



**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)**

**ANNOUNCEMENT OF FINAL RESULTS**  
**FOR THE YEAR ENDED 30 APRIL 2008**

On behalf of the Board of Director of Neo-China Land Group (Holdings) Limited (the “Company”), I am pleased to present the annual results of the Company and its subsidiaries (the “Group”) for the financial year ended 30 April 2008:

<b>FINANCIAL HIGHLIGHTS</b>			
<b>For the year ended 30 April</b>	<b>2008</b>	<b>2007</b> <b>(restated)</b>	<b>Increase</b> <b>(%)</b>
<b>Financial Highlights (HK\$'000)</b>			
Turnover	<b>5,029,260</b>	2,779,845	80.9
Profit attributable to equity shareholders of the Company	<b>1,550,486</b>	833,319	86.1
<b>Financial Ratios</b>			
Net debt to shareholders' funds (%)	<b>61.9</b>	51.3	
Interest cover	<b>4.09</b>	5.56	
Current ratio	<b>2.03</b>	2.68	
<b>Financial Information per share</b> <b>(HK cents) (Note)</b>			
Earnings			
– Basic	<b>84.23</b>	58.69	43.5
– Diluted	<b>68.19</b>	52.72	29.3
Dividends			
– Interim dividend	<b>1.0</b>	6.0	
– Final dividend	<b>14.0</b>	4.8	
Equity attributable to equity shareholders	<b>8,374,052</b>	4,958,831	68.9
<b>Land Reserve (million sq.m.)</b>	<b>13.1</b>	9.2	42.4

*Note:* The figures have been adjusted for the consolidation of the Company's ordinary share in October 2007 (“Share Consolidation”).

## CONSOLIDATED INCOME STATEMENT

For the year ended 30 April 2008 (Expressed in Hong Kong dollars)

	Note	2008 HK\$'000	2007 HK\$'000 (restated)
<b>Turnover</b>	3	<b>5,029,260</b>	2,779,845
Cost of sales		<u>(4,060,574)</u>	<u>(2,237,616)</u>
<b>Gross profit</b>		<b>968,686</b>	542,229
Other revenue	4	<b>73,455</b>	33,823
Other net income	4	<b>416,528</b>	39,270
Net valuation gain on investment properties		<b>111,281</b>	214,700
Fair value gain on transfer of completed properties held for sale to investment properties		<b>972,403</b>	323,083
Distribution and selling expenses		<b>(299,321)</b>	(90,604)
General and administrative expenses		<b>(342,642)</b>	(197,145)
<b>Profit from operations</b>		<b>1,900,390</b>	865,356
Finance costs		<b>(268,363)</b>	(81,402)
Share of losses of associates		<b>(3,853)</b>	(5,258)
Gain on disposal of subsidiaries		<b>47,660</b>	283,247
Gain on disposal of partial interests in subsidiaries		<b>699,680</b>	–
Impairment loss on assets of a disposal group classified as held for sale		–	(20,000)
<b>Profit before taxation</b>	5	<b>2,375,514</b>	1,041,943
Income tax	6	<b>(808,990)</b>	(223,703)
<b>Profit for the year</b>		<b><u>1,566,524</u></b>	<b><u>818,240</u></b>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>1,550,486</b>	833,319
Minority interests		<b>16,038</b>	(15,079)
<b>Profit for the year</b>		<b><u>1,566,524</u></b>	<b><u>818,240</u></b>
<b>Dividends payable to equity shareholders of the Company attributable to the year:</b>			
Interim dividend declared during the year	7	<b>19,456</b>	96,156
Final dividend proposed after the balance sheet date		<b>272,390</b>	90,453
		<b><u>291,846</u></b>	<b><u>186,609</u></b>
<b>Earnings per share</b>	8		
Basic		<b><u>84.23 HK cents</u></b>	<b><u>58.69 HK cents</u></b>
Diluted		<b><u>68.19 HK cents</u></b>	<b><u>52.72 HK cents</u></b>

## CONSOLIDATED BALANCE SHEET

At 30 April 2008 (Expressed in Hong Kong dollars)

		2008		2007	
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(restated)	(restated)
<b>Non-current assets</b>					
Investment properties			3,395,620		1,475,834
Other property, plant and equipment			780,553		137,933
Interests in associates			1,445,771		–
Deposits for acquisition of subsidiaries			–		255,170
Restricted bank deposits			104,495		84,125
Derivative financial instrument – Redemption Right of the Issuer			46,000		20,000
Deferred tax assets			25,186		15,739
			<u>5,797,625</u>		<u>1,988,801</u>
<b>Current assets</b>					
Properties under development		15,277,716		8,299,508	
Completed properties held for sale		533,479		375,493	
Investments in securities held for trading		1,486		–	
Available-for-sale investment		–		90,900	
Trade and other receivables	10	1,458,957		1,553,555	
Income tax recoverable		119,224		133,300	
Restricted bank deposits		11,100		10,100	
Cash and cash equivalents		4,363,937		1,411,472	
			<u>21,765,899</u>		<u>11,874,328</u>
Assets of a disposal group classified as held for sale			–		281,002
			<u>21,765,899</u>		<u>12,155,330</u>
<b>Current liabilities</b>					
Trade and other payables		3,928,235		1,320,712	
Pre-sale receipts from customers		2,727,406		1,921,783	
Bank borrowings, secured		541,491		671,700	
Loan payables		2,394,346		170,422	
Derivative financial instrument – Warrants		158,000		–	
Income tax payable		963,455		407,496	
Dividend payable		4,360		9	
			<u>10,717,293</u>		<u>4,492,122</u>

		2008		2007	
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(restated)	(restated)
Liabilities directly associated with assets of a disposal group classified as held for sale		–		39,035	
		<u>10,717,293</u>		<u>4,531,157</u>	
<b>Net current assets</b>			<u>11,048,606</u>		<u>7,624,173</u>
<b>Total assets less current liabilities</b>			<u>16,846,231</u>		<u>9,612,974</u>
<b>Non-current liabilities</b>					
Bank borrowings, secured		2,772,558		1,401,880	
Loan payables		–		458,174	
Convertible notes		939,480		1,254,074	
Senior notes		2,897,838		–	
Derivative financial instrument – Redemption Right of the Holder		34,000		53,000	
Deferred tax liabilities		<u>1,123,032</u>		<u>934,295</u>	
			<u>7,766,908</u>		<u>4,101,423</u>
<b>NET ASSETS</b>			<u><u>9,079,323</u></u>		<u><u>5,511,551</u></u>
<b>CAPITAL AND RESERVES</b>					
Share capital			77,826		68,754
Reserves			<u>8,296,226</u>		<u>4,890,077</u>
<b>Total equity attributable to equity shareholders of the Company</b>			<u>8,374,052</u>		<u>4,958,831</u>
<b>Minority interest</b>			<u>705,271</u>		<u>552,720</u>
<b>TOTAL EQUITY</b>			<u><u>9,079,323</u></u>		<u><u>5,511,551</u></u>

# SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

## 1. SIGNIFICANT ACCOUNTING POLICIES

### *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 (“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.

## 2. CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT OF PRIOR PERIODS AND OPENING BALANCES

### (a) *Change in accounting policies*

The HKICPA has issued a number of new and revised HKFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the Group.

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7 “*Financial instruments: Disclosures*” and the amendment to HKAS 1 “*Presentation of financial statements: Capital disclosures*”, there have been some additional disclosures provided as follows:

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the Group’s financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32 “*Financial instruments: Disclosure and presentation*”. These disclosures are provided throughout these financial statements, in particular in note to the financial statements.

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group's objectives, policies and processes for managing capital. These new disclosures are set out in note to the financial statements.

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial instruments.

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

**(b) Restatement of prior periods and opening balances**

In prior years, the Group classified land appreciation tax ("LAT") in the People's Republic of China (the "PRC") as part of cost of sales, with the related prepaid LAT included in trade and other receivables and LAT payables included in trade and other payables.

In September 2007, the HKICPA's Financial Reporting Standards Committee has clarified that the LAT is a form of income tax and is within the scope of HKAS 12 "Income Taxes". Accordingly, LAT charge has been reclassified from cost of sales to income tax expense on the consolidated income statement and the related prepaid LAT and LAT payable shall be grouped under tax recoverable and tax payable on the face of the consolidated balance sheet.

These changes in accounting treatment have been adjusted retrospectively by restating the comparative information for the period.

**3. TURNOVER**

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

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

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Revenue from sale of property	<b>5,018,642</b>	2,779,642
Gross rentals from investment properties	<b>10,618</b>	203
	<b><u>5,029,260</u></b>	<u>2,779,845</u>

#### 4. OTHER REVENUE AND NET INCOME

	<b>2008</b>	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Other revenue</b>		
Interest income from bank deposits	<b>28,721</b>	6,749
Interest income from loan to an associate	–	5,494
Other interest income	–	6,602
	<hr/>	<hr/>
Total interest income on financial assets		
not at fair value through profit or loss	<b>28,721</b>	18,845
Dividend income from unlisted investments held for trading	<b>37,366</b>	14,286
Bad debts recovered	<b>4,793</b>	–
PRC government subsidies	<b>765</b>	545
Forfeiture of customers' deposits	<b>496</b>	–
Others	<b>1,314</b>	147
	<hr/>	<hr/>
	<b>73,455</b>	33,823
	<hr/> <hr/>	<hr/> <hr/>
<b>Other net income</b>		
Net gain on disposal of investment properties	<b>32,453</b>	–
Available-for-sale investments: transfer from equity		
– on disposal	<b>61,945</b>	–
Changes in fair values of derivative financial instruments	<b>48,802</b>	436
Exchange gain on convertible notes	<b>108,355</b>	24,291
Exchange gain on senior notes	<b>97,595</b>	–
Other net exchange gain	<b>67,378</b>	14,394
Others	–	149
	<hr/>	<hr/>
	<b>416,528</b>	39,270
	<hr/> <hr/>	<hr/> <hr/>

## 5. PROFIT BEFORE TAXATION

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

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
(a) Finance costs:		
Interest on bank borrowings wholly repayable within five years	<b>158,748</b>	88,842
Interest on bank borrowings wholly repayable after five years	<b>17,163</b>	–
Interest on loan payables	<b>238,722</b>	37,712
Interest on convertible notes	<b>97,622</b>	96,007
Interest on senior notes	<b>254,128</b>	–
Interest on loan from a minority shareholder	<b>6,241</b>	–
Interest on amount due to a related company	–	5,770
	<hr/>	<hr/>
Total interest expense on financial liabilities not at fair value through profit or loss	<b>772,624</b>	228,331
Less: interest expense capitalised into properties under development*	<b>(504,261)</b>	(146,929)
	<hr/>	<hr/>
	<b>268,363</b>	81,402
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\* *The borrowing costs have been capitalised at a rate of 5.91% – 19.66% (2007: 7.48%) per annum.*



	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i> (restated)
(b) Staff costs:		
Contributions to defined contribution retirement plans	<b>3,290</b>	1,571
Equity-settled share-based payment expense	<b>92,941</b>	97,840
Salaries, wages and other benefits	<b>103,315</b>	38,980
	<hr/>	<hr/>
	<b>199,546</b>	138,391
<i>Less:</i> Staff costs capitalised into properties under development	<b>(22,914)</b>	(10,081)
	<hr/>	<hr/>
	<b>176,632</b>	128,310
	<hr/> <hr/>	<hr/> <hr/>
(c) Other items:		
Depreciation	<b>11,163</b>	3,712
<i>Less:</i> depreciation capitalised into properties under development	<b>(371)</b>	(442)
	<hr/>	<hr/>
	<b>10,792</b>	3,270
Auditors' remuneration		
– audit services	<b>3,600</b>	3,131
– other services	<b>720</b>	6,664
Cost of properties sold	<b>4,060,574</b>	2,237,616
	<hr/> <hr/>	<hr/> <hr/>

## 6. INCOME TAX IN THE INCOME STATEMENT

	<b>2008</b>	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(restated)
<b>Current tax</b>		
Provision for the year		
– PRC Enterprise Income Tax	<b>440,378</b>	171,678
– Land Appreciation Tax	<b>265,112</b>	200,613
	<u>705,490</u>	<u>372,291</u>
	-----	-----
<b>Deferred tax</b>		
Origination and reversal of temporary differences		
– Current year	<b>102,114</b>	(24,915)
– Attributed to a change in tax rate	<b>1,386</b>	(123,673)
	<u>103,500</u>	<u>(148,588)</u>
	-----	-----
	<u><b>808,990</b></u>	<u>223,703</u>
	=====	=====

The provision for income tax comprised PRC Enterprise Income Tax and Land Appreciation Tax.

No provision for Hong Kong Profits Tax has been made in the consolidated income statement as the Group did not derive any assessable profits in Hong Kong for the years ended 30 April 2007 and 2008.

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

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

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

## 7. DIVIDENDS

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

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Interim dividend declared and paid of HK1.0 cent per ordinary share (2007: HK6.0 cents)	<b>19,456</b>	96,156
Final dividend proposed after the balance sheet date of HK14.0 cents per ordinary share (2007: HK4.8 cents)	<b>272,390</b>	90,453
	<b><u>291,846</u></b>	<u>186,609</u>

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

*Note:* The figures for dividends per share have been adjusted with the effect of Share Consolidation.

### (b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year.

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK4.8 cents per ordinary share (2007: HK nil cents per ordinary share)	<b>90,453</b>	–
	<b><u>90,453</u></b>	<u>–</u>

## 8. EARNINGS PER SHARE

### (a) *Basic earnings per share*

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$1,550,486,000 (2007: HK\$833,319,000) and the weighted average number of 1,840,767,124 ordinary shares (2007 (restated): 1,419,831,298 ordinary shares) in issue during the year calculated as follows:

#### *Weighted averaged number of ordinary shares*

	<b>2008</b>	2007 (restated)
Issued ordinary shares at 1 May	<b>1,718,843,585</b>	1,019,834,872
Effect of shares issued under a private placement	–	65,972,603
Effect of conversion of convertible notes	<b>38,848,716</b>	99,726,027
Effect of shares issued for acquisition of subsidiaries	<b>80,420,588</b>	234,297,796
Effect of share options exercised	<b>2,654,235</b>	–
	<hr/>	<hr/>
Weighted average number of ordinary shares at 30 April	<b><u>1,840,767,124</u></b>	<b><u>1,419,831,298</u></b>

*Note:* The weighted average number of ordinary shares for the purpose of basic earnings per share have been adjusted with the effect of Share Consolidation.

(b) *Diluted earnings per share*

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$1,410,830,000 (2007: HK\$853,287,000) and the weighted average number of ordinary shares of 2,069,070,162 shares (2007: (restated) 1,618,619,511 shares) calculated as follows:

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

	<b>2008</b>	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to ordinary equity shareholders	<b>1,550,486</b>	833,319
After tax effect of effective interest on liability component of convertible notes	<b>13,699</b>	44,695
After tax effect of exchange gain on liability component of convertible notes	<b>(108,355)</b>	(24,291)
After tax effect of gains/losses recognised on the derivative component of convertible notes	<b>(45,000)</b>	(436)
	<hr/>	<hr/>
Profit attributable to ordinary equity shareholders (diluted)	<b><u>1,410,830</u></b>	<b><u>853,287</u></b>

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

	<b>2008</b>	2007
		(restated)
Weighted average number of ordinary shares at 30 April	<b>1,840,767,124</b>	1,419,831,298
Effect of conversion of convertible notes	<b>183,772,228</b>	197,888,183
Effect of deemed issue of shares under the Company's share option scheme	<b>44,530,810</b>	900,030
	<hr/>	<hr/>
Weighted average number of ordinary shares (diluted) at 30 April	<b><u>2,069,070,162</u></b>	<b><u>1,618,619,511</u></b>

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

*Note:* The weighted average number of ordinary shares for the purpose of diluted earnings per share have been adjusted with the effect of Share Consolidation.

## 9. SEGMENT REPORTING

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

As the operations of the Group are all in the PRC, no geographical segment information is presented.

### *Business segments*

The Group comprises the following main business segments:

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

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

	Property development		Property investment		Unallocated		Consolidated	
	2008 HK\$'000	2007 HK\$'000 (restated)	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000 (restated)
<b>Revenue</b>								
External sales	<b>5,018,642</b>	2,779,642	<b>10,618</b>	203	-	-	<b>5,029,260</b>	2,779,845
<b>Result</b>								
Segment result	<b>1,441,913</b>	720,667	<b>172,265</b>	208,737	-	-	<b>1,614,178</b>	929,404
Unallocated corporate income/(expenses)							<b>286,212</b>	(64,048)
Profit from operations							<b>1,900,390</b>	865,356
Finance costs							<b>(268,363)</b>	(81,402)
Share of losses of associates							<b>(3,853)</b>	(5,258)
Gain on disposal of subsidiaries	<b>47,660</b>	283,247	-	-	-	-	<b>47,660</b>	283,247
Gain on disposal of partial interests in subsidiaries	<b>699,680</b>	-	-	-	-	-	<b>699,680</b>	-
Impairment loss on assets of a disposal group classified as held for sale							-	(20,000)
Income tax							<b>(808,990)</b>	(223,703)
Profit for the year							<b>1,566,524</b>	818,240
<b>Other information</b>								
Capital expenditure								
- acquisition of subsidiaries	<b>2,441</b>	7,767	-	560,924	<b>962</b>	90,000	<b>3,403</b>	658,691
- others	<b>12,858</b>	9,055	<b>3,202</b>	62,366	<b>5,211</b>	26,804	<b>21,271</b>	98,225
Depreciation	<b>7,449</b>	2,501	<b>1,039</b>	740	<b>2,675</b>	471	<b>11,163</b>	3,712
Valuation gain on investment properties	-	-	<b>111,281</b>	214,700	-	-	<b>111,281</b>	214,700
Fair value gain on transfer of completed properties held for sale to investment properties	<b>972,403</b>	323,083	-	-	-	-	<b>972,403</b>	323,083

	Property development		Property investment		Consolidated	
	2008	2007	2008	2007	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Assets</b>						
Segments assets	<b>19,047,714</b>	10,210,885	<b>1,706,567</b>	1,483,296	<b>20,754,281</b>	11,694,181
Unallocated corporate assets					<b>6,809,243</b>	2,449,950
Consolidated total assets					<b>27,563,524</b>	14,144,131
<b>Liabilities</b>						
Segment liabilities	<b>6,250,145</b>	3,133,869	<b>62,070</b>	172,669	<b>6,312,215</b>	3,306,538
Unallocated corporate liabilities					<b>12,171,986</b>	5,326,042
Consolidated total liabilities					<b>18,484,201</b>	8,632,580

#### 10. TRADE AND OTHER RECEIVABLES

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

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Less than 90 days	<b>128,786</b>	24,080
More than 90 days but less than 180 days	–	22,266
More than 180 days	<b>10,411</b>	–
	<b>139,197</b>	46,346



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

The operating results of the Company again rose to historic high in 2008. For the year ended 30 April 2008, under the Hong Kong Financial Reporting Standards, the Group recorded a turnover of approximately HK\$5,030 million (2007: HK\$2,780 million), representing an increase of approximately 80.9% over the prior period. Profit attributable to shareholders amounted to HK\$1,550 million (2007: HK\$833 million), representing an increase of approximately 86.1% over the prior period. Basic earnings per share was HK84.23 cents (2007: HK58.69 cents) and diluted earnings per share was HK68.19 cents (2007: HK52.72 cents). Total prepaid receipts from customers as at 30 April 2008 were HK\$2,727 million (2007: HK\$1,922 million).

### **PAYMENT OF DIVIDENDS**

The Board of Directors has made every effort to maintain a stable dividend policy while keeping a sound financial position for further development. For the best interests of shareholders, the Board recommended a payment of final dividend of HK14.0 cents per share payable on 22 August 2008 to those shareholders whose names are shown in the register of members of the Company on 12 September 2008. Together with an interim dividend of HK1.0 cent per share distributed on February 2008, the total dividend for the whole year amounted to HK15.0 cents per share.

### **BUSINESS REVIEW**

During the year under review, the Group's businesses underwent an effective consolidation in accordance with its strategic plan. While expanding the Group's capability on property development, the Group also placed great emphasis on reasonable allocation of the operating cash flow. Total GFA sold and recognized of the Group were 822,491 sq.m., while GFA of completed properties held were 292,963 sq.m.. The turnover of the Group increased by 80.9% to HK\$5,030 million, attributable to the Group being capable of providing refined products, and the dedication by the employees in the last year was another key factor. The consolidated net profit of the Group increased by 86.1% as compared with that of the previous year, fulfilling its promise to the investors.

## **LAND BANK**

While expanding the Group's valuable land bank in a moderate manner, the Group also paid particular attention to diversification in the districts, cities and property portfolios in the land bank. Over the year, through a number of acquisitions of equity interests and by other means, the Group's land bank had increased by approximately 4,118,109 sq.m..

The Group currently has 16 projects under development in 12 cities. These 16 projects have an aggregate site area of 7,933,750 sq.m. and an aggregate GFA of approximately 14,818,361 sq.m. or an aggregate saleable GFA of approximately 13,084,482 sq.m., including completed property developments with a total saleable GFA of 1,938,262 sq.m., properties under development with a total planned saleable GFA of 2,107,304 sq.m., and properties held for future development with a total planned GFA of 9,038,916 sq.m..

## **DEVELOPMENT PROJECTS**

- **Shenzhen**

### *Phoenix Tower Project*

Phoenix Tower is located in the central district of Futian District, Shenzhen, and was co-developed with Phoenix Satellite Television Holdings, Ltd., one of China's leading television networks. The project comprises office building and service apartments. The project occupies a GFA (including saleable and non-saleable) of approximately 106,190 sq.m.. As of 30 April 2008, the Group had 91% ownership of this project.

As of 30 April 2008, the property developments have fully completed with a saleable GFA of approximately 79,391 sq.m.. Among which, a saleable GFA of approximately 48,165 sq.m. had been sold, with the remaining GFA being retained as property held.

- **Beijing Region**

***Xidiaoyutai Project***

Xidiaoyutai Project is situated on the banks of the Kunyu River, a prestigious area in Beijing. The property comprises waterfront luxury residential and service apartments. The project occupies a site area of 42,541 sq.m., with a total GFA (including saleable and non-saleable) of 250,836 sq.m.. The Group has a 90% ownership of this project.

As of 30 April 2008, the completed property development consisted of a saleable GFA of approximately 175,682 sq.m., among which GFA of approximately 156,319 sq.m. had been sold.

As of 30 April 2008, properties held for future development consisted of a saleable GFA of approximately 44,965 sq.m..

***American Rock Project***

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

As of 30 April 2008, this property development project was fully completed, with GFA of approximately 453,064 sq.m. had been sold.

***Youngman Point Project***

The Youngman Point Project is located at No. 2 Ganluyuan, Zhongli, Qingnian Road, Chaoyang District, Beijing, and is close to the central business district. The project occupies a site area of 113,166 sq.m., with a GFA (including saleable and non-saleable) of 352,305 sq.m.. The Group has 74% ownership of this development.

As of 30 April 2008, completed property developments comprised a saleable GFA of approximately 213,085 sq.m.. Among which, saleable GFA of approximately 199,365 sq.m. had been sold.

As of 30 April 2008, properties held for future development comprised an expected saleable GFA of approximately 76,615 sq.m..

### ***Freedom Town Project***

The property is situated at Tong Zhou District, Beijing. The project will become a composite development including luxury high-rise residential buildings and ancillary facilities. The development occupies an area of 253,043 sq.m. and has a GFA of approximately 826,092 sq.m.. The project will be completed by two phases. Phase 1 of the said development is scheduled to be completed before the end of 2010.

In November 2007, December 2007 and May 2008, the Group has entered into agreements with independent third parties to acquire 56% interest in total in the project. The transaction has been completed as at the date of this announcement.

### ***Yanjiao Project***

The project is situated in Yanjiao, Hebei Province and will be developed mainly for composite use including residential, commercial and hotel use. The project occupies an usable land area of 333,333 sq.m. while the current planned GFA is approximately 460,000 sq.m..

In November 2007, the Group entered into purchase agreements with independent third parties to acquire 90% equity interest in the project company. Details of the development was disclosed in the circular of the Company issued on 4 January 2008. The transaction has been completed as at the date of this announcement.

- **Chongqing**

***Chongqing Yuanjiagang Project***

This project is located at a premier location at Yuanjiagang, the intersection of the Yuzhong District and the Hi-Tech District, Chongqing. In addition to residential, commercial and office buildings, this project will also include a hotel property. The project comprises five different sites and occupies a site area of 113,268 sq.m., with a GFA (both saleable and non-saleable) of 802,532 sq.m.. The Group has a 100% ownership of this development.

As of 30 April 2008, the completed property development comprised saleable GFA of approximately 425,737 sq.m.. As of 30 April 2008, saleable GFA of approximately 121,657 sq.m. had been sold and a GFA of approximately 226,303 sq.m. has been retained as rental premises.

As of 30 April 2008, properties under development comprised an expected saleable GFA of approximately 309,345 sq.m.. Among which, GFA of 81,887 sq.m. had been pre-sold.

- **Tianjin**

***Tianjin Laochengxiang Project***

Tianjin Laochengxiang is located in an old urban area in the center of Tianjin city. This development will contain residential and commercial premises, office buildings and a hotel. The project comprises seven parcels of land and occupies a total site area of 296,551 sq.m., with a GFA (including saleable and non-saleable) of 1,151,261 sq.m.. The Group has a 100% ownership of this development.

As of 30 April 2008, completed property developments comprised a saleable GFA of approximately 129,445 sq.m.. The Group allocated saleable GFA of approximately 49,954 sq.m. to be held for rental purposes, with saleable GFA of approximately 78,462 sq.m. had been sold.

As of 30 April 2008, properties under development comprised an expected saleable GFA of approximately 364,686 sq.m.. Among which, GFA of 161,790 sq.m. had been pre-sold.

As of 30 April 2008, properties held for future development comprised an expected saleable GFA of approximately 446,698 sq.m..

### ***Beichen Project***

Beichen Project is situated at the old village of Yi Xing Fu. The project occupies a land area of 1,115,476 sq.m., and will mainly consist of residential units with a construction area of 2,263,000 sq.m.. As the existing constructions on land are still in the process of being demolished and relocated, so the whole area of the land is currently being held for future development.

In November 2007 and April 2008, the Group has entered into a co-operation agreement and supplement agreement with Wukuang Zhiye Company (五礦置業公司) to jointly develop the project and dispose 20% equity interest in Tianjin City Yi Jia He Zhi Ye Company Limited (天津億嘉合置業有限公司). Details of which has been disclosed in the circular of the Company dated 20 June 2008. The transaction has been completed up to the date of this announcement.

- **Changsha**

### ***Neo-China Forest Garden Project***

Neo-China Forest Garden is situated in Wancheng Xian, Changsha City, approximately 15 kilometers from the Changsha Municipal Government Headquarters and is being developed mainly for residential use. The project comprises five parcels of land and occupies a GFA (both saleable and non-saleable) of 1,073,600 sq.m..

As of 30 April 2008, the saleable GFA of completed properties were approximately 50,700 sq.m., among which approximately 40,210 sq.m. had been sold.

As of 30 April 2008, properties under development comprised an expected saleable GFA of approximately 194,833 sq.m..

As of 30 April 2008, properties held for future development comprised an expected saleable GFA of approximately 746,802 sq.m..

- **Xian**

*Neo Water City Project*

Neo Water City is located at the intersection of Chan River and Ba River, in the only large ecological community in Xian. It comprises, in addition to residential and commercial developments, a hotel, the first phase of which has been completed during the year. The project occupies a GFA (both saleable and non-saleable) of approximately 3,534,736 sq.m.. The group has a 71.5% ownership of this development.

As of 30 April 2008, properties of approximately 409,612 sq.m. had been completed, among which 339,425 sq.m. had been sold.

As of 30 April 2008, properties under development comprised an expected saleable GFA of approximately 780,070 sq.m..

As of 30 April 2008, the properties held for future development comprised an expected saleable GFA of approximately 2,016,017 sq.m..

- **Chengdu**

*Wen Jiang Project*

The Wen Jiang Project is located at Wen Jiang Xin Cheng District in Chengdu City and is being developed for residential use. The project occupies a site area of 228,106 sq.m., with a GFA (both saleable and non-saleable) of 775,000 sq.m..

As of 30 April 2008, properties under development comprised an expected saleable GFA of approximately 295,482 sq.m., and it is scheduled to be put on sale during 2008, with the remaining area to be held for future properties development.

In June 2008, the Group entered into an agreement with the other shareholder of the Chengdu project company for the acquisition of its 30% equity interests in the project company and relevant shareholder's loan. For further details, please refer to the Company's circular dated 18 July 2008. As at the date hereof, the transaction had not yet been completed.

- **Shanghai**

*Jiujiu Youth City Project*

Jiujiu Youth City Project is situated in Gui Dao Jiao Tong Jiu Ting Zhen No. 1, Song Jiang District, Shanghai. The project will be developed into office buildings and serviced apartments. The Group has 100% ownership in this development. The project occupies a land area of approximately 57,944 sq.m., with total GFA of 213,755 sq.m. of which 162,888 sq.m. is saleable.

As of 30 April 2008, all the properties had commenced construction of which 51,016 sq.m. have been pre-sold.

- **Zhu Hai**

*Qi Ao Island Project*

The project is locate at Qi Ao Island, and is going to be developed into a mix of high class residential villas and commercial property. The project occupies an site area of 2,215,516 sq.m. and a total saleable GFA of approximately 770,000 sq.m.. The project is currently in the stage of planning submission and the construction is expected to be commenced at the end of 2008.

On 24 and 26 September 2007, the Group entered into two agreements with Zhuhai City Yu Zhou Hung Ji Group Company Limited and Mr. Chan Kin Kay Stanley (both are independent third-parties) respectively, to obtain the 100% ownership in this project. The transaction has been completed as at the date of this announcement.



- **Harbin**

*Harbin Project*

The property is situated at Nan Gang District, Harbin. It is a composite of high quality high-rise apartments and commercial premises which can accommodate up to 30,000 residents. Amongst the total GFA of approximately 1,214,000 sq.m., an area of approximately 50,000 sq.m. will be developed for commercial purpose which further increases the portion of investment properties in the Group's portfolio.

In November 2007, the Group entered into purchase agreements with independent third parties to acquire 40% of Invest Online Limited which holds 100% equity interest in the project company. The transaction has been completed as at the date of this announcement.

- **Shenyang**

*Tai Yuan Street Project*

The property is situated in the commercial hub of Tai Yuan Street, Shenyang. The project primarily will be developed into commercial buildings. The project occupies a land area of 22,651 sq.m. and a GFA of over 181,208 sq.m.. In September 2007, the Group entered into purchase agreement with independent third parties to acquire in aggregate 80% equity interest in 瀋陽向明陽益置業有限公司. The transaction has been completed as at the date of this announcement.

- **Tianjin Primary Land Development Project**

The Tianjin Primary Land Development Project is a joint venture with The Tianjin Dianshi Investment Consulting Limited and the Tianjin Xin Zhuang Economic Development Centre with respect to the property at Land Lot No. 2003-181 Jinnanke, west side of Keyan East Road, Nankai District in Tianjin. The joint venture Company so established intends to engage in the construction of city infrastructure projects for a plot of land of approximately 7.0 million sq.m.. The land will be developed for sale through an open auction process, and the proceeds will be retained by the Municipal Government of Tianjin as to 25% with the remaining profit to be attributable to the joint venture. The Group has a 65% ownership of the joint venture.

### ***Property Investment***

The growth in investment properties will generate for the Group an additional and regular revenue stream. To date, after completion of large scale commercial properties in Chongqing and hotels in Xian, the aggregate saleable GFA of the properties held by the Group in cities like Chongqing, Tianjin, Xian and Shenzhen has reached 367,728 sq.m., some of which have been leased to retailers. It is expected that an increase of approximately 30% in net profit generated from rental investment can be achieved by the end of 2011. With the increase in the quantity of properties held, the Group has also expanded the pool of talented professionals in property operations and has been active in seeking partnerships with internationally recognized property management companies. This has helped build up a solid foundation for the Group's development strategy to ensure smooth property investments.

### **PROSPECT**

Following the implementation of further austerity measures by the PRC government, there was a slump in transactions of the property market nationwide since the end of 2007. With the existence of the grave hesitant atmosphere, there was substantial adjustment to the property market. The Group believes that the said adjustment of the property market will make the Group stand out in the future market competition as the Group is of abundant cash flow and quality.

In the coming year, the Company will actively follow and study both changes in macro-economic condition and property market. While continuing the implementation of the Company's development plan in a long term, it will also make specific adjustments to the current land portfolio of the Company, improving product quality, enhancing the Company's brand value and adopting a more effective and flexible sales strategy to facilitate quicker fund return. In respect of acquiring additional land bank, the Company will stick to its prudence principle and not to expand hastily so as to further enhance the Company's ability to resist risks.

The Company is of the view that after the rapid growth of the domestic property market between 2005 and 2007, the market is inevitably in need of a reasonable adjustment. It should also be noted that, given the property sector is still one of the pillars of the PRC economy, there was no fundamental changes in the material factors that affect the long term development of property market, which includes urbanization progress, economic growth, population structure, liquidity of funds and shift in accommodation pattern, there was neither any interruption in the basic development trend of the industry. Upon the current adjustment completes, new development phases will be emerged.

## **DIRECTORS' REPORT**

### **CHANGE OF COMPANY NAME**

On 17 October, 2007, the Company changed its name from “Neo-China Group (Holdings) Limited” to “Neo-China Land Group (Holdings) Limited”.

### **DISTRIBUTABLE RESERVES OF THE COMPANY**

As at 30 April 2008, the Company had HK\$1,763,954,000 (2007: HK\$809,167,000) reserves available for distribution, consisting of contributed surplus in 2008 of nil (2007: HK\$331,149,000) and retained profits of HK\$1,763,954,000 (2007: HK\$478,018,000).

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

- (a) it is, or would after the payment be unable to pay its liabilities as they become due; or
- (b) the realizable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Under the Companies Act 1981 of Bermuda (as amended), the Company's share premium account of HK\$5,515,551,000 (2007: HK\$3,673,938,000) may be distributed in the form of fully paid bonus shares.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at 30 April 2008, the Group had cash and bank balances of approximately HK\$4,364,000,000 with net assets totaling to HK\$9,079,000,000 and current ratio of approximately 2.03. The total debt of the Group as at 30 April 2008 amounted to HK\$9,546,000,000 making the Group's gearing ratio at 61.9% at 30 April 2008 calculated as net debt to shareholders' funds of HK\$8,374,052,000.

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

## **HUMAN RESOURCES AND REMUNERATION POLICIES**

As at 30 April 2008, the Group employed 1,176 employees (including Hong Kong and PRC offices) (2007: 890).

The emolument policy of the employees of the Group is set out by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emolument of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

Staff benefits include contributions to the Mandatory Provident Fund Schemes and discretionary bonus payments which are linked to the profit performance of the Group and individual performances.

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

## **CLOSURE OF REGISTER MEMBERS**

The Register of Members of the Company will be closed from 16 September 2008 to 19 September 2008, both dates inclusive. In order to be entitled to the final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Share Registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 12 September 2008.

## **CODE OF CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules throughout the fiscal year ended 30 April 2008, except for the following:

Code A.4.1 specifies that the independent non-executive directors should be appointed for a specific term and every director should be subject to retirement by rotation at least once every three years. Currently, the existing four independent non-executive directors are not appointed for specific terms, but are subject to retirement by rotation and re-election at the Company’s annual general meeting in accordance with the Company’s Bye-laws.

The Company has not established a Nomination Committee. The duties and functions of the Nomination Committee recommended in the Code are performed by the Board collectively with no director being involved in fixing his/her own terms of appointment and no independent non-executive director being involved in assessing his/her own independence.

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company (the “Model Code”). Having made specific enquiry of all directors, all directors have confirmed that they had complied with the required standard as set out in the Model Code during the period.

## **AUDIT COMMITTEE**

The Company’s audit committee comprises three independent non-executive directors. Its terms of reference have been modified to incorporate certain provisions with reference to Appendix 14 of the Listing Rules. The audit committee has reviewed the accounting principles and practices adopted by the Group and considered auditing, internal controls and financial reporting matters including a review of the audited financial statements for the year ended 30 April 2008.

## **AUDITORS**

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

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

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

## **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.

At the request of the Company, trading in the shares (stock code: 563) and the convertible bonds (stock code: 2528) of the Company was suspended with effect from 10:10 a.m. on 22 January 2008 pending the release of announcements in respect certain price-sensitive information.

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

## SHAREHOLDERS' RIGHTS

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

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

As at the date of this announcement, Directors are as follows:–

*Executive Directors:*

Mr. Li Song Xiao  
Mr. Liu Yi  
Ms. Niu Xiao Rong  
Mr. Yuan Kun  
Ms. Liu Yan  
Mr. Jia Bo Wei  
Mr. Lu Zhao Qun  
Ms. Bao Jing Tao  
Mr. Lam Kwan Sing

*Non-Executive Directors:*

Mr. Lai Leong

*Independent Non-Executive Directors:*

Ms. Nie Mei Sheng  
Mr. Gao Ning  
Mr. Zhang Qing Lin  
Mr. Lai Man Leung

By Order of the Board of  
**Neo-China Group (Holdings) Limited**  
**Li Song Xiao**  
*Chairman*

Hong Kong, 22 August 2008