



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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2007

The board of directors (the “Board”) of Neo-China Land Group (Holdings) Limited (the “Company”) announces that the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 31 October 2007, together with the comparative figures for the corresponding period in the prior year were as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 OCTOBER 2007

	NOTES	31.10.2007 HK\$'000 (unaudited)	31.10.2006 HK\$'000 (unaudited) (restated)
Revenue	3	1,024,526	1,979,282
Cost of sales		(920,745)	(1,696,096)
Gross profit		103,781	283,186
Other income		112,667	39,623
Change in fair value of derivative financial instruments		43,000	8,780
Change in fair value of warrants		(187,198)	–
Change in fair value of investment properties		450,401	134,214
Fair value change on transfer of properties held for sale to investment properties		–	235,076
Gain on disposal of investment properties		3,011	–
Loss on disposal of a subsidiary		(32,814)	–
Administrative expenses		(150,695)	(44,520)
Selling expenses		(64,833)	(44,546)
Finance costs		(42,150)	(53,267)
Share of profits (losses) of associates		110	(5,258)
Profit before taxation		235,280	553,288
Income tax expense	4	(110,574)	(156,913)
Profit for the period	5	124,706	396,375

		31.10.2007	31.10.2006
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited) (restated)
Attributable to:			
Equity holders of the Company		132,745	400,637
Minority interests		(8,039)	(4,262)
		<u>124,706</u>	<u>396,375</u>
Dividends	6	<u>90,453</u>	–
Earnings per share	7		
– Basic		<u>HK7.64 cents</u>	<u>HK32.33 cents</u>
– Diluted		<u>HK3.43 cents</u>	<u>HK31.30 cents</u>

CONDENSED CONSOLIDATED BALANCE SHEET

AT 31 OCTOBER 2007

	NOTES	31.10.2007 HK\$'000 (unaudited)	30.4.2007 HK\$'000 (audited) (restated)
NON-CURRENT ASSETS			
Property, plant and equipment		528,866	137,933
Investment properties		1,935,289	1,475,834
Deposits for acquisitions of subsidiaries		2,348,309	255,170
Interest in an associate		157	–
Derivative financial instrument		24,000	20,000
Deferred tax assets		20,302	15,739
Pledged bank deposits		117,853	94,225
		4,974,776	1,998,901
CURRENT ASSETS			
Properties held for sale		260,959	386,053
Properties under development		11,400,453	8,358,850
Advances to suppliers		513,452	690,612
Trade and other receivables and prepayments	8	854,704	862,943
Amount due from an associate		5,005	–
Tax recoverable		176,371	133,300
Available-for-sale investments		93,600	90,900
Investments held for trading		1,197,614	–
Pledged bank deposits		15,621	–
Bank balances and cash		3,364,497	1,411,472
		17,882,276	11,934,130
Assets classified as held for sale		–	281,002
		17,882,276	12,215,132
CURRENT LIABILITIES			
Accruals and other payables	9	1,776,103	970,607
Presale receipts from customers		4,133,776	1,921,783
Amounts due to related companies		346,708	214,379
Amount due to a shareholder		20,412	20,412
Amounts due to minority shareholders		21,652	53,081
Dividend payable		8,168	9
Tax payable		470,160	408,167
Bank borrowings – due within one year		599,200	671,700
Loan from a minority shareholder		145,600	–
Loan payables		219,662	170,422
Derivative financial instruments		349,000	–
		8,090,441	4,430,560
Liabilities directly associated with assets classified as held for sale		–	100,597
		8,090,441	4,531,157
NET CURRENT ASSETS		9,791,835	7,683,975
TOTAL ASSETS LESS CURRENT LIABILITIES		14,766,611	9,682,876

	31.10.2007	30.4.2007
<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited) (restated)
NON-CURRENT LIABILITIES		
Bank borrowings – due after one year	2,568,400	1,401,880
Deferred tax liabilities	1,245,584	1,134,143
Loan payables	216,647	458,174
Derivative financial instrument	14,000	53,000
Convertible notes	917,735	1,254,074
Senior notes	2,885,630	–
	<hr/> 7,847,996	<hr/> 4,301,271
	<hr/> 6,918,615	<hr/> 5,381,605
CAPITAL AND RESERVES		
Share capital	77,659	68,754
Reserves	6,279,936	4,760,131
	<hr/> 6,357,595	<hr/> 4,828,885
Equity attributable to equity holders of the Company	561,020	552,720
Minority interests	<hr/> 6,918,615	<hr/> 5,381,605

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 OCTOBER 2007

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) and with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Pursuant to a special resolution passed by shareholders of the Company on 17 October 2007, the name of the Company was changed from Neo-China Group (Holdings) Limited to Neo-China Land Group (Holdings) Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 30 April 2007 except as described below:

Land appreciation tax (“LAT”) in the People’s Republic of China (“the PRC”)

In previous period, the Group classified LAT as part of cost of sales, with the related prepaid LAT included in trade and other receivables and prepayments, and LAT payables included in accruals and other payables.

In September 2007, the HKICPA’s Financial Reporting Standards Committee has clarified that the LAT is a form of income tax and is within the scope of Hong Kong Accounting Standard 12 “Income Taxes”. Accordingly, LAT charge has been reclassified from cost of sales to income tax expense on the consolidated income statement and the related prepaid LAT and LAT payables shall group under tax recoverable and tax payables on the face of the consolidated balance sheet.

In addition, deferred taxes in respect of LAT attributable to fair value adjustments from acquisition of subsidiaries have been provided for as if these deferred taxes had been recognised as at the date of acquisition.

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

Such change in accounting treatment has no significant impact to the financial position of the Group prior to 1 May 2006. Due to the change in accounting treatment, the contributed surplus at 31 October 2007 has been reduced from HK\$305,611,000 to HK\$179,379,000.

The effect of the change in account treatment described above on the results for the current and prior period are as follow:

The following is an analysis in profit for the period for the six months ended 31 October 2007 and 31 October 2006 by line items presented according to their function:

	31.10.2007	31.10.2006
	HK\$'000	HK\$'000
Decrease in cost of sales	(15,659)	(30,197)
Increase in income tax expenses	15,659	30,197
	<hr/>	<hr/>
Impact in profit for the period	<u><u> -</u></u>	<u><u> -</u></u>

The cumulative effects of the change in accounting treatment described above as at 30 April 2007 are summarised below:

	30 April 2007	Change	30 April 2007
	and 1 May 2007	in accounting	and 1 May 2007
	HK\$'000	treatment	HK\$'000
	(originally stated)	HK\$'000	(as restated)
Balance sheet items			
Properties held for sale	375,493	10,560	386,053
Properties under development	8,299,508	59,342	8,358,850
Trade and other receivables and prepayments	872,336	(9,393)	862,943
Tax recoverable	123,907	9,393	133,300
Accruals and other payables	(1,177,550)	206,943	(970,607)
Tax payable	(201,224)	(206,943)	(408,167)
Deferred tax liabilities	(934,295)	(199,848)	(1,134,143)
	<hr/>	<hr/>	<hr/>
Total effect on assets and liabilities	<u><u>7,358,175</u></u>	<u><u>(129,946)</u></u>	<u><u>7,228,229</u></u>
Exchange reserve	123,397	(2,549)	120,848
Contributed surplus	331,149	(127,397)	203,752
	<hr/>	<hr/>	<hr/>
Total effects on equity	<u><u>454,546</u></u>	<u><u>(129,946)</u></u>	<u><u>324,600</u></u>

In the current period, the Group has applied, for the first time, a number of new standard, amendment and interpretations (the “New HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning 1 May 2007. The adoption of these New HKFRSs has had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new and revised standards or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) – INT 12	Service Concession Arrangements ²
HK(IFRIC) – INT 13	Customer Loyalty Programmes ³
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ²

¹ *Effective for annual periods beginning on or after 1 January 2009*

² *Effective for annual periods beginning on or after 1 January 2008*

³ *Effective for annual periods beginning on or after 1 July 2008*

3. REVENUE AND BUSINESS SEGMENTS

Revenue represents amounts received and receivable for properties sold by the Group to outside customers and rental income and is summarised as follows:

	Six months ended 31.10.2007 HK\$’000 (unaudited)	Six months ended 31.10.2006 HK\$’000 (unaudited)
Sales of properties	1,017,513	1,979,282
Rental income	7,013	–
	<u>1,024,526</u>	<u>1,979,282</u>

Business segments

For management purposes, the Group is currently organised into two operating divisions – sales of properties and property investment.

The Group's revenue and contribution to profit analysed by business segments are as follows:

For the six months ended 31 October 2007 (unaudited)

	Sales of properties <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE			
External sales	<u>1,017,513</u>	<u>7,013</u>	<u>1,024,526</u>
RESULT			
Segment result	<u>(27,856)</u>	<u>456,195</u>	428,339
Unallocated corporate expenses			(84,860)
Other income			110,853
Change in fair value of derivative financial instruments			43,000
Change in fair value of warrants			(187,198)
Loss on disposal of a subsidiary	(32,814)		(32,814)
Finance costs			(42,150)
Share of profits of associates			<u>110</u>
Profit before taxation			235,280
Income tax expense			<u>(110,574)</u>
Profit for the period			<u>124,706</u>

For the six months ended 31 October 2006 (unaudited)

	Sales of properties <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE			
External sales	<u>1,979,282</u>	<u>–</u>	<u>1,979,282</u>
RESULT			
Segment result	<u>448,320</u>	<u>133,806</u>	582,126
Unallocated corporate expenses			(18,431)
Other income			39,338
Change in fair value of derivative financial instruments			8,780
Finance costs			(53,267)
Share of losses of associates	(5,258)		<u>(5,258)</u>
Profit before taxation			553,288
Income tax expense			<u>(156,913)</u>
Profit for the period			<u>396,375</u>

4. INCOME TAX EXPENSE

	Six months ended 31.10.2007 HK\$'000 (unaudited)	Six months ended 31.10.2006 HK\$'000 (unaudited) (restated)
The income tax expense comprises:		
Current tax		
– The People's Republic of China (the "PRC") enterprise income tax	14,099	165,029
– PRC land appreciation tax	13,450	30,197
	<u>27,549</u>	<u>195,226</u>
Deferred taxation		
– current period	75,387	(38,313)
– attributed to change in tax rate	7,638	–
	<u>83,025</u>	<u>(38,313)</u>
	<u>110,574</u>	<u>156,913</u>

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group did not derive any assessable profit in Hong Kong for both period.

The Group's subsidiaries established in the PRC are subject to PRC enterprise income tax on their taxable income at the rate of 33%. A subsidiary established in Shenzhen Special Administrative Area in the PRC is entitled to a preferential rate of 15%.

During the prior year, the National People's Congress of the PRC approved the new PRC enterprise income tax law. With effect from 1 January 2008, the tax rate will be unified for both domestic and foreign investment enterprises at the rate of 25%. As a result of the change in tax rate, a deferred tax charge of HK\$7,638,000 has been recognised in the condensed consolidated income statement for the period.

5. PROFIT FOR THE PERIOD

	Six months ended 31.10.2007 HK\$'000 (unaudited)	Six months ended 31.10.2006 HK\$'000 (unaudited)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	3,707	1,308
Effective interest on convertible notes	56,221	41,129
Effective interest on senior notes	90,513	–
Interest expense on bank borrowings	93,195	33,940
Interest expense on loan payables	34,392	12,138
Interest on loan from a minority shareholder	1,248	–
<i>Less:</i> capitalised under properties under development	(233,419)	(33,940)
	<u>42,150</u>	<u>53,267</u>
Interest income on:		
Bank deposits	(7,006)	(1,445)
Loan to an associate	–	(5,440)
Other loans	–	(4,532)
Exchange gain on convertible notes	(33,658)	–
Exchange gain on senior notes	(27,746)	–
Exchange gain on bank borrowings	(14,709)	–
Net other exchange loss (gain)	4,633	(16,334)
Change in fair value of investments held for trading	(27,614)	(11,676)
Share based payment	<u>60,153</u>	<u>3,696</u>

6. DIVIDENDS

During the period, a dividend of HK1.2 cents (2006: nil) per share was paid to shareholders as final dividend for the year ended 30 April 2007.

Subsequent to 31 October 2007, the directors have determined that an interim dividend of HK1.0 cent (2006: HK1.5 cents) per share should be paid to the shareholders of the Company whose names appear in the Register of Members on 31 January 2008.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company for the period is based on the following data:

	31.10.2007	31.10.2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Earnings:		
Earnings for the purposes of basic earnings per share	132,745	400,637
Effect of dilutive potential ordinary shares in respect of interest on convertible notes	(66,125)	41,129
	<u> </u>	<u> </u>
Earnings for the purposes of diluted earnings per share	<u>66,620</u>	<u>441,766</u>
Number of shares:		
		(restated)
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,737,435,858	1,239,203,745
Effect of dilutive potential ordinary shares on		
– Convertible notes	155,670,190	172,348,774
– Share options	48,905,638	–
	<u> </u>	<u> </u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>1,942,011,686</u>	<u>1,411,552,519</u>

During the period ended 31 October 2007, 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 earnings per share from continuing operations.

The weighted average number of shares for the purpose of basic and diluted earnings per share have been adjusted for the consolidation of the Company's ordinary shares in October 2007. The basic and diluted earnings per share for the period ended 31 October 2006 have been restated accordingly.

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	31.10.2007	30.4.2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
		(restated)
Trade receivables	76,760	46,346
Receivable for disposal of subsidiaries	170,000	512,430
Other receivable	41,600	–
Other tax prepayments	206,800	42,601
Deferred sales commission	190,095	122,741
Deposits paid for properties under development	94,132	78,287
Other deposits and prepayments	75,317	60,538
	854,704	862,943

The Group allows a credit period of 90 days to the buyers on the payments for price variance in relation to the actual property area to the contracted property area. The following is an aging analysis of trade receivables at the balance sheet date:

	31.10.2007	30.4.2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
0 – 90 days	42,225	24,080
91 – 180 days	1,649	22,266
Over 180 days	32,886	–
	76,760	46,346

9. ACCRUALS AND OTHER PAYABLES

	31.10.2007	30.4.2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
		(restated)
Accruals for properties under development	1,099,466	590,041
Other tax payables	88,050	41,274
Payables for acquisition of a subsidiary	50,107	109,876
Deposits received for disposal of available-for-sale investments	59,280	–
Accrued sales commission	137,555	101,247
Accrued interest expenses	94,233	7,920
Other accrued expenses	198,749	120,249
Other payables	48,663	–
	<u>1,776,103</u>	<u>970,607</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the six months ended 31 October 2007, the Group recorded a turnover of HK\$1,024.5 million (2006: HK\$1,979.3 million), representing a decrease of approximately 48.2% as compared to the same period in 2006.

As at 31 October 2007, presale receipts from customers was HK\$4,133.8 million (as at 30 April 2007: HK\$1,921.8 million), representing an increase of approximately 115.1% as compared to the prior year end. Total gross floor area (“GFA”) of 151,997 sq.m. of the Group was sold and recognized. Profit attributable to equity holders of the Company amounted to HK\$132.7 million (2006: HK\$400.6 million). Basic earnings per share was HK7.64 cents (2006: HK32.33 cents) and diluted earnings per share was HK3.43 cents (2006: HK31.3 cents). Total equity was HK\$6,918.6 million.

Dividend

The Board of the Company has made very effort to maintain a stable dividend policy while keeping a sound financial position for further development. For the best interests of shareholders, the Board resolved on distribution of an interim dividend of HK1.0 cent (2006: HK1.5 cents) per share on 12 February 2008 to those shareholders whose name are shown in the register of members of the Company on 31 January 2008.

Review of Operations and Future Prospects

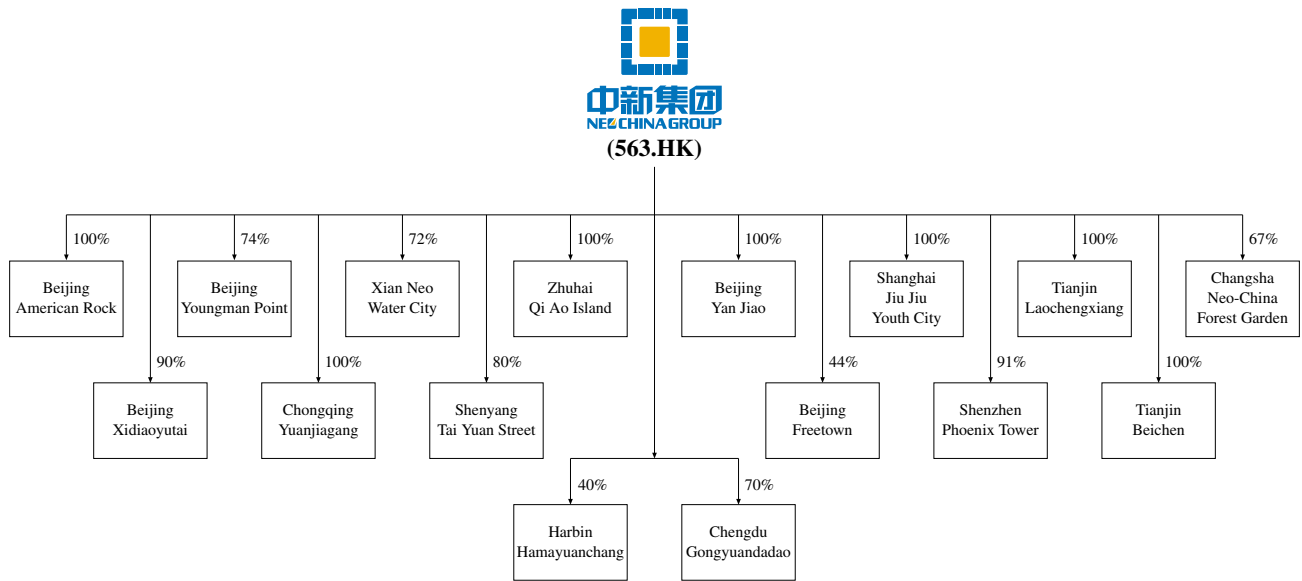
The Company's management has an in-depth knowledge about the property market trends and macroeconomic developments of the PRC. Currently, the Group has 16 major projects under development in 12 strategic cities in the PRC. The management try to deliver more than 1 million sq.m. of GFA to the buyers in the second half of this fiscal year. The management try to fulfill the promise to the investors and thus enhancing the value for the shareholders.

Land Bank

The Group has focused on a mixture of developments, ranging from residential complexes and serviced apartments to retail and office properties and high-end hotels. At the same time, the Group never stopped in searching for lands valuable for developing purpose to continually enlarge its land bank and keep its growth potential. The Group has recently acquired the Zhuhai project and Yanjiao project as described below. As at the date of this announcement, and upon completion of the acquisition of various projects as detailed in this announcement, the Company's total land bank amounted to a GFA of approximately 13,623,700 sq.m. representing an increase of 89.22% compared to the same period in 2006.

Substantial increase in land bank of the Group has further built up its foundation for continuous growth. The coverage of the Group's business has been extended to 12 cities in the PRC.

Development Projects



- **Shenzhen**

The Phoenix Tower Project

Phoenix Tower is located in the center part of Futian District and is co-developed with Phoenix Satellite Television Holdings, Ltd., one of China's leading television networks. As of 31 October 2007, the Group has 91% ownership in this development.

The project occupies a total site area of 11,038 sq.m. with a total GFA of approximately 106,190 sq.m, comprising an office building and a shopping mall. As of 31 October 2007, approximately 43,684 sq.m. had been sold, the Group has retained the remaining approximately 16%, 43% and 57% of the apartment, retail and office space, respectively for rental income.

- **Beijing**

Xidiaoyutai Project – Yushuiyuan

Xidiaoyutai Project is situated on the bank of the Kunyu River, one of the most prestigious areas in Beijing. The property is being developed into waterfront luxury apartments and a serviced apartment and occupies a site area of 42,541 sq.m., with a GFA of 249,621 sq.m., of which 230,231 sq.m. are saleable. The Group has 90% ownership in this development.

As of 31 October 2007, the completed property developments comprised a saleable GFA of approximately 116,411 sq.m.. As of 31 October 2007, saleable GFA of approximately 98,684 sq.m. had been sold.

As of 31 October 2007, the properties under development comprised an expected saleable GFA of approximately 62,220 sq.m.. As of 31 October 2007, a GFA of 46,630 sq.m. had been pre-sold.

As of 31 October 2007, the properties held for future development comprised an expected GFA (including both saleable and non-saleable GFA) of approximately 51,600 sq.m..

American Rock Project

American Rock Project is situated on Baiziwan Road, Chaoyang District, Beijing, and is adjacent to the central business district. The development consists of approximately 5,400 residential and commercial units. The project occupies a site area of 121,499 sq.m., with a total GFA (including both saleable and non-saleable GFA) of 523,075 sq.m., of which 455,888 sq.m. are saleable. The development is divided into four zones with different development themes, such as zones A and B are for BOBOS and zones C and D are for kidults. The Group has 100% ownership in this development.

As of 31 October 2007, the completed property developments comprises a saleable GFA of approximately 403,552 sq.m.. As of 31 October 2007, a GFA of 402,852 sq.m. had been sold.

As of 31 October 2007, the properties under development comprised an expected saleable GFA of approximately 52,336 sq.m., and the Board estimates that whole area will be completed in the fiscal year of 2008. As of 31 October 2007, a GFA of 51,472 sq.m. had been pre-sold.

Youngman Point Project

Youngman Point Project is located at Chaoyang District and is close to the central business area. The project occupies a site area of 113,166 sq.m., with a total GFA of 352,305 sq.m. of which 290,647 sq.m. is saleable. The Group has 73.7% ownership in this project.

As of 31 October 2007, the completed property developments comprises a saleable GFA of approximately 137,967 sq.m., As of 31 October 2007, a saleable GFA of approximately 120,862 sq.m. had been sold .

As of 31 October 2007, the properties under development comprised an expected saleable GFA of approximately 93,380 sq.m. As of 30 April 2007, a GFA of 67,241 sq.m. had been presold.

As of 31 October 2007, the properties held for future development comprised an expected GFA (including both saleable and non-saleable GFA) of approximately 59,300 sq.m.

- ***Chongqing***

Yuanjiangang Project:

Yuanjiangang is located at the intersection of the Yuzhong District and the Hi-Tech District, a premier location in Chongqing. Apart from the residential, commercial, and office buildings, this development also includes a high-ranking hotel. The project comprises five different sites and occupies a total site area of 113,268 sq.m., with a total GFA of 792,800 sq.m. of which 697,270 sq.m. is saleable. The Group has 100% ownership in this development.

As of 31 October 2007, the properties under development comprised an expected saleable GFA of approximately 595,373 sq.m. As of 31 October 2007, a GFA of 173,175 sq.m. had been pre-sold.

As of 31 October 2007, the properties held for future development comprised an expected GFA (including both saleable and non-saleable GFA) of approximately 101,893 sq.m..

- ***Tianjin***

Tianjin Laochengxiang Project

Tianjin Laochengxiang is the original urban area of the city center. This development contains residential, commercial, office buildings and a hotel. The project comprises six parcels of land with the total GFA of 1,008,114 sq.m., of which 899,792 sq.m. are saleable. The Group has 100% ownership in this development.

As of 31 October 2007, the completed property developments comprised a saleable GFA of approximately 104,264 sq.m. As of 31 October 2007, a saleable GFA of approximately 61,170 sq.m. had been sold, with a saleable GFA of approximately 43,461 sq.m. to be retained by the Group for rental purposes.

As of 31 October 2007, the properties under development comprised an expected saleable GFA of approximately 381,690 sq.m. , As of 31 October 2007, a GFA of 136,796 sq.m. had been presold.

As of 31 October 2007, the properties held for future development comprised an expected GFA (including both saleable and non-saleable GFA) of approximately 413,838 sq.m.

Beichen Project

Beichen Project is situated at the old village of Yi Xing Fu. The development will mainly consist of residential units. The Group has 100% ownership in this development.

The project occupies a site area of 1,115,550 sq.m., with a GFA (including both saleable and non-saleable GFA) of 2,263,000 sq.m.. As the existing buildings on land are still in the process of being demolished, so the whole area of the land is currently being held for future development.

- **Changsha**

Neo-China Forest Garden Project

Neo-China Forest Garden is situated in Wangcheng Xian, approximately 15 kilometers from the municipal government and is being developed mainly for residential use. The project comprises five parcels of land and occupies a total site area of 667,749 sq.m., with a total GFA of 1,073,600 sq.m., of which 990,100 sq.m. are saleable. The Group has 100% ownership in this project.

As of 31 October 2007, a saleable GFA of 50,700 sq.m. are completed and 38,911 sq.m. has been sold. As of 31 October 2007, the properties under development comprised an expected saleable GFA of approximately 289,600 sq.m.. As of 31 October 2007, the properties held for future development comprised a expected GFA (including both saleable and non-saleable GFA) of approximately 649,810 sq.m..

- **Xian**

Neo Water City Project

Neo Water City is located at the intersection of the Chan River and Ba River, and is the only large scale ecological community in Xian. The project will comprise residential and commercial developments and a hotel. The project occupies a site area of 2,569,668 sq.m., with a total GFA of 3,350,500 sq.m., of which 3,149,050 sq.m. are saleable. Besides the hotel, the whole project is divided into 12 parcels. The Group has 71.5% ownership in this development. Two parcels are under pre-sale and further four parcels will begin the development in 2008.

As of 31 October 2007, the properties under development comprised an expected saleable GFA of approximately 412,900 sq.m.. As of 31 October 2007, a GFA of 244,075 sq.m. had been pre-sold.

As of 31 October 2007, the constructing of the hotel with a GFA of 67,800 sq.m., is completed and the hotel will open for business soon.

As of 31 October 2007, the properties held for future development comprised an expected GFA (including both saleable and non-saleable GFA) of approximately 2,668,350 sq.m..

- **Chengdu**

Gong Yuan Da Dao Project

Gong Yuan Da Dao is located at Wen Jiang Xin Cheng District and is being developed mainly for residential use. The project occupies a site area of 228,200 sq.m., with total GFA of 775,000 sq.m. of which 761,501 sq.m. are saleable. This project contains two parcels of land, one of them is under development and will pre-sale soon. The Group has 70% ownership in this development and is required to purchase the remaining 30% by 2 January 2009.

As of 31 October 2007, a saleable GFA of 132,400 sq.m. is under development and 629,101 sq.m. is held by the Group for future development.

- **Shanghai**

Jiujiu Youth City Project

Jiujiu Youth City Project is situated in Song Jiang District Gui Dao Jiao Tong Jiu Ting Zhen No. 1. The project will be developed into office buildings and serviced apartments. The Group has 100% ownership in this development. The project occupies a site area of approximately 57,944 sq.m., with total GFA 213,754 sq.m. of which 163,291 sq.m. is saleable.

As of 31 October 2007, a GFA of 163,291 sq.m. is under development. As of 31 October 2007, no GFA have been pre-sold.

- **Zhu Hai**

Qi Ao Island Project

The property is locate at Qi Ao Island, and is going to be developed into a mix of commercial property and high class residential villas. The project occupies a site area of approximately 2,215,516.28 sq.m. and a saleable GFA of 77,000 sq.m.. There is also approximately 200,000 sq.m. of non-saleable GFA which will be used for development of acillary facilities.

On 24 and 26 September 2007, the Group entered into two agreements with Zhuhai City Yu Zhou Hung Ji Group Company Limited and a natural person called Mr. Chan Kin Kay Stanley (all are independent third-parties) respectively, to obtain the 100% ownership in this project at a total price of RMB3,100,000,000. The transaction has not yet been completed as at 31 October 2007 and up to the date of this announcement.

- ***Shenyang***

Tai Yuan Street Project

The property is situated in the commercial hub of Tai Yuan Street, Shenyang. The project primarily will be developed into commercial buildings. The project occupies a site area of approximately 23,000 sq.m. and a GFA of over 181,208 sq.m.. In July and September 2007, the Group entered into purchase agreements with independent third parties to acquire in aggregate 80% equity interest in 沈陽向明陽益置業有限公司, at a total cash consideration of approximately HK\$487,200,000. The transaction has not yet been completed as at 31 October 2007 and up to the date of this announcement.

- ***Tongzhou, Beijing***

Freedom Town Project

The property is situated at Tong Zhou District. Beijing. The project will be developed into luxury high-rise residential buildings which can accommodate almost 20,000 residents. The total GFA is approximately 826,092 sq.m. and the pre-sell will begin in the second half of 2008.

The Group has entered into an agreement to acquire 100% interest in the project. The transaction has not yet been completed up to the date of this announcement.

- ***Harbin***

Ha Ma Project

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

In November 2007, the Group entered into purchase agreements with independent third parties to acquire 40% of Invest Online Limited which holds 100% equity interest in the project company, at a total cash consideration of approximately HK\$786,282,000. The transaction has not yet been completed up to the date of this announcement.

- ***Yanjiao***

Yanjiao project

The Project is situated in Yanjiao, Hebei Province. The project will be developed mainly for residential use. The project occupies a usable area of 333,333 sq.m..

In November 2007, the Group entered into purchase agreements with independent third parties to acquire 90% equity interest in the project company, at a cash consideration of approximately HK\$484,640,000. Details of the development was disclosed by the circular of the Company issued on 4 January 2008. The transaction has not yet completed up to the date of this announcement.

In light of the persistent surging trend of the Mainland China property prices, the Board expects that the PRC central government will continue to tighten its austerity measures in respect of credit for property industry and supply of land. While the standardized development of property industry can be effectively enhanced, these measures also improve the efficiency in utilizing land bank, thereby providing more opportunities for industry resources integration from an objective point of view. It is expected that the property industry of the mainland China will be developed in a more standard and healthy manner. Such positive environment will enable premium large scale property enterprises to realize their own comprehensive advantages in areas like cash flow and management.

Following the optimization of the PRC property market, the Board believes that with the Group's reasonable land bank amount and the diversified land bank structure, to which the appropriate increases thereof will be in line with the strategic development objective projects, can effectively ascertain the long term continuous positive development of the Group's business. With the effects of austerity measures crystallizes, there are plenty of rooms for the Group's board of directors to demonstrate their ability in capitalizing the abundant social resources and make use of their expertise in the industry as well as their precise knowledge of the market to acquire high revenue but low cost projects.

During the past six months, the Group had increased its land bank by approximately 6,623,700 sq.m. The total land bank has reached 13,623,700 sq.m., of which 88% are for medium to low end residential as well as high end condominium projects, while the remaining 12% are for investment properties like office, commercial and hotel. Such perfect business segmentation and tailor made product positioning can speed up the cash flow of the Company, therefore safeguarding the implementation of the Group's established objectives.

The Board believes that the property industry will, in the long term, remain as one of the main pillars of the PRC economic development. Given the robust and stable development of the PRC economy, rapid expansion of urbanization and the continue appreciation of Renminbi. The Board considers that there will still be substantial rooms for the PRC property market to emerge. By virtue of the sound judgment of the Group's management team in the PRC property industry development trend, their efficiency in operation management and their usual awareness in assets turnover, shareholders of the Company will be able to enjoy sustainable fast growing return.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 October 2007, the Group had cash and bank balance of approximately HK\$3,364.5 million with net assets totaling to HK\$6,918.6 million and current ratio at approximately 2.2. The total borrowings of the Group as at 31 October 2007 amounted to HK\$7,552.9 million making the Group's gearing ratio at 109.2% at 31 October 2007 calculated by total borrowings over total equity of HK\$6,918.6 million.

The Board believes that liquid assets, funds and future revenue will be sufficient to finance future expansion and working capital requirement.

HUMAN RESOURCES

As at 31 October 2007, the Group employed 960 employees (including Hong Kong and PRC offices).

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

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

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

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

CONTINGENT LIABILITIES

The Group had the following contingent liabilities as at 31 October 2007:

	<i>HK'\$000</i> (unaudited)
Guarantees in respect of mortgage facilities for certain purchasers	<u>1,749,479</u>

The Group provided guarantees in respect of mortgage loans granted by certain banks to the purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers but the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the Group obtained the "property title certificate" for the mortgagees.

CHARGE ON GROUP'S ASSETS

Certain properties under development and investment properties of the Group with a carrying amount amounting to approximately HK\$4,964,050,000 (30.4.2007: HK\$2,137,157,000) and HK\$1,935,289,000 (30.4.2007: HK\$1,475,834,000) respectively located in the PRC have been pledged as security for bank borrowings of the Group.

Certain of the Group's bank deposits amounting to approximately HK\$133,474,000 (30.4.2007: HK\$94,225,000) have been pledged as security for bank borrowings of the Group. Deposits amounting to HK\$15,621,000 (30.4.2007: nil) have been pledged to secure short-term bank borrowings and are therefore classified as current assets. The remaining deposits amounting to approximately HK\$117,853,000 (30.4.2007: HK\$94,225,000) have been pledged to secure long-term bank borrowings and are therefore classified as non-current assets.

EQUITY

The Company's issued and fully paid share capital as at 31 October 2007 amounted to HK\$76,259,000 divided into 1,906,467,489 ordinary shares of HK\$0.04 each.

During the period under review, HK\$402,990,000 convertible notes were converted into 66,950,756 ordinary shares of HK\$0.04 each of the Company.

POST BALANCE SHEET EVENTS

- (a) In July and September 2007, the Group entered into purchase agreements with independent third parties to acquire in aggregate 80% equity interest in 沈陽向明陽益置業有限公司, a project company established in the PRC to carry out a property development project in Shenyang, the PRC, at a total cash consideration of approximately HK\$487,200,000. The transaction has not yet been completed as at 31 October 2007 and up to the date of this announcement.
- (b) In September 2007, the Group entered into purchase agreements with independent third parties to acquire 100% equity interest in 珠海市淇州島影視城有限公司, a project company established in the PRC to carry out a property development project in Zhuhai, the PRC, at a cash consideration of approximately HK\$3,224,000,000. The transaction has not yet been completed as at 31 October 2007 and up to the date of this announcement.

Details of the acquisition are included in the announcements of the Company dated 8 October 2007 and 23 October 2007 and the circular of the Company dated 28 December 2007.

- (c) In November 2007, the Group entered into purchase agreements with independent third parties to acquire 90% equity interest in 中歐城開有限公司, a project company in the PRC established to carry out a property development project in Hebei Province, the PRC, at a cash consideration of approximately HK\$484,640,000. The transaction has not yet completed up to the date of this announcement.

Details of the acquisition are included in an announcement of the Company dated 13 December 2007 and the circular of the Company dated 4 January 2008.

- (d) In November 2007, the Group entered into a purchase agreement with independent third parties to acquire 100% equity interest in Wonder Bridge Company Limited, a company incorporated in Hong Kong proposed to carry out a property development project in Beijing, the PRC, at a total cash consideration of approximately HK\$120,000,000. The transaction has not yet been completed up to the date of this announcement.
- (e) 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 哈爾濱亞麻房地產開發有限公司, a project company established in the PRC to carry out a property development project in Harbin, the PRC, at a total cash consideration of approximately HK\$786,282,000. The transaction has not yet been completed up to the date of this announcement.
- (f) Subsequent to the balance sheet date, the Group had breached certain financial covenant and consequently the lender might demand immediate payment. On discovery of the breach, the directors informed the bank and commenced a renegotiation of the terms of the borrowing with the relevant bank. In any event, should the lender calls for immediate repayment of the loan, the directors believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 31 January 2008 to 4 February 2008, both dates inclusive. In order to entitle for the said interim dividend, all transfers of share accompanied by the relevant share certificates must be lodged with Share Registrar, Tricor Secretaries Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 30 January 2008, Wednesday.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist in the jurisdiction of Bermuda in which the Company is incorporated.

CODE OF CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules throughout the six-month period ended 31 October 2007, except for the following:–

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

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

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

AUDIT COMMITTEE

The Company's audit committee comprises all three independent non-executive directors of the Company. Its terms of reference have been modified to incorporate certain provisions with reference to the Appendix 14 of the Listing Rules. The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim financial statements of the Company for the six months ended 31 October 2007.

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

Hong Kong, 17 January 2008

As at the date hereof, the Board of the Company comprises Mr. Li Song Xiao as chairman; Mr. Liu Yi, Ms. Niu Xiao Rong, Mr. Yuan Kun and Ms. Liu Yan as executive directors; and Ms. Nie Mei Sheng, Mr. Gao Ling and Mr. Zhang Qing Lin as independent non-executive directors.