# PREMIUM LAND LIMITED

# 上海策略置地有限公司*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 164)**

## ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2008

### RESULTS

The board of directors (the "Board") of Premium Land Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2008 together with comparative figures for the previous year as follows:

### CONSOLIDATED INCOME STATEMENT

*For the year ended 31 March 2008*

| | Notes | **2008** *HK$'000* | 2007 *HK$'000* |
|---|---|---|---|
| Turnover | 4 | **655,960** | 361,961 |
| Cost of sales | | **(680,294)** | (351,458) |
| Gross (loss)/profit | | **(24,334)** | 10,503 |
| Other income and gains, net | 4 | **687** | 4,866 |
| Administrative expenses | | **(44,767)** | (34,815) |
| Allowance for impairment of trade and other receivables, net | | **(27,420)** | (9,289) |
| Loss from operations | | **(95,834)** | (28,735) |
| Finance costs | 5 | **(3,545)** | (5,136) |
| Gain on disposal of subsidiaries | | **–** | 18,080 |
| Loss on deconsolidation of subsidiaries | | **–** | (7,194) |
| Share of profits less losses of associates | | **–** | (8) |
| Loss for the year | 6 | **(99,379)** | (22,993) |
| Attributable to: | | | |
| Equity holders of the Company | | **(99,379)** | (22,993) |
| Basic loss per share attributable to the equity holders of the Company during the year | 8 | **(19.0) cents** | (5.7) cents |

* *For identification purposes only*

## CONSOLIDATED BALANCE SHEET

*At 31 March 2008*

| | Notes | 2008 HK$'000 | 2007 HK$'000 |
|---|---|---|---|
| Non-current Assets | | | |
| Property, plant and equipment | | **2,934** | 1,751 |
| Goodwill | | **7,505** | – |
| Available-for-sale financial assets | | **666** | 12,852 |
| Deposits paid for acquisition of subsidiaries | | **54,020** | – |
| | | **65,125** | 14,603 |
| Current Assets | | | |
| Inventories | | **6,712** | 6,594 |
| Trade and other receivables | 9 | **45,358** | 128,632 |
| Financial assets at fair value through profit or loss | | **36,082** | 41,574 |
| Cash and cash equivalents | | **130,905** | 177,312 |
| | | **219,057** | 354,112 |
| Current Liabilities | | | |
| Trade and other payables | 10 | **25,050** | 20,886 |
| Amount due to a minority shareholder of a subsidiary | | **12,787** | 5,233 |
| Bank borrowings | | **37,205** | 43,815 |
| Obligation under a finance lease | | **525** | – |
| | | **75,567** | 69,934 |
| Net Current Assets | | **143,490** | 284,178 |
| Net Assets | | **208,615** | 298,781 |
| Equity | | | |
| Capital and reserves attributable to the Company's equity holders: | | | |
| Share capital | | **5,344** | 5,137 |
| Share premium | | **593,840** | 584,307 |
| Other reserves | | **783,477** | 784,004 |
| Accumulated losses | | **(1,174,046)** | (1,074,667) |
| Total Equity | | **208,615** | 298,781 |

*Notes:*

1. **An Extract of Auditor's Report**

***Basis for qualified opinion***

*Scope limitation – prior year's audit scope limitation affecting comparative figures*

As detailed in our report dated 18 July 2007 on the Group's financial statements for the year ended 31 March 2007, because of the significance of the possible effects arising from the limitation in evidence made available to us, we were unable to obtain sufficient audit evidence or perform alternative audit procedures to satisfy ourselves as to whether the financial statements were fairly stated and free from material misstatement as to the deconsolidation of Gold United International Industries Limited and its subsidiary, 杭州恆運交通開發有限公司, that gave rise to a loss of HK$7,194,000 recorded in the year ended 31 March 2007 and the carrying amount of net assets deconsolidated of approximately HK$17,435,000 as of 1 April 2006, as disclosed in note 35 to the financial statements. In respect of the limitation of scope in prior year in the matter as described above, we are unable to express our opinion as to whether the balances brought forward as at 1 April 2007 and the comparative figures were fairly stated in the financial statements.

There were no other satisfactory audit procedures that we could adopt to satisfy ourselves as to the matters above.

2. **Basis of Preparation of Financial Statements**

The consolidated financial statements of the Group have been prepared, except for the deconsolidation of subsidiaries as explained in note 35 to the financial statements, in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which also include Hong Kong Accounting Standards ("HKAS") and Interpretations ("Int") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and financial liabilities which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The HKICPA has issued certain new and revised HKFRS that are first effective for the accounting period beginning on or after 1 January 2007 as follows:

| | |
|---|---|
| HKFRS 7 | Financial Instruments: Disclosures |
| HKAS 1 (Amendment) | Presentation of Financial Statements – Capital Disclosures |
| HK(IFRIC) – Int 7 | Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies |
| HK(IFRIC) – Int 8 | Scope of HKFRS 2 |
| HK(IFRIC) – Int 9 | Reassessment of Embedded Derivatives |
| HK(IFRIC) – Int 10 | Interim Financial Reporting and Impairment |
| HK(IFRIC) – Int 11 | HKFRS 2 – Group and Treasury Share Transactions |

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The principal effects of adopting these new and revised HKFRS are summarised as follows:

**(a) HKFRS 7 Financial Instruments: Disclosures**

This standard introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Group's financial instruments, or the disclosures relating to taxation and trade and other payables.

**(b) Amendment to HKAS 1 Presentation of Financial Statements – Capital Disclosures**

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosures are shown in note 42(b) to the financial statements.

**(c) HK(IFRIC) – Int 7 Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies**

This interpretation provides guidance on how to apply requirements of HKAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. As none of the Group entities have a currency of a hyperinflationary economy as its functional currency, this interpretation is not relevant to the Group's operations.

**(d) HK(IFRIC) – Int 8 Scope of HKFRS 2**

This interpretation requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of HKFRS 2. As the Company has only issued equity instruments to its employees in accordance with the Company's share option scheme, the interpretation does not have any impact on the Group's financial statements.

**(e) HK(IFRIC) – Int 9 Reassessment of Embedded Derivatives**

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. This interpretation is not relevant for the Group's operations and does not have any impact on the Group's financial statements.

**(f) HK(IFRIC) – Int 10 Interim Financial Reporting and Impairment**

This interpretation prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation does not have any impact on the Group's financial statements.

**(g) HK(IFRIC) – Int 11 HKFRS 2 – Group and Treasury Share Transactions**

This interpretation provides guidance on whether share-based transactions involving treasury shares or involving Group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and Group companies. This interpretation does not have any impact on the Group's financial statements.

3. **Segmental Information**

***Business segments***

For management purpose, the Group is currently organised into four major operating divisions – securities trading and investment, trading of building materials and renovation services, property development and sales and property rental. In 2007, the operation of toll highway was excluded by deconsolidation of a group of subsidiaries holding the relevant assets.

These divisions are the basis on which the Group reports its primary segment information.

An analysis of the Group's turnover, contribution to operating results and segment assets and liabilities by business segments is presented as follows:

**2008**

| | Securities trading and investment | Trading of building materials and renovation services | Property development and sales | Property rental | Unallocated | Consolidated |
|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **INCOME STATEMENT** | | | | | | |
| *For the year ended 31 March 2008* | | | | | | |
| **REVENUE** | | | | | | |
| External sales | **647,550** | **8,410** | **–** | **–** | **–** | **655,960** |
| Segment results | **(28,503)** | **(3,980)** | **(19,996)** | **–** | **–** | **(52,479)** |
| Unallocated other operating income | | | | | | **405** |
| Unallocated corporate expenses | | | | | | **(43,760)** |
| Loss from operations | | | | | | **(95,834)** |
| Finance costs | | | | | | **(3,545)** |
| Loss for the year | | | | | | **(99,379)** |

**2008**

| | Securities trading and investment | Trading of building materials and renovation services | Property development and sales | Property rental | Unallocated | Consolidated |
|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **BALANCE SHEET** | | | | | | |
| *At 31 March 2008* | | | | | | |
| **ASSETS** | | | | | | |
| Segment assets | **49,380** | **3,423** | **119,908** | **–** | **–** | **172,711** |
| Unallocated corporate assets | | | | | | **111,471** |
| Consolidated total assets | | | | | | **284,182** |
| **LIABILITIES** | | | | | | |
| Segment liabilities | **15,373** | **4,288** | **2,635** | **–** | **–** | **22,296** |
| Unallocated corporate liabilities | | | | | | **53,271** |
| Consolidated total liabilities | | | | | | **75,567** |
| **OTHER INFORMATION** | | | | | | |
| *For the year ended 31 March 2008* | | | | | | |
| Addition of goodwill | **–** | **–** | **7,505** | **–** | **–** | **7,505** |
| Capital additions | **–** | **6** | **15** | **–** | **1,562** | **1,583** |
| Depreciation and amortisation | **–** | **87** | **507** | **–** | **282** | **876** |
| Allowance for impairment of trade and other receivables, net | **–** | **908** | **15,412** | **–** | **11,100** | **27,420** |
| Net unrealised loss on financial assets at fair value through profit or loss | **3,134** | **–** | **–** | **–** | **–** | **3,134** |

2007

| | Continuing operations | | | | | Discontinued operation | |
|---|---|---|---|---|---|---|---|
| | **Securities trading and investment** | **Trading of building materials and renovation services** | **Property development and sales** | **Property rental** | **Unallocated** | **Operation of toll highway** | **Consolidated** |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **INCOME STATEMENT** | | | | | | | |
| *For the year ended 31 March 2007* | | | | | | | |
| **REVENUE** | | | | | | | |
| External sales | 351,937 | 9,986 | 22 | 16 | – | – | 361,961 |
| Segment results | 11,604 | 54 | (10,949) | 11 | – | – | 720 |
| Unallocated other operating income | | | | | | | 66 |
| Unallocated corporate expenses | | | | | | | (29,521) |
| Loss from operations | | | | | | | (28,735) |
| Finance costs | | | | | | | (5,136) |
| Gain on disposal of subsidiaries | | | | | | | 18,080 |
| Loss on deconsolidation of subsidiaries | | | | | | | (7,194) |
| Share of profits less losses of associates | | | | | | | (8) |
| Loss for the year | | | | | | | (22,993) |

2007

| | Continuing operations | | | | | Discontinued operation | |
|---|---|---|---|---|---|---|---|
| | Securities trading and investment | Trading of building materials and renovation services | Property development and sales | Property rental | Unallocated | Operation of toll highway | Consolidated |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **BALANCE SHEET** | | | | | | | |
| *At 31 March 2007* | | | | | | | |
| **ASSETS** | | | | | | | |
| Segment assets | 107,266 | 5,440 | 26,960 | – | – | – | 139,666 |
| Unallocated corporate assets | | | | | | | 229,049 |
| Consolidated total assets | | | | | | | 368,715 |
| **LIABILITIES** | | | | | | | |
| Segment liabilities | – | 2,207 | 12,655 | – | – | – | 14,862 |
| Unallocated corporate liabilities | | | | | | | 55,072 |
| Consolidated total liabilities | | | | | | | 69,934 |
| **OTHER INFORMATION** | | | | | | | |
| *For the year ended 31 March 2007* | | | | | | | |
| Capital additions | – | 255 | – | – | – | – | 255 |
| Depreciation and amortisation | – | 94 | 354 | – | 146 | – | 594 |
| Allowance for impairment of trade and other receivables, net | – | (960) | 10,249 | – | – | – | 9,289 |
| Net unrealised gain on financial assets at fair value through profit or loss | 4,119 | – | – | – | – | – | 4,119 |

***Geographical segments***

All of the Group's operations are principally located in Hong Kong and the People's Republic of China (the "PRC"). The Group's administration is carried out in Hong Kong.

An analysis of the Group's turnover by geographical market, irrespective of the origin of the goods and services, is presented below:

| | **2008** | 2007 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Hong Kong | **655,960** | 361,939 |
| The PRC | **–** | 22 |
| | **655,960** | 361,961 |

The following is an analysis of the carrying amount of assets, and capital additions to goodwill and property, plant and equipment, analysed by the geographical area in which the assets are located:

| | **Carrying amount of assets** | | **Capital additions to goodwill and property, plant and equipment** | |
|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Hong Kong | **218,308** | 341,164 | **1,568** | 255 |
| The PRC | **65,874** | 27,551 | **7,520** | – |
| | **284,182** | 368,715 | **9,088** | 255 |

## 4. Turnover, Other Income and Gains, net

Turnover represents the aggregate of the net amounts received and receivable from third parties during the year. An analysis of the Group's turnover, other income and gains or losses, net is as follows:

| | **2008** | 2007 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Turnover** | | |
| Securities trading and investment | **647,550** | 351,937 |
| Renovation services | **6,338** | 4,042 |
| Trading of building materials | **2,072** | 5,944 |
| Property rental – gross | **–** | 38 |
| | **655,960** | 361,961 |
| **Other income** | | |
| Interest income on financial assets not at fair value through profit or loss | **376** | 206 |
| Sundry income | **311** | 541 |
| | **687** | 747 |
| **Gains, net** | | |
| Net unrealised gains on financial assets at fair value through profit or loss | **–** | 4,119 |
| | **687** | 4,866 |
| | **656,647** | 366,827 |

## 5. Finance Costs

| | **2008** | 2007 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest on: | | |
| Borrowings wholly repayable within five years | | |
| – bank borrowings | **3,524** | 3,581 |
| – other borrowings | **–** | 1,555 |
| Finance lease | **21** | – |
| Total interest expense on financial liabilities not at fair value through profit or loss | **3,545** | 5,136 |

## 6. Loss for the Year

Loss for the year has been arrived at after charging and crediting the following:

| | **2008** | 2007 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Charging: | | |
| Staff costs | | |
| – directors' remuneration | **5,244** | 2,132 |
| – basic salaries and other benefits | **5,448** | 2,700 |
| – retirement benefits scheme contributions | **140** | 101 |
| – share-based payments | **–** | 6,796 |
| | **10,832** | 11,729 |
| Auditors' remuneration | | |
| – Current year | **770** | 700 |
| – Overprovision in prior years | **–** | (19) |
| Depreciation and amortisation of property, plant and equipment | | |
| – Owned assets | **796** | 594 |
| – Leased asset | **80** | – |
| Loss on disposal of property, plant and equipment | **4** | – |
| Net unrealised losses on financial assets at fair value through profit or loss | **3,134** | – |
| Operating lease payments | **2,096** | 1,642 |
| Cost of inventories sold | **7,324** | 6,900 |
| and crediting: | | |
| Net rental income from investment properties under operating leases, after deduction of outgoings of approximately HK$nil (2007: HK$1,000) | **–** | 37 |

## 7. Taxation

No provision for Hong Kong Profits Tax or the PRC income tax has been made in the financial statements as either the Company and its subsidiaries have no assessable profits for both years or have their profits wholly absorbed by tax losses brought forward.

The taxation on the Group's loss before taxation differs from the theoretical amount that would arise using the domestic taxation rates applicable to losses of the consolidated companies as follows:

| | **2008** | 2007 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loss before taxation | **(99,379)** | (22,993) |
| Tax at the domestic income tax rate of 17.5% (2007: 17.5%) | **(17,391)** | (4,024) |
| Tax effect of expenses that are not deductible for tax purpose | **10,326** | 5,282 |
| Tax effect of income that are not taxable for tax purpose | **(1,959)** | (3,103) |
| Tax effect of temporary differences not recognised for the year | **(39)** | 19 |
| Tax effect of tax losses not recognised for the year | **7,489** | – |
| Tax effect of utilisation of tax losses not previously recognised | **–** | (535) |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | **1,574** | 2,361 |
| Taxation charge | **–** | – |

## 8. Basic Loss Per Share

The calculation of the basic loss per share is based on the loss for the year of HK$99,379,000 (2007: HK$22,993,000) and on the weighted average number of 523,405,439 (2007: 401,304,107) ordinary shares in issue during the year.

Diluted loss per share is not presented as the potential shares arising from share options granted during the year ended 31 March 2008 and 31 March 2007 would have anti-dilutive effect on the basic loss per share.

## 9. Trade and Other Receivables

| | **2008** | 2007 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade receivables | **4,537** | 5,405 |
| Less: allowance for doubtful debts | **2,940** | 2,032 |
| Trade receivables, net | **1,597** | 3,373 |
| Other receivables and prepayments | **43,761** | 125,259 |
| | **45,358** | 128,632 |

All of the above trade and other receivables are expected to be recovered or recognised as expense within one year.

The directors of the Company (the "Directors") consider that the carrying amounts of trade and other receivables approximate to their fair values.

The Group allows an average credit period of 60 days to 90 days to its trade customers. The ageing analysis of the Group's trade receivables, based on the invoice date and net of allowances, is as follows:

| | **2008** | 2007 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Up to 30 days | **572** | 610 |
| 31 to 90 days | **348** | 679 |
| 91 to 365 days | **677** | 1,071 |
| Over 365 days | **–** | 1,013 |
| | **1,597** | 3,373 |

**10. Trade and Other Payables**

| | **2008** | 2007 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade payables | **1,008** | 1,620 |
| Retention payables | **–** | 28 |
| Other payables and accruals | **24,042** | 19,238 |
| | **25,050** | 20,886 |

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

The ageing analysis of the Group's trade payables is as follows:

| | **2008** | 2007 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Up to 30 days | **215** | 213 |
| 31 to 90 days | **608** | 582 |
| Over 90 days | **185** | 825 |
| | **1,008** | 1,620 |

## DIVIDENDS

The Board does not recommend the payment of dividend for the year ended 31 March 2008 (2007: nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

For the year ended 31 March 2008, the Group recorded a turnover of HK$655,960,000 (2007: HK$361,961,000), mainly generated from increase of securities trading and investment. Loss attributable to shareholders amounted to HK$99,379,000 (2007: HK$22,993,000). Loss per share was 19.0 HK cents (2007: 5.7 HK cents). Included in the reported loss was an impairment recognized in relation to loss on receivables of HK$27,420,000 (2007: HK$9,289,000) and share option expenses of HK$2,726,000 (2007: HK$7,658,000).

As at 31 March 2008, the total assets and net assets of the Group were HK$284,182,000 (2007: HK$368,715,000) and HK$208,615,000 (2007: HK$298,781,000) respectively.

**Business Review**

The Group is principally engaged in property development and sales, securities trading and investment, trading of building materials and provision of renovations services.

During the year, the Group has gone through a period of transition. It has been reviewing certain areas of operations and procuring potential property development projects in the PRC with a view to laying a solid foundation for the Group's business development and earnings in the long run.

In 2007, the Group undertook its first property development project in Huairou District, Beijing, the PRC. The project comprises two stages where the first level of property development involving demolition of shabby houses and installation of land infrastructures has been underway. It is anticipated that the second level of property development will commence in 2009 (subject to acquisition of land use rights), which will involve construction of residential properties with compatibility of commercial services with a total gross floor area ("GFA") of approximately 63,000 sqm. Huairou District is a famous tourist spot within a 40-minute travel distance to the downtown of Beijing city, and the Group anticipates that under continuous urbanization, city planning and transport optimization, Huairou District will become an indispensable part of the Beijing city in the near future.

In the same year, the Group announced its acquisition of two PRC property development companies currently engaged in the development of an existing residential property project in Yubei District, Chongqing, the PRC. The site is located at a prime location within a short distance from Chongqing Jiangbei International Airport and the railway station. It has a land parcel of approximately 7,000 sqm, on which a GFA of approximately 35,000 sqm can be built for mainly residential purpose.

The management is cognizant of the impact of the continuously changing and increasingly stringent PRC government policies on real estate market especially in year 2008, and has therefore taken a very prudent approach in expanding its business. Subsequent to the financial year, the Group has decided not to exercise the call option, which was acquired in June 2007 and would entitle it to acquire a 6-storey shopping mall in Shanghai for a total consideration of RMB555,000,000, after taking into account, amongst other things, weak property market sentiment in Shanghai and uncertainties on the part of the relevant vendor to fulfill certain material conditions precedent under the call option and accordingly such option has expired in June 2008. In addition, in April 2008, the Group announced its termination of the acquisition of a Beijing villa project on the grounds, amongst other things, that there remains a condition under the relevant agreement unfulfilled by the vendor and that the subject matter under the agreement was frustrated. The Group has also commenced legal proceedings against recovery of a deposit from the corresponding vendor. However, the justifiable termination of these acquisitions has no adverse material impact on the Group as a whole.

**Segment Results**

For securities trading and investment, segment turnover increased significantly to HK$647,550,000 (2007: HK$351,937,000). Segment loss amounted to HK$28,503,000 (2007: profit of HK$11,604,000). The loss was mainly due to the underperformed local stock market during the second half of the year under review.

For trading of building materials and renovation services, segment turnover decreased by 16% to HK$8,410,000 (2007: HK$9,986,000), which was due to the poorer local property market. Segment loss amounted to HK$3,980,000 (2007: profit of HK$54,000). The loss was mainly due to higher operating cost which was primarily resulted from higher staff cost and appreciation of Renminbi.

For property development and sales, there was no segment turnover (2007: HK$22,000) and segment loss amounted to HK$19,996,000 (2007: HK$10,949,000). The loss was mainly due to an impairment recognized in relation to loss on receivables of HK$15,412,000 (2007: HK$10,249,000).

**Prospect**

During the year, the PRC government continued to carry out a series of austerity measures to regulate the economic growth, Renminbi appreciation and real estate market. The Group is of the view that the stepping up of the austerity measures in the PRC has cast uncertainties in the economic and real estate market development, and thus the Group remains cautious and takes prudent approach in making heavy investments in new property projects in the short run as it is still likely that government policies against the continual trend of over-heating economy will remain in place in short term. However, the Group is convinced that in long term, the austerity measures will successfully deter speculative activities and curb mounting inflation, which will undoubtedly lay the foundation for a healthier and continual development of the economy and real estate market in the PRC.

The Group will continue endeavouring to identify potential property development and investment projects and/or companies holding land parcels with high potential value with a view to strengthening its business portfolios and positioning itself to better receive the enormous growing opportunities in the real estate market in the PRC in the long run.

**Capital Investment and Commitments**

At 31 March 2008, the Group had capital commitment of HK$23,629,000 (2007: nil) in respect of investment costs attributable to acquisitions of subsidiaries.

**Liquidity and Financial Resources**

As at 31 March 2008, the Group had cash and cash equivalents of approximately HK$130,905,000 (2007: HK$177,312,000). The decrease in cash and cash equivalents was mainly due to the deposit paid for acquisition of subsidiaries. Bank borrowings of HK$37,205,000 at 31 March 2008 were substantially improved as compared to last year of HK$43,815,000. The gearing ratio, being the ratio of total bank loans and other borrowings over shareholders' equity, was 0.18 (2007: 0.15). The liquidity ratio of the Group, being the ratio of current assets over current liabilities, was 290% (2007: 506%).

Taking into account the financial resources available to the Group, the Group has sufficient working capital to meet its present requirements.

**Contingent Liabilities**

As at 31 March 2008, the Company had no significant contingent liabilities (2007: nil).

**Capital Structure**

During the year, the Company issued and allotted 20,700,000 new shares of HK$0.01 each upon exercise of share options granted by the Company.

Save as the above, there was no change in the share capital structure of the Company during the year ended 31 March 2008.

**Material Acquisitions and Disposals of Subsidiaries**

On 28 September 2007, Sun Spread Group Limited ("Sun Spread"), a wholly owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Nie Peng Fei, pursuant to which Sun Spread agreed to acquire from Nie Peng Fei the entire issued share capital of 北京德邦富策劃咨詢有限公司 (Beijing De Bang Fu Strategic Consultancy Company Limited). The consideration payable for the acquisition was RMB2,000,000 which was to be settled in cash. Details of the acquisition are set out in the Company's circular dated 23 October 2007. The transaction was completed on 22 January 2008.

On 24 October 2007, Silver Wind International Limited ("Silver Wind"), a wholly owned subsidiary of the Company, entered into a conditional agreement (the "Acquisition Agreement") with Stronway Development Limited ("Stronway Development"), pursuant to which Silver Wind agreed to acquire from Stronway Development the entire equity interest in Winmax Asia Investment Limited. The aggregate consideration payable for the acquisition was RMB433,000,000 which was to be settled in cash and two consideration villas. Details of the acquisition are set out in the Company's circular dated 14 December 2007. On 15 April 2008, the Company announced that the Acquisition Agreement was terminated by Silver Wind. Further information in respect of the termination of the Acquisition Agreement is disclosed in the section "Litigations" below.

On 14 December 2007, Unique Gold Investments Limited ("Unique Gold"), a wholly owned subsidiary of the Company, entered into a conditional agreement with Zhuang Xu and Tang Mao (together the "Sunrise Vendors"), pursuant to which Unique Gold conditionally agreed to acquire from the Sunrise Vendors the entire equity interest in 重慶旭日房地產開發有限公司 (Chongqing Sunrise Property Development Company Limited), which was owned as to 51% by Zhuang Xu and 49% by Tang Mao (the "Sunrise Acquisition"). The total consideration for the Sunrise Acquisition was RMB45,000,000 which was to be settled in cash. Details of the acquisition are set out in the Company's circular dated 8 January 2008. The transaction has not yet been completed up to the date hereof.

On 14 December 2007, Unique Gold entered into a conditional agreement with Zhang Xue Ping and Zhang Xue Mei (together the "Feng Hong Ji Vendors"), pursuant to which Unique Gold conditionally agreed to acquire from the Feng Hong Ji Vendors the entire equity interest in 重慶鳳弘吉實業有限責任公司 (Chongqing Feng Hong Ji Enterprise Company Limited), which was owned as to 90% by Zhang Xue Ping and 10% by Zhang Xue Mei (the "Feng Hong Ji Acquisition"). The total consideration for the Feng Hong Ji Acquisition was RMB25,000,000 which was to be settled in cash. Details of the acquisition are set out in the Company's circular dated 8 January 2008. The transaction has not yet been completed up to the date hereof.

Apart from the above, the Group had no material acquisition and disposal of subsidiaries during the year ended 31 March 2008.

**Litigations**

a) In July 2005, the Company was notified by the Hong Kong Companies Registry that an annual return of Gold United International Industries Limited ("Gold United"), a non-wholly owned subsidiary of the Company, filed in May 2005 ("May Annual Return") contained information, including information relating to members and directors of Gold United, which are significantly different from the original annual return that was presented by the Group on 29 April 2005.

   On 13 July 2005, the Company filed a Writ of Summons against four persons (the "Defendants") seeking, amongst others, declarations by the court to the effect that Winsky Management Limited, a wholly owned subsidiary of the Company, is the beneficial owner of 51% of the issued share capital of Gold United. The Defendants were those persons who purportedly filed the false information with the Hong Kong Companies Registry and/or were identified as members and directors in the May Annual Return and other documents. Gold United is an investment holding company holding an 80% direct interest in 杭州恒運交通開發有限公司, which is engaged in the operation of a highway in the PRC.

   The Writ of Summons was amended on 1 February 2006 and re-amended on 10 October 2006 and 12 June 2008 respectively.

   As at the date hereof, the legal action is still proceeding and there is no significant development.

b) Subsequent to the year end date on 15 April 2008, the Company announced that Silver Wind International Limited ("Silver Wind"), a wholly owned subsidiary of the Company, decided to terminate the Acquisition Agreement and, through its legal representative, has served a notice of termination to Stronway Development Limited ("Stronway Development") and in order to protect the position of Silver Wind and to recover the deposit paid to Stronway Development in the amount of RMB20,000,000, it also commenced legal proceeding against Stronway Development on this matter and has filed a Writ of Summons against Stronway Development in respect of the above claim.

   Details of the above are set out in the announcement of the Company dated 15 April 2008. As at the date hereof, the legal action is still proceeding and there is no significant development.

**Exposure to Exchange Rate Risk and Interest Rate Risk**

The Group's transactions are denominated in Hong Kong dollars and Renminbi. The Group did not enter into any foreign exchange forward contracts to hedge against exchange rates fluctuations. Foreign exchange risk arising from the normal course of operations is considered to be minimal and the management will closely monitor the fluctuation in the currency and take appropriate actions when condition arises.

In terms of the interest rate risk exposures, the Group does not have any significant interest rate risk as both the borrowings of the Group and the interest rates currently remain at low levels.

**Staff**

As at 31 March 2008, the Group employed 32 employees (2007: 24). Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are reviewed periodically based on performance appraisal and other relevant factors. Staff benefits plans maintained by the Group include medical insurance, hospitalization scheme, mandatory provident fund and share option scheme.

Employees in the PRC are remunerated according to the prevailing market conditions in the locations of their employments.

## CORPORATE GOVERNANCE

The Corporate Governance Report is included in the Group's annual report for the year ended 31 March 2008.

Good corporate governance has always been recognized as vital to the Group's success and to sustain development of the Group. We commit ourselves to a high standard of corporate governance and have devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the Company's needs.

The Company has put in place corporate governance practices to meet the code provisions that are considered to be relevant to the Group and has complied with most of the code provisions save for certain deviations from the code provisions, details of which will be explained in the relevant paragraphs in the Corporate Governance Report. The Company periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

## AUDIT COMMITTEE

The audit committee has reviewed with the management and the Company's external auditors the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting process including the review of the financial statements for the year ended 31 March 2008.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made to all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 March 2008.

## PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

## PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement of the Group for the year ended 31 March 2008 is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company (http://finance.thestandard.com.hk/en/0164premiumland) respectively. The 2008 annual report and notice of the annual general meeting of the Company will be despatched to the shareholders and made available on the above websites on or before 31 July 2008.

By order of the Board
**Premium Land Limited**
**Ho Chi Ho**
*Executive Director*

Hong Kong, 28 July 2008

*As at the date of this announcement, the executive Director of the Company is Mr. Ho Chi Ho; the non-executive Directors of the Company are Mr. Ma Kwok Hung, Warren and Mr. Chow Siu Ngor; and the independent non-executive Directors of the Company are Mr. Wong Hoi Kuen, Edmund, Mr. Chan Chi Yuen and Mr. Tsang Kwong Chiu, Kevin.*