08

ANNUAL REPORT

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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)

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

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

Non-Executive Director

Mr. Lai Leong *(Vice chairman)*

Independent Non-Executive Directors

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

COMPANY SECRETARY

Mr. Szeto Chak Wah

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

The Bank of Bermuda Limited
6 Front Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LEGAL ADVISERS

Richards Butler
Conyers Dill & Pearman
Mason Ching & Associates

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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19th Floor, Office Tower
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LISTING INFORMATION

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

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

AUDITORS

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

To our Shareholders,

On behalf of the Board of Directors of Neo-China Land Group (Holdings) Limited ("Neo-China" or "the Company"), I am pleased to present to you the operating results of the Company for the fiscal year ended 30 April 2008.

Being one of the leading properties developers in the PRC, Neo-China Land Group (Holdings) Limited together with its subsidiaries ("the Group") maintained its rapid growth momentum in the last year. While our turnover amounted to HK$5.03 billion, our profit has also reached a record high of HK$1.55 billion.

The Group adopted a steady approach in enhancing its land bank. Our development projects have increased from 11 as at the end of April 2007 to 16 currently. Such move has made our land bank reached 13.1 million sq.m. that accommodate our development needs while also reconciled the geographical coverage of our projects and business segmentation.

In light of the effect of the PRC government's austerity measures over the property industry, the Group will endeavor to enhance its product quality and formulate effective cash flow measures with the aim to ensure sufficient cash is kept in place, thereby enhanced the Group's reputation among the counterparts. With the rich management experience and the execution ability of excellent projects the Group possesses, I believe the Group will bring greater return to the shareholders.

Lastly, on behalf of the Group and the board of directors of the Company ("the Board"), I would like to express my heartfelt gratitude to our shareholders, investors, business partners and clients for their support and trust. I would also like to thank all our staff members of their dedicated contribution that lead to the success of the Group over the last year.

Li Song Xiao
Chairman

22 August 2008

FINANCIAL HIGHLIGHTS

For the year ended 30 April	2008	2007 (restated)	Increase (%)
Financial Highlights (HK$'000)			
Turnover	**5,029,260**	2,779,845	80.9
Profit attributable to equity shareholders of the Company	**1,550,486**	833,319	86.1
Financial Ratios			
Net debt to shareholders' funds (%) (Note 1)	**61.9**	51.3	
Interest cover (Note 2)	**4.09**	5.56	
Current ratio	**2.03**	2.68	
Financial Information per share (HK cents) (Note 3)			
Earnings			
– Basic	**84.23**	58.69	43.5
– Diluted	**68.19**	52.72	29.3
Dividends			
– Interim dividend	**1.0**	6.0	
– Final dividend	**14.0**	4.8	
Equity attributable to equity shareholders (HK$'000)	**8,374,052**	4,958,831	68.9
Land Reserve (million sq.m.)	**13.1**	9.2	42.4

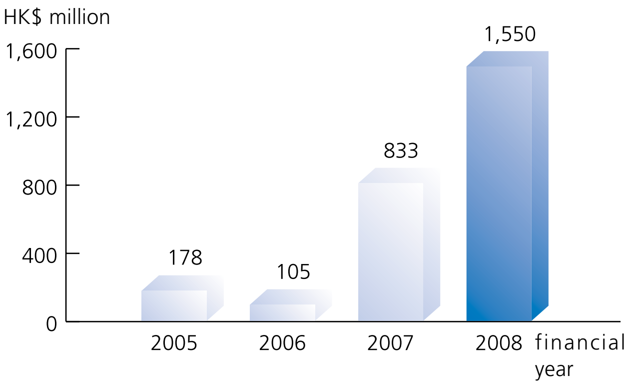
Notes:

1 Net debt = total borrowings (including bank borrowings, loan payables senior notes and convertible notes) – cash and cash equivalent

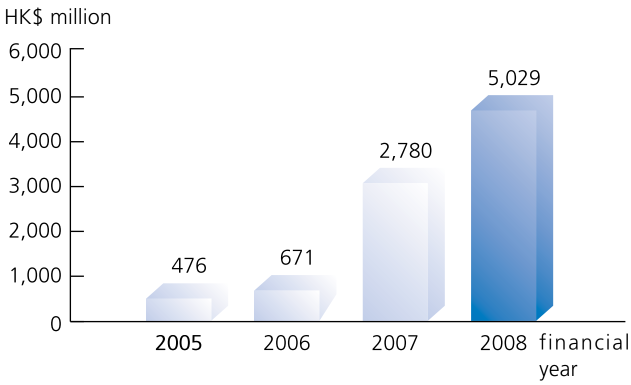
2 Interest cover = EBIT/total interest obligations

3 The figures have been adjusted for the consolidation of the Company's ordinary share in October 2007 ("Share Consolidation").

Profit Attributable to equity holders of the Group



Turnover



FINANCIAL REVIEW

The operating results of the Group 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$5.03 billion (2007: HK$2.78 billion), representing an increase of approximately 80.9% over the previous year. Profit attributable to shareholders amounted to HK$1.55 billion (2007: HK$833 million), representing an increase of approximately 86. 1% over the previous year. 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$2.73 billion (2007: HK$1.92 billion).

PAYMENT OF DIVIDENDS

The Board 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 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 during the year were 822,491 sq.m., while GFA of completed properties holdings were 292,963 sq.m.. The turnover of the Group increased by 80.9% to HK$5.03 billion, 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 GFA by approximately 4,118,109 sq.m..

The Group currently has 16 projects 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..

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

City	Project	Interest	Total GFA
Beijing	American Rock	100%	523,833m²
Beijing	Youngman Point	74%	352,305m²
Beijing	Xidiaoyutai	90%	250,836m²
Beijing	Freetown	56%	826,092m²
Yanjiao	Yanjiao	90%	460,000m²
Tianjin	Laochengxiang	100%	1,151,261m²
Tianjin	Beichen	80%	2,263,000m²
Shanghai	Jiujiu Youth City	100%	213,755m²

City	Project	Interest	Total GFA
Shenyang	Tai Yuan Street	80%	181,208m²
Harbin	Hamayuanchang	40%	1,214,000m²
Chongqing	Yuanjiagang	100%	802,532m²
Chengdu	Gongyunandadao	100%	775,000m²
Shenzhen	Phoenix Tower	91%	106,190m²
Zhuhai	Qi Ao Island	100%	1,090,000m²
Changsha	Neo China Forest Garden	67%	1,073,600m²
Xian	Neo Water City	72%	3,534,736m²

Note : m² shown represents total GFA

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.,. The project comprises office building and service apartments with a total GFA (including saleable and non-saleable) of approximately 106,190 sq.m.. 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 holdings.

- **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 saleable 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 Company has 100% ownership of this development.

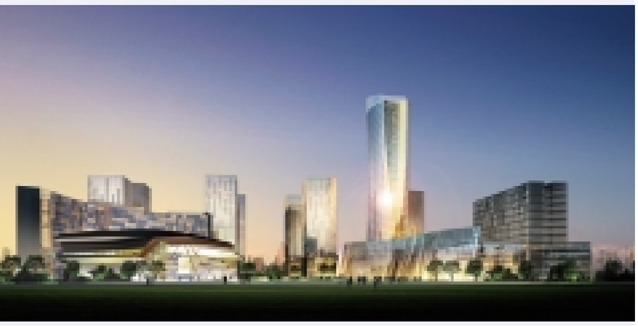
As of 30 April 2008, this property development project was fully completed, with saleable GFA of approximately 453,064 sq.m. had been sold.

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 Company 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 currently has a planned 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 report.

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 sales and 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 report.

- **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 of saleable GFA has been retained as properties holdings.

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

- **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**

Gongyuan dadao Project

The 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 a 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 report.

- **Harbin**

Hamayuanchang 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 current total planned 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 report.

- **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 report.

- **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, saleable 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 report.

- **Tianjn 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.

INVESTMENT PROPERTY

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

Executive directors

Mr. Li Song Xiao, aged 43, is the Chairman of the Company. Mr. Li graduated from the Department of Architectural Engineering, Nanjing College of Architectural Engineering in 1985 and obtained a master degree in Architectural Management from the Graduate School of Chongqing College of Architectural Engineering in 1988 and an EMBA degree from Guanghua School of Management, Peking University in 2004. Mr. Li has vast experience in property management and development in the PRC, and has been working in related fields since 1987. Mr. Li is currently vice-chairman of Housing Industry Association of the All China Federation of Industry Commerce and assistant head of the Consolidated Development Committee of the Research Committee of Real Estate and Accommodation in the PRC. He is also the chairman and controlling shareholder of Yardway Group Limited (stock code: 0646).

Mr. Liu Yi, aged 54, is an Executive Director and the President of the Company. Mr. Liu, who graduated from the Department of Biology, Peking University in 1981 and obtained the EMBA degree from Guanghua School of Management, Peking University in 2004, holds the title of Senior Engineer. He has been general manager for several major state-owned enterprises in the PRC, and has over 22 years of experience in senior corporate management. Mr. Liu has successful experience in overall strategic planning, management and business development.

Ms. Niu Xiao Rong, aged 44, is an Executive Director of the Company. Ms. Niu has over 21 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 34, is an Executive Director and the Chief Operating Officer of the Company. Mr. Yuan has over 9 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: 0646).

Ms. Liu Yan, aged 37, is an Executive Director of the Company. Ms. Liu has over 7 years of experience in the PRC property industry. She graduated from Guanghua School of Management, Peking University in 2006. Ms. Liu is the sister-in-law of Mr. Li Song Xiao (the chairman and the controlling shareholder of the Company). Prior to her appointment of as Executive Director of the Company, Ms. Liu was a deputy General Manager of the sales department of Beijing Jin Ma Wen Hua Yuan Properties Co Ltd (a subsidiary of the Company).

Mr. Jia Bo Wei, aged 42, 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 22 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).

Mr. Lu Zhao Qun, aged 48, is an Executive Director of the Company. He has over 10 years experience in the management of PRC enterprises and a listed companies. Mr. Lu holds a bachelor degree of arts from Qinghai Normal University and a master degree in senior executive business administration from Peking University. Mr. Lu is currently an executive director of Yardway Group Limited (stock code: 0646) and is the general manager of Yardway Logistics Equipment (Zhuhai) Co., Ltd., a wholly-owned subsidiary of Yardway Group Limited.

Ms. Bao Jing Tao, aged 31, is an Executive Director and the Chief Financial Officer of the Company. She has extensive experience in accounting and financial management. She obtained her master degree in finance from South West University of Finance and Economics in 2001.

Mr. Lam Kwan Sing, aged 39, is an Executive Director of the Company. He holds a degree in Bachelor of Arts in Accountancy from the City University of Hong Kong. Mr. Lam has more than 12 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: 0885) and New Times Group Holdings Limited (stock code: 0166).

Non-executive Director

Mr. Lai Leong, aged 44, is a Non-Executive Director and Vice-Chairman of the Company. Since 1991, Mr. Lai has worked for several property and trading companies in Mainland China and has over 16 years of experience in property investment, development and management and in corporate management for companies in Hong Kong and in Mainland China. Mr. Lai received an MBA degree from the Maastricht School of Management in the Netherlands in 2005. Mr. Lai is also an executive director of both China Power New Energy Development Company Limited (stock code: 0735) and Rising Development Holdings Limited (stock code: 1004).

Independent Non-executive Directors

Ms. Nie Mei Sheng, aged 67, is an Independent Non-Executive Director of the Company. Ms. Nie is a senior engineer of professor grade and has over 32 years of experience in civil engineering and construction technology and was the Secretary of the Technology Department of Ministry of Construction. Ms. Nie was awarded the first class technology enhancement prize from the National Teaching Committee and the first class technology enhancement prize from the National Ministry of Construction. Ms. Nie is currently a director of China Housing Industry Association, a standing committee member of China Civil Engineering Society and head of the sub-committee of the Water Industry Association.

Mr. Gao Ling, aged 54, is an Independent Non-Executive Director of the Company. Mr. Gao received his Master degree in politics and laws from Capital Normal University, PRC and is a certified Accountant, certified Economist and certified Asset Valuer in the PRC. Mr. Gao has over 21 years of experience in financial, accounting and auditing areas. He is an independent non-executive director of Yardway Group Limited (stock code: 0646).

Mr. Zhang Qing Lin, aged 65, a professor-graded chief engineer, is an Independent Non-Executive Director of the Company. He has over 39 years experience in the property construction industry. He was the deputy director, director-general and secretary of the National Planning Committee, the Administrative Bureau for Construction of the National Ministry of Construction, and the deputy general manager of China State Construction Engineering Group. Currently, he is a committee member of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), a part-time professor of the international project management research institute of Qing Hua University, an expatriate associate in charge of the management of Singapore projects, a president of the Engineering Project Management Committee of Construction Industry Association of China and a fellow member of the Royal Institute of British Architects. He is an independent non-executive director of Yardway Group Limited (stock code: 0646).

Mr. Lai Man Leung, aged 58, is an Independent Non-Executive Director of the Company. He was a practicing solicitor in Hong Kong and is now a consultant to a number of companies. Having graduated from the University of Hong Kong with a Bachelor of Law Degree in 1973 and obtained a Postgraduate Certificate in Laws, Mr. ML Lai was admitted as a solicitor in the Supreme Court of Hong Kong in 1976, a solicitor in the Supreme Court of the United Kingdom in 1983 and a notary public in Hong Kong in 1983. Mr. ML Lai was a non-executive director of Oxford Properties and Finance Limited (stock code: 0220) prior to its privatization in June 2004, was an executive director of China Conservational Power Holdings Limited (stock code: 0290) and was a non-executive director of Tack Fat Group International Limited (stock code: 0928).

Company Secretary

Mr. Szeto Chak Wah, Michael, age 58, is the Company Secretary of the Company. He is a practicing solicitor in Hong Kong and a consultant of a firm of solicitors in Hong Kong. Mr. Szeto was chairman of the board of directors and executive directors of Oxford Properties & Finance Limited (stock code: 0220) prior to its privatization in June 2004 and China Conservational Power Holdings Limited (stock code: 0290). He was also a non-executive director of Tack Fat Group International Limited (stock code: 0928).

The Board present the annual report and the audited financial statements for the year ended 30 April 2008.

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".

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its subsidiaries and associates are set out in note 43 and 15 respectively to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 April 2008 are set out in the consolidated income statement on page 44.

The Board recommended a payment of final dividend of HK14.0 cents per share 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.

PROPERTY, PLANT AND EQUIPMENT

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

CAPITAL AND RESERVES

Details of capital and reserves of the Company are set out in note 30 to the financial statements.

SENIOR NOTES/WARRANTS

Details of senior notes/warrants of the Company are set out in note 29 to the financial statements.

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.

DIRECTORS

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

Executive directors:

Mr. Li Song Xiao	
Mr. Liu Yi	
Ms. Niu Xiao Rong	
Mr. Yuan Kun	
Ms. Liu Yan	
Mr. Jia Bo Wei	(appointed on 24 Jan 2008)
Mr. Lu Zhao Qun	(appointed on 24 Jan 2008)
Ms. Bao Jing Tao	(appointed on 24 Jan 2008)
Mr. Lam Kwan Sing	(appointed on 7 May 2008)

Non-executive directors:

Mr. Lai Leong	(appointed on 7 May 2008)

Independent non-executive directors:

Ms. Nie Mei Sheng	
Mr. Zhang Qing Lin	
Mr. Gao Ling	
Mr. Lai Man Leung	(appointed on 31 March 2008)

In accordance with clause 87 of the Company's Bye-laws, Mr. Liu Yi, Ms. Liu Yan and Ms. Nie Mei Sheng retire by rotation and, being eligible, offer themselves for re-election.

In accordance with clause 86(2) of the Company's Bye-laws, Mr. Jia Bo Wei, Mr. Lu Zhao Qun, Ms. Bao Jing Tao, Mr. Lam Kwan Sing, Mr. Lai Leong and Mr. Lai Man Leung retire by rotation and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

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

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

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 April 2008, the interests of the directors and their associates in the shares and underlying shares of the share options of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long position

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

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

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

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

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

Save as disclosed above, during the year, none of the Directors or chief executives of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have taken under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies and which were required to be entered into the register required to be kept under section 352 of the SFO.

SHARE OPTIONS

Pursuant to a resolution passed by shareholders of the Company on 12 December 2002, the Company adopted a share option scheme (the "Share Option Scheme"). The particulars of the Share Option Scheme are set out in note 31 to the financial statements.

As at 30 April 2008, the underlying shares of the outstanding share options were 132,875,000, representing 6.83% of the issued share capital of the Company at 30 April 2008.

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

	No. of options outstanding at 30 April 2007	Increase/ (Decrease)	No. of options outstanding at 30 April 2008
Directors			
– Mr. Li Song Xiao	750,000	–	750,000
– Mr. Liu Yi	10,000,000	–	10,000,000
– Ms. Niu Xiao Rong	10,000,000	(1,375,000)	8,625,000
– Mr. Yuan Kun	6,000,000	–	6,000,000
– Ms. Liu Yan	11,500,000	(800,000)	10,700,000
– Mr. Jia Bo Wei	2,500,000	–	2,500,000
– Ms. Bao Jing Tao	250,000	–	250,000
Employees	101,500,000	(7,450,000)	94,050,000
Total	142,500,000	(9,625,000)	132,875,000

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 Apr 2006	4 Apr 2006 – 3 Apr 2016	HK$3.60*	HK$3.52*	HK$4.36*
17 Nov 2006	17 Nov 2006 – 22 Oct 2016	HK$3.72*	HK$3.40*	HK$3.92*
14 Mar 2007	14 Mar 2007 – 6 Mar 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 31 to the financial statements, at no time during the year was the Company, its holding company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CONNECTED TRANSACTIONS

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

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

Further details of the transactions are set out in note 33(b) to the financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 37 to the financial statements, no significant contracts, to which the Company, its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

EQUITY

The Company's issued and fully paid share capital as at 30 April 2008 amounted to HK$77,825,608 cents divided into 1,945,640,189 ordinary shares of HK$0.04 each.

During the year under review, HK$422,990,000 convertible notes were converted into 70,273,456 ordinary shares of HK$0.04 each of the Company.

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% 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.

CONTINGENT ASSETS AND LIABILITIES

Details of contingent assets and liabilities are set out in note 36 to the financial statements.

CHARGE ON GROUP'S ASSETS

Certain bank deposits 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.

Except for bank borrowings of approximately HK$310,800,000 (2007: HK$282,800,000), the remaining bank borrowings are secured by:

(i) certain properties under development, certain completed properties held for sale and all the investment properties of the Group located in the PRC with total carrying amounts of approximately HK$2,755,744,000 (2007: HK$2,137,157,000), HK$288,891,000 (2007: HK$nil) and HK$3,395,620,000 (2007: HK$1,475,834,000) respectively.

(ii) Certain bank deposits of the Group amounting to approximately HK$11,100,000 (2007: HK$10,100,000), which have been pledged to secure short-term bank borrowings and are therefore classified as current assets.

Advance payment of RMB990,000,000 (equivalent to approximately HK$1,098,900,000) from a minority shareholder is secured by 20% equity interest in the registered capital of Tianjin City Yi Jia He Zhi Ye Co., Ltd., a subsidiary of the Company established in the PRC, interest free and has no fixed terms of repayment.

Loan Payable denominated in RMB bears interest at 20% per annum and is secured by:

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

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

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

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

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 entitle 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:

(1) Code A.4.1 specifies that the independent non-executive directors should be appointed for a specific term and every director should be subject to retirement by rotation at least once every three years. Currently, the existing 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.

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

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY

As at 30 April 2008, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

(A) Ordinary shares of HK$0.04 each of the Company

Name of substantial shareholder	Long/short position	Capacity	No. of shares of the Company interested	% of the Company's issued share capital
Invest Gain Limited (note (a))	Long	Beneficial Owner	1,051,762,995	54.05
Liu Hui (note (b))	Long	Beneficial owner and Interest in spouse	1,054,920,495	54.21
Deutsche Bank Aktiengesellschaft	Long	Beneficial owner and person having a security interest in shares	212,510,140	10.92
	Short	Beneficial owner and person having a security interest in shares	97,412,800	5.01

Notes:

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

(b) Liu Hui was deemed to be interested in 1,051,762,995 ordinary shares of the Company, being the interest held beneficially by her spouse, Li Song Xiao.

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

(i) Physically settled unlisted equity derivatives

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

Note: Ms. Liu Hui was deemed to be interested in 750,000 share options of the Company owned by her spouse, Mr. Li Song Xiao, pursuant to Part XV of the SFO.

(ii) Physically settled listed equity derivatives

Name of substantial shareholder	Long/short position	Number of underlying shares interested	Percentage of the underlying shares over the Company's issued share capital
Deutsche Bank Aktiengesellschaft	Long	64,892,088	3.34

(iii) Cash settled unlisted equity derivatives

Name of substantial shareholder	Long/short position	Number of underlying shares interested	Percentage of the underlying shares over the Company's issued share capital
Deutsche Bank Aktiengesellschaft	Long	10,291,000	0.53
	Short	6,100,000	0.31

Save as disclosed above, as at 30 April 2008, 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 8.41% of the Group's total revenue for the year and the sales attributable to the Group's largest customer were approximately 5.60% of the Group's total revenue for the year.

The aggregate purchase attributable to the Group's five largest suppliers comprised approximately 2.57% of the Group's total purchases and the purchases of the year attributable to the Group's largest supplier were approximately 0.88% of the Group's total purchases for the year.

None of the directors, their associates or any shareholder of the Company which, to the knowledge of the directors, owned more than 5% of the Company's issued share capital, had any interest in the share capital of any of the five largest customers and suppliers of the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares during the year ended 30 April 2008.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years to set out on page 178 of the annual report.

NON-ADJUSTING POST BALANCE SHEET EVENTS

Details of the non-adjusting post balance sheet events are set out in note 38 on the financial statements.

AUDITORS

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

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

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

On behalf of the Board

Li Song Xiao
Chairman
22 August 2008

The Board of Directors of the Company is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 30 April 2008.

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

CORPORATE GOVERNANCE PRACTICES

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

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

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

Throughout the year ended 30 April 2008, the Company has complied with the code provisions set out in the CG Code, save for the deviations from code provisions A.2.1 and A.4.1 which are explained in the relevant paragraphs in this Report.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Listing Rules of the Stock Exchange. The Company had made specific enquiry of all Directors regarding any non-compliance with the Model Code during the year, and they all confirmed that they had fully complied with the required standard set out in the Model Code.

PRACTICES AND CONDUCT OF MEETINGS

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

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

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

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

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

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

BOARD OF DIRECTORS

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

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

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

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

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

The Board schedules four meetings a year and also meets as and when required. During the year, the Board held 4 regular meetings.

The members of the Board and the attendance of each member are as follows:–

Directors	Number of attendance
Executive directors:	
Mr. Li Song Xiao	4/4
Mr. Liu Yi	4/4
Ms. Niu Xiao Rong	4/4
Mr. Yuan Kun	4/4
Ms. Liu Yan	4/4
Mr. Jia Bo Wei (Note 1)	2/2
Mr. Lu Zhao Qun (Note 1)	2/2
Ms. Bao Jing Tao (Note 1)	2/2
Mr. Lam Kwan Sing (Note 3)	1/1
Non-executive directors:	
Mr. Lai Leong (Note 3)	1/1
Independent non-executive directors:	
Ms. Nie Mei Sheng	4/4
Mr. Zhang Qing Lin	4/4
Mr. Gao Ling	4/4
Mr. Lai Man Leung (Note 2)	1/1

Notes:

1. Mr. Jia Bo Wai, Mr. Lu Zhao Qun and Ms. Bao Jing Tao were appointed as directors of the Company on 24 January 2008.

2. Mr. Lai Man Leung was appointed as director of the Company on 31 March 2008.

3. Mr. Lam Kwan Sing and Mr. Lai Leong were appointed as directors of the Company on 7 May 2008.

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 20 of this annual report.

CHAIRMAN AND PRESIDENT

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

REMUNERATION COMMITTEE

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

The responsibilities of the Remuneration Committee are:

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

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

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

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

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

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

No meeting was held for the year ended 30 April 2008. Nevertheless, the remuneration packages of the Board for the year ended 30 April 2008 had been reviewed by the Remuneration Committee and approved by the Board by taking into consideration factors such as salaries paid by comparable companies, time commitment, responsibility, market conditions elsewhere in the Group and the desirability of performance-based remuneration.

NOMINATION OF DIRECTORS

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

AUDITORS' REMUNERATION

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

	HK$'000
Services rendered	
– audit fee paid for the fiscal year ended 30 April 2008	3,500
– non-audit service	
Acquisition of the Zhuhai Qi Ao Island Project (Discloseable Transaction)	720
	4,220
During the year, audit fees paid to previous auditors, Deloitte Touche Tohmatsu, for non-audit service:	
– Review of the accounts for the 6 month period ended 31 October 2007	2,600

AUDIT COMMITTEE

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

The main responsibilities of the Audit Committee are:–

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

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

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

There were two Audit Committee meetings held for the year ended 30 April 2008. The following was the attendance record of the Audit Committee meetings held during the year:–

Audit Committee Members	Number of attendance
Ms. Nie Mei Sheng	2/2
Mr. Zhang Qing Lin	2/2
Mr. Gao Ling	2/2

The Audit Committee reviewed the independence and objectivity of the external auditors, the scope of audit services and related audit fees payable to the external auditors for the Board's approval. The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the financial statements for the year ended 30 April 2008.

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.

ACCOUNTABILITY

The directors are responsible for overseeing the preparation of accounts of each financial period, which give a true and fair view of the state of affairs of the Company and the Group and of the Group's results and cash flow for the period. In preparing the financial statements for the year ended 30 April 2008, 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

The Board has, through the Audit Committee, conducted interim and annual reviews of the effectiveness of the internal control system of the Group covering the financial, operational, procedural compliance and risk management functions. The internal control system is designed to provide reasonable, but not absolute, assurance of no material misstatement or loss and to manage rather than eliminate risks of failure of operational systems and achievements of the Group's objectives.

In 2008, the Board also engaged an external professional firm to assist in the evaluation of the corporate governance of the Group and in particular the internal control system.

This additional measure was adopted to assist in further strengthening the internal control system and to improve the overall corporate governance culture.

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: 0563) and the convertible bonds (stock code: 2528) of the Company was suspended with effect from 10:10 a.m. on 22 January 2008 pending the release of announcements in respect certain price-sensitive information.

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

SHAREHOLDERS' RIGHTS

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

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

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

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

We have audited the consolidated financial statements of Neo-China Land Group (Holdings) Limited (formerly known as "Neo-China Group (Holdings) Limited") (the "Company") set out on pages 44 to 174, which comprise the consolidated balance sheet as at 30 April 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

AUDITOR'S RESPONSIBILITY (continued)

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30 April 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 22 August 2008

Yau Hok Hung
Practising Certificate Number P04911

CONSOLIDATED INCOME STATEMENT

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

	Note	2008 HK$'000	2007 HK$'000 (restated)
Turnover	3	**5,029,260**	2,779,845
Cost of sales		**(4,060,574)**	(2,237,616)
Gross profit		**968,686**	542,229
Other revenue	4	**73,455**	33,823
Other net income	4	**416,528**	39,270
Net valuation gain on investment properties	13	**111,281**	214,700
Fair value gain on transfer of completed properties held for sale to investment properties		**972,403**	323,083
Distribution and selling expenses		**(299,321)**	(90,604)
General and administrative expenses		**(342,642)**	(197,145)
Profit from operations		**1,900,390**	865,356
Finance costs	5(a)	**(268,363)**	(81,402)
Share of losses of associates		**(3,853)**	(5,258)
Gain on disposal of subsidiaries	34(b)	**47,660**	283,247
Gain on disposal of partial interests in subsidiaries	34(c)	**699,680**	–
Impairment loss on assets of a disposal group classified as held for sale		**–**	(20,000)
Profit before taxation	5	**2,375,514**	1,041,943
Income tax	6(a)	**(808,990)**	(223,703)
Profit for the year		**1,566,524**	818,240
Attributable to:			
Equity shareholders of the Company		**1,550,486**	833,319
Minority interests		**16,038**	(15,079)
Profit for the year		**1,566,524**	818,240
Dividends payable to equity shareholders of the Company attributable to the year:	10		
Interim dividend declared during the year		**19,456**	96,156
Final dividend proposed after the balance sheet date		**272,390**	90,453
		291,846	186,609
Earnings per share	11		
Basic		**84.23 HK cents**	58.69 HK cents
Diluted		**68.19 HK cents**	52.72 HK cents

The notes on pages 52 to 174 form part of these financial statements

As at 30 April 2008 (Expressed in Hong Kong dollars))

	Note	2008 HK$'000	2008 HK$'000	2007 HK$'000 (restated)	2007 HK$'000 (restated)
Non-current assets					
Investment properties	13		**3,395,620**		1,475,834
Other property, plant and equipment	14		**780,553**		137,933
Interests in associates	15		**1,445,771**		–
Deposits for acquisition of subsidiaries	16		**–**		255,170
Restricted bank deposits	17(a)		**104,495**		84,125
Derivative financial instrument – Redemption Right of the Issuer	28		**46,000**		20,000
Deferred tax assets	25(b)		**25,186**		15,739
			5,797,625		1,988,801
Current assets					
Inventories	18	**15,811,195**		8,675,001	
Investments in securities held for trading	19	**1,486**		–	
Available-for-sale investment	19	**–**		90,900	
Trade and other receivables	20	**1,458,957**		1,553,555	
Income tax recoverable	25(a)	**119,224**		133,300	
Restricted bank deposits	17(b)	**11,100**		10,100	
Cash and cash equivalents	21	**4,363,937**		1,411,472	
		21,765,899		11,874,328	
Assets of a disposal group classified as held for sale	22	**–**		281,002	
		21,765,899		12,155,330	
Current liabilities					
Trade and other payables	23	**3,928,235**		1,320,712	
Pre-sale receipts from customers	24	**2,727,406**		1,921,783	
Bank borrowings	26	**541,491**		671,700	
Loan payables	27	**2,394,346**		170,422	
Derivative financial instrument – Warrants	29	**158,000**		–	
Income tax payable	25(a)	**963,455**		407,496	
Dividend payable		**4,360**		9	
		10,717,293		4,492,122	
Liabilities directly associated with assets of a disposal group classified as held for sale	22	**–**		39,035	
		10,717,293		4,531,157	
Net current assets			**11,048,606**		7,624,173

CONSOLIDATED BALANCE SHEET

As at 30 April 2008 (Expressed in Hong Kong dollars)

	Note	**2008** HK$'000	**2008** HK$'000	2007 HK$'000 (restated)	2007 HK$'000 (restated)
Total assets less current liabilities			**16,846,231**		9,612,974
Non-current liabilities					
Bank borrowings	26	**2,772,558**		1,401,880	
Loan payables	27	**–**		458,174	
Convertible notes	28	**939,480**		1,254,074	
Senior notes	29	**2,897,838**		–	
Derivative financial instrument					
– Redemption Right of the Holder	28	**34,000**		53,000	
Deferred tax liabilities	25(b)	**1,123,032**		934,295	
			7,766,908		4,101,423
NET ASSETS			**9,079,323**		5,511,551
CAPITAL AND RESERVES	30				
Share capital			**77,826**		68,754
Reserves			**8,296,226**		4,890,077
Total equity attributable to equity shareholders of the Company			**8,374,052**		4,958,831
Minority interest			**705,271**		552,720
TOTAL EQUITY			**9,079,323**		5,511,551

Approved and authorised for issue by the board of directors on 22 August 2008.

Li Song Xiao
Chairman

Liu Yi
Director

The notes on pages 52 to 174 form part of these financial statements.

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

	Attributable to equity shareholders of the Company												
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Convertible notes equity reserve HK$'000	Share options reserve HK$'000	Investment revaluation reserve HK$'000	Other revaluation reserve HK$'000	Special reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 May 2006	40,793	1,605,048	–	11,234	4,287	–	–	(13,813)	4,255	(260,102)	1,391,702	149,699	1,541,401
Exchange differences on translation into presentation currency	–	–	–	–	–	–	–	–	119,427	–	119,427	12,523	131,950
Changes in fair value of available-for-sale investments	–	–	–	–	–	57,927	–	–	–	–	57,927	–	57,927
Deferred tax liability on changes in fair value of available-for-sale investments	–	–	–	–	–	(8,080)	–	–	–	–	(8,080)	–	(8,080)
Net income recognised in equity	–	–	–	–	–	49,847	–	–	119,427	–	169,274	12,523	181,797
Transfer to profit or loss on sales of properties	–	–	–	–	–	–	(52,433)	31,272	(285)	–	(21,446)	–	(21,446)
Transfer to retained profits upon forfeiture of share options	–	–	–	–	(957)	–	–	–	–	957	–	–	–
Profit for the year	–	–	–	–	–	–	–	–	–	833,319	833,319	(15,079)	818,240
Total recognised income and expense for the year	–	–	–	–	(957)	49,847	(52,433)	31,272	119,142	834,276	981,147	(2,556)	978,591
Shares issued under a private placement	6,880	771,936	–	–	–	–	–	–	–	–	778,816	–	778,816
Shares issued under conversion of convertible notes	4,000	106,541	–	(11,234)	–	–	–	–	–	–	99,307	–	99,307
Shares issued for the acquisition of subsidiaries	17,081	1,201,521	–	–	–	–	–	–	–	–	1,218,602	–	1,218,602
Transaction costs attributable to issue of shares	–	(11,108)	–	–	–	–	–	–	–	–	(11,108)	–	(11,108)
Recognition of equity component of convertible notes	–	–	–	99,662	–	–	–	–	–	–	99,662	–	99,662
Deferred tax liability on recognition of equity component of convertible notes	–	–	–	(31,830)	–	–	–	–	–	–	(31,830)	–	(31,830)
Capital contribution received by non-wholly-owned subsidiaries from minority shareholders	–	–	–	–	–	–	–	–	–	–	–	45,000	45,000
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	571,053	571,053
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	–	(40,528)	–	–	(40,528)	(210,476)	(251,004)
Revaluation reserve recognised upon acquisition of subsidiaries from interest in associates	–	–	–	–	–	–	140,228	–	–	–	140,228	–	140,228
Equity settled share-based transactions	–	–	–	–	97,840	–	–	–	–	–	97,840	–	97,840
Deemed contribution (restated)	–	–	331,149	–	–	–	–	–	–	–	331,149	–	331,149
Dividend declared in respect of the current year (note 10)	–	–	–	–	–	–	–	–	–	(96,156)	(96,156)	–	(96,156)
At 30 April 2007	68,754	3,673,938	331,149	67,832	101,170	49,847	87,795	(23,069)	123,397	478,018	4,958,831	552,720	5,511,551

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	Attributable to equity shareholders of the Company												
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Convertible notes equity reserve HK$'000	Share options reserve HK$'000	Investment revaluation reserve HK$'000	Other revaluation reserve HK$'000	Special reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 May 2007	68,754	3,673,938	331,149	67,832	101,170	49,847	87,795	(23,069)	123,397	478,018	4,958,831	552,720	5,511,551
Exchange differences on translation into presentation currency	–	–	–	–	–	–	–	–	614,857	–	614,857	40,379	655,236
Changes in fair value of available-for-sale investments	–	–	–	–	–	4,018	–	–	–	–	4,018	–	4,018
Reversal of deferred tax liability on changes in fair value of available-for-sale investments	–	–	–	–	–	8,080	–	–	–	–	8,080	–	8,080
Deferred tax effect on equity component of convertible notes	–	–	–	7,993	–	–	–	–	–	–	7,993	–	7,993
Net income recognised in equity	–	–	–	7,993	–	12,098	–	–	614,857	–	634,948	40,379	675,327
Transfer to profit or loss on sales of properties	–	–	–	–	–	–	(41,254)	23,069	–	–	(18,185)	–	(18,185)
Transfer to profit or loss on disposal of available-for-sale investments	–	–	–	–	–	(61,945)	–	–	–	–	(61,945)	–	(61,945)
Profit for the year	–	–	–	–	–	–	–	–	–	1,550,486	1,550,486	16,038	1,566,524
Total recognised income and expense for the year	–	–	–	7,993	–	(49,847)	(41,254)	23,069	614,857	1,550,486	2,105,304	56,417	2,161,721
Shares issued under conversion of convertible notes	2,811	440,864	–	(31,460)	–	–	–	–	–	–	412,215	–	412,215
Shares issued for the acquisition of subsidiaries	6,076	1,377,583	–	–	–	–	–	–	–	–	1,383,659	–	1,383,659
Shares issued under exercise of share options	185	23,166	–	–	(6,551)	–	–	–	–	–	16,800	–	16,800
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	131,083	131,083
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(48,335)	(48,335)
Disposal of partial interests in subsidiaries	–	–	–	–	–	–	–	–	–	–	–	13,386	13,386
Equity settled share-based transactions	–	–	–	–	92,942	–	–	–	–	–	92,942	–	92,942
Deemed distribution	–	–	(331,149)	–	–	–	–	–	–	(154,641)	(485,790)	–	(485,790)
Dividend approved in respect of the previous year	–	–	–	–	–	–	–	–	–	(90,453)	(90,453)	–	(90,453)
Dividend declared in respect of the current year (note 10)	–	–	–	–	–	–	–	–	–	(19,456)	(19,456)	–	(19,456)
At 30 April 2008	**77,826**	**5,515,551**	**–**	**44,365**	**187,561**	**–**	**46,541**	**–**	**738,254**	**1,763,954**	**8,374,052**	**705,271**	**9,079,323**

The notes on pages 52 to 174 form part of these financial statements

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

	Note	**2008** HK$'000	**2008** HK$'000	2007 HK$'000 (restated)	2007 HK$'000 (restated)
Operating activities					
Profit before taxation		**2,375,514**		1,041,943	
Adjustments for:					
Net valuation gain on investment properties	13	**(111,281)**		(214,700)	
Fair value gain on transfer of completed properties held for sale to investment properties		**(972,403)**		(323,083)	
Depreciation	5(c)	**10,792**		3,270	
Impairment loss on assets classified as held for sale		**–**		20,000	
Finance costs	5(a)	**268,363**		81,402	
Interest income	4	**(28,721)**		(18,845)	
Dividend income from unlisted investments held for trading	4	**(37,366)**		(14,286)	
Gain on disposal of investment properties	4	**(32,453)**		–	
Changes in fair values of derivative financial instruments	4	**(48,802)**		(436)	
Gain on disposal of subsidiaries	34(b)	**(47,660)**		(283,247)	
Gain on disposal of partial interests in subsidiaries	34(c)	**(699,680)**		–	
Gain on disposal of other investments		**–**		(149)	
Share of losses of associates		**3,853**		5,258	
Transfer from equity on disposal of available-for-sale investments	4	**(61,945)**		–	
Transfer from equity on sales of properties		**(18,185)**		(21,161)	
Equity-settled share-based payment expenses	5(b)	**92,942**		97,840	
Foreign exchange (gain)/loss		**(51,604)**		–	
Operating profit before changes in working capital		**641,364**		373,806	
Increase in inventories		**(970,109)**		(941,176)	
Decrease in trade and other receivables		**279,538**		459,753	
Increase in trade and other payables		**268,936**		118,144	
Increase/(decrease) in pre-sale receipts from customers		**615,347**		(926,857)	

CONSOLIDATED CASH FLOW STATEMENT

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

	Note	2008 HK$'000	2008 HK$'000	2007 HK$'000 (restated)	2007 HK$'000 (restated)
Cash generated from operations		**835,076**		(916,330)	
Tax paid					
The People's Republic of China (the "PRC") Income Tax paid		**(121,031)**		(173,459)	
Land Appreciation Tax paid		**(52,074)**		(5,740)	
Net cash generated from/(used in) operating activities			**661,971**		(1,095,529)
Investing activities					
Payments for acquisition of subsidiaries, net of cash acquired	33(d)	**(4,336,032)**		(763,032)	
Payments for acquisition of additional interests in subsidiaries		**–**		(249,900)	
Deposits paid for acquisition of subsidiaries		**–**		(230,337)	
Advances to subsidiaries prior to acquisitions		**(260,146)**		(222,552)	
Proceeds from disposal of subsidiaries	34(b)	**188,595**		64,623	
Proceeds from disposal of partial interests in subsidiaries	34(c)	**888,000**		–	
Payments for acquisition of associates		**(1,142,607)**		–	
Payment for acquisition of additional interest in an associate		**–**		(128,713)	
(Advances to)/repayments from associates		**(6,856)**		135,696	
Payments for the acquisition of investment properties		**–**		(62,290)	
Payments for purchases of other property, plant and equipment		**(21,271)**		(35,935)	
Proceeds from disposal of investment properties		**147,300**		–	
Increase in restricted bank deposits		**(12,041)**		(5,869)	
Advances to related companies		**–**		(2,397)	
Decrease in long-term receivable		**–**		272,661	
Increase in investments in securities held for trading		**(1,486)**		–	
Proceeds from sale of available-for-sale investments		**94,918**		9,620	
Interest received		**28,721**		18,845	
Dividend received from unlisted investments in securities held for trading		**37,366**		14,286	

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

	Note	2008 HK$'000	2008 HK$'000	2007 HK$'000 (restated)	2007 HK$'000 (restated)
Net cash used in investing activities			**(4,395,539)**		(1,185,294)
Financing activities					
Proceeds from new bank loans		**1,890,360**		1,565,651	
Repayments of bank loans		**(530,301)**		(492,038)	
Increase in loan payables		**1,464,791**		420,110	
Repayments to former shareholders of the Company's subsidiaries		**(171,945)**		–	
Repayment to a shareholder		**–**		(1,488)	
Repayments to related companies		**(132,510)**		–	
Advances from associates		**75,816**		–	
Advances from minority shareholders		**1,246,984**		53,081	
Proceeds on issue of convertible notes		**–**		1,340,000	
Expenses on issue of convertible notes		**–**		(48,787)	
Proceeds from issue of senior notes		**3,120,000**		–	
Expenses on issue of senior notes		**(78,904)**		–	
Proceeds from issue of shares		**16,800**		778,816	
Expenses on issue of shares		**–**		(11,108)	
Capital injection by minority shareholders		**–**		45,000	
Interest paid		**(296,728)**		(83,014)	
Dividends paid to equity shareholders of the Company		**(105,558)**		(119,268)	
Net cash generated from financing activities			**6,498,805**		3,446,955
Net increase in cash and cash equivalents			**2,765,237**		1,166,132
Cash and cash equivalents at the beginning of the year	21		**1,490,701**		315,664
Effect of foreign exchange rate changes			**107,999**		8,905
Cash and cash equivalents at the end of the year	21		**4,363,937**		1,490,701

The notes on pages 52 to 174 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 ("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 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)).

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(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 functional currency of the Company is Renminbi ("RMB"). For the purposes of presenting the consolidated financial statements, the Group adopted Hong Kong dollars as its presentation currency for the convenience of the readers.

(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 values 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 estimates with a significant risk of material adjustment in the next year are discussed in note 40.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation

The consolidated financial statements for the year ended 30 April 2008 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

(i) Business combinations

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

(ii) Acquisition of subsidiaries and businesses under common control

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

(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 values of the underlying assets and liabilities attributable to the additional interests in subsidiaries is debited directly to the special reserve.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation (continued)

(iv) Subsidiaries and minority interests

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation (continued)

(iv) Subsidiaries and minority interests (continued)

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 and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets, unless it is classified as held for sale. The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associates for the year, including any impairment loss on goodwill relating to the investments in associates recognised for the year (see note 1(c)(vi) and (j)).

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 in the associate 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation (continued)

(v) Associates (continued)

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

(vi) Goodwill

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

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units 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.

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Other investments in debt and equity securities

The Group's and the Company'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 cost, 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)(iii) and (iv).

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

Investments in securities, which do not fall into any of the above categories are classified as available-for-sale securities. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised directly in equity in the fair value reserve, except foreign exchange gains and losses resulting from changes in the amortised cost of monetary items such as debt securities which are recognised directly in profit or loss. Dividend income from these investments is recognised in profit or loss in accordance with the policy set out in note 1(s)(iii) and, where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss in accordance with the policy set out in note 1(s)(iv). When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in 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 due the fair value is remeasured. The gain or loss on remeasurement to fair value is charged 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.

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

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

Property that is being constructed or developed for future use as investment property is classified as property under development 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Other property, plant and equipment

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

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

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

Depreciation is calculated to write off the cost of 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:

– Leasehold improvements	5 years
– Furniture and fixtures	3 – 5 years
– Computer and office equipment	3 years
– Motor vehicles	5 – 8 years

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Leased assets

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

(i) Classification of assets leased to the Group

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

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

(ii) Operating lease charges

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 debt and equity securities and other receivables

Investments in debt and equity securities (other than investments in subsidiaries and associates: 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 debt and equity securities and other receivables (continued)

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

– For unlisted 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

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

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

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

  Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

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

Recognition of impairment losses

An impairment loss is recognised in profit or loss 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 value 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 and 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Inventories

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:

(i) 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.

(ii) Completed property held for resale

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 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.

(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 an embedded derivative which is not closely related to the host contract.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Convertible notes (continued)

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. The equity component is recognised initially as the difference between the proceeds of the issue of the convertible notes and the fair values of the liability component and the embedded derivative. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components and the embedded derivative in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The 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 amount of the liability component 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.

The embedded derivative is measured in accordance with note 1(e).

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 (when it is released directly to retained profits).

(iii) Termination benefits

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax (continued)

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 Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

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).

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(iii) Other provisions and contingent liabilities

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

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

(s) Revenue recognition

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

(i) Sales 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue recognition (continued)

(i) Sales of properties (continued)

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

(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) 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.

(iv) Interest income

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

(v) 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Borrowing costs

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

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

(u) Translation of foreign currencies

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

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

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

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 a subsidiary, 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;

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Related parties (continued)

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

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

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

(x) Segment reporting

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

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

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

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

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

2. CHANGES IN ACCOUNTING POLICIES 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 32.

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 30(e).

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 (see note 41).

(b) Restatement of prior periods and opening balances

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

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

2. CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT OF PRIOR PERIODS AND OPENING BALANCES (continued)

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

The financial statements for the year ended 30 April 2008 include a restatement of the 2007 financial statements to the effect of the change in accounting treatment described above. The effects of the restatement on the 2007 financial statements are summarised below:

Effect on the consolidated financial statements

Consolidated income statements for the year ended 30 April 2007

	2007 HK$'000 (as previously reported)	Effect of restatement: increase/(decrease) Reclassification HK$'000	2007 HK$'000 (as restated)
Turnover	2,779,845	–	2,779,845
Cost of sales	(2,438,229)	200,613	(2,237,616)
Gross profit	341,616	200,613	542,229
Other revenue	33,823	–	33,823
Other net income	39,270	–	39,270
Net valuation gain on investment properties	214,700	–	214,700
Fair value gain on transfer of completed properties held for sale to investment properties	323,083	–	323,083
Distribution and selling expenses	(90,604)	–	(90,604)
General and administrative expenses	(197,145)	–	(197,145)
Profit from operations	664,743	200,613	865,356
Finance costs	(81,402)	–	(81,402)
Share of profits less losses of associates	(5,258)	–	(5,258)
Gain on disposals of subsidiaries	283,247	–	283,247
Impairment loss on assets of a disposal group classified as held for sale	(20,000)	–	(20,000)
Profit before taxation	841,330	200,613	1,041,943
Income tax	(23,090)	(200,613)	(223,703)
Profit for the year	818,240	–	818,240
Attributable to:			
Equity shareholders of the Company	833,319	–	833,319
Minority interests	(15,079)	–	(15,079)
Profit for the year	818,240	–	818,240

2. CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT OF PRIOR PERIODS AND OPENING BALANCES (continued)

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

Effect on the consolidated financial statements (continued)

Consolidated balance sheet at 30 April 2007

	2007	Effect of restatement: increase/(decrease) Reclassification	2007
	HK$'000 (as previously reported)	HK$'000	HK$'000 (as restated)
Non-current assets			
Investment property	1,475,834	–	1,475,834
Other property, plant and equipment	137,933	–	137,933
Interest in associate	–	–	–
Deposit for acquisition of subsidiaries	255,170	–	255,170
Restricted bank deposits	94,225	(10,100)	84,125
Derivative financial instrument	20,000	–	20,000
Deferred tax assets	15,739	–	15,739
	1,998,901	(10,100)	1,988,801
Current assets			
Inventories	8,675,001	–	8,675,001
Available-for-sale investments	90,900	–	90,900
Trade and other receivables	1,562,948	(9,393)	1,553,555
Income tax recoverable	123,907	9,393	133,300
Restricted bank deposits	–	10,100	10,100
Cash and cash equivalents	1,411,472	–	1,411,472
	11,864,228	10,100	11,874,328
Assets of a disposal group classified as held for sale	281,002	–	281,002
	12,145,230	10,100	12,155,330
Current liabilities			
Trade and other payables	1,526,984	(206,272)	1,320,712
Pre-sale receipts from customers	1,921,783	–	1,921,783
Bank borrowings	671,700	–	671,700
Loan payables	170,422	–	170,422
Income tax payable	201,224	206,272	407,496
Dividend payable	9	–	9
	4,492,122	–	4,492,122
Liabilities directly associated with assets of a disposal group classified as held for sale	39,035	–	39,035
	4,531,157	–	4,531,157

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

2. CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT OF PRIOR PERIODS AND OPENING BALANCES (continued)

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

Effect on the consolidated financial statements (continued)

Consolidated balance sheet at 30 April 2007 (continued)

	2007 HK$'000 (as previously reported)	Effect of restatement: increase/(decrease) Reclassification HK$'000	2007 HK$'000 (as restated)
Net current assets	7,614,073	10,100	7,624,173
Total assets less current liabilities	9,612,974	–	9,612,974
Non-current liabilities			
Bank borrowings	1,401,880	–	1,401,880
Loan payables	458,174	–	458,174
Convertible notes	1,254,074	–	1,254,074
Derivative financial instrument	53,000	–	53,000
Deferred tax liabilities	934,295	–	934,295
	4,101,423	–	4,101,423
NET ASSETS	5,511,551	–	5,511,551
CAPITAL AND RESERVES			
Share capital	68,754	–	68,754
Contributed surplus	331,149	–	331,149
Exchange reserve	123,397	–	123,397
Other reserves	4,435,531	–	4,435,531
Total equity attributable to equity shareholders of the Company	4,958,831	–	4,958,831
Minority interest	552,720	–	552,720
TOTAL EQUITY	5,511,551	–	5,511,551

Such change in accounting treatment had no significant impact to the financial position of the Group prior to 1 May 2006.

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:

	2008	2007
	HK$'000	HK$'000
Revenue from sale of property	**5,018,642**	2,779,642
Gross rentals from investment properties	**10,618**	203
	5,029,260	2,779,845

4. OTHER REVENUE AND NET INCOME

	2008	2007
	HK$'000	HK$'000
Other revenue		
Interest income from bank deposits	**28,721**	6,749
Interest income from loan to an associate	**–**	5,494
Other interest income	**–**	6,602
Total interest income on financial assets not at fair value through profit or loss	**28,721**	18,845
Dividend income from unlisted investments held for trading	**37,366**	14,286
Bad debts recovered	**4,793**	–
PRC government subsidies	**765**	545
Forfeiture of customers' deposits	**496**	–
Others	**1,314**	147
	73,455	33,823

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

4. OTHER REVENUE AND NET INCOME (continued)

	2008 HK$'000	2007 HK$'000
Other net income		
Net gain on disposal of investment properties	**32,453**	–
Available-for-sale investments: transfer from equity – on disposal	**61,945**	–
Changes in fair values of derivative financial instruments	**48,802**	436
Exchange gain on convertible notes	**108,355**	24,291
Exchange gain on senior notes	**97,595**	–
Other net exchange gain	**67,378**	14,394
Others	**–**	149
	416,528	39,270

5. PROFIT BEFORE TAXATION

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

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

* The borrowing costs have been capitalised at a rate of 5.91% – 19.66% (2007: 7.48%) per annum.

5. PROFIT BEFORE TAXATION (continued)

		2008 HK$'000	2007 HK$'000 (restated)
(b)	Staff costs:		
	Contributions to defined contribution retirement plans	**3,290**	1,571
	Equity-settled share-based payment expense	**92,942**	97,840
	Salaries, wages and other benefits	**103,314**	38,980
		199,546	138,391
	Less: Staff costs capitalised into properties under development	**(22,914)**	(10,081)
		176,632	128,310
(c)	Other items:		
	Depreciation	**11,163**	3,712
	Less: depreciation capitalised into properties under development	**(371)**	(442)
		10,792	3,270
	Operating lease charges: minimum lease payments		
	– property rentals	**11,219**	5,464
	Auditors' remuneration		
	– audit services	**3,500**	3,131
	– other services	**720**	6,664
	Cost of properties sold	**4,060,574**	2,237,616

6. INCOME TAX IN THE INCOME STATEMENT

(a) Taxation in the income statement represents:

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

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.

6. INCOME TAX IN THE INCOME STATEMENT (continued)

(a) (Continued)

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%.

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

	2008 **HK$'000**	2007 HK$'000 (restated)
Profit before taxation	**2,375,514**	1,041,943
Notional tax on profit before taxation calculated at the rates applicable to profits in the tax jurisdictions concerned	**593,878**	343,841
Tax effect of Land Appreciation Tax deductible for PRC Enterprise Income Tax	**(66,278)**	(66,202)
Tax effect of non-deductible expenses	**374,592**	85,814
Tax effect of non-taxable income	**(355,663)**	(109,524)
Tax effect of unused tax losses not recognised	**40,964**	11,024
Tax effect of prior years' tax losses utilised this year	**(5,276)**	(6,280)
Income tax of concessionary rate	**(36,925)**	(113,415)
Decrease in deferred tax liabilities resulting from decrease in applicable tax rate	**1,386**	(123,673)
Others	**(3,763)**	(230)
Provision for Land Appreciation tax for the year	**265,112**	200,613
Tax effect of share of results of associates	**963**	1,735
Actual tax expense	**808,990**	223,703

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

7. DIRECTORS' REMUNERATION

Details of directors' remuneration are as follows:

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

7. DIRECTORS' REMUNERATION (continued)

Details of directors' remuneration are as follows:

	2007					
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Sub-total HK$'000	Share-based payments (note) HK$'000	Total HK$'000
Executive directors:						
Li Song Xiao	–	2,028	4	2,032	262	2,294
Liu Yi	–	1,420	4	1,424	6,511	7,935
Niu Xiao Rong	–	1,100	4	1,104	6,511	7,615
Yuan Kun	–	900	4	904	4,108	5,012
Liu Yan (appointed on 31 July 2006)	–	770	4	774	10,736	11,510
Song Xuan (resigned on 15 June 2006)	–	–	–	–	1,395	1,395
Independent non-executive directors:						
Nie Mei Sheng	–	–	–	–	–	–
Zhang Qing Lin (appointed on 3 November 2006)	–	–	–	–	–	–
Gao Ling (appointed on 16 April 2007)	–	–	–	–	–	–
Wang Shi Yong (resigned on 16 April 2007)	–	–	–	–	–	–
Zheng Kuan (resigned on 3 November 2006)	–	–	–	–	–	–
	–	6,218	20	6,238	29,523	35,761

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

7. DIRECTORS' REMUNERATION (continued)

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 31.

8. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2007: two) is director of the Company whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other four (2007: three) individuals are as follows:

	2008 **HK$'000**	2007 HK$'000
Salaries and other benefits	**863**	684
Share-based payments	**41,046**	39,070
Retirement schemes contributions	**10**	11
	41,919	39,765

The emoluments of four (2007: three) individuals with the highest emoluments are within the following bands:

	2008 **No. of** **employees**	2007 No. of employees
HK$9,500,001 to HK$10,000,000	**1**	–
HK$10,000,001 to HK$10,500,000	**1**	–
HK$10,500,001 to HK$11,000,000	**1**	–
HK$11,000,001 to HK$11,500,000	**1**	–
HK$12,500,001 to HK$13,000,000	**–**	1
HK$13,500,001 to HK$14,000,000	**–**	2

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

9. EMPLOYEE RETIREMENT BENEFITS

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in defined contribution retirement schemes (the "Schemes") organized by the relevant local government authorities whereby the Group is required to make contributions to the Schemes at a rate 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. DIVIDENDS

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

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

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 by the effect of Share Consolidation. Further details for Share Consolidation are set out in note 30(b)(i).

10. DIVIDENDS (continued)

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

	2008	2007
	HK$'000	HK$'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)	**90,453**	–

11. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$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

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

Note: The weighted average number of ordinary shares for the purpose of basic earnings per share have been adjusted by the effect of Share Consolidation. Further details for Share Consolidation are set out in note 30(b)(i).

11. EARNINGS PER SHARE (continued)

(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 ordinary shares (2007 (restated): 1,618,619,511 ordinary shares) calculated as follows:

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

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

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

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

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

Note: The weighted average number of ordinary shares for the purpose of diluted earnings per share have been adjusted by the effect of Share Consolidation. Further details for Share Consolidation are set out in note 30(b)(i).

12. SEGMENT REPORTING

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

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

Business segments

The Group comprises the following main business segments:

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

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

12. SEGMENT REPORTING (continued)

Business segments (continued)

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

13. INVESTMENT PROPERTIES

	2008	2007
	HK$'000	HK$'000
Balance at the beginning of year	**1,475,834**	–
Exchange adjustments	**225,664**	18,079
Additions		
– through acquisition of subsidiaries	**–**	560,924
– others	**–**	62,290
Transfer from completed properties held for sale	**1,697,688**	619,841
Disposals	**(114,847)**	–
Fair value adjustments	**111,281**	214,700
Balance at the end of year	**3,395,620**	1,475,834

13. INVESTMENT PROPERTIES (continued)

(a) Valuation of investment properties

All the investment properties of the Group were stated at fair value as at 30 April 2008. The fair values were arrived at based on the valuations carried out by an independent firm of qualified professional valuers, Savills Valuation and Professional Service 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. The valuations, which conform to the Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors, have been determined by reference to recent market transactions in comparable properties.

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

	2008	2007
	HK$'000	HK$'000
In the PRC		
– medium-term leases	**3,395,620**	1,475,834

(c) Investment properties leased out under operating leases

The Group leases out investment properties. The leases typically run for an initial period of 3 to 20 years, at the end of which period all terms are renegotiated. None of the leases includes contingent rentals.

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

	2008	2007
	HK$'000	HK$'000
Within 1 year	**5,254**	3,359
After 1 year but within 5 years	**85,471**	13,077
After 5 years	**222,139**	1,462
	312,864	17,898

(d) Pledge of investment properties

As at 30 April 2008, investment properties with a total carrying amount of HK$3,395,620,000 (2007: HK$1,475,834,000) were pledged as collateral for the Group's bank borrowings, details of which are set out in note 26.

14. OTHER PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost:					
At 1 May 2006	–	6,078	6,453	–	12,531
Exchange adjustments	17	251	462	1,339	2,069
Additions					
– through acquisition of subsidiaries	685	3,020	4,062	90,000	97,767
– others	297	4,489	9,258	21,891	35,935
Disposal of subsidiary	–	(374)	(258)	–	(632)
At 30 April 2007	999	13,464	19,977	113,230	147,670
At 1 May 2007	999	13,464	19,977	113,230	147,670
Exchange adjustments	107	1,160	1,681	11,212	14,160
Transfer from properties under development	–	–	–	616,127	616,127
Additions					
– through acquisition of subsidiaries	117	1,578	1,708	–	3,403
– others	754	5,857	14,660	–	21,271
Disposal through disposal of subsidiaries	–	(117)	(117)	–	(234)
At 30 April 2008	**1,977**	**21,942**	**37,909**	**740,569**	**802,397**
Accumulated amortisation and depreciation:					
At 1 May 2006	–	3,815	2,018	–	5,833
Exchange adjustments	6	67	141	–	214
Charge for the year	291	1,253	2,168	–	3,712
Written back on disposals	–	(12)	(10)	–	(22)
At 30 April 2007	297	5,123	4,317	–	9,737
At 1 May 2007	297	5,123	4,317	–	9,737
Exchange adjustments	54	350	571	–	975
Charge for the year	742	3,903	6,518	–	11,163
Written back on disposals	–	(16)	(15)	–	(31)
At 30 April 2008	**1,093**	**9,360**	**11,391**	**–**	**21,844**
Net book value:					
At 30 April 2008	**884**	**12,582**	**26,518**	**740,569**	**780,553**
At 30 April 2007	702	8,341	15,660	113,230	137,933

Note: Construction in progress represents the Group's hotel properties under construction in Xian and Chongqing, the PRC.

15. INTERESTS IN ASSOCIATES

	The Group	
	2008	2007
	HK$'000	HK$'000
Share of net assets	**1,445,771**	–

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	Proportion of ownership interest: Held by a subsidiary	Principal activity
Beijing Jun He Bai Nian Property Development Co., Ltd (note (a)) (「北京君合百年房地產開發有限公司」)**	Incorporated	The PRC	RMB165,000,000	43.95%	43.95%	Property development
Invest Online Limited (note (b))	Incorporated	British Virgin Islands	US$1	40%	40%	Investment holding
哈爾濱亞麻房地產開發有限公司* (note (b))	Incorporated	The PRC	US$12,100,000	40%	40%	Property development

* The company is registered as a wholly-owned foreign enterprise in the PRC.

** The company is registered as a limited liability company in the PRC.

Note:

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

In May 2008, the Group acquired a further 12% equity interest in Jun He Bai Nian. The consideration of such 12% equity interest is approximately RMB82 million. Upon the transfer of 12% equity interest in Jun He Bai Nian to the Group, the Group holds approximately 56% of the entire equity interest in Jun He Bai Nian and Jun He Bai Nian become a subsidiary of the Group. The transaction has been completed up to the date of this report. (note 38(b)).

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

15. INTEREST IN ASSOCIATES (continued)

Summary of financial information on associates

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

16. DEPOSITS FOR ACQUISITION OF SUBSIDIARIES

The amount as at 30 April 2007 represented deposits paid for the acquisition of certain subsidiaries for which certain conditions had not yet been satisfied at the balance sheet date. During the year ended 30 April 2008, such acquisition had been completed.

17. RESTRICTED BANK DEPOSITS

a) The Group has entered into agreements with certain banks with respect to mortgage loans provided to the buyers of the Group's property units. As at 30 April 2008, the Group made deposits of RMB94,140,000 (equivalent to approximately HK$104,495,000) (2007: RMB83,292,000 (equivalent to approximately HK$84,125,000) as security for the settlement of the mortgage instalments by the mortgagors under these agreements. Should the mortgagors fail to pay the mortgage instalments, the banks can draw down the security deposits up to the amount of outstanding mortgage instalments and demand the Group to repay the outstanding balance to the extent that the deposit balance is insufficient. These restricted bank deposits will be released when the property title deeds are pledged to banks as security for respective mortgage loans, which generally take place within one year after the property title deeds are passed to the buyers.

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

b) As at 30 April 2008, the Group's bank deposits of RMB10,000,000 (equivalent to approximately HK$11,100,000) (2007: RMB10,000,000 (equivalent to approximately HK$10,100,000) were pledged as collateral for the Group's bank borrowings, details of which are set out in note 26.

18. INVENTORIES

(a) Inventories in the consolidated balance sheet comprise:

	2008	2007
	HK$'000	HK$'000
Properties under development	**15,277,716**	8,299,508
Completed properties held for sale	**533,479**	375,493
	15,811,195	8,675,001

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

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

	2008	2007
	HK$'000	HK$'000
Properties under development	**13,573,435**	6,105,928

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

(c) Cost of properties sold

The cost of properties sold for the year ended 30 April 2008 amounted to HK$4,060,574,000 (2007: HK$2,237,616,000).

(d) Pledge of inventories

Certain of the Group's properties under development and completed properties held for sale were pledged as collateral for amount due to a minority shareholder and the Group's bank borrowings, details of which are set out in notes 23(b) and 26 respectively.

19. INVESTMENTS

	2008 **HK$'000**	2007 HK$'000
Unlisted investments in securities held for trading, at fair value	**1,486**	–
Available-for-sale investment (see note below)	**–**	90,900
	1,486	90,900

Note: Available-for-sale investment as at 30 April 2007 represented an unlisted equity security measured at fair value with reference to current market transaction. During the year ended 30 April 2008, the Group has disposal of this investment, resulting in a gain of approximately HK$61,945,000.

20. TRADE AND OTHER RECEIVABLES

	2008 **HK$'000**	2007 HK$'000
Trade debtors	**139,197**	46,346
Less: Allowance for doubtful debts	**–**	–
	139,197	46,346
Consideration receivable for disposal of subsidiaries	**–**	512,430
Amount due from a former shareholder of a subsidiary (see note below)	**54,390**	–
Amounts due from associates (see note below)	**6,856**	–
Other debtors	**8,143**	–
Loans and receivables	**208,586**	558,776
Advance payments to contractors	**701,502**	690,612
Deposits paid for acquisition of project companies	**309,246**	78,287
Deferred sales commission	**18,450**	122,741
Other taxes recoverable	**129,114**	42,601
Deposits and prepayments	**92,059**	60,538
	1,458,957	1,553,555

Note: The amounts due from a former shareholder of a subsidiary and associates are unsecured, non-interest bearing and have no fixed terms of repayment.

20. TRADE AND OTHER RECEIVABLES (continued)

(a) Ageing analysis

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

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

Trade debtors are generally due within 90 days from the dates of the sale and purchase agreements. Further details on the Group's credit policy are set out in note 32(a).

(b) Impairment of trade debtors

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

(c) Trade debtors that are not impaired

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

	2008 **HK$'000**	2007 HK$'000
Neither past due nor impaired	**128,786**	24,080
Less than 3 months past due	**–**	22,266
More than 3 months past due	**10,411**	–
	139,197	46,346

20. TRADE AND OTHER RECEIVABLES (continued)

(c) Trade debtors that are not impaired (continued)

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 for 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.

21. CASH AND CASH EQUIVALENTS

	2008	2007
	HK$'000	HK$'000
Cash at banks and in hand	**4,479,532**	1,505,697
Less: Restricted bank deposits (see note 17)	**(115,595)**	(94,225)
Cash and cash equivalents in the consolidated balance sheet	**4,363,937**	1,411,472
Add: Bank balances and cash included in assets classified as held for sale (see note 22)	**–**	79,229
Cash and cash equivalents in the consolidated cash flow statement	**4,363,937**	1,490,701

22. NON-CURRENT ASSETS HELD FOR SALE

The carrying amount of major classes of assets and liabilities classified as held for sale are analysed as follows:

	2007 HK$'000
Assets of a disposal group classified as held for sale	
Properties under development	201,773
Bank balances and cash	79,229
	281,002
Liabilities directly associated with assets of a disposal group classified as held for sale	
Deferred tax liabilities associated with these assets	(39,035)
	241,967

The Group entered into a sale and purchase agreement on 26 March 2007 with an independent third party for the disposal of the entire equity interest in 天津中新名仕地產開發有限公司 ("Tianjin Zhongxin Mingshi"). The transaction had not been completed as at 30 April 2007 and was subject to the approval of the relevant authorities in the PRC. The assets and liabilities attributable to Tianjin Zhongxin Mingshi have been classified as a disposal group held for sale and are presented separately in the consolidated balance sheet as at 30 April 2007. The operations are included in property development for segment reporting purposes (see note 12).

As the proceeds of disposal were less than the net carrying amount of the relevant assets and liabilities, an impairment loss of approximately HK$20,000,000 has been recognised in the consolidated income statement for the year ended 30 April 2007. The disposal was completed in October 2007, with the resulting loss on disposal of HK$35,400,000 debited to profit or loss (see note 34(a)(i)).

23. TRADE AND OTHER PAYABLES

	2008	2007
	HK$'000	HK$'000
Accrued expenditure on properties under development	**1,161,342**	590,041
Retentions payable to contractors	**98,623**	28,081
Consideration payables for acquisition of subsidiaries	**381,396**	109,876
Consideration payable for acquisition of associates	**307,131**	–
Interest payable	**128,928**	7,920
Accrued charges and other payables	**205,033**	193,415
Amounts due to former shareholders of the Company's subsidiaries (note 23(a))	**156,187**	–
Amounts due to related companies (note 23(a))	**84,018**	214,379
Amount due to a shareholder (note 23(a))	**20,412**	20,412
Amounts due to associates (note 23(a))	**75,816**	–
Amounts due to minority shareholders (note 23(b))	**201,165**	53,081
Financial liabilities measured at amortised cost	**2,820,051**	1,217,205
Advance payment from a minority shareholder for the property development project (note 23(c))	**1,098,900**	–
Deposits received for disposal of a subsidiary	**–**	61,562
Other taxes payables (note 23(d))	**9,284**	41,945
	3,928,235	1,320,712

(a) The amounts due to former shareholders of the Company's subsidiaries, a shareholder and associates are interest free, unsecured and have no fixed terms of repayment. The amounts due to related companies are interest free unsecured and have no fixed terms of repayment. These related companies are controlled by Mr. Li Song Xiao, the controlling shareholder of the Company.

(b) Included in the amounts due to minority shareholders is an amount of RMB140,000,000 (equivalent to approximately HK$155,400,000), which is secured by certain properties under development of the Group located in the PRC with a total carrying amount of approximately HK$386,132,000, bears interest at 7.02% per annum and is repayable within one year.

All other amounts due to minority shareholders are unsecured, interest free and have no fixed terms of repayment.

(c) Advance payment of RMB990,000,000 (equivalent to approximately HK$1,098,900,000) from a minority shareholder is secured by 20% equity interest in the registered capital of Tianjin City Yi Jia He Zhi Ye Co., Ltd., a subsidiary of the Company established in the PRC, interest free and has no fixed terms of repayment.

(d) Other taxes payable comprise urban real estate tax payable, real estate tax payable and business tax payable.

24. 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$nil (2007: HK$273,063,000) which is not expected to be recognised as revenue after more than one year.

25. INCOME TAX IN THE CONSOLIDATED BALANCE SHEET

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

	2008	2007
	HK$'000	HK$'000
PRC Enterprise Income Tax		
At the beginning of the year	**77,317**	95,661
Exchange adjustments	**10,775**	4,650
Provision for the year	**440,378**	171,678
Tax paid	**(121,031)**	(173,459)
Acquisition of subsidiaries	**(3)**	(21,213)
At the end of the year	**407,436**	77,317
Land Appreciation Tax		
At the beginning of the year	**196,879**	–
Exchange adjustments	**26,878**	2,006
Provision for the year	**265,112**	200,613
Tax paid	**(52,074)**	(5,740)
At the end of the year	**436,795**	196,879

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

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

	2008			2007		
	PRC Enterprise Income Tax HK$'000	**Land Appreciation Tax HK$'000**	**Total HK$'000**	PRC Enterprise Income Tax HK$'000	Land Appreciation Tax HK$'000	Total HK$'000
Income tax recoverable recognised in the consolidated balance sheet	**(83,968)**	**(35,256)**	**(119,224)**	(123,907)	(9,393)	(133,300)
Income tax payable recognised in the consolidated balance sheet	**491,404**	**472,051**	**963,455**	201,224	206,272	407,496
	407,436	**436,795**	**844,231**	77,317	196,879	274,196

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

(b) Deferred tax assets and liabilities recognised:

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

	Convertible notes HK$'000	Fair value adjustment on available-for-sale investments HK$'000	Revaluation of investment properties HK$'000	Fair value adjustment on properties under development/ properties held for sale HK$'000	Impairment on property, plant and equipment HK$'000	Accrued expenses HK$'000	Total HK$'000
Deferred tax arising from:							
At 1 May 2006	–	–	–	59,309	–	–	59,309
Exchange adjustments	–	–	1,039	15,047	(227)	(310)	15,549
Acquisition of subsidiaries	–	–	69,091	989,914	(22,690)	–	1,036,315
Effect of change in tax rate	–	–	(16,749)	(106,924)	–	–	(123,673)
Charged to reserves	31,830	8,080	–	–	–	–	39,910
(Credited)/charged to profit or loss	(3,763)	–	96,149	(101,872)	–	(15,429)	(24,915)
Disposal of a subsidiary	–	–	–	(44,904)	–	–	(44,904)
Reclassify to liabilities associated with assets of a disposal group classified as held for sale	–	–	–	(39,035)	–	–	(39,035)
At 30 April 2007	28,067	8,080	149,530	771,535	(22,917)	(15,739)	918,556
At 1 May 2007	28,067	8,080	149,530	771,535	(22,917)	(15,739)	918,556
Exchange adjustments	–	–	25,594	69,473	(2,269)	(935)	91,863
Effect of changes in tax rate	–	–	39,934	(38,548)	–	–	1,386
Charged/(credited) to profit or loss	(3,763)	–	248,657	(159,454)	–	16,674	102,114
Credited to reserves	(7,993)	(8,080)	–	–	–	–	(16,073)
At 30 April 2008	16,311	–	463,715	643,006	(25,186)	–	1,097,846

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

(b) Deferred tax assets and liabilities recognised: (continued)

	2008 **HK$'000**	2007 HK$'000
Net deferred tax assets recognised in the consolidated balance sheet	**(25,186)**	(15,739)
Net deferred tax liabilities recognised in the consolidated balance sheet	**1,123,032**	934,295
	1,097,846	918,556

(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$313,314,000 (2007: HK$160,532,000) as at 30 April 2008 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.

26. BANK BORROWINGS

At 30 April 2008, the bank loans were repayable as follows:

	2008 **HK$'000**	2007 HK$'000
Within 1 year or on demand	**541,491**	671,700
After 1 year but within 2 years	**1,980,240**	614,080
After 2 years but within 5 years	**363,525**	787,800
After 5 years	**428,793**	–
Total bank loans	**3,314,049**	2,073,580
Less: repayable within 1 year or on demand as classified under current liabilities	**(541,491)**	(671,700)
Repayable after 1 year as classified under non-current liabilities	**2,772,558**	1,401,880

26. BANK BORROWINGS (continued)

During the year, the Group obtained new bank borrowings amounting to HK$1,890,360,000 (2007: HK$1,565,651,000) and assumed bank borrowings of HK$67,600,000 (2007: HK$711,631,000) through acquisitions of subsidiaries (see note 33(d)). The proceeds were used to finance the development of properties.

Except for bank borrowings of HK$nil (2007: HK$500,000,000) denominated in Hong Kong dollars, all the remaining bank borrowings are denominated in Renminbi ("RMB").

The bank borrowings are variable-rate borrowings which carry commercial interest rates in the PRC except for the bank borrowings denominated in Hong Kong dollars which carry interest at Hong Kong Interbank Offering Rate plus 2%.

The effective interest rates (being the People's Bank of China's lending rate) on the Group's bank borrowings denominated in RMB are ranging from 5.91% to 8.32% (2007: 6.03% to 6.80%) per annum.

Except for unsecured bank borrowings of approximately HK$310,800,000 (2007: HK$282,800,000), the remaining bank borrowings are secured by:

(i) certain properties under development, certain completed properties held for sale and all the investment properties of the Group located in the PRC with total carrying amounts of approximately HK$2,755,744,000 (2007: HK$2,137,157,000), HK$288,891,000 (2007: HK$nil) and HK$3,395,620,000 (2007: HK$1,475,834,000) respectively.

(ii) certain bank deposits of the Group amounting to approximately HK$11,100,000 (2007: HK$10,100,000), which have been pledged to secure short-term bank borrowings and are therefore classified as current assets.

27. LOAN PAYABLES

	2008 HK$'000	2007 HK$'000
Loan Payable denominated in RMB (see note (a))	**1,665,000**	–
Loan Payable A (see note (b))	**197,025**	271,481
Loan Payable B (see note (c))	**532,321**	186,693
Loan Payable Xian (see note (d))	**–**	170,422
	2,394,346	628,596
Less: Amounts classified under current liabilities		
– Loan Payable denominated in RMB	**1,665,000**	–
– Loan Payable A	**197,025**	–
– Loan Payable B	**532,321**	–
– Loan Payable Xian	**–**	170,422
	2,394,346	170,422
Amounts as classified under non-current liabilities	**–**	458,174

(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").

In December 2007, an amount of RMB1,500,000,000 (equivalent to approximately HK$1,665,000,000) ("Loan Payable denominated in RMB") was drawn down.

Loan Payable denominated in RMB bears interest at 20% per annum and is secured by:

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

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

27. LOAN PAYABLES (continued)

(a) Loan Payable denominated in RMB (continued)

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

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

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

(b) Loan Payable A

According to an agreement in May 2006 and supplement agreements in July 2006 and August 2006, an independent third party ("Lender A") contributed an amount of RMB250,000,000 ("Loan Payable A") for the 26.3% of the registered capital in a group entity. However, under the agreements, Lender A has no right to share any profits of this group entity other than a 7% guaranteed annual amount. The Group is obliged to purchase from Lender A the 26.3% registered capital in August 2008 in accordance with the contractual arrangement at a price of approximately RMB285,000,000 (equivalent to approximately HK$316,350,000) (2007: RMB285,000,000 (equivalent to approximately HK$287,850,000)) inclusive of the 7% annual amount payable.

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

During the year, the Group repaid approximately RMB90,000,000 (equivalent to approximately HK$99,900,000) (2007: Nil) on Loan Payable A plus interest of approximately RMB17,500,000 (equivalent to approximately HK$18,725,000) (2007: Nil). As at 30 April 2008, the carrying amount of Loan Payable A was RMB177,500,000 (equivalent to approximately HK$197,025,000) (2007: RMB268,793,000 (equivalent to approximately HK$271,481,000) inclusive of the 7% annual amount payable.

The effective interest rate of Loan Payable A is 7.14% (2007: 7.27%) per annum.

27. LOAN PAYABLES (continued)

(c) Loan Payable B

According to an agreement in February 2007 (the "Agreement"), another independent third party ("Lender B") contributed an amount of RMB60,000,000 in respect of 30.0% of the registered capital in another group entity (the "Project Company") plus a loan facility of RMB240,000,000 ("Loan Payable B"). 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 at a consideration of RMB60,000,000 and repay the relevant loan of RMB240,000,000 plus a guaranteed additional amount of RMB100,000,000 (the exact amount of which is determined with reference to the market situation in and the city development of a project in Chengdu, the PRC and the potential increase in the market value of the properties in Chengdu, the PRC) within 24 months from the date of the Agreement.

As the Group has contractual obligations to deliver cash in accordance with the agreements of Loan Payable B and Lender B has no profit sharing rights in the Project Company irrespective of his equity ownership, Loan Payable B 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).

During the year, Lender B advanced an amount of approximately RMB326,110,000 (equivalent to approximately HK$361,982,000) (2007: RMB110,110,000 (equivalent to approximately HK$111,211,000)) to the Project Company. As at 30 April 2008, the carrying amount of Loan Payable A was RMB479,568,000 (equivalent to approximately HK$532,321,000) (2007: RMB184,845,000 (equivalent to approximately HK$186,693,000)) inclusive of the effective interest payable.

Subsequent to the balance sheet date on 1 June 2008, the Group entered into an agreement with Lender B whereby the Group exercised its right under the Agreement and purchased the total capital contribution made by Lender B of RMB60,000,000 (equivalent to approximately HK$66,600,000) and the related loan of RMB326,110,000 (equivalent to approximately HK$361,982,000) in the Project Company plus the guaranteed additional amount of RMB100,000,000 (equivalent to approximately HK$111,000,000) at a total consideration of RMB486,000,000 (equivalent to approximately HK$539,460,000).

The effective interest rate of Loan Payable A is 16.37% (2007: 14.47%) per annum.

(d) Loan Payable Xian

The loan payable of HK$170,422,000 ("Loan Payable Xian") was raised as part of the consideration for the acquisition of 西安滻霸建設開發有限公司 during the year ended 30 April 2007 and the outstanding balance at 30 April 2007 was fully settled during the year ended 30 April 2008.

The effective interest rate of Loan Payable Xian is 3.88% (2007: 3.88%) per annum.

28. CONVERTIBLE NOTES

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

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

On 12 June 2009, the holders of Convertible Note 2011 can put back the Convertible Note 2011 to the Company at the price of 120.103% of principal amount ("Redemption Right of the Holder"). As the economic characteristics and risks of the Redemption Right of the Holder are not closely related to the host contract, the Redemption Right of the Holder is separately accounted for at fair value at each reporting date as derivative financial instrument. The fair value of the Redemption Right of the Holder at 30 April 2008 was HK$34,000,000 (2007: HK$53,000,000). Accordingly, a change in the fair value of the derivative financial instrument of approximately HK$19,000,000 was credited (2007: HK$19,564,000 was debited) to the consolidated income statement for the year.

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 at least 130 per cent of the applicable early redemption amount divided by the conversion ratio ("Redemption Right of the Issuer"). As the economic characteristics and risks of the Redemption Right of the Issuer are not closely related to the host contract, the Redemption Right of the Issuer is separately accounted for at fair value at each reporting date as a derivative financial instrument. The fair value of the Redemption Right of the Issuer at 30 April 2008 was HK$46,000,000 (2007: HK$20,000,000). Accordingly, a change in the fair value of the derivative financial instrument of HK$26,000,000 (2007: HK$20,000,000) was credited to the consolidated income statement for the year.

28. 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 30 April 2008 and 30 April 2007.

During the year, the holders of the Convertible Note 2011 converted part of the Convertible Note 2011 with principal amount of HK$422,990,000 (2007: HK$nil) into shares of the Company (see note 30(b)).

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

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

29. SENIOR NOTES/WARRANTS

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

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

29. SENIOR NOTES/WARRANTS (continued)

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 23 July 2007, the date of issue, and 30 April 2008 were HK$161,802,000 and HK$158,000,000 respectively. Accordingly, a change in fair value of warrants of HK$3,802,000 was debited to the consolidated income statement for the year.

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

As at 30 April 2008, 66,000,000 of Warrants 2012 were outstanding. Exercise in full of the outstanding Warrants 2012 would result in the issue of 66,000,000 additional shares with an aggregate subscription value of 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 23 July 2007 and 30 April 2008.

29. 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 23 July 2007 and 30 April 2008.

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

30. CAPITAL AND RESERVES

(a) The Group

Details of movements in capital and reserves of the Group are set out in the consolidated statement of changes in equity on page 47 and 48.

30. CAPITAL AND RESERVES (continued)

(b) Share capital

Authorised and issued share capital

	2008 Number of shares	2008 Nominal value HK$'000	2007 Number of shares	2007 Nominal value HK$'000
Authorised:				
At 1 May 2007 – ordinary shares of HK$0.01 each	**40,000,000,000**	**400,000**	40,000,000,000	400,000
Effect of Share Consolidation on 29 October 2007	**(30,000,000,000)**	**–**	–	–
At 30 April 2008 – ordinary shares of HK$0.04 each (2007: ordinary shares of HK$0.01 each)	**10,000,000,000**	**400,000**	40,000,000,000	400,000
Ordinary shares, issued and fully paid:				
At 1 May 2007 – ordinary shares of HK$0.01 each	**6,875,374,340**	**68,754**	4,079,339,487	40,793
Before Share Consolidation:				
Issue of shares upon a private placement	**–**	**–**	688,000,000	6,880
Issue of shares upon conversion of convertible note 2005	**–**	**–**	400,000,000	4,000
Issue of shares upon conversion of Convertible Note 2011	**267,803,024**	**2,678**	–	–
Issue of shares by exercise of share options	**15,100,000**	**151**		
Issue of shares for acquisition of subsidiaries (note 33)	**467,592,592**	**4,676**	1,708,034,853	17,081
Effect on share consolidation on 29 October 2007	**(5,719,402,467)**	**–**	–	–
After Share Consolidation:				
Issue of shares for acquisition of subsidiaries (note 33)	**35,000,000**	**1,400**	–	–
Issue of shares upon conversion of Convertible Note 2011	**3,322,700**	**133**	–	–
Issue of shares by exercise of share options	**850,000**	**34**	–	–
At 30 April 2008 – ordinary shares of HK$0.04 each (2007: ordinary shares of HK$0.01 each)	**1,945,640,189**	**77,826**	6,875,374,340	68,754

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

30. CAPITAL AND RESERVES (continued)

(b) Share capital (continued)

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

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

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

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

Exercise period	Exercise price	2008 Number	2007 Number (see note below)
4 April 2006 – 3 April 2016	HK$3.60	**13,125,000**	17,500,000
17 November 2006 – 22 October 2006	HK$3.72	**72,250,000**	77,500,000
14 March 2007 – 6 March 2017	HK$3.92	**47,500,000**	47,500,000
		132,875,000	142,500,000

Each option entitles the holder to subscribe for one ordinary share in the Company. Further details of these options are set out in note 31 to the consolidated financial statements.

Note: The number of unexpired and unexercised share options at 30 April 2007 were adjusted by the effect of Share Consolidation.

30. CAPITAL AND RESERVES (continued)

(d) Nature and purpose of reserves

(i) Share premium

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

(ii) Contributed surplus

The contributed surplus comprises the following:

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

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

(iii) Convertible note equity reserve

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

(iv) Share options reserve

The share options reserve comprises the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for share based payments in note 1(p)(ii).

(v) Investment valuation reserve

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

30. CAPITAL AND RESERVES (continued)

(d) Nature and purpose of reserves (continued)

(vi) Other revaluation reserve

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

(vii) Special reserve

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

(e) 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 net debt-to-capital ratio. For this purpose, the Group defines net debt as total debt (which includes interest-bearing loans and borrowings, convertible notes and senior notes) less cash and cash equivalents. Capital comprises total equity attributable to equity shareholders of the Company.

During the year, the Group's strategy, which was unchanged from last year, was to maintain a net debt-to-capital ratio of no 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.

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

30. CAPITAL AND RESERVES (continued)

(e) Capital management (continued)

The adjusted net debt-to-capital ratio at 30 April 2008 and 2007 was as follows:

	Note	**2008** HK$'000	2007 HK$'000
Current liabilities:			
– Bank borrowings	26	**541,491**	671,700
– Loan payables	27	**2,394,346**	170,422
		2,935,837	842,122
Non-current liabilities:			
– Bank borrowings	26	**2,772,558**	1,401,880
– Loan payables	27	**–**	458,174
– Convertible notes	28	**939,480**	1,254,074
– Senior notes	29	**2,897,838**	–
Total debt		**9,545,713**	3,956,250
Less: Cash and cash equivalents	21	**(4,363,937)**	(1,411,472)
Net debt		**5,181,776**	2,544,778
Capital		**8,374,052**	4,958,831
Net debt-to-capital ratio		**61.9%**	51.3%

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

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

31. 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 at a consideration of HK$1 to subscribe for shares of the Company. The exercise period of the share options granted is determinable by the directors of the Company, but no later than 10 years from the date of the offer. Each option gives the holder the right to subscribe for one ordinary share in the Company.

(a) The terms and conditions of the grants that existed during the years ended 30 April 2008 and 2007 are as follows, whereby all options are settled by physical delivery of shares:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to directors:			
– 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

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

31. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(a) The terms and conditions of the grants that existed during the years ended 30 April 2008 and 2007 are as follows, whereby all options are settled by physical delivery of shares: (continued)

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to employees:			
– 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	125,000,000		

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

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

31. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

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

	2008 Weighted average exercise price	2008 Number of options	2007 Weighted average exercise price	2007 Number of options
Outstanding at the beginning of the year	**HK$3.772**	**142,500,000**	HK$3.600	21,500,000
Granted during the year	**–**	**–**	HK$3.796	125,000,000
Exercised during the year	**HK$3.644**	**(4,625,000)**	–	–
Forfeited during the year	**HK$3.696**	**(5,000,000)**	HK$3.600	(4,000,000)
Outstanding at the end of the year	**HK$3.780**	**132,875,000**	HK$3.772	142,500,000
Exercisable at the end of the year	**HK$3.906**	**71,825,000**	HK$3.832	35,200,000

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

The weighted average share price at the date of exercise for shares options exercised during the year was HK$7.81 (2007: not applicable).

The options outstanding at 30 April 2008 had exercise prices of HK$3.60, HK$3.72 or HK$3.92 (2007: HK$3.60, HK$3.72 or HK$3.92) after adjusting for the effect of the Share Consolidation and weighted average remaining contractual lives of 8 years, 8.5 years and 9 years (2007: 9 years, 9.5 years and 10 years), respectively.

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

31. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the binomial pricing model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

Fair value of share options and assumptions

	17 November 2006	14 March 2007
Fair value at measurement date (see note below)	HK$2.20	HK$1.72
Share price (see note below)	HK$4.32	HK$3.96
Exercise price (see note below)	HK$3.72	HK$3.92
Expected volatility (expressed as weighted average volatility used in the modelling under binomial pricing model)	50%	50%
Option life (expressed as weighted average life used in the modelling under binomial pricing model)	4.3 to 8.3 years	4.7 to 5.7 years
Expected dividends	1.5%	1.1%
Risk-free interest rate	3.8%	4.1%

Note: Fair value at measurement date, share price and exercise price were adjusted by the effect of Share Consolidation.

The expected volatility is based on the historic volatility of the share price over the most recent period, adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

32. FINANCIAL INSTRUMENTS

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 its equity investments in other entities.

These risks are limited by the Group's financial management policies and practices 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 36.

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

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

In relation to the Group providing guarantees to secure obligations of the buyers of the property units for repayments, the legal title of the related properties and the customers' deposits are retained by the Group. 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 36.

The Group's concentration of credit risk by geographical location is mainly in the PRC.

As at 30 April 2008 and 2007, the Group had no significant concentrations of credit risk within the property development business segment.

32. FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

The maximum exposure to credit risk without taking 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 guarantees given by the Group as set out in note 36, 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 guarantees at the balance sheet date is disclosed in note 36.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 20.

(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 current and expected 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 table details 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:

	2008					
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
Trade and other payables	2,820,051	2,825,506	2,825,506	–	–	–
Bank borrowings	3,314,049	3,998,612	770,435	2,153,297	495,002	579,878
Loan payables	2,394,246	2,761,855	2,761,855	–	–	–
Convertible notes	939,480	1,244,401	–	–	1,244,401	–
Senior notes	2,897,838	5,096,983	304,250	304,250	913,433	3,575,050
	12,365,664	15,927,357	6,662,046	2,457,547	2,652,836	4,154,928

32. FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

	2007					
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or an 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	1,217,205	1,217,205	1,217,205	–	–	–
Bank borrowings	2,073,580	2,782,790	1,293,306	671,766	817,718	–
Loan payables	628,596	733,986	191,000	542,986	–	–
Convertible notes	1,254,074	1,818,822	–	–	1,818,822	–
	5,173,455	6,552,803	2,701,511	1,214,752	2,636,540	–

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank borrowings, loan payables, convertible notes, senior notes, cash and cash equivalents and restricted bank deposits.

Cash and cash equivalents and restricted bank deposits comprise mainly cash at banks, with the annual interest rates ranging from 0.79% to 1.53% as at 30 April 2008 (2007: 1.44% to 2.96%).

The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes of interest rates. The interest rates of the Group's bank borrowings, loan payables, convertible notes and senior notes are disclosed in notes 26, 27, 28 and 29, respectively.

32. FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk (continued)

Sensitivity analysis

At 30 April 2008, it is estimated that a general increase/decrease of 100 basis points in interest rates applicable to variable rate bank borrowings, with all other variables held constant, would decrease/increase the Group's profit after tax and retained profits by approximately HK$25,000 (2007: HK$16,000). Other components of equity would not be affected (2007: HK$nil) by the changes in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in respective interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2007.

(d) Currency risk

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 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.

32. FINANCIAL INSTRUMENTS (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 Group's functional currency.

	2008		2007	
	United States Dollars '000	**Hong Kong Dollars '000**	United States Dollars '000	Hong Kong Dollars '000
Trade and other receivables	**191**	**1,495**	–	2,575
Cash and cash equivalents	**30,203**	**279,633**	5,162	313,699
Trade and other payables	**(10,703)**	**(11,594)**	–	(182,768)
Bank borrowing	**–**	**–**	–	(500,000)
Convertible notes	**–**	**(939,480)**	–	(1,254,074)
Senior notes	**(371,518)**	**–**	–	–
Overall exposure to currency risk	**(351,827)**	**(669,946)**	5,162	(1,620,568)

32. FINANCIAL INSTRUMENTS (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit after tax and retained profits in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date. Other components of equity would not be affected by changes in the foreign exchange rates.

	2008		2007	
	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%**	**(54,869)**	2%	805
	(2)%	**54,869**	(2)%	(805)
Hong Kong Dollars	**5%**	**(34,962)**	5%	(81,020)
	(5)%	**34,962**	(5)%	81,020

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2007.

32. FINANCIAL INSTRUMENTS (continued)

(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 29 and 28, respectively.

(f) Fair value

All financial instruments are carried at amounts not materially different from their fair values as at 30 April 2008 and 2007.

(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 values 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.

32. FINANCIAL INSTRUMENTS (continued)

(g) Estimation of fair values (continued)

(iii) Convertible notes

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 embedded financial derivatives of the convertible notes that are separated from the host debt contract. The basis for determining the fair value is disclosed in note 28.

(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.

33. ACQUISITION OF SUBSIDIARIES

The Group acquired the following subsidiaries with details below:

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

For the year ended 30 April 2008

(i) Beichen Project

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

33. ACQUISITION OF SUBSIDIARIES (continued)

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

For the year ended 30 April 2008 (continued)

(i) *Beichen Project* (continued)

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

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

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

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

33. ACQUISITION OF SUBSIDIARIES (continued)

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

For the year ended 30 April 2008 (continued)

(ii) Tai Yuan Street Project

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

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

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

33. ACQUISITION OF SUBSIDIARIES (continued)

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

For the year ended 30 April 2008 (continued)

(iii) Qi Ao Island Project

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

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

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

33. ACQUISITION OF SUBSIDIARIES (continued)

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

For the year ended 30 April 2008 (continued)

(iv) Yanjiao Project

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

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

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

33. ACQUISITION OF SUBSIDIARIES (continued)

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

For the year ended 30 April 2008 (continued)

(v) 天津凱津房地產開發有限公司

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

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

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

33. ACQUISITION OF SUBSIDIARIES (continued)

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

For the year ended 30 April 2008 (continued)

(vi) 北京淺野水泥有限公司

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

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

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

33. ACQUISITION OF SUBSIDIARIES (continued)

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

For the year ended 30 April 2008 (continued)

(vii) 北京盈通房地產開發有限公司

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

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

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

33. ACQUISITION OF SUBSIDIARIES (continued)

(b) Acquisition of subsidiaries and businesses under common control

For the year ended 30 April 2008

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

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

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

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

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

33. ACQUISITION OF SUBSIDIARIES (continued)

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

For the year ended 30 April 2008 (continued)

(ii) Jiujiu Youth City Project

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

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

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

Notes:

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

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

33. ACQUISITION OF SUBSIDIARIES (continued)

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

For the year ended 30 April 2007

(iii) Lead Mix Limited and DIVO Success Limited

On 31 August 2006, the Group acquired 100% equity interest in Lead Mix Limited ("Lead Mix") and DIVO Success Limited ("DIVO Success") for a consideration of HK$758,252,000 which was settled by the issue of 1,243,034,853 ordinary shares of the Company.

Lead Mix directly owns 100% equity interest in Joyful Fortune Limited, Capital Team Investment Limited, Eastern Winway Limited, Reliapoint Limited and Maxsun Limited, which are established in the British Virgin Islands and engaged in investment holding.

Lead Mix indirectly owns 100% equity interest in 天津中新華安房地產開發有限公司, 天津中新信捷房地產開發有限公司, 天津中新濱海房地產開發有限公司, Tianjin Zhongxin Mingshi and 天津中新嘉業房地產開發有限公司 which are established in the PRC and engaged in property development in Tianjin, the PRC.

DIVO Success directly owns 100% of 天津中新華城房地產有限公司 and 天津新潤房地產開發有限公司, which are established in the PRC and engaged in property development in Tianjin, the PRC.

Lead Mix and DIVO Success were acquired from the controlling shareholder. The acquisitions of Lead Mix and DIVO Success gave rise to a deemed contribution from the controlling shareholder of HK$305,611,000, which represented the shortfall of the fair value of the consideration below the fair value of the net assets acquired.

This acquisition has been accounted for by the purchase method of accounting.

33. ACQUISITION OF SUBSIDIARIES (continued)

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

For the year ended 30 April 2007 (continued)

(iii) Lead Mix Limited and DIVO Success Limited (continued)

Details of the net assets acquired in respect of the acquisition of Lead Mix and DIVO Success are summarised below:

	Acquiree's carrying amount before combination HK$'000	Fair value adjustments HK$'000	Fair value HK$'000
Net assets acquired			
Property, plant and equipment	1,963	–	1,963
Investment properties	351,557	209,367	560,924
Properties under development	538,084	793,685	1,331,769
Trade and other receivables and prepayments	92,874	–	92,874
Tax recoverable	4,460	–	4,460
Bank balances and cash	204,897	–	204,897
Accruals and other payables	(48,533)	–	(48,533)
Presale receipts from customers	(247,892)	–	(247,892)
Amounts due to related companies	(149,860)	–	(149,860)
Amounts due to group companies	(8,777)	–	(8,777)
Amounts due to a shareholder	(20,222)	–	(20,222)
Secured bank borrowings	(326,733)	–	(326,733)
Deferred tax liabilities	–	(331,007)	(331,007)
	391,818	672,045	1,063,863
Deemed contribution from the controlling shareholder			(305,611)
			758,252
Total consideration satisfied by:			
Equity instruments of the Company (see note below)			(758,252)

33. ACQUISITION OF SUBSIDIARIES (continued)

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

For the year ended 30 April 2007 (continued)

(iii) Lead Mix Limited and DIVO Success Limited (continued)

Note:

Pursuant to the sales and purchase agreements for the acquisition of Lead Mix and DIVO Success, 1,243,034,853 ordinary shares of the Company with par value of HK$0.01 each were issued to the Company's controlling shareholder. The fair value of the shares issued for the acquisition of Lead Mix and DIVO Success amounting to approximately HK$758,252,000 was determined using the quoted bid price at the date of the acquisition.

(iv) 湖南淺水灣湘雅溫泉花園有限公司 ("Hunan Qianshuiwan Shuangya")

On 28 February 2007, the Group completed the acquisition of 67% equity interest in Hunan Qianshuiwan Shuangya, a company established in the PRC and engaged in property development in Changsha, the PRC, at a cash consideration of HK$216,000,000. This acquisition has been accounted for by the purchase method of accounting.

Hunan Qianshuiwan Shuangya was acquired from the controlling shareholder. The acquisition of Hunan Qianshuiwan Shuangya gave rise to a deemed contribution of HK$24,474,000, which represented the shortfall of the fair value of the consideration below the fair value of the net assets acquired.

33. ACQUISITION OF SUBSIDIARIES (continued)

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

For the year ended 30 April 2007 (continued)

(iv) 湖南淺水灣湘雅溫泉花園有限公司 ("Hunan Qianshuiwan Shuangya") (continued)

Details of the net assets acquired in respect of the acquisition of Hunan Qianshuiwan Shuangya are summarised below:

	Acquiree's carrying amount before combination HK$'000	Fair value adjustments HK$'000	Fair value HK$'000
Net assets acquired			
Property, plant and equipment	980	–	980
Properties under development	144,106	295,894	440,000
Trade and other receivables and prepayments	696	–	696
Advances to suppliers	20,000	–	20,000
Bank balances and cash	36,086	–	36,086
Accruals and other payables	(9,321)	–	(9,321)
Amounts due to related companies	(59,000)	–	(59,000)
Amounts due to group companies	(33,000)	–	(33,000)
Deferred tax liabilities	–	(73,973)	(73,973)
	100,547	221,921	322,468
Minority interests			(81,994)
Deemed contribution from the controlling shareholder (see note below)			(24,474)
			216,000
Total consideration satisfied by:			
Cash consideration paid			(216,000)

33. ACQUISITION OF SUBSIDIARIES (continued)

(c) Business combination

For the year ended 30 April 2007

(i) Chongqing China Enterprises

On 30 June 2006, the Group acquired 70% equity interest in Chongqing China Enterprises, a company established in the PRC and engaged in property development in Chongqing, the PRC, for a cash consideration of HK$444,886,000. Prior to the acquisition, the Group held 20% interest in Chongqing China Enterprises and this has been accounted for as interest in an associate. Chongqing China Enterprises then became a 90% owned subsidiary of the Group subsequent to the acquisition. This acquisition has been accounted for by the purchase method of accounting.

On 31 August 2006, the Group completed the acquisition of the remaining 10% equity interest in Chongqing China Enterprises for a cash consideration of HK$59,900,000. This acquisition has been accounted for as the acquisition of additional interest in subsidiary and is not included in the table below.

33. ACQUISITION OF SUBSIDIARIES (continued)

(c) Business combination (continued)

For the year ended 30 April 2007 (continued)

(i) *Chongqing China Enterprises* (continued)

Details of the net assets acquired in respect of the acquisition of Chongqing China Enterprises are summarised below:

	Acquiree's carrying amount before combination HK$'000	Fair value adjustments HK$'000	Fair value HK$'000
Net assets acquired			
Property, plant and equipment	1,424	–	1,424
Properties under development	600,759	244,428	845,187
Trade and other receivables and prepayments	692	–	692
Bank balances and cash	68,520	–	68,520
Accruals and other payables	(1,590)	–	(1,590)
Secured bank borrowings	(198,020)	–	(198,020)
Deferred tax liabilities	–	(80,661)	(80,661)
	471,785	163,767	635,552
Minority interests			(63,556)
			571,996
Less: interest in an associate held prior to the acquisition			(119,104)
revaluation reserve on previously held interest			(8,006)
			444,886
Total consideration satisfied by:			
Cash consideration paid			(203,472)
Payables for acquisition of a subsidiary			(73,145)
Deposits for acquisition of a subsidiary in prior period			(168,269)
			(444,886)

33. ACQUISITION OF SUBSIDIARIES (continued)

(c) Business combination (continued)

For the year ended 30 April 2007 (continued)

(ii) Beijing New Shine Land Investment

On 30 June 2006, the Group acquired an additional 25% equity interest in Beijing New Shine Land Investment on 30 June 2006 for a cash consideration of HK$128,713,000. Prior to this acquisition, the Group held 25% interest in Beijing New Shine Land Investment and Beijing New Shine Land Investment then became a 50% owned associate.

On 31 August 2006, the Group acquired the remaining 50% equity interest in Beijing New Shine Land Investment for a cash consideration of HK$257,426,000 and Beijing New Shine Land Investment then became a wholly-owned subsidiary of the Group. Beijing New Shine Land Investment owns 80% equity interest in Beijing Yu Shui Yuen, a company established in the PRC and engaged in property development in Beijing, the PRC. This acquisition has been accounted for by the purchase method of accounting.

33. ACQUISITION OF SUBSIDIARIES (continued)

(c) Business combination (continued)

For the year ended 30 April 2007 (continued)

(ii) *Beijing New Shine Land Investment* (continued)

Details of the net assets acquired in respect of the acquisition of Beijing New Shine Land Investment at 31 August 2006 are summarised below:

	Acquiree's carrying amount before combination HK$'000	Fair value adjustments HK$'000	Fair value HK$'000
Net assets acquired			
Property, plant and equipment	592	–	592
Properties under development	1,030,224	867,937	1,898,161
Trade and other receivables and prepayments	57,383	–	57,383
Advances to suppliers	400,712	–	400,712
Tax recoverable	46,025	–	46,025
Pledged bank deposits	7,246	–	7,246
Bank balances and cash	127,838	–	127,838
Accruals and other payables	(168,730)	–	(168,730)
Presale receipts from customers	(929,807)	–	(929,807)
Tax payable	(29,272)	–	(29,272)
Amounts due from related companies	35,939	–	35,939
Amount due to group companies	(399,786)	–	(399,786)
Secured bank borrowings	(186,878)	–	(186,878)
Deferred tax liabilities	–	(286,419)	(286,419)
	(8,514)	581,518	573,004
Minority interests			(58,152)
			514,852
Less: interest in associates held prior to the acquisition			(125,204)
revaluation reserve on previously held interest			(132,222)
			257,426
Total consideration satisfied by:			
Cash consideration paid			(257,426)

33. ACQUISITION OF SUBSIDIARIES (continued)

(c) Business combination (continued)

For the year ended 30 April 2007 (continued)

(iii) Xian Chan Ba Construction

During the year, the Group completed the acquisition of 17% equity interest in Xian Chan Ba Construction, a company established in the PRC and engaged in property development in Xian at a total consideration of HK$140,000,000 and further acquired 54.5% equity interest in Xian Chan Ba Construction for a total consideration of approximately HK$921,600,000, satisfied by cash of HK$416,000,000, 340,000,000 shares of the Company and the issuance of Loan Payable Xian with a fair value of HK$169,000,000 (note 27(d)), from independent third parties. Xian Chan Ba Construction then became a 71.5% owned subsidiary of the Group. These acquisitions have been accounted for by the purchase method of accounting.

Details of the net assets acquired in respect of the acquisition of Xian Chan Ba Construction are summarised below:

	Acquiree's carrying amount before combination HK$'000	**Fair value adjustments** HK$'000	**Fair value** HK$'000
Net assets acquired			
Property, plant and equipment	92,228	–	92,228
Properties under development	624,661	969,945	1,594,606
Trade and other receivables and prepayments	1,632	–	1,632
Advances to suppliers	30,700	–	30,700
Bank balances and cash	4,810	–	4,810
Accruals and other payables	(83,728)	–	(83,728)
Amounts due to group companies	(131,500)	–	(131,500)
Deferred tax assets/(liabilities)	22,690	(242,487)	(219,797)
	561,493	727,458	1,288,951
Minority interests			(367,351)
			921,600
Total consideration satisfied by:			
Cash consideration paid			(380,000)
Payables for acquisition of a subsidiary			(36,000)
Loan Payable Xian (see note below)			(169,000)
Equity instruments of the Company (see note below)			(336,600)
			(921,600)

33. ACQUISITION OF SUBSIDIARIES (continued)

(c) Business combination (continued)

For the year ended 30 April 2007 (continued)

(iii) Xian Chan Ba Construction (continued)

Note:

Pursuant to the sale and purchase agreements for the acquisition of Xian Chan Ba Construction, 340,000,000 ordinary shares of the Company with par value of HK$0.01 each and Loan Payable Xian were issued to an independent third party. The fair values of the 340,000,000 shares and Loan Payable Xian at 28 February 2007 issued for the acquisition of Xian Chan Ba Construction were HK$336,600,000 and HK$169,000,000 respectively, which were determined using the quoted bid price and the valuation on Loan Payable Xian is in accordance with determined pricing model based on discount cash flow analysis performed by Knight Frank Hong Kong Limited, an independent professional valuer, at the date of the acquisition, respectively.

(iv) 中住佳展地產（徐州）有限公司 ("Zhongzhu Jiazhan Real Estate")

On 28 February 2007, the Group acquired 100% equity interest in Zhongzhu Jiazhan Real Estate, a company established in the PRC and engaged in property development in Xuzhou, the PRC, for a cash consideration of HK$150,000,000 plus the issuance of 125,000,000 of the Company's shares. This acquisition has been accounted for by the purchase method of accounting.

33. ACQUISITION OF SUBSIDIARIES (continued)

(c) Business combination (continued)

For the year ended 30 April 2007 (continued)

(iv) 中住佳展地產(徐州)有限公司 ("Zhongzhu Jiazhan Real Estate") (continued)

Details of the net assets acquired in respect of the acquisition of Zhongzhu Jiazhan Real Estate are summarised below:

	Acquiree's carrying amount before combination HK$'000	**Fair value adjustments** HK$'000	**Fair value** HK$'000
Net assets acquired			
Property, plant and equipment	580	–	580
Properties under development	199,690	177,837	377,527
Trade and other receivables and prepayments	6,542	–	6,542
Bank balances and cash	1,715	–	1,715
Accruals and other payables	(12,440)	–	(12,440)
Amounts due to group companies	(55,715)	–	(55,715)
Deferred tax liabilities	–	(44,459)	(44,459)
	140,372	133,378	273,750
Total consideration satisfied by:			
Cash consideration paid			150,000
Equity instruments of the Company (see note below)			123,750
			273,750

Note:

Pursuant to the sales and purchase agreements for the acquisition of Zhongzhu Jiazhan Real Estate, 125,000,000 ordinary shares of the Company with par value of HK$0.01 each were issued. The fair value of the shares issued for the acquisition of Zhongzhu Jiazhan amounting to approximately HK$123,750,000 was determined using the quoted bid price at the date of the acquisition.

33. ACQUISITION OF SUBSIDIARIES (continued)

(d) Summary of acquisition of subsidiaries

For the year ended 30 April 2008

Details of the net assets acquired in respect of the acquisition of the above subsidiaries are summarised below:

	HK$'000
Net assets acquired	
Plant and equipment	3,403
Properties under development	6,702,120
Trade and other receivables and prepayments	127,722
Tax recoverable	3
Amounts due from group companies	246,203
Amount due from related companies	47
Bank balances and cash	91,487
Accruals and other payables	(244,457)
Bank borrowings	(67,600)
Amounts due to related companies	(2,196)
Amounts due to group companies	(489,953)
Amounts due to shareholders	(273,742)
	6,093,037
Minority interests	(131,083)
Deemed distribution to the controlling shareholder	485,790
	6,447,744
Total purchase consideration satisfied by:	
Cash consideration paid	(4,427,519)
Payables for acquisition of subsidiaries	(381,396)
Deposit for acquisition of subsidiaries in prior period	(255,170)
Equity instrument of the Company	
– Beichen Project (Note 33(a)(i))	(326,900)
– Jiujiu Youth City Project (Note 33(b)(ii))	(1,056,759)
	(6,447,744)
Net cash outflow arising on acquisition:	
Cash consideration paid	(4,427,519)
Bank balances and cash acquired	91,487
Net cash outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	(4,336,032)

33. ACQUISITION OF SUBSIDIARIES (continued)

(d) Summary of acquisition of subsidiaries (continued)

For the year ended 30 April 2008 (continued)

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

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

33. ACQUISITION OF SUBSIDIARIES (continued)

(d) Summary of acquisition of subsidiaries (continued)

For the year ended 30 April 2007

Details of the aggregate net assets acquired in respect of the acquisition of the above subsidiaries are summarise below:

	Acquirees' carrying amount before combination HK$'000	Fair value adjustments HK$'000	Fair value HK$'000
Net assets acquired			
Property, plant and equipment	97,767	–	97,767
Investment properties	351,557	209,367	560,924
Properties under development	3,137,524	3,349,725	6,487,249
Trade and other receivables and prepayments	159,819	–	159,819
Advances to suppliers	451,412	–	451,412
Tax recoverable	50,485	–	50,485
Pledged bank deposits	7,246	–	7,246
Bank balances and cash	443,866	–	443,866
Accruals and other payables	(324,342)	–	(324,342)
Presale receipts from customers	(1,177,699)	–	(1,177,699)
Tax payable	(29,272)	–	(29,272)
Amounts due to related companies	(172,921)	–	(172,921)
Amounts due to group companies	(628,778)	–	(628,778)
Amounts due to a shareholder	(20,222)	–	(20,222)
Secured bank borrowings	(711,631)	–	(711,631)
Deferred tax assets/(liabilities)	22,690	(1,059,005)	(1,036,315)
	1,657,501	2,500,087	4,157,588
Minority interests			(571,053)
Deemed contribution from the controlling shareholder (see note 33(b)(iii) and (iv))			(330,085)
			3,256,450
Less: interest held prior to the acquisition			
interests in associates			(244,308)
revaluation reserve			(140,228)
			2,871,914

33. ACQUISITION OF SUBSIDIARIES (continued)

(d) Summary of acquisition of subsidiaries (continued)

For the year ended 30 April 2007 (continued)

	Acquirees' carrying amount before combination HK$'000	Fair value adjustments HK$'000	Fair value HK$'000
Total purchase consideration satisfied by:			
Cash consideration paid			(1,206,898)
Deposit for acquisition of a subsidiary in prior period			(168,269)
Payable for acquisition of subsidiaries			(109,145)
Loan Payable Xian (note 33(c)(iii))			(169,000)
Equity instruments of the Company			
– Lead Mix Limited and DIVO Success Limited (note 33(b)(iii))			(758,252)
– Xian Chan Ba Construction (note 33(c)(iii))			(336,600)
– Zhongzhu Jiazhan Real Estate (note 33(c)(iv))			(123,750)
			(2,871,914)
Net cash outflow arising on acquisition:			
Cash consideration paid			(1,206,898)
Bank balances and cash acquired			443,866
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries			(763,032)

The subsidiaries acquired during the year contributed HK$1,011,537,000 to the Group's revenue and profit of HK$255,253,000.

If the acquisitions had been completed on 1 May 2006, total Group's revenue for the year would have been HK$2,779,845,000, and profit for the year would have been HK$803,689,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed on 1 May 2006, nor is it intended to be a projection of future results.

33. ACQUISITION OF SUBSIDIARIES (continued)

(e) Acquisition of additional interest in subsidiaries

For the year ended 30 April 2007

(i) On 28 February 2007, the Group completed the acquisition of a further 15% equity interest in 北京金馬文華園房地產開發有限公司 ("Beijing Jinma") for a cash consideration of HK$100,000,000 from an independent third party. Prior to the acquisition, the Group had a 85% equity interest in Beijing Jinma and Beijing Jinma then became a wholly-owned subsidiary of the Group. The acquisition in Beijing Jinma gave rise to a special reserve of HK$33,860,000, which represented the difference between the fair value and the carrying amount of net assets attributable to the additional interest in a subsidiary being acquired from a minority shareholder. Due to the acquisition of additional interest in Beijing Jinma, the minority interests decreased by HK$66,140,000.

(ii) On 28 February 2007, the Group completed the acquisition of a further 22.1% equity interest in 北京新松房地產開發有限公司 ("Beijing Newshine") for a cash consideration of HK$90,000,000 from a related company controlled by the controlling shareholder. Prior to the acquisition, the Group had a 51.6% equity interest in Beijing Newshine and Beijing Newshine then became a 73.7% owned subsidiary of the Group. The acquisition of 22.1% interest in Beijing Newshine gave rise to a deemed contribution from the controlling shareholder of HK$1,064,000 and a special reserve of HK$10,636,000. The shortfall from the fair value of the consideration below the fair value of net assets attributable to the additional interest in the subsidiary being acquired from a minority shareholder is considered as deemed contribution from the controlling shareholder. Due to the acquisition of the additional interest in Beijing Newshine, the minority interests decreased by HK$80,428,000.

34. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries

For the year ended 30 April 2008

(i) Tianjin Zhongxin Mingshi

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

The assets and liabilities associated with the disposed subsidiary were classified as assets as held for sale and liabilities directly associated with assets classified as held for sale in the consolidated balance sheet at 30 April 2007.

34. DISPOSAL OF SUBSIDIARIES (continued)

(a) Disposal of subsidiaries (continued)

For the year ended 30 April 2008 (continued)

(i) *Tianjin Zhongxin Mingshi* (continued)

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

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

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

34. DISPOSAL OF SUBSIDIARIES (continued)

(a) Disposal of subsidiaries (continued)

For the year ended 30 April 2008 (continued)

(ii) 中新綿世(成都)建設發展有限公司

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

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

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

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

34. DISPOSAL OF SUBSIDIARIES (continued)

(a) Disposal of subsidiaries (continued)

For the year ended 30 April 2007

(iii) Zhongzhu Jiazhan Real Estate

In April 2007, the Group entered into a sale and purchase agreement with an independent third party to dispose of the entire equity interest in Well Development Investment Limited together with its 90% equity interest in a subsidiary, Zhongzhu Jiazhan Real Estate, for a consideration of HK$580,000,000. The disposal was completed in April 2007. A gain on disposal of HK$283,247,000 arose from this disposal.

(b) Summary of disposal of subsidiaries

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

	2008 HK$'000	2007 HK$'000
NET ASSETS DISPOSED OF		
Property, plant and equipment	**203**	610
Properties under development	**614,699**	388,196
Trade and other receivables and prepayments	**4,028**	2,692
Bank balances and cash	**115,009**	2,947
Amounts due from group companies	**16,518**	–
Other payables and accruals	**(2,469)**	(14,536)
Bank borrowings	**(342,990)**	–
Amounts due to group companies	**(122)**	(5,279)
Deferred tax liability	**(39,035)**	(44,904)
	365,841	329,726
Minority interests	**(48,335)**	–
Available-for-sale investment	**–**	(32,973)
	317,506	296,753
Gain on disposal of subsidiaries	**47,660**	283,247
	365,166	580,000
Satisfied by:		
Cash consideration received	**303,604**	67,570
Consideration receivable for disposal of subsidiaries	**–**	512,430
Deposit received for disposal of a subsidiary in prior period	**61,562**	–
	365,166	580,000
Net cash inflow arising on disposal:		
Cash received	**303,604**	67,570
Bank balances and cash disposed of	**(115,009)**	(2,947)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**188,595**	64,623

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

34. DISPOSAL OF SUBSIDIARIES (continued)

(c) Disposal of partial interest in subsidiaries

For the year ended 30 April 2008

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

35. COMMITMENTS

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

	The Group	
	2008	2007
	HK$'000	HK$'000
Authorised and contracted for but not provided for	**3,720,684**	5,100,526

(b) Other capital commitment outstanding at 30 April not provided for in the consolidated financial statements were as follows:

	2008	2007
	HK$'000	HK$'000
Capital expenditure in respect of acquisitions of subsidiaries (note)	–	44,830
Capital expenditure in respect of acquisitions of property, plant and equipment	–	12,225
	–	57,055

Note: During the year ended 30 April 2007, the Group entered into sale and purchase agreements with independent third parties for the acquisitions of equity interests of several companies. The total purchase consideration was approximately HK$300,000,000 in cash, plus the allotment and issue of 717,592,592 ordinary shares of the Company. At 30 April 2007, approximately HK$255,170,000 had been paid and recognised as "Deposits for acquisition of subsidiaries" in the consolidated balance sheet as at 30 April 2007, resulting in a capital commitment of approximately HK$44,830,000. These transactions were completed in October 2007.

35. COMMITMENTS (continued)

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

	2008	2007
	HK$'000	HK$'000
Within one year	**5,526**	3,814
After one year but within five years	**2,926**	2,010
	8,452	5,824

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.

36. CONTINGENT ASSETS AND LIABILITIES

(a) Guarantees

The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of the Group's property units and has given guarantees on mortgage loans provided to the buyers by these banks under the agreements. Pursuant to the terms of guarantees, upon default in payments of mortgage instalments by these buyers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted buyers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The guarantees will be released when the property title deeds are pledged to banks as security for the respective mortgage loans, which generally take place within one year after the property title deeds are passed to the buyers. The total amount of mortgages outstanding which are guaranteed by the Company's subsidiaries was HK$2,131,318,000 as at 30 April 2008 (2007: HK$1,278,429,000).

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

36. CONTINGENT ASSETS AND LIABILITIES (continued)

(b) Warranty against defects of properties

Properties purchased by buyers are provided with various warranties with terms ranging 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.

37. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel

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

	2008	2007
	HK$'000	HK$'000
Short-term employee benefits	**8,068**	6,916
Post-employment benefits	**10**	31
Equity compensation benefits	**64,873**	74,831
	72,951	81,778

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

(b) Balances with related parties

Details of the balances with related parties as at 30 April 2008 and 2007 are set out in the notes 20 and 23.

(c) Transactions with other related parties

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

	Agency fee expenses		Decoration income		Interest expenses	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Related companies	**1,070**	15,746	**18,271**	–	**–**	5,770

37. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(c) Transactions with other related parties (continued)

The agency fee expenses were paid to the related companies for providing property promotion and management services to the group companies.

Decoration income were received from related companies for providing design and decoration services by the Group.

(ii) The Group acquired certain subsidiaries from Mr. Li Song Xiao. Details of such acquisitions are set out in note 33.

(iii) The Group entered into an agreement with 天津中新建業投資有限公司(「中新建業」), with a total contracted amount of HK$535,000 (2007: HK$nil) for provision of surveying services. Pursuant to the agreement, 中新建業 will provide surveying services for the properties under development held by the Group. At 30 April 2008, HK$515,000 (2007: HK$nil) for surveying services has been paid to 中新建業 and were included in property under development.

(iv) During the year ended and as at 30 April 2008, 北京新松投資集團有限公司(「新松投資集團」) and 北京新松家園房地產開發有限公司(「新松家園」), both are related companies of the Group, provide corporate guarantees to secure the Group's bank loan facilities to the extent of approximately HK$342,400,000 (2007: HK$323,200,000) and HK$188,320,000 (2007: HK$177,600,000) respectively at no charge.

38. NON-ADJUSTING POST BALANCE SHEET EVENTS

(a) After the balance sheet date the directors proposed a final dividend. Further details are disclosed in note 10.

(b) On 28 May 2008, Beijing Guo Rui Min He Investment Company Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Yuanan Jing Gu Lin Ye Gu Fen Co., Ltd., an independent third party, to acquire a further 12% equity interest in Beijing Jun He Bai Nian Property Development Co., Ltd. ("Jun He Bai Nian"), an associate of the Group as at 30 April 2008, for a consideration of RMB82,090,000 in cash. Upon the transfer of 12% equity interest Jun He Bai Nian to the Group, the Group holds approximately 56% of the entire equity interest in Jun He Bai Nian and Jun He Bai Nian become a subsidiary of the Group. Details of the transaction are included in a circular of the Company dated 4 July 2008. Up to the date of issue of these financail statements, the transaction was completed.

(c) On 1 June 2008, the Group entered into an agreement whereby the Group exercised its right to purchase a further 30% equity interest in 成都中新錦泰房地產開發有限公司("中新錦泰"). Upon the transfer of such 30% equity interest in 中新錦泰 to the Group, the Group holds 100% equity interest in 中新錦泰. Details of the transaction are included in a circular of the Company dated 18 July 2008. Up to the date of issue of these financial statements, the transaction has not yet been completed.

39. COMPARATIVE FIGURES

As a result of adopting HKFRS 7 *"Financial instruments: Disclosures"* and the amendments to HKAS 1 *"Presentation of financial statements: Capital disclosures"*, certain comparative figures have been adjusted to conform with changes in disclosures in the current year and to show separately comparative amounts in respect of items disclosed for the first time in 2008. Further details of these developments are disclosed in note 2.

In addition, certain comparative figures have been adjusted or reclassified as a result of the restatement of prior period and opening balances. Further details are disclosed in note 2.

40. CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

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) Land appreciation taxes

PRC land appreciation tax 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 sales charges, borrowing costs and all property development expenditure.

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

40. CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES (continued)

(b) Provision for 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 provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for 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 provision would affect profit or loss in future years.

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

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

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

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

40. CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES (continued)

(d) Impairment for property, plant and equipment

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

(e) Impairment for trade and loan receivables

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

(f) 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.

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41. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 APRIL 2008

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 30 April 2008 and which have not been adopted in these financial statements.

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

In addition, HKFRS 8 "Operating Segments", which is effective for annual periods beginning on or after 1 January 2009, may result in new or amended disclosures in the consolidated financial statements.

42. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 30 April 2008, 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.

43. PRINCIPAL SUBSIDIARIES

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

Name	Place of incorporation/ registration and operation	Particulars of issued and paid-up share capital/ registered capital	Percentage of issued share capital/ and paid-up registered capital held		Principal activities
			Directly	Indirectly	
Capital Team Investment Limited	British Virgin Islands/Hong Kong	1 ordinary share of US$1	–	100%	Investment holding
DIVO Success Limited	British Virgin Islands/Hong Kong	1 ordinary share of US$1	–	100%	Investment holding
Eastern Winway Limited	British Virgin Islands/Hong Kong	1 ordinary share of US$1	–	100%	Investment holding
Joyful Fortune Limited	British Virgin Islands/Hong Kong	1 ordinary share of US$1	–	100%	Investment holding

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43. 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
Lead Mix Limited	British Virgin Islands/Hong Kong	1 ordinary share of US$1	–	100%	Investment holding
Leadway Pacific Limited	British Virgin Islands/Hong Kong	1 ordinary share of US$1	–	100%	Investment holding
Lucky Merit Development Limited ("Lucky Merit")	British Virgin Islands/Hong Kong	1 ordinary share of US$1	–	100%	Investment holding
Maxsun Limited	British Virgin Islands/Hong Kong	1 ordinary share of US$1	–	100%	Investment holding
Neo-China Property Limited	British Virgin Islands/Hong Kong	1 ordinary share of US$1	100%	–	Investment holding
New Direction Development Limited ("New Direction")	British Virgin Islands/Hong Kong	1 ordinary share of US$1	–	100%	Investment holding
Oasiscity Limited ("Oasiscity")	British Virgin Islands/Hong Kong	1 ordinary share of US$1	–	100%	Investment holding
Phoenix Real Property Limited ("Phoenix Real Property")	British Virgin Islands/Hong Kong	200 ordinary shares of US$1 each	–	80%	Investment holding
Reliapoint Ltd	British Virgin Islands/Hong Kong	1 ordinary share of US$1	–	100%	Investment holding

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

43. 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
Richspeed Investment Ltd.	British Virgin Islands/Hong Kong	1 ordinary share of US$1	100%	–	Investment holding
Sunkit Development Limited	British Virgin Islands/Hong Kong	1 ordinary share of US$1	–	100%	Investment holding
Top Fair Limited	British Virgin Islands/Hong Kong	1 ordinary share of US$1 each	–	100%	Investment holding
Shenzhen Phoenix Real Estates Company Limited 深圳鳳凰置業有限公司 ("Shenzhen Phoenix", notes (a))	The PRC	US$10,000,000	–	82%	Property investment
中置(北京)企業管理有限公司 (note (b))	The PRC	HK$200,000,000	–	100%	Investment holding
北京金馬文華園房地產開發有限公司 ("Beijing Jinma", note (a))	The PRC	US$12,000,000	–	100%	Property development
北京新松房地產開發有限公司 (note (a))	The PRC	RMB190,000,000	–	73.7% (note (d))	Property development
天津中新水城置地有限公司 (note (a))	The PRC	US$15,000,000	–	65%	Primary land development
北京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%	Property development

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

43. 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	–	70% (note (e))	Property development
西安滻灞建設開發有限公司 (note (a))	The PRC	US$86,880,000	–	71.5%	Property development
湖南淺水灣湘雅溫泉花園有限公司 (note (c))	The PRC	RMB30,000,000	–	67%	Property development
重慶中華企業房地產發展有限公司 (note (c))	The PRC	RMB50,000,000	–	100%	Property development
天津新潤房地產開發有限公司 (note (b))	The PRC	RMB240,000,000	–	100%	Property development
天津中新濱海房地產開發有限公司 (note (b))	The PRC	HK$10,000,000	–	100%	Property development
天津中新華安房地產開發有限公司 (note (b))	The PRC	RMB240,000,000	–	100%	Property development
天津中新華城房地產開發有限公司 (note (b))	The PRC	RMB80,000,000	–	100%	Property investment
天津中新嘉業房地產開發有限公司 (note (b))	The PRC	RMB120,000,000	–	100%	Property development
天津中新信捷房地產開發有限公司 (note (b))	The PRC	RMB240,000,000	–	100%	Property development
上海九久廣場投資開發有限公司 (note (c))	The PRC	RMB226,160,000	–	100%	Property development

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43. PRINCIPAL SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and operation	Particulars of issued and paid-up share capital/ registered capital	Percentage of issued share capital/ and paid-up registered capital held		Principal activities
			Directly	Indirectly	
天津市億嘉合置業有限公司 (note (c))	The PRC	RMB38,000,000	–	80%	Property development
瀋陽向明長益置業有限公司 (note (a))	The PRC	USD63,750,000	–	80%	Property development
珠海市淇洲島影視城有限公司 (note (a))	The PRC	RMB90,000,000	–	100%	Property development
中歐城開有限公司 (note (c))	The PRC	RMB63,000,000	–	90%	Property development
北京盈通房地產開發有限公司 (note (a))	The PRC	USD6,000,000	–	67.5%	Primary land development
天津凱津房地產開發有限公司 (note (c))	The PRC	RMB30,000,000	–	100%	Property development

Notes:

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

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

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

(d) 26.3% registered capital is held by an independent party in the PRC. The Group has entered into an agreement with the independent third party that the independent third party has no right to share profit of 新松房地產開發有限公司 other than a fixed rate of return at 6.5% per annum. The Group shall purchase from the independent third party the 26.3% registered capital in August 2008 at a mutually-agreed price. (see Loan Payable A in note 27(b))

(e) 30% registered capital is held by an independent party in the PRC. The Group has entered into an agreement with the independent third party that the independent third party has no right to share profit of 成都中新錦泰房地產開發有限公司. The Group shall purchase from the independent third party the 30% registered capital in January 2009 at a mutually-agreed price. (see Loan Payable B in note 27(c))

The above table only includes those subsidiaries which, in the opinion of the Company's directors, principally affected the results 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 Company's directors, result in particulars of excessive length.

Location	Type	Gross floor area (sq.m.)	Effective % held	Stage of completion	Anticipated completion
No. 16, Baiziwan Road, Chaoyang District, Beijing, People's Republic of China	Residential and commercial	Zone A: 108,505	100%	Whole development completed	
		Zone B: 125,386		Whole development completed	
		Zone C: 181,050		Whole development completed	
		Zone D: 108,892		Whole development completed	
No. 2, Ganluyuan, Zhongli, Qingnian Road, Chaoyang District, Beijing, People's Republic of China	Residential	Phase 1: 144,728	74%	Construction works completed	
		Phase 2: 107,091		Construction works completed	
		Phase 3: 100,486		Construction works not yet commence	2009
Lots No.1, 2, West Diaoyutai Village, Haidian District, Beijing, People's Republic of China	Residential and service apartment	Phase 1: 102,948	90%	Construction works completed	
		Phase 2: 97,556		Construction works completed	
		Phase 3: 50,332		Construction works not yet commenced	2009
Liyuanzhen Xiaojie, Tongzhou District, Beijing, People's Republic of China	Residential and ancillary facilities	Total: 826,092	56%	Construction works not yet commenced	2009-2010
Yanjiao Economic Technology Development District, Hebei Province, People's Republic of China	Residential, commercial and hotel	Total: 460,000	90%	Construction works not yet commenced	2010-2011
Lot No.1,2,4, 9,13,15, Lao Cheng Xiang Area, Nankai District, Tianjin, People's Republic of China	Residential, commercial, office and hotel	Lot# 1: 230,470	100%	Construction works commenced	2009
		Lot# 2: 46,502		Construction works not yet commenced	2010
		Lot# 4: 71,846		Construction works not yet commenced	2009
		Lot# 9: 204,652		Construction works commenced	2009
		Lot# 11: 53,839		Whole development completed	
		Lot# 13: 408,796		Construction works not yet commenced	2010
		Lot# 15: 135,155		Residential portion completed, commercial portion not yet commenced	2010

PARTICULARS OF MAJOR PROPERTIES

Location	Type	Gross floor area (sq.m.)	Effective % held	Stage of completion	Anticipated completion
Yixingfu old Village, Tianjin, People's Republic of China	Residential	2,263,000	80%	Construction works not yet commenced	2010-2012
Yuan Jia Gang, Chongqing, People's Republic of China	Residential, commercial, office premises and hotel	Phase 1: 664,329	100%	Construction works commenced	2008
		Phase 2: 138,203		Construction works commenced	2010
Chanba River Economic Development Zone, Xi'an City, Shaanxi Province, People's Republic of China	Residential, commercial and hotel	Phase 1: 483,232	71.50%	Whole development completed	
		Phase 2: 804,972		Construction works commenced	2009-2010
		Phase 3 and beyond: 2,246,532		Construction works not yet commenced	2010-2013
Wangcheng County, Changsha, People's Republic of China	Residential	Phase 1: 327,585	67%	Construction works commenced	2009
		Phase 2: 746,015		Construction works not yet commenced	2010
Wenjiangxincheng District, Chengdu, Sichuan, People's Republic of China	Residential	Phase 1: 304,716	100%	Construction works commenced	2009
		Phase 2: 470,284		Construction works not yet commenced	2010
No. 1 Jiutingzhen, Songjiang District, Shanghai, People's Republic of China	Service apartment and office	Phase 1: 41,294	100%	Construction works commenced	2008
		Phase 2: 172,461		Construction works commenced	2009
Qi Ao Island, Zhuhai, People's Republic of China	Villas and commercial	Total: 1,090,000	100%	Construction works not yet commenced	2010-2012

Location	Type	Gross floor area (sq.m.)	Effective % held	Stage of completion	Anticipated completion
Futian District, Shenzhen, People's Republic of China	Service apartment, office and commercial	Total: 106,190	91%	Whole development completed	
Hamayuanchang, Nangang District, Harbin, People's Republic of China	Residential and commercial	Total: 1,214,000	40%	Construction works not yet commenced	2010-2012
Taiyuan Business Avenue, Shenyang, People's Republic of China	Commercial	Total: 181,208	80%	Construction works not yet commenced	2009

FIVE YEAR FINANCIAL SUMMARY

	For the year ended 30 April				
	2004 HK$'000	2005 HK$'000 (restated)	2006 HK$'000	2007 HK$'000 (restated)	**2008** **HK$'000**
Revenue	654	476,472	671,140	2,779,845	**5,029,260**
(Loss) profit before taxation	(14,665)	332,390	108,980	1,041,943	**2,375,514**
Income tax credit (expense)	15,288	(73,374)	(14,752)	(223,703)	**(808,990)**
Profit for the year	623	259,016	94,228	818,240	**1,566,524**
Attributable to:					
Equity holders of the Company	9,748	177,817	104,663	833,319	**1,550,486**
Minority interests	(9,125)	81,199	(10,435)	(15,079)	**16,038**
Profit for the year	623	259,016	94,228	818,240	**1,566,524**

	As at 30 April				
	2004 HK$'000	2005 HK$'000	2006 HK$'000	2007 HK$'000	**2008** **HK$'000**
Assets and liabilities					
Total assets	498,515	1,893,377	4,245,673	14,144,131	**27,563,524**
Total liabilities	(193,334)	(1,067,779)	(2,704,272)	(8,632,580)	**(18,484,201)**
	305,181	825,598	1,541,401	5,511,551	**9,079,323**
Equity attributable to equity holders of the Company	287,205	583,551	1,391,702	4,958,831	**8,374,052**
Minority interests	17,976	242,047	149,699	552,720	**705,271**
	305,181	825,598	1,541,401	5,511,551	**9,079,323**

The application of new HKFRSs issued by the HKICPA that are effective for accounting periods beginning on or after 1 January 2005 did not result in material changes to the Group's results for the year ended 30 April 2004, and the summary of assets and liabilities for the Group at 30 April 2004.