中新地产
NEO CHINA LAND

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

地产唯新力量

Annual Report 2009

Contents

Corporate Information

DIRECTORS

Executive Directors

Mr. Liu Yi (Chairman)
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

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

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suites 3005-3007
30th Floor, Great Eagle Centre
No. 23 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

Crowe Horwath (HK) CPA Limited
34/F, The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

Chairman's Statement

To our Shareholders,

Since 2009, with the effects of various factors, including economic stimulation policies and high concentration of property demands, the Mainland property market ended up the adjustment ahead of schedule and is rapidly heating up. Neo-China and its subsidiaries (the "Group") leveraged on this opportunity to launch new properties and expedite the sales and cash generated from the selling projects. As at 31 December 2009, the balance of the pre-sale received from our customers amounted to HK$8,760,000,000, an increase of approximately 62% as compared to April 2009.

As the Company has adjusted its financial year end date in 2009, the original property delivery plans could not match with the new accounting period, and few properties were delivered during the eight months ended December 2009. Meanwhile, the Company has provided for impairment loss in Zhuhai project, resulting in a significant loss in the eight months ended 31 December 2009.

Following the implementation of control policies by the Central Government, the funding pressure faced by the real estate corporations is increasing. The Group recorded a substantial drop of gearing ratio (a decrease from 79.1% as at 30 April 2009 to 69.4% as at 31 December 2009) over last year, coupled with the cash realized allows greater flexibility and provides more room for the Group for further development under the changing market in the future. In 2010, the Group will fully utilize its already built-up advantages within the region and in its brand in delivering the pre-sale properties, so as to further maximize the saleable areas of the properties and speed up the cash generation.

Lastly, on behalf of the Group and the Board of the Company, I would like to express my heartfelt gratitude towards our shareholders, investors, business partners and clients for their continuous support, understanding and trust to the Company. Also, I would like to thank our staff for their contribution in the past year. We are confident that the Group will be able to create better return for our shareholders in 2010.

Liu Yi
Chairman

9 April 2010

Financial Highlights

	For the eight months ended 31 December 2009	For the year ended 30 April 2009	Change %
Financial Highlights (HK$'000)			
Turnover	**513,086**	2,534,580	(79.8)
Profit attributable to equity shareholders of the Company	**(2,106,392)**	126,567	N/A

	As at 31 December 2009	As at 30 April 2009	
Pre-sale receipts from customers	**8,763,402**	5,415,588	61.8
Financial Ratios			
Net debt to shareholders' funds (%)	**69.4**	79.1	
Current ratio	**1.50**	1.86	
Financial Information per share (HK cents)			
Earnings (loss)			
– Basic	**(108.26)**	6.51	
– Diluted	**(127.94)**	5.56	

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

Management
Discussion and Analysis

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 earning 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

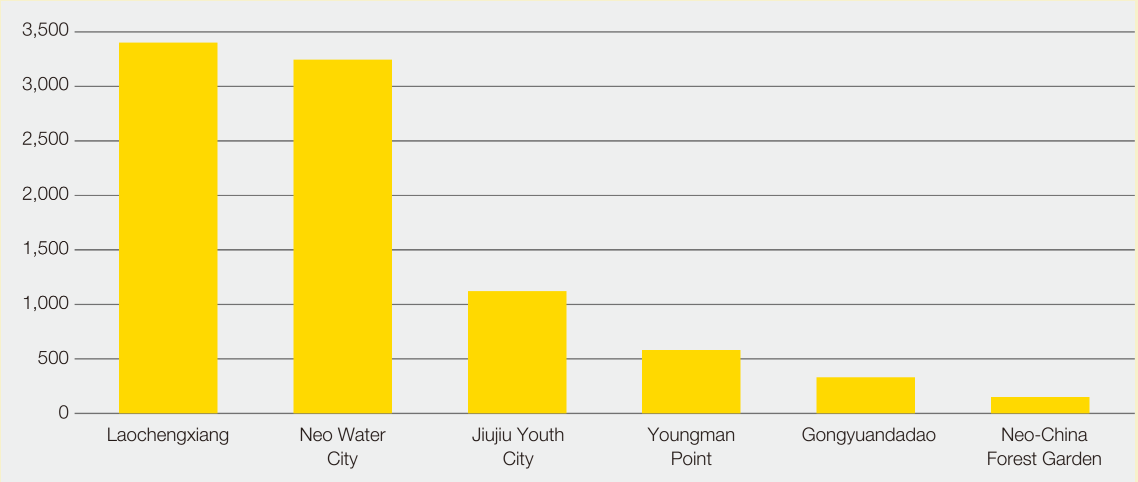
The Board does not recommend the payment of any final dividend for the eight months ended 31 December 2009 (For the year ended 30 April 2009: HK nil cents).

BUSINESS REVIEW

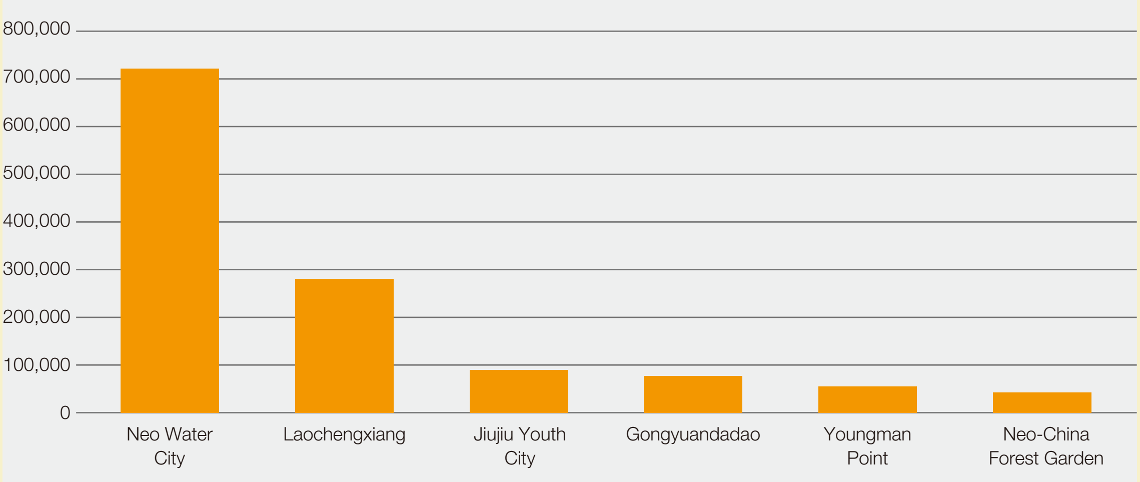
During the eight months ended 31 December 2009 under review, the Group had focused on enhancing its cash inflows, so the launch of new projects or new phases in divers cities, including Xian, Chengdu, Beijing, Tianjin and Shanghai, were accelerated. Total Saleable GFA pre-sold by the Group for the eight 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 138,000 sq.m. (For the year ended 30 April 2009: 299,000 sq.m.). The Group will continue to work hard with a view to increase the recognizable saleable GFA swiftly, so that the Group's turnover may be improved.

ANALYSIS ON PRE-SALE RECEIPTS FROM CUSTOMERS

By Amount
(HK$ million)



By Area
(m^2)



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 restructured its land bank and adopts prudential strategies in future land acquisition.

DEVELOPMENT PROJECTS
FIRST TIE CITIES
Beijing

BEIJING

AMERICAN ROCK

Location	No. 16 Baiziwan Road, Chaoyang District, Beijing
Interest	100%
Type	Residential/Commercial
Total GFA	523,833 m^2

BEIJING

YOUNGMAN POINT

Location	No. 2 Gan Lu Yuan Zhong Li, Qingnian Road, Chaoyang District, Beijing
Interest	100%
Type	Residential/Commercial
Total GFA	352,905 m^2

DEVELOPMENT PROJECTS
FIRST TIE CITIES

Beijing, Shanghai

BEIJING

XIDIAOYUTAI

Location	Lot No. 1,2, West Diaoyutai Village, Haidian DIstrict, Beijing
Interest	90%
Type	Residential/Service apartment
Total GFA	250,836 m^2

SHANGHAI

JIUJIU YOUTH CITY

Location	No. 1519 Husong Road, Jiuting Zhen, Songjiang District, Shanghai
Interest	100%
Type	Apartment/Office
Total GFA	213,755 m^2

DEVELOPMENT PROJECTS
FIRST TIE CITIES

Tianjin

TIANJIN

LAOCHENGXIANG	
Location	Laocheng Xiang Area, Nankai District, Tianjin
Interest	100%
Type	Residential/Commercial/Office/Hotel
Total GFA	752,883 m^2

TIANJIN

BEICHEN	
Location	Yixingfu Old Village, Tianjin
Interest	40%
Type	Residential/Commercial/Apartment/Hotel
Total GFA	2,263,000 m^2

DEVELOPMENT PROJECTS
FIRST TIE CITIES

Chongqing, Shenzhen

CHONGQING

YUANJIAGANG

Location	No. 1 Olympic Road, Yuanjiagang, Gaoxin District, Chongqing
Interest	100%
Type	Residential/Commercial/Office/Hotel
Total GFA	802,532 m^2

SHENZHEN

PHOENIX TOWER

Location	No. 2008, Shennan Road, Futian District, Shenzhen
Interest	91%
Type	Office
Total GFA	106,190 m^2

DEVELOPMENT PROJECTS
SECOND TIE CITIES

Shenyang, Sanhe


SHENYANG

TAI YUAN STREET

Location	Taiyuan Business Avenue, Shenyang
Interest	80%
Type	Service Apartment/Commercial/Hotel
Total GFA	244,950 m^2


SANHE

YANJIAO

Location	Yanjiao Economic Technology Development Zone, Heibei Province
Interest	100%
Type	Residential/Commercial/Hotel
Total GFA	460,000 m^2

DEVELOPMENT PROJECTS
SECOND TIE CITIES

Chengdu, Xian

CHENGDU

GONGYUANDADAO	
Location	No. 66, Gingquan North Street, Yongquan Town, Wenjiang District Chengdu
Interest	100%
Type	Residential/Commercial
Total GFA	625,670 m^2

XIAN

NEO WATER CITY	
Location	East Lake Road, Xinjia Temple, Chanba River Economic Development Zone, Xian
Interest	71.5%
Type	Residential/Commercial/Hotel
Total GFA	3,534,736 m^2

DEVELOPMENT PROJECTS

SECOND TIE CITIES

Changsha, Zhuhai

CHANGSHA

NEO-CHINA FOREST GARDEN	
Location	No. 140, Guoliang North Road, Gaotang Ling Town, Wangcheng Country, Changsha
Interest	67%
Type	Residential
Total GFA	1,073,600 m^2

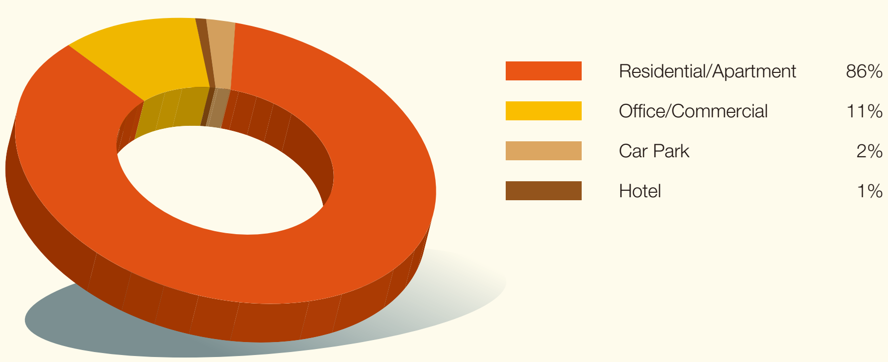
ZHUHAI

QI AO ISLAND	
Location	Qi Ao Island, Zhuhai
Interest	100%
Type	Villa/Commercial/Hotel
Total GFA	1,090,000 m^2

DETAILS OF PROJECTS

Project	City	Total Saleable GFA (sq.m.)	Completed GFA (sq.m.)	Sold GFA (sq.m.)	Investment GFA Property (sq.m.)	Under GFA development (sq.m.)	Future GFA development (sq.m.)
American Rock	Beijing	454,610	454,610	453,064	–	–	–
Youngman Point	Beijing	289,700	213,085	204,413	–	76,615	–
Xidiaoyutai	Beijing	220,647	175,682	166,821	–	–	44,965
Yanjiao	Sanhe	433,333	–	–	–	–	433,333
Laochengxiang	Tianjin	638,278	275,149	229,432	43,729	296,218	66,911
Beichen	Tianjin	2,125,500	–	–	–	–	2,125,500
Jiujiu Youth City	Shanghai	162,888	31,583	30,341	–	131,305	–
Neo Water City	Xian	3,205,699	467,322	386,174	67,800	1,299,034	1,439,343
Tai Yuan Street	Shenyang	216,215	–	–	–	–	216,215
Yuanjiagang	Chongqing	735,082	523,533	230,178	253,033	211,549	–
Gongyuandadao	Chengdu	521,836	–	–	–	295,482	226,354
Neo-China Forest Garden	Changsha	992,335	153,165	104,452	–	92,368	746,802
QI Ao Island	Zhuhai	770,000	–	–	–	–	770,000
Phoenix Tower	Shenzhen	79,391	79,391	69,724	1,165	–	–
Total		10,845,514	2,373,520	1,874,599	365,727	2,402,571	6,069,423

Saleable area by property type



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. We believe that following the control policies implemented by the government, there is a healthier growth for the property market and also inevitably a short term influence to the financing condition of the property market in 2010 affected by the policies. The Company will continue to increase the utility rate of fund in the coming year to ensure its positive development.

In respect of project development, since the change of financial year end date resulted in the inability of the delivery of the pre-sold properties within the period. Recognition of sales revenue will be deffered to the next financial year. Meanwhile, the Company will launch new properties for sale gradually in various locations such as Xian, Chengdu and Changsha. As for land reserves, the existing land bank is able to cater the need of development in the next 3-4 years. The Company will maintain its cautious land reserve policy to moderately increase the land reserve selectively based on its own development strategy, regional distribution and development progress. Simultaneously, the advantage brought about by the Company's effort these years in upgrading product quality and brand value is gradually realized. The Company will keep on enhancing product quality and building up the brand as a base for long term development and improvement of profits in the coming year.

AWARDS IN 2009

- 2009 China TOP 100 Real Estate Developer
- 2009 TOP 10 Brand of Central and West China Real Estate Company
- 2009 TOP 10 Brand of China Regional Real Estate Property
- 2009 TOP 10 Brand of Regional China Real Estate Company

MAJOR OPERATING ACTIVITIES IN 2009/2010

2009

June	–	Redeemed HK$ 864,850,000 principal amount of convertible bond
	–	Disposed 40% equity interest of Harbin Hamayuancheng Project
	–	Disposed 40% equity interest of Tianjin Beichen Project
July	–	Disposed 56% equity interest of Beijing Freetown Project
December	–	Disposed 100% equity interest of Tianjin Laochengxiang Lot no.13
	–	Acquired remaining 10% equity interest of Sanhe Yanjiao Project

2010

January	–	Entered into an agreement to dispose100% equity interest of Zhu hai project.

Biographical Details of Directors and Company Secretary

DIRECTORS

Executive Directors

Mr. Liu Yi, aged 56, is an Executive Director and the Chairman 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 24 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 45, is an Executive Director of the Company. Ms. Niu has over 23 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 36, is an Executive Director and the Chief Operating Officer of the Company. Mr. Yuan has over 11 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 9 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 ex-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 44, 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 24 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 33, 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 40, 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 14 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 45, 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 18 years of experience in property investment, development and management and in corporate management for companies in Hong Kong and in Mainland China. Mr. Lai was formerly an executive director of China Power new Energy Development Company Limited (Stock Code: 0735) and also was formerly an executive director of Rising Development Holdings Limited (stock code: 1004), the shares of which are listed on the Stock Exchange. Mr. Lai received an MBA degree from the Maastricht School of Management in the Netherlands in 2005.

Independent Non-executive Directors

Ms. Nie Mei Sheng, aged 69, is an Independent Non-Executive Director of the Company. Ms. Nie is a senior engineer of professor grade and has over 34 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. Ms. Nie is currently an independent non-executive director of Powerlong Real Estate Holdings Limited (Stock Code: 1238), the shares of which are listed on the Stock Exchange.

Mr. Gao Ling, aged 55, 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 23 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.

Company Secretary

Mr. Szeto Chak Wah, Michael, aged 60, 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. He was formerly 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 presents the annual report and the audited financial statements for the eight months ended 31 December 2009.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its subsidiaries and associates are set out in note 41 and 14 respectively to the financial statements.

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.

RESULTS AND APPROPRIATIONS

The results of the Group for the eight months ended 31 December 2009 are set out in the consolidated income statement and the consolidated statement of comprehensive income on page 41 and 42 respectively.

INVESTMENT PROPERTIES

Details of movements during the eight months ended 31 December 2009 in investment properties of the Group are set out in note 12 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the eight months ended 31 December 2009 in other property, plant and equipment of the Group are set out in note 13 to the financial statements.

CAPITAL AND RESERVES

Details of capital and reserves of the Company during the eight months ended 31 December 2009 are set out in note 29 to the financial statements.

SENIOR NOTES/WARRANTS

Details of senior notes/warrants of the Company during the eight months ended 31 December 2009 are set out in note 27 to the financial statements.

FOREIGN EXCHANGE EXPOSURE

Details of exposure to currency risk are set out in note 31(d) to the financial statements.

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 69.4%.

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

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.

MATERIAL ACQUISITIONS AND DISPOSALS

Details of material acquisitions and disposals of the Company during the eight months ended 31 December 2009 are set out in note 32 and 33 to the financial statements.

CHARGE ON GROUP'S ASSETS

Certain bank deposits of approximately HK$55 million (30 April 2009: HK$173 million) were pledged to banks to secure long-term mortgage loans granted by banks to the purchasers of pre-sold properties and are therefore also classified as non-current assets. These pledged deposits will be released upon the transfer of the property title certificates to the respective purchasers.

Certain bank deposits, 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$Nil (30 April 2009: HK$19 million), HK$2.6 billion (30 April 2009: HK$3.3 billion), HK$Nil (30 April 2009: HK$12 million), HK$310 million (30 April 2009: HK$295 million) and HK$2.9 billion (30 April 2009: HK$2.8 billion) respectively, were pledged as collateral for the Group's bank borrowings, details of which are set out in note 24 and 25 to the financial statements.

Certain assets are pledged to secure a loan payable denominated in RMB. Details of the loan payable are set out in note 25(a) to the financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2009, the Company had accumulated loss of about HK$417,572,000. As at 30 April 2009, the Company had HK$1,627,254,000 reserves available for distribution.

Under the Companies Act 1981 of Bermuda (as amended), the Company can not 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 (30 April 2009: HK$5,515,551,000) may be distributed in the form of fully paid bonus shares.

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

DIRECTORS

The directors of the Company during the eight months ended 31 December 2009 and up to the date of this report were:

Executive directors:

Mr. Li Song Xiao	(resigned on 22 August 2009)
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 directors:

Mr. Lai Leong

Independent non-executive directors:

Ms. Nie Mei Sheng	
Mr. Zhang Qing Lin	(passed away on 19 February 2010)
Mr. Gao Ling	
Mr. Lai Man Leung	(resigned on 9 May 2009)

In accordance with clause 87 of the Company's Bye-laws, Mr. Liu Yi, Ms. Liu Yan, Ms. Bao Jing Tao and Ms. Nie Mei Sheng will 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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND COMPANY SECRETARY

Biographical details of the directors and Company Secretary are set out on page 18 and 19 of this report.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 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
Ms. Niu Xiao Rong	Beneficial owner	1,375,000	0.07%
Ms. Liu Yan	Beneficial owner	800,000	0.04%

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

Name of director	Capacity	Number of shares options held	Percentage of the issued share capital of the Company
Mr. Liu Yi	Beneficial owner	10,000,000	0.51%
Ms. Niu Xiao Rong	Beneficial owner	8,625,000	0.44%
Mr. Yuan Kun	Beneficial owner	6,000,000	0.31%
Ms. Liu Yan	Beneficial owner	10,700,000	0.55%
Mr. Jia Bo Wei	Beneficial owner	2,500,000	0.13%
Ms. Bao Jing Tao	Beneficial owner	250,000	0.01%

Save as the disclosed above, as at 31 December 2009, 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 31 December 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 31 December 2009.

The following table discloses movements in the Company's share options during the eight months ended 31 December 2009:

	No. of options outstanding at 30 April 2009	Increase/ (Decrease)	No. of options outstanding at 31 December 2009
Directors			
– 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	87,550,000	–	87,550,000
Total	125,625,000	–	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 eight months ended 31 December 2009 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

Other than the transactions set out in note 36 to the financial statements, during the eight months ended 31 December 2009 and up to the date of this report, the Group entered into the following transactions with connected parties:

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$410,400,000) in cash.

On 31 December 2009, the Group completed the acquisition of a further 10% equity interest in Zhongou Chengkai Company Limited (中歐城開有限公司) ("Zhongou Chengkai"), a company established in the PRC to carry out a property development project in Hebei Province, the PRC, for a consideration of RMB25 million (equivalent to approximately HK$28.5 million) from the minority shareholder of Zhongou Chengkai. Prior to the acquisition, the Group had a 90% equity interest in Zhongou Chengkai, and Zhongou Chengkai then became a wholly-owned subsidiary of the Company. Due to the acquisition of additional interest in Zhongou Chengkai, the minority interests decreased by HK$11,385,000.

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 the entire interest in a plot 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.

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 31 December 2009 or at any time during the eight months ended 31 December 2009.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY

As at 31 December 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
Mr. Li Song Xiao	Long	Held by controlled corporation (note (a))	1,051,762,995	54.05
		Beneficial owner	2,407,500	0.12
Invest Gain Limited (note (a))	Long	Beneficial Owner	1,051,762,995	54.05
Ms. Liu Hui (note (b))	Long	Held by spouse	1,054,170,495	54.17
Deutsche Bank Aktiengesellschaft	Long	Beneficial owner and person having a security interest in shares	98,247,425	5.05
	Short	Beneficial owner and person having a security interest in shares	39,273,651	2.02

Notes:

(a) These shares held by Invest Gain Limited were beneficially owned by Mr. Li Song Xiao.

(b) Ms. Liu Hui was deemed to hold 1,054,170,495 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
Mr. Li Song Xiao	Beneficial owner	750,000	0.04
Ms. Liu Hui	Held by spouse (note)	750,000	0.04

Note: Ms. Liu Hui was deemed to hold 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	24,981,974	1.28

Save as disclosed above, as at 31 December 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 7.6% of the Group's total revenue for the eight months ended 31 December 2009 and the sales attributable to the Group's largest customer were approximately 3.6% of the Group's total revenue for the eight months ended 31 December 2009.

The aggregate purchases attributable to the Group's five largest suppliers comprised approximately 12.0% of the Group's total purchases and the purchases of the eight months ended 31 December 2009 attributable to the Group's largest supplier were approximately 4.5% of the Group's total purchases for the eight months ended 31 December 2009.

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 SECURITIES

During the eight months ended 31 December 2009, the Company paid in aggregate HK$544,855,500 to redeem total principal amount of HK$864,850,000 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 remained 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.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past four financial years and eight months ended 31 December 2009 is set out on page 138 of this 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.

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 will 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 will be proposed at the forthcoming annual general meeting.

APPRECIATION

I would like to express my sincere gratitude to the Board, our management and to all our staff for their dedicated efforts during this period, as well as to our customers, suppliers, business partners and shareholders for their continued enthusiastic support of our Group.

On behalf of the Board

Liu Yi
Chairman
9 April 2010

The Board of the Company is pleased to present this Corporate Governance Report in the Group's annual report for the eight months ended 31 December 2009.

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.

As disclosed in 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.

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 Code.

Throughout the eight months ended 31 December 2009, the Company has complied with the code provisions set out in the Code, save for certain deviations from the code provisions, details of which are explained in the relevant paragraphs above.

The Company has also put in place certain recommended best practices as set out in the 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 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 eight months ended 31 December 2009, and any one of them confirmed that he/she has complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions.

PRACTICES AND CONDUCT OF MEETINGS

Annual meeting schedules and draft agenda of each meeting are normally made available to the directors of the Company 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 Bye-Laws 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.

As at the date of this report, the Board comprised ten members, including seven executive directors, one non-executive director and two independent non-executive directors. One of the independent non-executive directors has relevant financial management expertise required by the Listing Rules. Save as disclosed in the section of "Biographical Detail of Directors and Company Secretary", there is no relationship among the members of the Board.

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

Code provision A.1.1 stipulates that Board meetings should be held at least four times a year at approximately quarterly intervals. There were 29 Board meetings held during the eight months ended 31 December 2009 under review, two of which were regular meetings held for approving the final results for the year ended 30 April 2009 and interim results for the period ended 31 October 2009 respectively. Another 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. 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 eight months ended 31 December 2009 are set out below:

	Attendance/Number of Meetings		
Name of Directors	Board	Audit Committee	Remuneration Committee
Executive directors:			
Mr. Li Song Xiao (Note 1)	12/17		
Mr. Liu Yi	22/29		
Ms. Niu Xiao Rong	20/29		
Mr. Yuan Kun	21/29		
Ms. Liu Yan	21/29		
Mr. Jia Bo Wei	28/29		
Ms. Bao Jing Tao	26/29		
Mr. Lam Kwan Sing	28/29		
Non-executive directors:			
Mr. Lai Leong	6/29		
Independent non-executive directors:			
Ms. Nie Mei Sheng	11/29	2/2	1/1
Mr. Zhang Qing Lin (Note 2)	11/29	2/2	1/1
Mr. Gao Ling	11/29	2/2	1/1
Mr. Lai Man Leung (Note 3)	0/0	0/0	0/0

Notes:

1. Mr. Li Song Xiao resigned as chairman and executive director of the Company on 22 August 2009.

2. Mr. Zhang Qing Lin passed away on 19 February 2010.

3. Mr. Lai Man Leung 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 18 to 19 of this report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Liu Yi is the Chairman of the Board and Mr. Jia Bo Wei is the Chief Executive Officer ("CEO") of the Company. The roles of the Chairman and the CEO are two distinctively separate positions. The Chairman is responsible for providing leadership for the Board and ensuring that the Board works effectively. The CEO is responsible for the Group's daily operation, business development and management.

REMUNERATION COMMITTEE

The Remuneration Committee has been established. It currently consists of two independent non-executive directors of the Company namely Ms. Nie Mei Sheng 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.

During the eight months ended 31 December 2009, a remuneration committee meeting was held to review the remuneration packages of all Directors and senior management of the Company.

NOMINATION OF DIRECTORS

The Company has not established a Nomination Committee. The duties and functions of the Nomination Committee recommended in the Code currently performed by the Board collectively and those who have an interest in the proposals are required to be abstained from making the recommendations and/or decisions with respect to the proposals and no independent non-executive director being involved in assessing his/her own independence. The chairman of the Board is mainly responsible for identifying suitable candidates to become members of the Board as and when necessary. The chairman of the Board will propose such appointments to the Board for consideration and all members of the Board will review the qualifications of the relevant candidates and assess their suitability as new directors of the Company on the basis of the qualifications, experience and background of the respective candidates.

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 eight months ended 31 December 2009, the remuneration paid to the Company's auditors, Crowe Horwath (HK) CPA Limited (formerly "CCIF CPA Limited"), is set out below:–

	HK$'000
For audit service	
– audit fee paid for the eight months ended 31 December 2009	3,000
For non-audit service:	
– Review of the interim report for the 6 months period ended 31 October 2009	1,100

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 for 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.

During the eight months ended 31 December 2009, 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.

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 eight months ended 31 December 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 eight months ended 31 December 2009, 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.

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.

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 Bye-laws. 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

國富浩華 (香港) 會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International

34/F The Lee Gardens,
33 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 137, which comprise the consolidated balance sheet as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the eight-month period 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 31 December 2009 and of the Group's loss and cash flows for the eight-month period 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.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 9 April 2010

Yau Hok Hung
Practising Certificate Number P04911

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
Turnover	3	**513,086**	2,534,580
Cost of sales		**(448,138)**	(2,044,087)
Gross profit		**64,948**	490,493
Other revenue	4	**20,450**	47,080
Other net (loss)/income	4	**(23,943)**	289,477
Net valuation (loss)/gain on investment properties	12	**(158,337)**	409,047
Write down of inventories	16(b)	**(124,398)**	–
Distribution and selling expenses		**(252,359)**	(121,029)
General and administrative expenses		**(394,571)**	(363,655)
(Loss)/profit from operations		**(868,210)**	751,413
Finance costs	5(a)	**(132,342)**	(210,224)
Gain on redemption of convertible notes	26	**426,074**	–
Share of losses of associates		**(1,789)**	(477)
Gain on disposal of subsidiaries	33(b)	**336,866**	–
Loss on disposal of associate		**(5,100)**	(1,014)
Impairment loss on assets of disposal group/non-current assets classified as held for sale	28	**(1,790,000)**	(201,000)
(Loss)/profit before taxation	5	**(2,034,501)**	338,698
Income tax	6(a)	**(149,798)**	(249,142)
(Loss)/profit for the period/year		**(2,184,299)**	89,556
Attributable to:			
Equity shareholders of the Company		**(2,106,392)**	126,567
Minority interests		**(77,907)**	(37,011)
(Loss)/profit for the period/year		**(2,184,299)**	89,556
(Loss)/earnings per share	10		
Basic		**(108.26) HK cents**	6.51 HK cents
Diluted		**(127.94) HK cents**	5.56 HK cents

The notes on pages 49 to 137 form part of these financial statements.

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
(Loss)/profit for the period/year		**(2,184,299)**	89,556
Other comprehensive (loss)/income for the period/year (after tax and reclassification adjustments)	6(c)		
Exchange differences on translation into presentation currency		**(1,235)**	77,110
Reclassification adjustment for realisation of exchange differences transferred to profit or loss upon disposal of interests in subsidiaries		**(145,234)**	–
Reclassification adjustment for realisation of exchange differences transferred to profit or loss upon disposal of interest in an associate		**(22,681)**	–
Reclassification adjustment for realisation of revaluation gains transferred to profit or loss upon sale of completed properties held for sale		**(270)**	(312)
Other comprehensive (loss)/income for the period/year		**(169,420)**	76,798
Total comprehensive (loss)/income for the period/year		**(2,353,719)**	166,354
Attributable to:			
Equity shareholders of the Company		**(2,275,812)**	184,776
Minority interests		**(77,907)**	(18,422)
Total comprehensive (loss)/income for the period/year		**(2,353,719)**	166,354

The notes on pages 49 to 137 form part of these financial statements.

Consolidated Balance Sheet

as at 31 December 2009

	Note	31 December 2009 HK$'000	31 December 2009 HK$'000	30 April 2009 HK$'000	30 April 2009 HK$'000
Non-current assets					
Fixed assets					
– Investment properties	12		2,949,328		3,313,447
– Other property, plant and equipment	13		827,900		641,308
			3,777,228		3,954,755
Interests in associates	14		328,380		–
Restricted bank deposits	15(a)		55,023		173,399
Derivative financial instrument					
– Redemption Right of the Issuer	26		600		–
Deferred tax assets	23(b)		24,142		24,832
			4,185,373		4,152,986
Current assets					
Inventories	16	14,462,055		20,908,384	
Investments in securities held for trading	17	–		1,513	
Loan receivables	18	412,626		–	
Trade and other receivables	19	2,231,914		707,980	
Prepaid income tax	23(a)	339,673		231,172	
Restricted bank deposits	15(b)	–		19,030	
Cash and cash equivalents	20(a)	1,627,196		2,618,105	
		19,073,464		24,486,184	
Assets of disposal group/non-current assets classified as held for sale	28	2,732,943		656,578	
		21,806,407		25,142,762	
Current liabilities					
Trade and other payables	21	2,413,007		3,286,936	
Pre-sale receipts from customers	22	8,763,402		5,415,588	
Bank borrowings	24	702,240		971,656	
Loan payables	25	1,402,200		2,737,281	
Derivative financial instrument					
– Warrants	27	29,600		32,100	
Income tax payable	23(a)	1,238,927		1,093,457	
Dividend payable		6,473		6,473	
		14,555,849		13,543,491	
Liabilities of disposal group classified as held for sale	28	835		–	
		14,556,684		13,543,491	
Net current assets			7,249,723		11,599,271

CONSOLIDATED BALANCE SHEET
as at 31 December 2009

	Note	31 December 2009 HK$'000	31 December 2009 HK$'000	30 April 2009 HK$'000	30 April 2009 HK$'000
Total assets less current liabilities			**11,435,096**		15,752,257
Non-current liabilities					
Bank borrowings	24	**768,064**		1,554,048	
Convertible notes	26	**62,136**		1,028,195	
Senior notes	27	**2,942,803**		2,923,895	
Deferred tax liabilities	23(b)	**1,002,111**		1,173,976	
			4,775,114		6,680,114
NET ASSETS			**6,659,982**		9,072,143
CAPITAL AND RESERVES	29				
Share capital			**77,826**		77,826
Reserves			**5,995,603**		8,238,558
Total equity attributable to equity shareholders of the Company			**6,073,429**		8,316,384
Minority interest			**586,553**		755,759
TOTAL EQUITY			**6,659,982**		9,072,143

Approved and authorised for issue by the board of directors on 9 April 2010.

Liu Yi
Chairman

Jia Bo Wei
Director

The notes on pages 49 to 137 form part of these financial statements.

Consolidated
Statement of Changes in Equity

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

	Attributable to equity shareholders of the Company									
	Share capital	Share premium	Convertible notes equity reserve	Share options reserve	Other revaluation reserve	Exchange reserve	Retained profits	Total	Minority interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'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
Profit for the year	–	–	–	–	–	–	126,567	126,567	(37,011)	89,556
Other comprehensive income for the year:										
– Exchange differences on translation into presentation currency	–	–	–	–	–	58,521	–	58,521	18,589	77,110
– Realisation of fair value gains transferred to profit or loss upon sales of completed properties held for sale	–	–	–	–	(312)	–	–	(312)	–	(312)
Total comprehensive income for the year	–	–	–	–	(312)	58,521	126,567	184,776	(18,422)	166,354
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	68,910	68,910
Equity settled share-based transactions	–	–	–	29,946	–	–	–	29,946	–	29,946
Transfer to retained profits upon forfeiture of share options	–	–	–	(9,123)	–	–	9,123	–	–	–
Dividend approved in respect of the previous year	–	–	–	–	–	–	(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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	Attributable to equity shareholders of the Company									
	Share capital	Share premium	Convertible notes equity reserve	Share options reserve	Other revaluation reserve	Exchange reserve	(Accumulated losses)/ retained profits	Total	Minority interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 May 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
Loss for the period	–	–	–	–	–	–	(2,106,392)	(2,106,392)	(77,907)	(2,184,299)
Other comprehensive loss for the period:										
– Exchange differences on translation into presentation currency	–	–	–	–	–	(1,235)	–	(1,235)	–	(1,235)
– Reclassification adjustment for realisation of exchange differences transferred to profit or loss upon disposal of interests in subsidiaries	–	–	–	–	–	(145,234)	–	(145,234)	–	(145,234)
– Reclassification adjustment for realisation of exchange differences transferred to profit or loss upon disposal of interest in an associate	–	–	–	–	–	(22,681)	–	(22,681)	–	(22,681)
– Reclassification adjustment for realisation of fair value gains transferred to profit or loss upon sales of completed properties held for sale	–	–	–	–	(270)	–	–	(270)	–	(270)
Total comprehensive loss for the period	–	–	–	–	(270)	(169,150)	(2,106,392)	(2,275,812)	(77,907)	(2,353,719)
Transfer to retained profits upon the redemption of convertible notes	–	–	(41,785)	–	–	–	61,566	19,781	–	19,781
Decrease in minority interests										
– upon disposal of subsidiaries	–	–	–	–	–	–	–	–	(79,914)	(79,914)
– upon acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	(11,385)	(11,385)
Equity settled share-based transactions	–	–	–	13,076	–	–	–	13,076	–	13,076
Balance at 31 December 2009	**77,826**	**5,515,551**	**2,580**	**221,460**	**45,959**	**627,625**	**(417,572)**	**6,073,429**	**586,553**	**6,659,982**

The notes on pages 49 to 137 form part of these financial statements.

Consolidated
Cash Flow Statement

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

	Note	8 months ended 31 December 2009 HK$'000	8 months ended 31 December 2009 HK$'000	Year ended 30 April 2009 HK$'000	Year ended 30 April 2009 HK$'000
Operating activities					
Cash generated from operations	20(b)	577,184		949,300	
Tax paid					
The People's Republic of China (the "PRC") Income Tax paid		(151,121)		(176,463)	
PRC Land Appreciation Tax paid		(40,431)		(55,751)	
Net cash generated from operating activities			385,632		717,086
Investing activities					
Payments for acquisition of subsidiaries, net of cash acquired	32(a)	–		(92,089)	
Refund of deposits paid for acquisition of project companies		–		309,246	
Repayment from a former shareholder of a subsidiary		–		54,390	
Proceeds from disposal of subsidiaries	33(b)	1,767,782		–	
Proceeds from disposal of interest in an associate		120,897		–	
Advances to associates		(74,857)		(989)	
Payments for acquisition of additional interest in a subsidiary		(22,800)		–	
Payments for the acquisition of investment properties		–		(1,457)	
Payments for purchases of other property, plant and equipment		(222,815)		(486,868)	
Proceeds from disposal of investment properties		160,911		550,181	
Proceeds from disposal of other property, plant and equipment		54		1,822	
Decrease/(Increase) in restricted bank deposits		137,406		(72,417)	
Increase in loan receivables		(412,626)		–	
Interest received		13,231		45,873	
Net cash generated from investing activities			1,467,183		307,692

CONSOLIDATED CASH FLOW STATEMENT

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

	Note	8 months ended 31 December 2009 HK$'000	8 months ended 31 December 2009 HK$'000	Year ended 30 April 2009 HK$'000	Year ended 30 April 2009 HK$'000
Financing activities					
Proceeds from new bank loans		302,100		772,800	
Repayments of bank loans		(1,357,500)		(1,635,312)	
Payment for redemption of convertible notes		(544,856)		–	
Decrease in loan payables		(604,200)		(1,050,847)	
Repayments to former shareholders of the Company's subsidiaries		–		(134,243)	
Repayment to a shareholder		–		(20,412)	
Repayments to related companies		(415)		(81,137)	
Repayments to associates		–		(75,816)	
Advances from minority shareholders		–		2,290	
Interest paid		(603,357)		(346,637)	
Dividends paid to equity shareholders of the Company		–		(270,277)	
Net cash used in financing activities			(2,808,228)		(2,839,591)
Net decrease in cash and cash equivalents			(955,413)		(1,814,813)
Cash and cash equivalents at the beginning of the period/year	20(a)		2,618,105		4,363,937
Effect of foreign exchange rate changes			–		68,981
Cash and cash equivalents at the end of the period/year	20(a)		1,662,692		2,618,105

The notes on pages 49 to 137 form part of these financial statements.

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.

(iv) Change of year end date

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.

(c) Basis of consolidation

The consolidated financial statements for the eight-month period from 1 May 2009 to 31 December 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)).

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation (continued)

(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.

(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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation (continued)

(iv) Subsidiaries and minority interests (continued)

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.

(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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation (continued)

(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.

(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 in other comprehensive income and accumulated separately 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 and property that is being constructed or developed for future use as investment property.

Investment properties are stated in the balance sheet at fair value, unless they are still in the course of construction or development at the balance sheet date and their fair value cannot be reliably determined at that time. 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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)).

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Leased assets (continued)

(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.

(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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

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

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 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.

  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 reclassified to 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 in other comprehensive income.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

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

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.

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 the 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 whenever 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

(ii) *Impairment of other assets* (continued)

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 other comprehensive income and not profit or loss.

(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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Inventories (continued)

(i) *Property development* (continued)

– 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 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 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.

(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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Convertible notes (continued)

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.

(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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Employee benefits (continued)

(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.

(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 in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax (continued)

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.

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 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 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. 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 sale 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.

(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 room rental, food and beverage 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue recognition (continued)

(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 that are 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 are capitalised as part of the cost of the asset. Other borrowing costs are expensed in the period in which they are incurred.

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.

(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 in other comprehensive income.

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 that are 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 are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of the Group's operations not denominated in Hong Kong dollars, the cumulative amount of exchange differences relating to these operations is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

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 (see note 11). Corresponding amounts have been provided on a basis consistent with the revised segment information.

2. CHANGES IN ACCOUNTING POLICIES (continued)

- 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 31(f) 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:

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

4. OTHER REVENUE AND NET (LOSS)/INCOME

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

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

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

Note: This debtor was outstanding 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):

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

5. (LOSS)/PROFIT BEFORE TAXATION (continued)

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

6. INCOME TAX

(a) Taxation in the consolidated income statement represents:

	8 months ended 31 December 2009 HK$'000	Year ended 30 April 2009 HK$'000
Current tax		
Provision for the year		
– PRC Enterprise Income Tax	196,940	135,410
– PRC Land Appreciation Tax	32,129	92,125
	229,069	227,535
Deferred tax		
Origination and reversal of temporary differences	(79,271)	21,607
	149,798	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税暫行條例》) 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税暫行條例實施細則》) 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.

6. INCOME TAX (continued)

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

(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).

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

	8 months ended 31 December 2009 HK$'000	Year ended 30 April 2009 HK$'000
(Loss)/profit before taxation	**(2,034,501)**	338,698
Notional tax on (loss)/profit before taxation calculated at the rates applicable to (losses)/profits in the tax jurisdictions concerned	**(530,632)**	83,033
Tax effect of Land Appreciation Tax deductible for PRC Enterprise Income Tax	**(8,032)**	(23,031)
Tax effect of non-deductible expenses	**891,158**	249,974
Tax effect of non-taxable income	**(357,559)**	(194,455)
Tax effect of unused tax losses not recognised	**122,130**	76,448
Tax effect of prior years' tax losses utilised this year	**–**	(29,074)
Tax effect of concessionary rate	**(1,173)**	(6,181)
Provision for Land Appreciation tax for the period/year	**32,129**	92,125
Others	**1,777**	303
Actual tax expense	**149,798**	249,142

6. INCOME TAX (continued)

(c) The effects relating to each component of other comprehensive (loss)/income:

	8 months ended 31 December 2009			Year ended 30 April 2009		
	Before-tax amount HK$'000	Tax (expense)/ benefit HK$'000	Net-of-tax amount HK$'000	Before-tax amount HK$'000	Tax (expense)/ benefit HK$'000	Net-of-tax amount HK$'000
Exchange differences on translation into presentation currency	(1,235)	–	(1,235)	77,110	–	77,110
Realisation of exchange differences upon disposal of interests in subsidiaries	(145,234)	–	(145,234)	–	–	–
Realisation of exchange differences upon disposal of interest in an associate	(22,681)	–	(22,681)	–	–	–
Realisation of fair value gains upon sales of properties	(360)	90	(270)	(416)	104	(312)
Other comprehensive (loss)/income	(169,510)	90	(169,420)	76,694	104	76,798

7. DIRECTORS' REMUNERATION

Details of directors' remuneration are as follows:

	8 months ended 31 December 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 (resigned on 22 August 2009)	–	900	–	900	14	914
Liu Yi	–	1,800	–	1,800	996	2,796
Niu Xiao Rong	–	1,200	–	1,200	996	2,196
Yuan Kun	–	1,420	–	1,420	652	2,072
Liu Yan	–	1,200	–	1,200	615	1,815
Jia Bo Wei	–	2,000	–	2,000	531	2,531
Bao Jing Tao	–	910	–	910	53	963
Lam Kwan Sing	–	1,400	8	1,408	–	1,408
Non-executive director:						
Lai Leong	–	–	–	–	–	–
Independent non-executive directors:						
Nie Mei Sheng	–	–	–	–	–	–
Gao Ling	–	–	–	–	–	–
Zhang Qing Lin (passed away on 19 February 2010)	–	–	–	–	–	–
Lai Man Leung (resigned on 9 May 2009)	–	–	–	–	–	–
	–	10,830	8	10,838	3,857	14,695

7. DIRECTORS' REMUNERATION (continued)

Details of directors' remuneration are as follows:

	Year ended 30 April 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 (resigned on 22 August 2009)	–	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
Bao Jing Tao	–	845	–	845	116	961
Lam Kwan Sing (appointed on 7 May 2008)	–	1,257	11	1,268	–	1,268
Lu Zhao Qun (resigned on 21 April 2009)	–	490	–	490	–	490
Non-executive director:						
Lai Leong	–	–	–	–	–	–
Independent non-executive directors:						
Nie Mei Sheng	–	–	–	–	–	–
Gao Ling	–	–	–	–	–	–
Zhang Qing Lin (passed away on 19 February 2010)	–	–	–	–	–	–
Lai Man Leung (resigned on 9 May 2009)	–	–	–	–	–	–
	–	12,812	11	12,823	9,558	22,381

During the period, 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 period (year ended 30 April 2009: Nil).

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 (year ended 30 April 2009: four) are directors of the Company whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other one (year ended 30 April 2009: one) individual are as follows:

	8 months ended 31 December 2009 HK$'000	Year ended 30 April 2009 HK$'000
Salaries and other benefits	189	112
Share-based payments	2,656	5,800
Retirement schemes contributions	5	7
	2,850	5,919

The emoluments of one individual (year ended 30 April 2009: one individual) with the highest emoluments are within the following bands:

	8 months ended 31 December 2009 No. of employees	Year ended 30 April 2009 No. of employees
HK$2,500,001 to HK$3,000,000	1	–
HK$5,500,001 to HK$6,000,000	–	1

During the period, 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 (year ended 30 April 2009: Nil).

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.

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

10. (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.

10. (LOSS)/EARNINGS PER SHARE (continued)

(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)

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

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

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

10. (LOSS)/EARNINGS PER SHARE (continued)

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

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

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 (loss)/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.

11. 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 and the provision of food and beverage at restaurant outlets and other services and facilities 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.

11. SEGMENT REPORTING (continued)

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

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 HK$'000	Year ended 30 April 2009 HK$'000	8 months ended 31 December 2009 HK$'000	Year ended 30 April 2009 HK$'000	8 months ended 31 December 2009 HK$'000	Year ended 30 April 2009 HK$'000	8 months ended 31 December 2009 HK$'000	Year ended 30 April 2009 HK$'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
Reportable segment revenue	481,513	2,501,477	7,025	14,404	32,536	22,869	521,074	2,538,750
Reportable segment (loss)/profit	(578,084)	227,434	(219,772)	340,099	(44,561)	(52,557)	(842,417)	514,976
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 for the period/year	(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)
Reportable segment assets	19,386,601	23,601,145	3,066,882	3,836,185	815,331	600,679	23,268,814	28,038,009
(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
Reportable segment liabilities	12,844,227	12,638,546	435,098	464,771	44,377	49,700	13,323,702	13,153,017

11. SEGMENT REPORTING (continued)

(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
Revenue		
Reportable segment revenue	521,074	2,538,750
Elimination of inter-segment revenue	(7,988)	(4,170)
Consolidated turnover	513,086	2,534,580
Profit or loss		
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	(2,034,501)	338,698

	At 31 December 2009 HK$'000	At 30 April 2009 HK$'000
Assets		
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	25,991,780	29,295,748

11. SEGMENT REPORTING (continued)

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

Liabilities	At 31 December 2009 HK$'000	At 30 April 2009 HK$'000
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	19,331,798	20,223,605

(c) Geographical information

As all segments of the Group are operating in the People's Republic of China (the "PRC"), including Hong Kong, no geographical information has further been disclosed.

(d) Major customer

For the eight months ended 31 December 2009, revenue from any customer of the Group does not exceed 10% of the Group's total turnover (year ended 30 April 2009: Nil).

12. INVESTMENT PROPERTIES

	8 months ended 31 December 2009 HK$'000	Year ended 30 April 2009 HK$'000
Balance at the beginning of year	3,313,447	3,395,620
Exchange adjustments	–	88,722
Additions	–	1,457
Disposals	(205,782)	(581,399)
Fair value adjustments	(158,337)	409,047
Balance at the end of year	2,949,328	3,313,447

12. INVESTMENT PROPERTIES (continued)

(a) Revaluation of investment properties

All investment properties of the Group were revalued as at 31 December 2009 and 30 April 2009 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.

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

	At 31 December 2009 HK$'000	At 30 April 2009 HK$'000
In the PRC		
– medium-term leases	2,949,328	3,313,447

(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.

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

	At 31 December 2009 HK$'000	At 30 April 2009 HK$'000
Within 1 year	48,898	21,518
After 1 year but within 5 years	306,427	87,248
After 5 years	1,146,627	195,483
	1,501,952	304,249

(d) Pledge of investment properties

As at 31 December 2009, certain investment properties with a total carrying amount of HK$2,912,586,000 (at 30 April 2009: HK$2,754,532,000) were pledged as collateral for the Group's bank borrowings, details of which are set out in note 24.

13. 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 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**
At 1 May 2009	214,076	256,175	2,030	26,536	47,063	65,267	611,147	92,457	703,604
Transfer upon completion	21,999	10,601	–	–	–	(32,600)	–	–	–
Additions	–	3,053	1,342	967	2,926	214,527	222,815	–	222,815
Disposals									
– through disposal of subsidiaries	–	–	–	(3,418)	(2,246)	–	(5,664)	–	(5,664)
– others	–	(44)	–	–	(858)	–	(902)	–	(902)
Transfer to assets of disposal group classified as held for sale	–	–	–	(730)	(637)	–	(1,367)	–	(1,367)
31 December 2009	**236,075**	**269,785**	**3,372**	**23,355**	**46,248**	**247,194**	**826,029**	**92,457**	**918,486**
Accumulated amortisation and depreciation:									
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**
At 1 May 2009	7,849	16,628	1,965	13,814	18,654	–	58,910	3,386	62,296
Charge for the period	6,106	15,941	131	2,688	4,939	–	29,805	1,533	31,338
Written back on disposals									
– through disposal of subsidiaries	–	–	–	(1,205)	(600)	–	(1,805)	–	(1,805)
– others	–	(12)	–	–	(785)	–	(797)	–	(797)
Transfer to assets of disposal group classified as held for sale	–	–	–	(234)	(212)	–	(446)	–	(446)
At 31 December 2009	**13,955**	**32,557**	**2,096**	**15,063**	**21,996**	**–**	**85,667**	**4,919**	**90,586**
Carrying amount:									
At 31 December 2009	**222,120**	**237,228**	**1,276**	**8,292**	**24,252**	**247,194**	**740,362**	**87,538**	**827,900**
At 30 April 2009	**206,227**	**239,547**	**65**	**12,722**	**28,409**	**65,267**	**552,237**	**89,071**	**641,308**

13. OTHER PROPERTY, PLANT AND EQUIPMENT (continued)

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

	At 31 December 2009 HK$'000	At 30 April 2009 HK$'000
In the PRC		
– medium-term leases	87,538	89,071

(b) Pledge of hotel property

As at 31 December 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$309,658,000 (at 30 April 2009: HK$295,298,000) were pledged as collateral for the Group's bank borrowings, details of which are set out in note 24.

14. INTERESTS IN ASSOCIATES

	The Group	
	At 31 December 2009 HK$'000	At 30 April 2009 HK$'000
Share of net assets	328,380	–

The following list contains only the particulars of associates, all of which are unlisted corporate entities, which principally affected the results or assets of the Group:

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of registered Capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Tianjin City Yi Jia He Zhi Ye Co., Ltd ("天津市億嘉合置業有限公司")	Incorporated	The PRC	RMB38,000,000	40% (note(a))	–	40%	Property development
五礦嘉合(天津)房地產開發有限公司 ("五礦嘉合")	Incorporated	The PRC	RMB20,000,000	64% (note(b))	–	64%	Property development

Note:

(a) During the eight-month period ended 31 December 2009, the Group entered into a sale and purchase agreement and supplemental agreement with Wukuang Zhiye Company ("Wukuang"), a company which was duly incorporated and is existing under the laws of the PRC, whereby the Group agreed to sell and Wukuang agreed to purchase the Group's 40% equity interest in Tianjin City Yi Jia He Zhi Ye Co., Ltd. ("Yi Jia He"), a company established in the PRC and engaged in property development in Tianjin. After the disposal, the Group holds 40% of interests in Yi Jia He, which became an associate of the Group. Prior to this disposal, the Group held 80% equity interest in Yi Jia He.

Upon the completion of disposal of 40% equity interest in Yi Jia He (the "Disposal"), the Group agreed to pledge of the Group's shareholdings in Yi Jia He after the Disposal to Wukuang during the period, the controlling shareholder of Yi Jia He, which owned 60% of the equity interest in Yi Jia He upon the completion of Disposal, as security for any possible breach of the responsibilities of the Group under the supplemental agreement. The main responsibilities of the Group are that (i) the Group is responsible for undertaking the preliminary development works of the property development project in respect of the piece of land (the "Land") situated at Tianjin Beichen Qu Yi Xing Bu Jiu Chun (the "Project") including demolishment and re-settlement and obtaining planning approval and land clearance; (ii) Wukuang is responsible for contributing a total amount of funds of RMB1,584 million (equivalent to approximately HK$1,796 million) ("Wukuang's Contribution") for the demolishment and re-settlement expenses of the land lot nos. 7 and 8 with a gross construction area of 800,000 square meters comprised in the Land and the Group is responsible for payment of any excess amount of the actual amount of the demolishment and re-settlement expenses over Wukuang's Contribution; and (iii) in the event that there is any change in the shareholding of the Project, the affected outgoing shareholder shall provide complete and full disclosure to the new shareholder of the Project of all relevant matters and legal documents, and agreed terms of co-operation among the parties with respect to the Project. Details of such Disposal and pledge of equity shares were set out in the circular as issued by the Company on 15 July 2009.

(b) The Group holds 64% of the registered capital of 五礦嘉合. However, under a shareholders' agreement, the other shareholder controls the composition of the board of directors of 五礦嘉合 and therefore the Group does not control 五礦嘉合. According to the shareholders' agreement, the Group does have significant influence over 五礦嘉合 and it is therefore classified as an associate of the Group.

14. INTERESTS IN ASSOCIATES (continued)

Summary of financial information on associates

	Assets HK$'000	Liabilities HK$'000	Equity HK$'000	Revenues HK$'000	Profit/(loss) HK$'000
31 December 2009					
100 percent	1,756,267	1,391,675	364,592	–	(4,416)
Group's effective interest	883,687	555,307	328,380	–	(1,789)

15. 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 31 December 2009, the Group made deposits of RMB48,266,000 (equivalent to approximately HK$55,023,000) (At 30 April 2009: RMB152,105,000 (equivalent to approximately HK$173,399,000)) 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 the 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 of the view that the above restricted bank deposits are not expected to be released within one year.

(b) As at 31 December 2009, the Group's bank deposits of RMBNil (equivalent to approximately HK$Nil) (at 30 April 2009: RMB16,693,000 (equivalent to approximately HK$19,030,000)) were pledged as collateral for the Group's bank borrowings, details of which are set out in note 24.

16. INVENTORIES

(a) Inventories in the consolidated balance sheet comprise:

	At 31 December 2009 HK$'000	At 30 April 2009 HK$'000
Property development		
Properties under development	13,677,143	20,058,563
Completed properties held for sale	780,952	841,432
	14,458,095	20,899,995
Hotel operations		
Food and beverage and others	3,960	8,389
	14,462,055	20,908,384

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

At 31 December 2009, properties under development of approximately HK$743,969,000 (at 30 April 2009: HK$Nil) and completed properties held for sale of approximately HK$172,083,000 (at 30 April 2009: HK$Nil) were carried at fair value less costs to sell.

16. INVENTORIES (continued)

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

	8 months ended 31 December 2009 HK$'000	Year ended 30 April 2009 HK$'000
Carrying amount of properties sold	437,015	2,038,681
Carrying amount of food, beverage and others	11,123	5,406
Write down of inventories (property development)	124,398	–
	572,536	2,044,087

Write down of inventories made in the current period arose due to a decrease in the estimated net realisable value of properties under development and completed properties held for sale as a result of an unfavourable change in market conditions.

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

	At 31 December 2009 HK$'000	At 30 April 2009 HK$'000
Properties under development	9,130,420	13,254,159

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 the Group's bank borrowings and loan payables, details of which are set out in notes 24 and 25.

17. INVESTMENTS IN SECURITIES HELD FOR TRADING

	At 31 December 2009 HK$'000	At 30 April 2009 HK$'000
Unlisted investments in securities held for trading, at fair value	–	1,513

18. LOAN RECEIVABLES

On 28 December 2009, the Group entered into two loan agreements with two independent third parties (the "Borrowers") whereby the Group lent RMB208,000,000 (equivalent to approximately HK$235,786,000) and RMB156,000,000 (equivalent to approximately HK$176,840,000) to these two independent third parties respectively for the three-month period commencing from 28 December 2009. The loans are non-trade in nature, unsecured, bear interest at 5% per annum and are repayable on 28 March 2010.

Subsequent to 31 December 2009, the loans were settled in full.

19. TRADE AND OTHER RECEIVABLES

	At 31 December 2009 HK$'000	At 30 April 2009 HK$'000
Trade debtors	39,495	56,253
Consideration receivable for disposal of investment properties	21,232	37,426
Consideration receivable for disposal of an associate	513,000	–
Consideration receivable for disposal of subsidiaries (see note 33(b))	836,154	–
Amounts due from associates (see note below)	77,602	7,845
Other debtors	60,811	59,215
Loans and receivables	1,548,294	160,739
Advance payments to contractors	42,377	131,877
Prepaid sales commission	155,354	113,947
Prepaid other taxes	441,461	252,969
Deposits and prepayments	44,428	48,448
	2,231,914	707,980

Note: The amounts due from associates are non-trade in nature, unsecured, interest free and repayable on demand.

(a) Ageing analysis

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
	23,053	15,345
	39,495	56,253

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

19. TRADE AND OTHER RECEIVABLES (continued)

(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:

	At 31 December 2009 HK$'000	At 30 April 2009 HK$'000
Neither past due nor impaired	**16,442**	40,908
Less than 3 months past due	**6,284**	2,235
More than 3 months past due	**16,769**	13,110
	23,053	15,345
	39,495	56,253

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

(a) Cash and cash equivalents comprise:

	At 31 December 2009 HK$'000	At 30 April 2009 HK$'000
Cash at banks and in hand	**1,645,845**	2,410,534
Cash balance maintained with a securities company	**36,374**	400,000
Less: restricted bank deposits (see note 15)	**(55,023)**	(192,429)
Cash and cash equivalents in the consolidated balance sheet	**1,627,196**	2,618,105
Add: bank balances and cash included in assets of disposal group classified as held for sale (see note 28)	**35,496**	–
Cash and cash equivalents in the consolidated cash flow statement	**1,662,692**	2,618,105

20. CASH AND CASH EQUIVALENTS (continued)

(b) Reconciliation of (loss)/profit before taxation to cash generated from operations:

	Note	8 months ended 31 December 2009 HK$'000	Year ended 30 April 2009 HK$'000
(Loss)/profit before taxation		**(2,034,501)**	338,698
Adjustments for:			
Net valuation loss/(gain) on investment properties	12	**158,337**	(409,047)
Depreciation	5(c)	**28,868**	34,613
Amortisation of land lease premium	5(c)	**1,533**	3,340
Impairment loss on assets of disposal group/ non-current assets classified as held for sale	28	**1,790,000**	201,000
Finance costs	5(a)	**132,342**	210,224
Interest income	4	**(13,231)**	(45,873)
Dividend income from unlisted investments held for trading	4	**–**	(27)
Loss on disposal of investment properties	4	**23,639**	31,218
Loss on disposal of other property, plant and equipment	4	**51**	113
Changes in fair values of derivative financial instruments	4	**(3,100)**	(113,900)
Gain on redumption of convertible notes	26	**(426,074)**	–
Write down of inventories	16(b)	**124,398**	–
Gain on disposal of subsidiaries	33(b)	**(336,866)**	–
Loss on disposal of associate	28(b)	**5,100**	1,014
Share of losses of associates		**1,789**	477
Impairment loss for a debtor	4	**6,840**	–
Transfer from equity on sales of completed properties held for sale		**(270)**	(312)
Equity-settled share-based payment expenses	5(b)	**13,076**	29,946
Foreign exchange gain		**(1,235)**	(107,943)
Changes in working capital:			
Increase in inventories		**(2,615,522)**	(1,717,813)
Decrease in investments in securities held for trading		**1,513**	–
(Increase)/decrease in trade and other receivables		**(94,973)**	412,880
Increase/(decrease) in trade and other payables		**467,656**	(487,908)
Increase in pre-sale receipts from customers		**3,347,814**	2,568,600
Cash generated from operations		**577,184**	949,300

21. TRADE AND OTHER PAYABLES

	At 31 December 2009 HK$'000	At 30 April 2009 HK$'000
Accrued expenditure on properties under development	1,054,251	1,075,017
Retentions payable to contractors	1,712	1,485
Receipts from customers for payment of expenses on their behalf	98,168	176,545
Consideration payables for acquisition of subsidiaries and associates	443,592	578,271
Interest payable	199,085	285,715
Accrued charges and other payables	393,225	288,593
Amounts due to former shareholders of the Company's former subsidiaries (note 21(a))	137,039	21,944
Amounts due to minority shareholders (note 21(a))	48,055	48,055
Amounts due to related companies (note 21(a))	2,466	2,881
Financial liabilities measured at amortised cost	2,377,593	2,478,506
Advance payment from a minority shareholder for a property development project (note 21(b))	–	798,000
Other taxes payables (note 21(c))	35,414	10,430
	2,413,007	3,286,936

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

(b) At 30 April 2009, advance payment of RMB700,000,000 (equivalent to approximately HK$798,000,000) from a minority shareholder of Tianjin City Yi Jia Ye Co., Ltd. ("Yi Jia He"), a subsidiary of the Company established in the PRC, was secured by 20% equity interest in the registered capital of Yi Jia He, interest free and repayable on demand. During the eight months ended 31 December 2009, the Group disposed of 40% equity interest in Yi Jia He, and details of such disposal are disclosed in note 33(a)(iii).

(c) Other taxes payables 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$2,754,024,000 (at 30 April 2009: HK$2,178,414,000) which is 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:

(i) *Movements in income tax payable*

	8 months ended 31 December 2009 HK$'000	Year ended 30 April 2009 HK$'000
PRC Enterprise Income Tax		
At the beginning of the period/year	376,661	407,436
Exchange adjustments	–	10,278
Provision for the period/year	196,940	135,410
Tax paid	(151,121)	(176,463)
Transfer to liabilities of disposal group classified as held for sale (see note 28)	(550)	–
Disposal of subsidiaries (see note 33(b))	2	–
At the end of the period/year	421,932	376,661
Land Appreciation Tax		
At the beginning of the period/year	485,624	436,795
Exchange adjustments	–	12,455
Provision for the period/year	32,129	92,125
Tax paid	(40,431)	(55,751)
At the end of the period/year	477,322	485,624

(ii) *Reconciliation to consolidated balance sheet*

	At 31 December 2009			At 30 April 2009		
	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
Prepaid income tax recognised in the consolidated balance sheet	(243,636)	(96,037)	(339,673)	(161,535)	(69,637)	(231,172)
Income tax payable recognised in the consolidated balance sheet	665,568	573,359	1,238,927	538,196	555,261	1,093,457
	421,932	477,322	899,254	376,661	485,624	862,285

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

(b) Deferred tax assets and liabilities recognised:

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

	Convertible notes HK$'000	Revaluation of investment properties HK$'000	Fair value adjustment on properties under development/ properties held for sale HK$'000	Fair value adjustment on hotel properties HK$'000	Impairment on property, plant and equipment HK$'000	Total HK$'000
Deferred tax arising from:						
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
At 1 May 2009	12,165	533,239	608,598	19,974	(24,832)	1,149,144
Disposal of subsidiaries	–	–	(81,267)	–	–	(81,267)
Redemption of convertible notes	(10,637)	–	–	–	–	(10,637)
Charged/(credited) to profit or loss	(1,090)	(66,637)	(12,097)	(137)	690	(79,271)
At 31 December 2009	438	466,602	515,234	19,837	(24,142)	977,969

(ii) *Reconciliation to consolidated balance sheet*

	At 31 December 2009 HK$'000	At 30 April 2009 HK$'000
Net deferred tax assets recognised in the consolidated balance sheet	(24,142)	(24,832)
Net deferred tax liabilities recognised in the consolidated balance sheet	1,002,111	1,173,976
	977,969	1,149,144

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$1,040,541,000 (at 30 April 2009: HK$526,577,000) as at 31 December 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.

At 31 December 2009, the tax losses of approximately HK$801,723,000 (at 30 April 2009: HK$320,681,000) will expire at various dates up to 2014, and other tax losses do not expire under current tax legislation.

(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 was 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 31 December 2009, temporary differences relating to the undistributed profits of certain subsidiaries amounted to HK$763,700,000 (at 30 April 2009: HK$426,420,000). Deferred tax liabilities of HK$38,800,000 (at 30 April 2009: 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 31 December 2009, the bank loans were repayable as follows:

	At 31 December 2009 HK$'000	At 30 April 2009 HK$'000
Within 1 year or on demand	702,240	971,656
After 1 year but within 2 years	116,850	972,192
After 2 years but within 5 years	321,754	240,677
After 5 years	329,460	341,179
Total bank loans	1,470,304	2,525,704
Less: repayable within 1 year or on demand as classified under current liabilities	(702,240)	(971,656)
Repayable after 1 year as classified under non-current liabilities	768,064	1,554,048

24. BANK BORROWINGS (continued)

During the period, the Group obtained new bank borrowings amounting to HK$302,100,000 (year ended 30 April 2009: HK$772,800,000). The proceeds were used to finance the development of properties.

All bank borrowings are denominated in RMB and variable-rate borrowings which carry interest at commercial rates in the PRC.

At 31 December 2009, the effective interest rates on the Group's bank borrowings range from 5.40% to 6.43% (at 30 April 2009: 5.13% to 7.94%) 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$2,011,311,000 (at 30 April 2009: HK$3,322,106,000), HK$Nil (at 30 April 2009: HK$11,940,000), HK$309,658,000 (at 30 April 2009: HK$295,298,000) and HK$2,912,586,000 (at 30 April 2009: HK$2,754,532,000) as at 31 December 2009, respectively.

(ii) certain bank deposits of the Group amounting to approximately HK$Nil (at 30 April 2009: HK$19,030,000), which have been pledged to secure short-term bank borrowings and are therefore classified as current assets.

(iii) corporate guarantees given by 北京新松投資集團有限公司, in which the controlling shareholder of the Company, Mr. Li Song Xiao, has a controlling interest, to the extent of approximately HK$384,032,000 (30 April 2009: HK$420,314,000).

25. LOAN PAYABLES

	At 31 December 2009 HK$'000	At 30 April 2009 HK$'000
Loan Payable denominated in RMB (see note 25(a))	**1,368,000**	1,710,000
Loan Payable B (see note 25(b))	**34,200**	296,400
Loan Payable C (see note 25(c))	**–**	730,881
	1,402,200	2,737,281

(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) a share mortgage over the entire issued capital of Moral Luck Group Limited, a wholly-owned subsidiary of the Company incorporated in the BVI;

(ii) an equity pledge over the entire registered capital of Zhuhai City Qi Zhou Island Movie Town Co., Ltd., a wholly-owned subsidiary of the Company established in the PRC;

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

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

On 2 December 2009, the Group has effectively refinanced the Loan Payable denominated in RMB in relation to a financing for the development project at Qi Ao East Road, Zhuhai City, Guangdong by agreeing amendments (i.e. both parties agreed to reschedule the repayment term) to the financing arrangements made in 2007 that were due to mature on 5 December 2009.

The Loan Payable denominated in RMB is repayable by nine instalments until 5 December 2011.

The Group may choose to prepay on the 5 December 2010 ("5th Repayment Date") or the 5 June 2011 ("7th Repayment Date") the whole of the Loan Payable denominated in RMB. Upon prepayment the Group may in certain circumstance be entitled to a prepayment rebate from the lender in an amount equal to (a) the amount of interest accrued on the Loan Payable denominated in RMB during the period from and including the 5 December 2009, 1st Repayment Date to but excluding the date of prepayment and actually paid by the Group less (b) the amount of such interest which would have been accrued for the same period had such interest been accrued and calculated at the relevant rate. The relevant rate means (a) (where the prepayment is made on the 5th Repayment Date) 12.5% per annum and (b) (where the prepayment is made on the 7th Repayment Date) 15% per annum.

During the eight months ended 31 December 2009, the Group failed to repay the loan according to the repayment schedule, therefore the whole loan amount became due as at 31 December 2009. However, the Group is in ongoing negotiation with the lender to reschedule the loan repayments. At the date of issue of these financial statements, the Group has obtained the lender's consent that all over-due instalments together with default interest must be repaid on or before 14 May 2010 and the remaining instalments will be repaid according to the relevant repayment schedule.

25. LOAN PAYABLES (continued)

(b) Loan Payable B

An analysis of Loan Payable B is set out below:

	At 31 December 2009 HK$'000	At 30 April 2009 HK$'000
Loan Payable under the Agreement (see note 25(b)(i))	**34,200**	68,400
Loan Payable under the Arrangement (see note 25(b)(ii))	**–**	228,000
	34,200	296,400

(i) Loan Payable under the Agreement

According to an agreement in February 2007 (the "Agreement"), an independent third party ("Lender B") contributed an amount of RMB60,000,000 in respect of 30.0% of the registered capital in a subsidiary (the "Project Company") and granted a loan facility of RMB240,000,000 ("Loan Payable under the Agreement") to the Project Company. 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 utilised 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 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 another 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 for a total consideration of RMB486,110,000 (equivalent to approximately HK$544,000,000), which included the payment of the guaranteed additional amount of RMB100,000,000 (equivalent to approximately HK$112,000,000).

During the year ended 30 April 2009, 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). During the eight months ended 31 December 2009, the Group settled the loan of RMB30,000,000 (equivalent to approximately HK$34,200,000). As at 31 December 2009, the carrying amount of Loan Payable under the Agreement was RMB30,000,000 (equivalent to approximately HK$34,200,000) (at 30 April 2009: RMB60,000,000 (equivalent to approximately HK$68,400,000)).

25. LOAN PAYABLES (continued)

(b) Loan Payable B (continued)

(ii) Loan Payable under the Arrangement

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), which was secured by certain properties under development of the Group located in the PRC with a total carrying amount of approximately HK$624,722,000, bore interest at a rate of 7.02% per annum and was repayable on or before 1 August 2009.

During the eight months ended 31 December 2009, Loan Payable under the Arrangement was settled in full.

(c) Loan Payable C

The loan was from minority shareholders of a subsidiary. It bore interest at 12.5% per annum, was unsecured and repayable on demand. During the eight months ended 31 December 2009, Loan Payable C was derecognised through the disposal of subsidiaries.

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 a 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 a derivative financial instrument. The fair value of the Redemption Right of the Holder at 31 December 2009 was HK$Nil (at 30 April 2009: HK$Nil). Accordingly, a change in the fair value of the derivative financial instrument of approximately HK$Nil (year ended 30 April 2009: HK$34,000,000) was credited to the consolidated income statement for the period.

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 31 December 2009 was HK$600,000 (at 30 April 2009: HK$Nil). Accordingly, a change in the fair value of the derivative financial instrument of HK$600,000 was credited (year ended 30 April 2009: HK$46,000,000 was debited) to the consolidated income statement for the period.

26. CONVERTIBLE NOTES (continued)

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 31 December 2009 and 30 April 2009.

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 the 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, and the holders are 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.

During the eight months ended 31 December 2009 and the year ended 30 April 2009, no Convertible Note 2011 was converted into the Company's new ordinary shares.

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 redeemed Convertible Note 2011 of total principal amount of HK$864,850,000 for a total consideration of HK$544,855,500 (the "Redemption"), pursuant to the terms and conditions of Convertible Note 2011. Immediately after the Redemption, the principal amount of HK$52,160,000 remained outstanding, and a gain of approximately HK$426,074,000 from the Redemption was recognised in profit or loss.

27. SENIOR NOTES/WARRANTS

On 23 July 2007, the Company issued 4,000 units 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 31 December 2009 was HK$29,600,000 (at 30 April 2009: HK$32,100,000). Accordingly, a change in fair value of warrants of HK$2,500,000 (year ended 30 April 2009: HK$125,900,000) was credited to the consolidated income statement for the period.

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 number of shares issuable under Warrants 2012 as at 29 October 2007.

As at 31 December 2009, 66,000,000 (at 30 April 2009: 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 (at 30 April 2009: 66,000,000) additional shares with an aggregate subscription value of HK$443,520,000 (at 30 April 2009: 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 31 December 2009 and 30 April 2009.

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 31 December 2009 and 30 April 2009.

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. At 31 December 2009, the effective interest rate of the liability element is 11.35% (at 30 April 2009: 11.35%).

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

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

	Note	At 31 December 2009 HK$'000	At 30 April 2009 HK$'000
Assets of a disposal group (net of impairment loss)	(a)(i)	2,732,943	–
Liabilities of a disposal group	(a)(ii)	(835)	–
Interest in the associate	(b)	–	857,578
Less: impairment loss		–	(201,000)
		2,732,108	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") (part of property development) 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. Further details of such disposal are disclosed in note 37.

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.

28. DISPOSAL GROUP/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (continued)

(a) (continued)

(i) Assets of disposal group classified as held for sale (net of impairment loss)

	At 31 December 2009 HK$'000
Properties under development, at cost	4,486,145
Less: impairment loss	(1,790,000)
Properties under development, at fair value less costs to sell	2,696,145
Property, plant and equipment	921
Trade and other receivables	381
Cash and cash equivalents	35,496
Total	2,732,943

(ii) Liabilities of disposal group classified as held for sale

	At 31 December 2009 HK$'000
Trade and other payables	285
Income tax payable	550
Total	835

(iii) Cumulative income or expense recognised directly in equity relating to disposal group classified as held for sale

	At 31 December 2009 HK$'000
Foreign exchange translation adjustments	232,008
Total	232,008

28. DISPOSAL GROUP/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (continued)

(b) During the year ended 30 April 2009, the director of the Company 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).

As the proceeds of disposal were less than the net carrying amount of the interest in this associate, 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.

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

	At 31 December 2009		At 30 April 2009	
	Number of shares	Nominal value HK$'000	Number of shares	Nominal value HK$'000
Authorised:				
Ordinary shares of HK$0.04 each	10,000,000,000	400,000	10,000,000,000	400,000
Issued and fully paid:				
Ordinary shares of HK$0.04 each	1,945,640,189	77,826	1,945,640,189	77,826

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.

29. CAPITAL AND RESERVES (continued)

(b) Share capital (continued)

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

Exercise period	Exercise price	At 31 December 2009 Number	At 30 April 2009 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**	65,000,000
14 March 2007 – 6 March 2017	HK$3.92	**47,500,000**	47,500,000
		125,625,000	125,625,000

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) 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).

(iii) Share options reserve

The share options reserve comprises the portion of the grant date 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).

(iv) 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 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.

(v) Exchange reserve

The exchange reserve comprises all exchange differences arising from the translation of the financial statements of the Group's operations not denominated in Hong Kong dollars. The reserve is dealt with in accordance with the accounting policy set out in note 1(u).

29. CAPITAL AND RESERVES (continued)

(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.

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 period, 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.

29. CAPITAL AND RESERVES (continued)

(d) Capital management (continued)

The gearing ratio as at 31 December 2009 and 30 April 2009 was as follows:

	Note	At 31 December 2009 HK$'000	At 30 April 2009 HK$'000
Current liabilities:			
– Bank borrowings	24	702,240	971,656
– Loan payables	25	1,402,200	2,737,281
		2,104,440	3,708,937
Non-current liabilities:			
– Bank borrowings	24	768,064	1,554,048
– Convertible notes	26	62,136	1,028,195
– Senior notes	27	2,942,803	2,923,895
Total debt		5,877,443	9,215,075
Less: Cash and cash equivalents	20	(1,627,196)	(2,618,105)
Restricted bank deposits secured against bank borrowings	15(b)	–	(19,030)
Cash and cash equivalents of disposal group classified as held for sales	28(a)(i)	(35,498)	–
Net debt		4,214,749	6,577,940
Total equity attributable to the equity shareholders of the Company		6,073,429	8,316,384
Gearing ratio		69.4%	79.1%

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 determined 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		

30. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

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

	8 months ended 31 December 2009		Year ended 30 April 2009	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the beginning of the period/year	HK$3.783	125,625,000	HK$3.780	132,875,000
Forfeited during the period/year	–	–	HK$3.720	(7,250,000)
Outstanding at the end of the period/year	HK$3.783	125,625,000	HK$3.783	125,625,000
Exercisable at the end of the period/year	HK$3.803	101,525,000	HK$3.816	87,025,000

The options outstanding at 31 December 2009 had exercise prices of HK$3.60, HK$3.72 or HK$3.92 (at 30 April 2009: HK$3.60, HK$3.72 or HK$3.92) and a weighted average remaining contractual lives of 6.33 years, 6.83 years and 7.33 years (at 30 April 2009: 7 years, 7.5 years and 8 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 actions are 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 the repayment of their mortgage loans, if there is a default in repayment 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:

	At 31 December 2009					
		Contractual undiscounted cash outflow				
	Balance sheet carrying amount HK$'000	Total HK$'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	2,377,593	2,377,593	2,377,593	–	–	–
Bank borrowings	1,470,304	1,700,348	773,508	160,392	387,108	379,340
Loan payables	1,402,200	1,675,800	1,675,800	–	–	–
Convertible notes	62,136	70,782	–	70,782	–	–
Senior notes	2,942,803	4,641,833	304,200	304,200	4,033,433	–
	8,255,036	10,466,356	5,131,101	535,374	4,420,541	379,340
Financial guarantees issued: Maximum amount guaranteed (note 35(a))	–	2,592,713	2,592,713	–	–	–

	At 30 April 2009					
		Contractual undiscounted cash outflow				
	Balance sheet carrying amount HK$'000	Total HK$'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
Financial guarantees issued: Maximum amount guaranteed (note 35(a))	–	1,839,871	1,839,871	–	–	–

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 annual interest rates ranging from 0.001% to 0.360% as at 31 December 2009 (at 30 April 2009: 0.001% to 0.360%). 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 there is any significant impact on its 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 31 December 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 decreased/increased the Group's profit after tax and retained profits by approximately HK$42,318,000 (at 30 April 2009: HK$24,838,000). Other components of consolidated equity would not be affected (at 30 April 2009: 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 rate 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 the year ended 30 April 2009.

(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.

	At 31 December 2009		At 30 April 2009	
	United States Dollars '000	**Hong Kong Dollars '000**	United States Dollars '000	Hong Kong Dollars '000
Trade and other receivables	**–**	**854,809**	194	52,016
Cash and cash equivalents	**249**	**79,737**	31,680	417,641
Trade and other payables	**(17,149)**	**(11,967)**	(10,471)	(12,272)
Convertible notes	**–**	**(62,136)**	–	(1,028,195)
Senior notes	**(377,282)**	**–**	(374,858)	–
Overall exposure to currency risk	**(394,182)**	**860,443**	(353,455)	(570,810)

(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.

	At 31 December 2009		At 30 April 2009	
	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%**	**(61,492)**	2%	(55,139)
	(2)%	**61,492**	(2)%	55,139
Hong Kong Dollars	**5%**	**43,022**	5%	(28,541)
	(5)%	**(43,022)**	(5)%	28,541

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 the year ended 30 April 2009.

(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

(i) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the balance sheet date across the three levels of the fair value hierarchy defined in HKFRS 7, "Financial Instruments: Disclosure" with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

Level 1: (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments

Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

Level 3: (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

Assets

	At 31 December 2009			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Derivative financial instrument				
– Redemption Right of the Issuer	–	600	–	600
	–	600	–	600
Liabilities				
Derivative financial instrument				
– Warrants	–	29,600	–	29,600
	–	29,600	–	29,600

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(f) Fair value (continued)

(i) Financial instruments carried at fair value (continued)

During the period, there were no significant transfer between instruments in level 1 and level 2.

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2009 and 30 April 2009.

(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

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

During the year ended 30 April 2009, the Group acquired assets and liabilities through the acquisition of a subsidiary with details below:

On 30 June 2008, the Group acquired a 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 outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	92,089

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

(b) Acquisition of assets and liabilities through the acquisition of additional interest in a subsidiary

On 31 December 2009, the Group completed the acquisition of a further 10% equity interest in Zhongou Chengkai Company Limited (中歐城開有限公司) ("Zhongou Chengkai"), a company established in the PRC to carry out a property development project in Hebei Province, the PRC, for a consideration of RMB25 million (equivalent to approximately HK$28.5 million) from the minority shareholder of Zhongou Chengkai. Prior to the acquisition, the Group had a 90% equity interest in Zhongou Chengkai, and Zhongou Chengkai then became a wholly-owned subsidiary of the Company. Due to the acquisition of additional interest in Zhongou Chengkai, the minority interests decreased by HK$11,385,000.

33. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries

For the Period Ended 31 December 2009

(i) Beijing Jun He Bai Nian Property Development Co., Ltd ("Jun He Bai Nian")

In July 2009, the Group completed the disposal of its entire interest in 北京國銳民合投資有限公司（"北京國銳"）for a total cash consideration of approximately HK$1,175,397,000. 北京國銳 owns a 55.95% equity interest in Jun He Bai Nian, a company established in the PRC and engaged in property development in Beijing, the PRC. A gain on disposal of approximately HK$105,526,000 arose from this disposal.

Details of the net assets disposed of in respect of 北京國銳 and Jun He Bai Nian are summarised below:

	HK$'000
Net assets disposed of	
Plant and equipment	515
Properties under development	1,837,607
Trade and other receivables	2,290
Bank balance and cash	4,790
Accruals and other payables	(83,457)
Loan payables	(615,719)
Amounts due to group companies	(8,819)
	1,137,207
Minority interests	(67,202)
	1,070,005
Release of exchange reserve upon disposal	(134)
	1,069,871
Gain on disposal of subsidiary	105,526
	1,175,397
Total consideration satisfied by:	
Cash received	1,175,397
Net cash inflow arising on disposal:	
Cash consideration received	1,175,397
Bank balances and cash disposed of	(4,790)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiary	1,170,607

33. DISPOSAL OF SUBSIDIARIES (continued)

(a) Disposal of subsidiaries (continued)

For the Period Ended 31 December 2009 (continued)

(ii) 北京新松建築研究發展有限公司

In August 2009, the Group completed the disposal of the entire equity interest in 北京新松建築研究發展有限公司(“北京新松建築”), a company established in the PRC and engaged in design and construction business, for a cash consideration of approximately HK$1,129,000. A gain on disposal of approximately HK$1,815,000 arose from this disposal.

Details of the net assets disposed of in respect of 北京新松建築 are summarised below:

	HK$'000
Net assets disposed of	
Plant and equipment	1,358
Trade and other receivables	252
Bank balance and cash	4,139
Amount from group companies	2,504
Accruals and other payables	(8,679)
Income tax payables	(112)
	(538)
Release of exchange reserve upon disposal	(148)
	(686)
Gain on disposal of a subsidiary	1,815
	1,129
Total consideration satisfied by:	
Consideration receivable for disposal of a subsidiary	1,129
Net cash outflow arising on disposal:	
Cash consideration received	–
Bank balances and cash disposed of	(4,139)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(4,139)

33. DISPOSAL OF SUBSIDIARIES (continued)

(a) Disposal of subsidiaries (continued)

For the Period Ended 31 December 2009 (continued)

(iii) Tianjin City Yi Jia He Zhi Ye Co., Ltd. ("Yi Jia He")

In June 2009, the Group completed the disposal of a 40% equity interest in Yi Jia He, a company established in the PRC and engaged in property development in Tianjin, for a cash consideration of approximately HK$410,400,000. After the disposal, the Group retains 40% interests in Yi Jia He, which became an associate of the Group. A gain on disposal of approximately HK$115,485,000 arose from this disposal.

Details of the net assets disposed of in respect of Yi Jia He are summarised below:

	HK$'000
Net assets disposed of	
Plant and equipment	1,713
Properties under development	1,849,771
Trade and other receivables	1,275
Bank balance and cash	79,645
Accruals and other payables	(1,450)
Income tax payable	(210)
Advance payment from a minority shareholder for the property development project	(798,000)
Amounts due to group companies	(466,109)
	666,635
Minority interests	(12,712)
	653,923
Net assets transferred to interests in associates	(330,169)
	323,754
Release of exchange reserve upon disposal	(28,839)
	294,915
Gain on disposal of subsidiary	115,485
	410,400
Total consideration satisfied by:	
Cash received	410,400
Net cash inflow arising on disposal:	
Cash consideration received	410,400
Bank balances and cash disposed of	(79,645)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiary	330,755

33. DISPOSAL OF SUBSIDIARIES (continued)

(a) Disposal of subsidiaries (continued)

For the Period Ended 31 December 2009 (continued)

(iv) 天津新潤房地產開發有限公司 ("Tianjin Xin Run")

In December 2009, the Group completed the disposal of the entire equity interest in Star Profit Group Limited ("Star Profit") and its subsidiaries for a total consideration of approximately HK$1,120,000,000. Profit Kingsway Limited, a wholly-owned subsidiary of Star Profit, owns the entire equity interest in Tianjin Xin Run, a company established in the PRC and engaged in property development in Tianjin, the PRC. A gain on disposal of approximately HK$69,523,000 arose from this disposal.

Details of the net assets disposed of in respect of Star Profit and its subsidiaries are summarised below:

	HK$'000
Net assets disposed of	
Plant and equipment	273
Properties under development	1,199,290
Trade and other receivables	144
Prepaid income tax	324
Bank balance and cash	14,441
Accruals and other payables	(11,100)
Deferred tax liabilities	(81,267)
	1,122,105
Release of exchange reserve upon disposal	(71,628)
	1,050,477
Gain on disposal of subsidiaries	69,523
	1,120,000
Total consideration satisfied by:	
Cash received	285,000
Consideration receivable for disposal of subsidiaries	835,000
	1,120,000
Net cash inflow arising on disposal:	
Cash consideration received	285,000
Bank balances and cash disposed of	(14,441)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	270,559

33. DISPOSAL OF SUBSIDIARIES (continued)

(a) Disposal of subsidiaries (continued)

For the Period Ended 31 December 2009 (continued)

(v) 北京世銘企業管理有限公司 ("北京世銘")

In December 2009, the Group completed the disposal of the entire equity interest in 北京世銘, a company established in the PRC and engaged in corporate management in Beijing, for a cash consideration of approximately HK$25,000. A gain on disposal of approximately HK$28,000 arose from this disposal.

Details of the net assets disposed of in respect of 北京世銘 are summarised below:

	HK$'000
Net assets disposed of	
Accruals and other payables	(7)
Release of exchange reserve upon disposal	4
	(3)
Gain on disposal of a subsidiary	28
	25
Total consideration satisfied by:	
Consideration receivable for disposal of a subsidiary	25
Net cash inflow arising on disposal:	
Cash consideration received	–
Bank balances and cash disposed of	–
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiaries	–

(vi) 榮鑫(北京)企業管理有限公司, 中新方圓科技(深圳)有限公司, 天津中新同城房地產開發有限公司, 天津中新泰華房地產開發有限公司 and 天津中新宜城房地產開發有限公司 ("deregistered subsidiaries").

During the eight months ended 31 December 2009, the Group applied for and completed the deregistration of the deregistered subsidiaries, which were established in the PRC and had not yet commenced any business. A gain on disposal of approximately HK$44,489,000 arose from this disposal due to the release of exchange reserve.

33. DISPOSAL OF SUBSIDIARIES (continued)

(b) Summary of disposal of subsidiaries

For the Period Ended 31 December 2009

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

	8 months ended 31 December 2009 HK$'000
Net assets disposed of	
Plant and equipment	3,859
Properties under development	4,886,668
Trade and other receivables	3,961
Prepaid income tax	324
Bank balance and cash	103,015
Accruals and other payables	(104,693)
Income tax payables	(322)
Deferred tax liabilities	(81,267)
Loan payables	(615,719)
Advance payment from a minority shareholder for the property development project	(798,000)
Amounts due to group companies	(472,424)
	2,925,402
Minority interests	(79,914)
	2,845,488
Net assets transferred to interests in associates	(330,169)
	2,515,319
Release of exchange reserve upon disposal	(145,234)
	2,370,085
Gain on disposal of subsidiaries	336,866
	2,706,951
Total consideration satisfied by:	
Cash received	1,870,797
Consideration receivable for disposal of subsidiaries	836,154
	2,706,951
Net cash inflow arising on disposal:	
Cash consideration received	1,870,797
Bank balances and cash disposed of	(103,015)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	1,767,782

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

34. COMMITMENTS

(a) Commitments in respect of properties under development outstanding at 31 December 2009 and 30 April 2009 not provided for in the consolidated financial statements were as follows:

	The Group	
	At 31 December 2009 HK$'000	At 30 April 2009 HK$'000
Authorised and contracted for but not provided for	**3,210,742**	6,064,142

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

	At 31 December 2009 HK$'000	At 30 April 2009 HK$'000
Within one year	**5,684**	3,785
After one year but within five years	**2,285**	1,611
	7,969	5,396

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) Corporate guarantees

(i) Guarantees in respect of mortgage facilities for certain purchasers

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 approximately HK$2,377,313,000 as at 31 December 2009 (at 30 April 2009: HK$1,617,631,000).

35. CONTINGENT ASSETS AND LIABILITIES (continued)

(a) Corporate guarantees (continued)

(i) *Guarantees in respect of mortgage facilities for certain purchasers* (continued)

In the opinion of the directors of the Company, 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 relevant buyers 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 these guarantees.

(ii) *Guarantees in respect of bank loans for a former subsidiary*

The Company has entered into agreements with two banks to provide corporate guarantees with respect to bank loans granted to a former subsidiary. Pursuant to the terms of guarantees, upon default in payments of bank loans by the former subsidiary, the Company is responsible to repay the outstanding loan principals together with accrued interest and penalty owed by the former subsidiary to the banks. The guarantees will be released when the bank loans of the former subsidiary are repaid in full. The maximum liability of the Company at the balance sheet date under such guarantees is the outstanding amount of the bank loans to the former subsidiary of RMB224,000,000 (equivalent to approximately HK$255,360,000) (at 30 April 2009: RMB230,000,000 (equivalent to approximately HK$262,200,000)).

As at 31 December 2009, the Company holds a deposit of RMB36,000,000 (equivalent to approximately HK$39,960,000) (at 30 April 2009: RMB36,000,000 (equivalent to approximately HK$39,960,000)) from the holding company of the former subsidiary as a collateral for the guarantees, and such deposit is included in "Trade and other payables".

In the opinion of the directors of the Company, 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 former subsidiary is remote and, in case of default in payments, the net realisable value of the net assets of the former subsidiary can recover the repayment of the outstanding principals of the bank loans together with the accrued interest and penalty. Accordingly, no provision has been made in respect of such 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.

35. CONTINGENT ASSETS AND LIABILITIES (continued)

(c) Legal proceedings initiated by a third party against the Company

According to a statement of claim filed in the High Court of the Hong Kong Special Administrative Region by a third party (the "plaintiff") on 25 November 2009, the plaintiff alleges that 中置(北京)企業管理有限公司 ("中置(北京)"), a wholly owned subsidiary of the Company, was in breach of a share transfer agreement. According to this agreement, the plaintiff agreed to transfer its 30% equity interest in 成都中新錦泰房地產開發有限公司 ("成都錦泰"), a subsidiary of the Company, to 中置(北京) for the consideration of RMB160,000,000, and that the Company was a guarantor guaranteeing the performance of 中置(北京)'s obligations under the share transfer agreement. If the Company is found to be liable, the total expected monetary sum may amount to approximately RMB102,000,000 (equivalent to approximately HK$116,280,000), which comprises the outstanding consideration of RMB70,000,000 (equivalent to approximately HK$79,800,000), which included an amount of RMB30,000,000 (equivalent to approximately HK$34,200,000) (which is included in "Loan Payable") (see note 25(b)(i)), and the compensation of RMB32,000,000 (equivalent to approximately HK$36,480,000), plus interest and legal costs.

The Company, having obtained advice from its legal counsellor, is of the view that the above claim is based on unreasonable and invalid grounds because the plaintiff, 中置(北京) and 成都錦泰 have on or about 24 April 2009 reached a settlement agreement through 成都市中級人民法院 on this matter. Therefore, no provision has been made in respect of this claim.

36. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel

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

	8 months ended 31 December 2009 HK$'000	Year ended 30 April 2009 HK$'000
Short-term employee benefits	**10,830**	12,812
Post-employment benefits	**8**	11
Equity compensation benefits	**3,857**	9,558
	14,695	22,381

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

36. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with key management personnel (continued)

(ii) During the eight months ended 31 December 2009, Mr. Liu Yi and Ms. Liu Yan, the directors of the Company, entered into sale and purchase agreements with the Company's subsidiaries for the purchase of the Group's properties for the total considerations of approximately HK$1,335,000 and HK$1,265,000, respectively. At 31 December 2009, the Group received an amount of approximately HK$6,000 from Ms. Liu Yan as deposits in accordance with these agreements. Up to the date of the issue of these financial statements, the remaining balances of the total considerations were settled in full, but these transactions are not yet completed.

During the year ended 30 April 2009, Ms. Liu Yan entered into sale and purchase agreements with the Company's subsidiaries for the purchase of the Group's properties for the total consideration of approximately HK$6,517,000, and these transactions were completed during the year.

(b) Balances with related parties

Details of the balances with related parties as at 31 December 2009 and 30 April 2009 are set out in the notes 19, 21 and 25.

(c) Transactions with related parties

During the period, the Group entered into the following transactions with related companies:

(i) During the eight months ended 31 December 2009, the Group paid building management fee to 北京欣錦佳資產管理有限公司, in which Mr. Li Song Xiao, the controlling shareholder of Company, has controlling interest, for the Group's office. The amount of building management fee was agreed mutually by both parties. The amount of building management fee incurred in the period was HK$4,817,000 (year ended 30 April 2009: HK$5,611,000). An amount of HK$4,883,000 was outstanding (at 30 April 2009: HK$2,977,000) as at 31 December 2009 and was included in "Accrued charges and other payables" under "Trade and other payables" (note 21).

(ii) During the eight months ended 31 December 2009, agency fees were paid to 天津博華物業管理有限公司 ("博華物管") 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, 北京西宇嘉業物業管理有限公司深圳分公司 ("西宇嘉業"), in which Ms. Liu Yan, a director of the Company, has controlling interest, for providing property management services to the Company's subsidiaries. The amounts of agency fees charged were agreed mutually by both parties. The amounts of agency fees incurred in the period were HK$1,896,000 (year ended 30 April 2009: HK$2,808,000), HK$2,843,000 (year ended 30 April 2009: HK$971,000) and HK$1,334,000 (year ended 30 April 2009: HK$971,000), which were charged by 博華物管, 西宇嘉業 and 中新嘉業, respectively. An amount of HK$115,000 was outstanding and due to 西宇嘉業 as at 31 December 2009 (at 30 April 2009: HK$369,000 was outstanding and due to 中新嘉業) and was included in "Accrued charges and other payables" under "Trade and other payables" (note 21). No amount were outstanding and due to 中新嘉業 and 博華物管 as at 31 December 2009 (No amounts were outstanding and due to 博華物管 and 西宇嘉業 as at 30 April 2009).

36. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(c) Transactions with related parties (continued)

(iii) During the eight months period ended and as at 31 December 2009, 北京新松投資集團有限公司(「新松投資集團」), in which Mr. Li Song Xiao has a controlling interest, provided corporate guarantees to secure the Group's bank loan facilities to the extent of approximately HK$384,032,000 (at 30 April 2009: HK$420,314,000) at no charge.

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

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 were set out in the announcement as issued by the Company on 19 January 2010. Further details of such disposal are disclosed in note 28(a).

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.

(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.

38. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(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 of its property development projects. 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.

(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.

38. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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

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 is 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 fair value less costs to sell 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 ageing of the trade and other receivables balance, debtor credit-worthiness, and historical write-off experience. If the financial conditions 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 PERIOD ENDED 31 DECEMBER 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 period ended 31 December 2009 and which have not been adopted in these financial statements.

	Effective for accounting periods beginning on or after
HKFRS 3 (Revised) "Business Combinations"	1 July 2009
Amendments to HKAS 27 "Consolidated and Separate Financial Statements"	1 July 2009
Amendments to HKAS 39 "Financial Instruments: Recognition And Measurement" – *Eligible hedged items*	1 July 2009
HK(IFRIC) – Int 17 "Distributions of Non-Cash Assets to Owners"	1 July 2009
Amendments to HKFRS 5 as part of improvements to HKFRSs 2008	1 July 2009
Improvements to HKFRSs 2009	1 July 2009 or 1 January 2010
Amendments to HKFRS 1 "First-time Adoption of Hong Kong Financial Reporting Standards" – *Additional exemptions for First-time Adopters*	1 January 2010
Amendments to HKFRS 2 "Share-based Payment" – *Group cash-settled share-based payment transactions*	1 January 2010
Amendments to HKAS 32 "Financial Instruments – Presentation" – *Classification of rights issues*	1 February 2010
HKAS 24 (Revised) "Related Party Disclosures"	1 January 2011
Amendments to HK(IFRIC) – Int 14 "HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" – *Prepayments of a minimum funding requirement*	1 January 2011
HK(IFRIC) – Int 19 "Extinguishing Financial Liabilities with Equity Instruments"	1 July 2010
HKFRS 9 "Financial Instruments"	1 January 2013

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.

40. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 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 31 December 2009 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		Principal activities
			Directly	Indirectly	
Eastern Beauty Investment Limited	Hong Kong	1 ordinary share of HK$1	–	100%	Investment holding
Golden Bull Investment Limited	Hong Kong	1 ordinary share of HK$1	–	100%	Investment holding
Honest State Limited	British Virgin Islands/ Hong Kong	10,000,000 ordinary shares of US$1 each	–	100%	Investment holding
Leadway Pacific Limited	British Virgin Islands/ Hong Kong	1 ordinary share of US$1	–	100%	Investment holding
Neo-China Land Group (China) 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
Neo-China Real Estate (Shanghai) Limited	British Virgin Islands/ Hong Kong	1 ordinary share of US$1	–	100%	Investment holding
New Direction Development Limited	British Virgin Islands/ Hong Kong	1 ordinary share of US$1	–	100%	Investment holding
Phoenix Real Property Limited	British Virgin Islands/ Hong Kong	200 ordinary shares of US$1 each	–	80%	Investment holding
Profit Mainland Limited	Hong Kong	1 ordinary share of HK$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		Principal activities
			Directly	Indirectly	
Profit Store Development Limited	Hong Kong	1 ordinary share of HK$1	–	100%	Investment holding
Reliance Profit Limited	Hong Kong	1 ordinary share of HK$1	–	100%	Investment holding
Rich Glory Investments Limited	Hong Kong	1 ordinary share of HK$1	–	100%	Investment holding
Rich Win Investments Limited	Hong Kong	1 ordinary share of HK$1	–	100%	Investment holding
Speed Max Limited	Hong Kong	1 ordinary share of HK$1	–	100%	Investment holding
Star Tech Development Limited	Hong Kong	1 ordinary share of HK$1	–	100%	Investment holding
Wonder Bridge Company Limited	Hong Kong	4 ordinary shares of HK$100 each	–	75%	Investment holding
Shenzhen Phoenix Real Estates Company Limited 深圳鳳凰置業有限公司 (note (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 (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	–	100%	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
北京新松置地投資顧問有限公司 (note (c))	The PRC	RMB30,000,000	–	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
成都中新錦泰房地產開發有限公司 (note (a))	The PRC	RMB200,000,000	–	100%	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 (c))	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 (c))	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 (c))	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 (c))	The PRC	RMB10,000,000	–	71.5%	Property development
西安中新沁園房地產開發有限公司 (note (c))	The PRC	RMB10,000,000	–	71.5%	Property development
西安中新新柳域房地產開發有限公司 (note (c))	The PRC	RMB10,000,000	–	71.5%	Property development
西安中新華勝房地產開發有限公司 (note (c))	The PRC	RMB10,000,000	–	71.5%	Property development
西安中新榮景房地產開發有限公司 (note (c))	The PRC	RMB10,000,000	–	71.5%	Property development
西安中新濱河房地產開發有限公司 (note (c))	The PRC	RMB10,000,000	–	71.5%	Property development
西安中新永景房地產開發有限公司 (note (c))	The PRC	RMB10,000,000	–	71.5%	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
湖南溇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
天津凱津房地產開發有限公司 (note (c))	The PRC	RMB210,000,000	–	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
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	–	100%	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

41. PRINCIPAL SUBSIDIARIES (continued)

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) These companies were established in the PRC in the form of a limited liability company.

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.

Financial Summary

	Year ended 30 April				8 months ended 31 December
	2006	2007	2008	2009	**2009**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
	(restated)		(restated)		
Revenue	671,140	2,779,845	5,029,260	2,534,580	**513,086**
Profit/(loss) before taxation	108,980	1,041,943	2,375,514	338,698	**(2,034,501)**
Income tax expense	(14,752)	(223,703)	(808,990)	(249,142)	**(149,798)**
Profit/(loss) for the year/period	94,228	818,240	1,566,524	89,556	**(2,184,299)**
Attributable to:					
Equity holders of the Company	104,663	833,319	1,550,486	126,567	**(2,106,392)**
Minority interests	(10,435)	(15,079)	16,038	(37,011)	**(77,907)**
Profit/(loss) for the year/period	94,228	818,240	1,566,524	89,556	**(2,184,299)**

	As at 30 April				As at 31 December
	2006	2007	2008	2009	**2009**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Assets and liabilities					
Total assets	4,245,673	14,144,131	27,563,524	29,295,748	**25,991,780**
Total liabilities	(2,704,272)	(8,632,580)	(18,484,201)	(20,223,605)	**(19,331,798)**
	1,541,401	5,511,551	9,079,323	9,072,143	**6,659,982**
Equity attributable to equity					
Holders of the Company	1,391,702	4,958,831	8,374,052	8,316,384	**6,073,429**
Minority interests	149,699	552,720	705,271	755,759	**586,553**
	1,541,401	5,511,551	9,079,323	9,072,143	**6,659,982**