saleable GFA pre-sold by the Group for the eight months ended 31 December 2009 remained in a high level, amounting to 623,000 sq.m. (For the year ended 30 April 2009: 769,000 sq.m.). Total recognized saleable GFA for the eight months under review amounted to 113,000 sq.m. (For the year ended 30 April 2009: 299,000 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.

## **PROSPECT**

Starting from the end of 2009, the Central Government has carried out a series of macro-policy adjustments in suppressing the excessive surging of property prices. It is expected that the growth rate of the Mainland property market will be gradually stabilized in the foreseeable future. Various factors, such as the persisting improvement in the PRC macro-economy, the accelerated urbanization progress and the upgrading of consumer structure, etc., will facilitate the property industry to maintain good development over a relatively long period of time in the future. We believe that the control policies implemented by the government will be able to promote a healthy growth for the property market and also inevitably bring along with short term influence in affecting the financing condition of the property market in 2010. The Company will continue to focus on improving the efficiency of the fund use in the coming year to ensure its positive development.

In respect of project development, since the change of financial year end date in 2009 resulted in the pre-sale properties could not be delivered within the period, the Company would adjust the schedule of properties delivery to ensure the corresponding pre-sale can be recognized properly in 2010. Meanwhile, the Company will launch new properties for sale in places such as Xian, Chengdu and Changsha. As for land reserves, the existing land bank owned by the Company is able to cater the need of development in the next 3-4 years. The Company will cautiously carry out its land reserve policy to moderately increase the land reserve in a selective way and based on its own development strategy, regional distribution and development progress. The effort made by the Company in benefiting from the upgrading product quality and brand value is gradually realized. The Company will keep on enhancing the product quality and building up the brand as a base for long term development and in attaining profits.

## LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2009, the Group had cash and bank balances of approximately HK\$1.63 billion. Its net assets was about HK\$6.66 billion. The Group's current ratio was approximately 1.50. 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. As at 31 December 2009, the group's gearing ratio was 70%.

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

## LAND BANK

The Group has 14 projects in 11 cities, comprising high-end residential units, service apartments, hotels, commercial and office buildings. As at 31 December 2009, the land bank of the Group was approximately 12.29 million sq.m.

The Group has been restructured its land bank and maintain prudential strategic in future land acquisition.

## DETAIL OF PROJECTS

DEVELOPMENT PROJECTS							Future	
Project Name	City	Type	Saleable GFA (thousand sq.m.)	Completed GFA (thousand sq.m.)	Underdevelopment (thousand sq.m.)	development (thousand sq.m.)	Owned %	
American Rock	Beijing	Residential/Commercial	454,610	454,610	-	-	100%	
Youngman Point	Beijing	Residential/Commercial	289,700	213,085	76,615	-	100%	
Xidiaoyutai	Beijing	Residential/Service Apartment	220,647	175,682	-	44,965	90%	
Yanjiao	Sanhe	Residential/Commercial/Hotel	433,333	-	-	433,333	100%	
Laochengxiang	Tianjin	Residential/Commercial/Hotel	638,278	275,149	296,218	66,911	100%	
Beichen	Tianjin	Residential/Commercial/Hotel/Office	2,125,500	-	-	2,125,500	40%	
Jiuju Youth City	Shanghai	Service Apartment/Office	162,888	31,583	131,305	-	100%	
Neo China Water City	Xian	Residential/Commercial/Hotel	3,205,699	467,322	1,299,034	1,439,343	71.5%	
Tai Yuan Street	Shenyang	Service Apartment/Commercial/Hotel	216,215	-	-	216,215	80%	
Yuanjiagang	Chongqing	Residential/Commercial/Office/Hotel	735,082	523,533	211,549	-	100%	
Gongyuandadao	Chengdu	Residential/Commercial	521,836	-	295,482	226,354	100%	
Neo China Forest Garden	Changsha	Residential	992,335	153,165	92,368	746,802	67%	
Qi Ao Island	Zuhai	Villa/Commercial/Hotel	770,000	-	-	770,000	100%	
Phoenix Tower	Shenzhen	Office	79,391	79,391	-	-	91%	
<b>Total</b>			<b>10,845,514</b>	<b>2,373,520</b>	<b>2,402,571</b>	<b>6,069,503</b>		

## CHANGE OF FINANCIAL YEAR END DATE

The financial year end date of the Company has been changed from 30 April to 31 December. For details, please refer to the announcement of the Company dated 11 December 2009.

## **HUMAN RESOURCES AND REMUNERATION POLICIES**

As at 31 December 2009, the Group employed 622 employees (including Hong Kong and PRC offices) (30 April 2009: 1,163).

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.

## **SHARE CAPITAL**

The Company's issued and fully paid share capital as at 31 December 2009 amounted to HK\$77,825,608 divided into 1,945,640,189 ordinary shares of HK\$0.04 each.

During the eight months 31 December 2009, no convertible notes were converted into ordinary shares of the Company.

## **CODE OF CORPORATE GOVERNANCE**

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the eight months ended 31 December 2009 except for the following:

### **(a) Provision A.4.1 of the Code ("Code A.4.1")**

Code A.4.1 specifies that non-executive directors should be appointed for a specific term, subject to re-election.

None of the existing non-executive directors of the Company is appointed for a specific term. This constitutes a deviation from Code A.4.1.

In accordance with the provisions of the Bye-laws of the Company, all directors appointed by the Board during the year shall retire and submit themselves for re-election at the first general meeting immediately following his/her appointment. Furthermore, at each annual general meeting, one-third of the directors for the then time being, or if their number is not three or multiple of three, then the number nearest to but not less than one-third, shall retire from office. The directors to retire by rotation shall be those who have been longest in office since their last re-election or appointment. In view of the existing retirement and re-election requirements of the directors of the Company, the Company considers that it has taken up sufficient measures to comply with the provision as set out in Code A.4.1.

### **(b) Provision E.1.2 of the Code ("Code E.1.2")**

Code E.1.2 specifies that the chairman of the board should attend the annual general meeting.

Mr. Liu Yi, the chairman of the Board has been heavily involved in the business operations of the Group in the PRC. Despite his utmost intention to be present at the Company's 2009 annual general meeting held on 10 September 2009, Mr. Liu was unable to attend the said meeting due to other urgent business commitments of the Group. Mr. Liu undertakes that he will try his best to attend the future general meetings of the Company whenever possible.

## **COMPOSITION OF THE INDEPENDENT BOARD COMMITTEE OF THE COMPANY (“IBC”)**

As a result of the passing away of Mr. Zhang Qing Lin on 19 February 2010, the Company at present only has two independent non-executive directors, namely Ms. Nie Mei Sheng and Mr. Gao Ling, and does accordingly not meet the requirements under rule 3.10(1) of the Listing Rules. The Board will seek to appoint a new independent non-executive director as soon as possible and in any event within the time period set forth in rule 3.11 of the Listing Rules.

The Board refer to the joint announcement of 19 January 2010 made by the Company, Shanghai Industrial Holdings Limited and Novel Good Limited, a wholly-owned subsidiary of Shanghai Industrial Holdings Limited, that a IBC has been formed under the Hong Kong Code on Takeovers and Mergers and now comprise Mr. Lai Leong, being a non-executive Director of the Company, and also Ms. Nie Mei Sheng and Mr. Gao Ling.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

During the eight months ended 31 December 2009, the Company paid in aggregate HK\$544,855,500 to redeem all HK\$864,850,000 principal amounts of the Company’s zero coupon convertible bonds due 2011 (the “Bonds”) in respect of which valid put option notices were received. Immediately after the said redemption, approximately HK\$52,160,000 in aggregate principal amount of Bonds remains outstanding. Save for the above, the Company confirms that neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities for the eight months ended 31 December 2009.

## **AUDIT COMMITTEE**

An Audit Committee has been established. It currently consists of two independent non-executive directors, namely Ms. Nie Mei Sheng 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 during the eight months ended 31 December 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 eight months ended 31 December 2009.

## **AUDITORS**

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

CCIF CPA Limited, has notified the Company of its merger of business with PCP CPA Limited resulting in Crowe Horwath (HK) CPA Limited operating as the merged firm. Crowe Horwath (HK) CPA Limited is a new member firm in Hong Kong of Crowe Horwath International, a network of independent accounting and advisory service firms. The merger had become effective from 13 October 2009. Accordingly, following the resignation of CCIF CPA Limited due to the above merger, Crowe Horwath (HK) CPA Limited were appointed as the auditors of the Company on 18 January 2010 to fill the casual vacancy and to hold office until the conclusion of the next annual general meeting of the Company.

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

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

## **SUSPENSION OF TRADING**

Trading in the Neo-China Shares and the Convertible Bonds on the Main Board of the Stock Exchange was suspended with effect from 10:10 a.m. on 22 January 2008 at the request of Neo-China pending the release of an announcement in respect of certain price sensitive information. Trading in the Neo-China Shares and the Convertible Bonds will continue to be suspended until further notice.

By order of the Board  
**NEO-CHINA LAND GROUP (HOLDINGS) LIMITED**  
**Liu Yi**  
*Chairman*

Hong Kong, 9 April 2010

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