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 31ST MARCH, 2006

RESULTS

The Board of directors (the "Board") of Premium Land Limited (the "Company") announced the audited consolidated results of the Company and its subsidiaries (together "the Group") for the year ended 31st March, 2006 together with comparative figures for 2005 as follows:-

CONSOLIDATED INCOME STATEMENT
For the year ended 31st March, 2006

	Notes	2006 HK$'000	(As restated) 2005 HK$'000
Turnover	4	**33,273**	95,364
Cost of sales		**(34,243)**	(93,823)
Gross (loss) profit		**(970)**	1,541
Other income and gains, net	4	**51,269**	10,424
Administrative expenses		**(15,063)**	(29,455)
Loss on disposal of available-for-sale financial assets		**(70)**	–
Impairment losses on trade and other receivables		**(1,521)**	–
Net impairment losses on trade and other receivables written back		**–**	12,110
Impairment losses on investment securities		**–**	(41,000)
Impairment losses on available-for-sale financial assets		**(44,205)**	–
Impairment loss on property, plant and equipment		**–**	(200,000)
Loss from operations		**(10,560)**	(246,380)
Finance costs	6	**(9,561)**	(9,602)
Loss on disposal of subsidiaries		**(2,913)**	–
Impairment losses on amount due from an associate		**(3,671)**	–
Share of profits less losses of associates		**(447)**	–
Loss before taxation	5	**(27,152)**	(255,982)
Taxation	7	**–**	42,000
Loss for the year		**(27,152)**	(213,982)
Attributable to:			
Equity holders of the Company		**(26,438)**	(121,158)
Minority interests		**(714)**	(92,824)
		(27,152)	(213,982)
Basic loss per share attributable to the equity holders of the Company during the year	8	**(7.6) cents**	(50.2) cents

CONSOLIDATED BALANCE SHEET
At 31st March, 2006

	Notes	2006 HK$'000	(As restated) 2005 HK$'000
Non-current Assets			
Property, plant and equipment		**66,472**	67,459
Investment properties		**15,324**	23,118
Interests in associates		**2,040**	6,151
Available-for-sale financial assets		**12,153**	–
Investment securities		**–**	57,860
		95,989	154,588
Current Assets			
Inventories		**4,761**	4,516
Trade and other receivables	9	**171,725**	134,328
Other financial assets at fair value through profit or loss		**110,987**	–
Other investments		**–**	76,094
Pledged bank deposit		**–**	5,041
Bank balances and cash		**8,517**	48,617
		295,990	268,596
Current Liabilities			
Trade and other payables	10	**82,921**	84,708
Amount due to a minority shareholder of a subsidiary		**2,442**	605
Bank and other borrowings		**86,231**	104,491
		171,594	189,804
Net Current Assets		**124,396**	78,792
Total Assets less Current Liabilities		**220,385**	233,380
Non-current Liabilities			
Bank and other borrowings		**–**	2,337
Total Non-current Liabilities		**–**	2,337
Net Assets		**220,385**	231,043

	2006 HK$'000	(As restated) 2005 HK$'000
Equity		
Capital and reserves attributable to the Company's equity holders:		
Share capital	**3,512**	64,937
Share premium	**481,286**	465,651
Other reserves	**777,020**	777,020
Accumulated losses	**(1,051,674)**	(1,087,520)
	210,144	220,088
Minority interests	**10,241**	10,955
Total Equity	**220,385**	231,043

Notes:

1. **An Extract of Auditors' Report**

Basis of opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants, except that the scope of work was limited as explained below.

An audit includes examination on a test basis, of evidence to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and of the Group, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanation which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement.

However, the evidence available to us was limited as set out below.

1. *Scope limitation – prior year's audit scope limitation affecting opening balances*

We were appointed as auditors during the current year and did not report on the financial statements for the year ended 31st March, 2005. Furthermore, the auditors appointed in respect of the year ended 31st March, 2005 were unable to form an opinion as to whether the financial statements gave a true and fair view of the state of affairs of the Company and of the Group as at 31st March, 2005 and of the loss and cash flows of the Group for the year then ended because of the possible effect of the limitations in evidence available to them. Therefore, we are unable to express an opinion on the figures brought forward as at 1st April, 2005 and the comparative figures included in these financial statements.

As explained in notes 2 and 43 to the financial statements and for reasons relating to current legal proceedings in respect of 杭州恒運交通開發有限公司 (the "HZHY"), the subsidiary of the Company, the directors were unable to satisfy themselves as to whether the following amounts included in the consolidated balance sheets as at 31st March, 2005 and 31st March, 2006 were free from material misstatement.

– Property, plant and equipment of HK$64,460,000;
– Bank balances and cash of HK$7,217,000;
– Trade and other receivables of HK$4,303,000;
– Trade and other payables of HK$58,545,000;
– Deferred tax liability with nil amount;
– Minority interests of HK$10,241,000.

The property, plant and equipment of the HZHY included a toll highway with the net book value of HK$63,899,000 which had been written down by an impairment loss of HK$200,000,000 during the year ended 31st March, 2005. The auditors appointed in respect of the year ended 31st March, 2005 were unable to obtain sufficient information and explanations to satisfy themselves as to whether the impairment loss recognised in respect of the toll highway as determined by the directors and the carrying value of the toll highway and the associated deferred tax liability were free from material misstatement. As with previous auditors, the directors were not able to provide us with sufficient information about HZHY's toll highway for us to determine whether the carrying value of the toll highway shown in note 15 to the financial statements was fairly stated.

Accordingly, we were unable to form an opinion as to whether the net assets of the Group as at 31st March, 2005, and the results and cash flows of the Group for the year then ended were free from material misstatement. Any adjustments to the opening net assets of the Group would affect the net loss and cash flows of the Group for the year ended 31st March, 2006.

2. *Scope limitation – absence of the financial statements of HZHY for the year ended 31st March, 2006*

As explained in note 2 to the financial statements, the management has been unable to gain access to the books and records HZHY since July 2005 due to the lack of co-operation from management of HZHY. As a result, the consolidated income statement of the Company for the current year has not incorporated the results of HZHY for the year ended 31st March, 2006 and the consolidated balance sheet of the Company as at 31st March, 2006 has only incorporated the balance sheet of HZHY up to 28th February, 2005. The directors are unable to satisfy themselves that the amounts referred to in paragraph 1 above included in the consolidated balance sheet as at 31st March, 2006 were free from material misstatement. The directors were also unable to satisfy themselves as to the validity and completeness of the amounts attributable to HZHY included in the notes to the financial statements, including but not limited to the disclosure of commitments, pledge of assets and contingent liabilities.

Therefore, adequate audit evidence to satisfy ourselves as to the nature, completeness, appropriateness, classification and disclosure in respect of the transactions undertaken by HZHY as included in the Group's financial statements is not available. For the same reasons, we have been unable to satisfy ourselves that (i) whether those disclosures which had incorporated the amounts referred to in paragraph 1 above and the corresponding cash flows and operating results arising from the operations of HZHY which are omitted from the consolidated cash flow statements and consolidated income statement respectively, are fairly stated; and (ii) whether those segmental information disclosures as shown in note 7 to the financial statements are reliable and adequate.

There were no other satisfactory audit procedures that we could adopt to satisfy ourselves as to the matters above. Any adjustments to the figures would have a consequential effect on the Group's net assets as at 31st March, 2006 and the loss and cash flows for the year then ended and the related disclosures thereof in these financial statements.

* *For identification purposes only*

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides reasonable basis for our opinion.

Disclaimer of opinion

Because of the significance of the possible effect of the limitations in evidence available to us referred to in the basis of opinion section of this report, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st March, 2006 or of the loss and cash flows of the Group for the year then ended. In all other respects, in our opinion the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance. In respect alone of the limitations on our work as set out in the basis of opinion section of this report:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper books of accounts had been kept.

2. Basis of Preparation of Financial Statements

Management of the Company has been unable to gain access to the books and records of its subsidiary, 杭州恒運交通開發有限公司 ("HZHY") since July 2005 due to the lack of co-operation from management of HZHY. Previously, the Company received management accounts of HZHY on a monthly basis, the last set of which was for the eleven months ended 28th February, 2005. Details of the above were set out in the announcement to the shareholders of the Company dated 13th July, 2005.

Accordingly, the consolidated income statement of the Company for the current year has not incorporated the results of HZHY for the year ended 31st March, 2006 and the consolidated balance sheet of the Company as at 31st March, 2006 has only incorporated the balance sheet of HZHY up to 28th February, 2005.

The directors are unable to satisfy themselves that the following amounts included in the consolidated balance sheet as at 31st March, 2005 and 31st March, 2006 of the Group were free from material misstatement:

– Property, plant and equipment of HK$64,460,000;
– Bank balances and cash of HK$7,217,000;
– Trade and other receivables of HK$4,303,000;
– Trade and other payables of HK$58,545,000;
– Deferred tax liability with nil amount;
– Minority interests of HK$10,241,000.

The directors were also unable to satisfy themselves as to the validity and completeness of the amounts attributable to HZHY included in the notes to the financial statements, including but not limited to the disclosure of commitments, pledge of assets and contingent liabilities.

The consolidated financial statements of the Group have been prepared in accordance with accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and certain financial assets and financial liabilities, which are carried at fair value.

The preparation of financial statements in conformity 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") 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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 6 to the financial statements.

The adoption of new or revised HKFRS

From 1st April, 2005, the Group adopted the new/revised standards and interpretations of HKFRS below, which are relevant to its operations. The 2005 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings Per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 Amendment	Transition and Initial Recognition of Financial Assets and Financial Liabilities
HKAS 40	Investment Property
HK(SIC) – Int 12	Scope of HK(SIC) – Int 12 Consolidation – Special Purpose Entities
HK(SIC) – Int 15	Operating Leases – Incentives
HK(SIC) – Int 21	Income Taxes – Recovery of Revalued Non-Depreciated Assets
HKFRS 2	Share-based Payments
HKFRS 3	Business Combinations
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations

The impact of adopting the HKFRS is summarised as follows:

(a) HKAS 1

HKAS 1 affects certain presentation in these financial statements, including the following:

- minority interests are now presented in the consolidated income statement and within the equity in the consolidated balance sheet separately from results/equity attributable to equity holders of the Company;
- taxes of associates attributable to the Group, which were previously included in tax charge in the consolidated income statement, are now included in the Group's share of profits less losses of associates; and
- the Group is no longer permitted to not disclose comparative information for movements in property, plant and equipment.

(b) HKAS 17

In prior years, the leasehold land and land use rights were accounted for at cost less accumulated depreciation and any accumulated impairment. The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land and land use rights from property, plant and equipment to operating leases. In accordance with the provisions of HKAS 17, a lease of land and building should be split into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. The up-front prepayments made for the leasehold land and land use rights are expensed in the income statement on a straight-line basis over the period of the lease or when there is impairment, the impairment is expensed in the income statement. In case, the two elements cannot be allocated reliably, the entire lease is classified as a finance lease and carried at cost less accumulated depreciation and any accumulated impairment losses. This change in accounting policy does not have effect to prior periods because the amount of land and buildings cannot be allocated reliably between the land and buildings elements at the inception date.

(c) HKAS 24

HKAS 24 has affected the identification of related parties and some other related party disclosures.

(d) HKAS 28

In prior years, when the Group's share of losses exceeded its interest in the associates, the Group's interest was reported at nil and recognition of further losses was discontinued.

With effect from 1st April, 2005, in order to comply with HKAS 28, recognition of the share of associate's losses under equity method is broadened by including other long-term non-equity interests, which in substance form part of the net investment of an associate.

The adoption of HKAS 28 has no effect on the opening balance of accumulated losses as of 1st April, 2005 and 1st April, 2004. Details of the accounting policy on associates are set out in note 4 to the financial statements.

(e) HKAS 32 and HKAS 39

The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy for recognition, measurement, derecognition and disclosure of financial instruments.

Until 31st March, 2005 investments of the Group were classified into investment securities and/or other investments, which were stated in the balance sheet at cost less any accumulated impairment losses and at fair value, respectively, and any impairment losses on investment securities and changes in fair value of other investments were recognised in the income statement in the period in which they arise.

In accordance with the provisions of HKAS 39, the investments have been classified into available-for-sale financial assets and financial assets at fair value through profit or loss. The classification depends on the purpose for which the investments were held. As a result of the adoption of HKAS 39, all the investments are now stated at fair value in the balance sheet, except for certain available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, when they are measured at cost less any accumulated impairment losses. In addition, all the investments as at 31st March, 2005 that should be measured at fair value on adoption of HKAS 39 should be remeasured at 1st April, 2005 and any adjustment of the previous carrying amount should be recognised as an adjustment of the balance of accumulated losses at 1st April, 2005.

The effect of the changes in accounting policies on these financial statements as a result of the adoption of HKAS 32 and HKAS 39 is summarised as follows:

All investments of the Group and the Company as at 31st March, 2005 were redesignated into available-for-sale financial assets or financial assets at fair value through profit or loss on 1st April, 2005. The aggregate differences between the respective carrying value of each investment as at 31st March, 2005 and the respective fair value at 1st April, 2005 is insignificant and hence, no adjustment has been made against the accumulated losses at 1st April, 2005.

In accordance with the provisions of HKAS 32, convertible notes issued, that are convertible into a fixed number of shares of the Company, are split into their liability and equity components at initial recognition. The liability component is subsequently carried at amortised cost (including transaction costs) using the effective interest rate method. The equity component is recognised in the convertible note reserve until the note is either converted (in which case it is transferred to share premium) or the note is redeemed (in which case it is released directly to accumulated losses). Details of the new accounting policies are set out in note 4 to the financial statements.

The adoption of HKAS 32 resulted in:

	2006	2005
	HK$'000	*HK$'000*
Increase in accumulated losses	**317**	317
Increase in share premium	**317**	317
Increase in interest expenses	**594**	317
Increase in basic loss per share	**0.17 cents**	0.13 cents

There was no impact on opening accumulated losses at 1st April, 2005 for the adoption of HKAS 32.

(f) HKAS 40

The adoption of revised HKAS 40 has resulted in a change in the accounting policy of which the changes in fair values are recorded in the income statement as part of other income. In prior years, the increases in fair value were credited to the investment properties revaluation reserve. Decreases in fair value were first set off against increases on earlier valuations on a portfolio basis and thereafter expensed in the income statement. However, since the Group has continued to adopt the fair value model, there is no requirement for the Group to restate the comparative information, any adjustment should be made to the accumulated losses as at 1st April, 2005, including the reclassification of any amount held in revaluation surplus for investment properties.

Upon adoption of HKAS 40 as from 1st April, 2005:

All changes in the fair value of investment properties are recognised directly in the income statement in accordance with the fair value model in HKAS 40.

These changes in accounting policy have been adopted prospectively by decreasing the opening balance of accumulated losses as of 1st April, 2005 by HK$1,385,000 to include all the Group's previous investment properties revaluation reserve.

This new policy has no significant effect on the Group's losses before taxation for the years ended 31st March, 2006 and 2005.

(g) HK(SIC) – Int 21

The adoption of revised HK(SIC) – Int 21 has resulted in a change in the accounting policy relating to the measurement of deferred tax liabilities arising from the revaluation of investment properties. Such deferred tax liabilities are measured on the basis of tax consequences that would follow from recovery of the carrying amount of that asset through use. In prior years, the carrying amount of that asset was expected to be recovered through sale. However, the adoption of revised HK(SIC) – Int 21 has no material financial impact on the Group's results and net assets for the current or prior years.

(h) HKFRS 2

The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. In prior years, no amounts were recognised when employees (which term includes directors) were granted share options over shares in the Company. If the employees chose to exercise the options, the nominal amount of share capital and share premium were credited only to the extent of the option's exercise price receivable.

With effect from 1st April, 2005, in order to comply with HKFRS 2, the Group recognises the fair value of such share options as an expense in the income statement, or as an asset, if the cost qualifies for recognition as an asset under the Group's accounting policies. A corresponding increase is recognised in a capital reserve within equity.

Where the employees are required to meet vesting conditions before they become entitled to the options, the Group recognises the fair value of the options granted over the vesting period. Otherwise, the Group recognises the fair value in the period in which the options are granted.

If an employee chooses to exercise options, the related capital reserve is transferred to share capital and share premium, together with the exercise price. If the options lapse unexercised the related capital reserve is transferred directly to accumulated losses.

The Group has taken advantage of the transitional provisions set out in paragraph 53 of HKFRS 2. In relation to share options granted on or before 7th November, 2002 and share options granted after 7th November, 2002 but which had vested before 1st April, 2005, the Group does not recognise and expense those share options.

No adjustments to the opening balances as at 1st April, 2004 and 1st April, 2005 are required as all the share options granted were vested before 1st April, 2005.

(i) ***Other Standards***

The adoption of HKASs 2, 7, 8, 10, 16, 18, 19, 21, 23, 27, 33, 36, 37, 38 and HK(SIC) – Ints 12 and 15 and HKFRS 3 and 5 had no material impact on the Group's accounting policies and did not result in any changes to the amounts or disclosures in these financial statements.

3. Segmental Information

Business segments

For management purpose, the Group is currently organised into five major operating divisions – securities trading and investment, trading of building materials and renovation services, property development and sales, operations of toll highway and property rental.

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:

2006

	Securities trading and investment *HK$'000*	Trading of building materials and renovation services *HK$'000*	Property development and sales *HK$'000*	Operation of toll highway *HK$'000*	Property rental *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006							
REVENUE							
External sales	**23,543**	**9,667**	**22**	**–**	**41**	**–**	**33,273**
Segment results	**1,310**	**(3,373)**	**(1,853)**	**–**	**(43)**	**–**	**(3,959)**
Unallocated other operating income							**2,023**
Unallocated corporate expenses							**(8,624)**
Loss from operations							**(10,560)**
Finance costs							**(9,561)**
Loss on disposal of subsidiaries							**(2,913)**
Impairment losses on amount due from an associate							**(3,671)**
Share of profits less losses of associates							**(447)**
Loss before taxation							**(27,152)**
Taxation							**–**
Loss before minority interests							**(27,152)**
Minority interests							**714**
Loss for the year							**(26,438)**

2006

	Securities trading and investment HK$'000	Trading of building materials and renovation services HK$'000	Property development and sales HK$'000	Operation of toll highway HK$'000	Property rental HK$'000	Unallocated HK$'000	Consolidated HK$'000
BALANCE SHEET AT 31ST MARCH, 2006							
ASSETS							
Segment assets	**115,228**	**4,872**	**39,118**	**75,979**	**15,488**	**–**	**250,685**
Interests in associates	**–**	**–**	**–**	**–**	**2,040**	**–**	**2,040**
Unallocated corporate assets							**139,254**
Consolidated total assets							**391,979**
LIABILITIES							
Segment liabilities	**15**	**2,696**	**11,986**	**58,545**	**6**	**–**	**73,248**
Unallocated corporate liabilities							**98,346**
Consolidated total liabilities							**171,594**
OTHER INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2006							
Capital additions	**–**	**53**	**–**	**–**	**–**	**62**	**115**
Depreciation and amortisation	**–**	**53**	**352**	**–**	**13**	**157**	**575**
Impairment losses on available-for-sale financial assets	**44,205**	**–**	**–**	**–**	**–**	**–**	**44,205**
Net unrealised gain on other financial assets at fair value through profit or loss	**48,613**	**–**	**–**	**–**	**–**	**–**	**48,613**
Write-back of provision on properties held for sale	**–**	**–**	**160**	**–**	**–**	**–**	**160**
Fair value gains on investment properties	**–**	**–**	**–**	**–**	**1,666**	**–**	**1,666**

2005

	Securities trading and investment HK$'000	Trading of building materials and renovation services HK$'000	Property development and sales HK$'000	Operation of toll highway HK$'000	Property rental HK$'000	Unallocated HK$'000	(As restated) Consolidated HK$'000
INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005							
REVENUE							
External sales	63,638	20,306	246	11,153	21	–	95,364
Segment results	(38,025)	(5,671)	8,796	(200,214)	(323)	–	(235,437)
Unallocated other operating income							2,879
Unallocated corporate expenses							(13,822)
Loss from operations							(246,380)
Finance costs							(9,602)
Loss before taxation							(255,982)
Taxation							42,000
Loss before minority interests							(213,982)
Minority interests							92,824
Loss for the year							(121,158)

2005

	Securities trading and investment HK$'000	Trading of building materials and renovation services HK$'000	Property development and sales HK$'000	Operation of toll highway HK$'000	Property rental HK$'000	Unallocated HK$'000	(As restated) Consolidated HK$'000
BALANCE SHEET AT 31ST MARCH, 2005							
ASSETS							
Segment assets	135,342	4,609	54,057	75,980	23,832	–	293,820
Interests in associates	4,427	–	–	–	1,724	–	6,151
Unallocated corporate assets							123,213
Consolidated total assets							423,184
LIABILITIES							
Segment liabilities	15	2,836	14,421	58,545	6	–	75,823
Unallocated corporate liabilities							116,318
Consolidated total liabilities							192,141
OTHER INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2005							
Capital additions	–	70	–	–	–	1,469	1,539
Depreciation and amortisation	26	50	528	4,562	–	879	6,045
Impairment losses on investment securities	41,000	–	–	–	–	–	41,000
Impairment loss on property, plant and equipment	–	–	–	200,000	–	–	200,000
Net unrealised gain on other investments	7,313	–	–	–	–	–	7,313
Net impairment losses on trade and other receivables written back	–	(4,146)	16,707	–	–	(451)	12,110

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, net is as follows:

	2006 ***HK$'000***	2005 *HK$'000*
Turnover		
Securities trading and investment	**23,543**	63,638
Renovation services	**5,993**	17,088
Operation of toll highway	**–**	11,153
Trading of building materials	**3,674**	3,218
Property development and sales	**–**	246
Property rental	**63**	21
	33,273	95,364
Other income		
Interest income	**515**	106
Sundry income	**315**	523
	830	629
Gains, net		
Net unrealised gain on other investments	**–**	7,313
Net unrealised gain on other financial assets at fair value through profit or loss	**48,613**	–
Fair value gains on investment properties	**1,666**	2,482
Write-back of provision on properties held for sale	**160**	–
	50,439	9,795
	84,542	105,788

5. **Loss Before Taxation**

Loss before taxation has been arrived at after charging and crediting the following:

	2006 HK$'000	2005 HK$'000
Charging:		
Staff costs		
– directors' remuneration	**725**	1,168
– basic salaries and other benefits	**4,041**	6,596
– retirement benefits scheme contributions	**281**	275
	5,047	8,039
Auditors' remuneration	**775**	1,300
Depreciation and amortisation of property, plant and equipment	**575**	6,045
Loss on disposal of property, plant and equipment	**–**	113
Net realised losses on other financial assets at fair value through profit or loss	**3,181**	–
Net realised losses on other investments	**–**	4,270
Operating lease payments	**1,818**	3,030
Cost of inventories sold	**7,517**	11,510
and crediting:		
Net rental income from investment properties under operating leases, after deduction of outgoings of approximately HK$2,000 (2005: HK$1,000)	**61**	20
Share of associate's taxation	**7**	–

6. **Finance Costs**

	2006 HK$'000	(As restated) 2005 HK$'000
Interest on:		
Borrowings wholly repayable within five years		
– bank borrowings	**6,144**	7,781
– other borrowings	**1,843**	1,424
Convertible notes	**1,574**	397
	9,561	9,602

7. **Taxation**

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

	2006 HK$'000	2005 HK$'000
Deferred taxation relating to the origination and reversal of temporary differences	**–**	(42,000)
Taxation credit	**–**	(42,000)

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:

	2006 HK$'000	(As restated) 2005 HK$'000
Loss before taxation	**(27,152)**	(255,982)
Tax at the domestic income tax rate of 17.5% (2005: 17.5%)	**(4,752)**	(44,797)
Tax effect of expenses that are not deductible for tax purpose	**10,312**	8,923
Tax effect of income that are not taxable for tax purpose	**(737)**	(7,583)
Tax effect of temporary differences not recognised	**(312)**	31,826
Tax effect of utilisation of tax losses not previously recognised	**(5,587)**	(349)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1,076**	(30,020)
Taxation credit	**–**	(42,000)

8. **Loss Per Share**

The calculation of the basic loss per share is based on the net loss for the year of HK$26,438,000 (2005: HK$121,158,000, as restated) and on the weighted average number of 347,773,969 (2005: 241,436,167) ordinary shares in issue during the year.

The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the year ended 31st March, 2005 have been retrospectively adjusted for the effect of the capital reorganisation approved by the shareholders of the Company on 6th April, 2005.

The adjustment to the comparative basic loss per share, arising from the adoption of HKAS 32 is as follows:

	HK cents
Reconciliation of 2005 loss per share:	
Reported figure before adjustments	50.1
Adjustments arising from adoption of HKAS 32	0.1
As restated	50.2

9. **Trade and Other Receivables**

The carrying amounts of trade and other receivables are as follows:

	THE GROUP 2006 HK$'000	2005 HK$'000
Trade receivables	**2,965**	4,993
Amounts due from customers for renovation works *(note a)*	**–**	2
Retentions receivable	**122**	628
Other receivables and prepayments *(note b)*	**168,638**	128,705
	171,725	134,328

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. As at 31st March, 2006 and 31st March, 2005, the ageing analysis of the Group's trade receivables is as follows:

	THE GROUP 2006 HK$'000	2005 HK$'000
Up to 30 days	**821**	241
31 to 90 days	**459**	354
91 day to 365 days	**1,635**	3,447
Over 365 days	**50**	951
	2,965	4,993

Included in trade and other receivables is the following amount denominated in a currency other than the functional currency of the Company to which they relate:

	THE GROUP 2006 '000	2005 '000
Renminbi	**26,958**	34,623

Note:

(a) **Amounts due from (to) customers for renovation works**

	THE GROUP 2006 HK$'000	2005 HK$'000
Contract costs incurred plus recognised profits less recognised losses	**–**	5
Less: Progress billings	**–**	(39)
	–	(34)
Represented by:		
Due from customers included in current assets	**–**	2
Due to customers included in current liabilities	**–**	(36)
	–	(34)

(b) Included in other receivables and prepayments is an amount of approximately HK$123,437,000 (2005: HK$69,688,000) placed with a company which is an independent third party, for securities trading and other investment purposes.

The amount is secured, interest free and repayable on demand.

10. **Trade and Other Payables**

	THE GROUP 2006 HK$'000	2005 HK$'000
Trade payables	**1,834**	1,920
Amounts due to customers for contract work *(note 9(a))*	**–**	36
Retention payables	**179**	548
Other payables and accruals	**80,908**	82,204
	82,921	84,708

As at 31st March, 2006 and 31st March, 2005, the ageing analysis of the Group's trade payables is as follows:

	THE GROUP 2006 HK$'000	2005 HK$'000
Up to 30 days	**420**	78
31 to 90 days	**239**	203
Over 90 days	**1,175**	1,639
	1,834	1,920

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

Included in trade and other payables is the following amount denominated in a currency other than the functional currency of the Company to which they relate:

	THE GROUP 2006 '000	2005 '000
Renminbi	**74,762**	78,807

DIVIDENDS

The Board does not recommend the payment of dividend for the year ended 31st March, 2006 (2005: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the year ended 31st March, 2006, the Group recorded a turnover of HK$33,273,000 (2005: HK$95,364,000), representing a decrease of 65.1% when compared to the previous year. The decrease in turnover was mainly due to less trading in securities and building materials as well as low property sales. Loss attributable to the shareholders amounted to HK$26,438,000, representing a decrease in loss of approximately 78% as compared with HK121,158,000 for the last year. Loss per share was HK7.6 cents (2005: HK50.2 cents). The decrease in loss attributable to shareholders was mainly due to the net unrealised gain on other financial assets at fair value through profit or loss amounted to HK$48,613,000. While the effect was partial offset by provision of impairment loss on available-for-sale financial assets, due from an associate and loss on disposal of subsidiaries of approximately total HK$50,789,000. In last year, the Group made an impairment loss of approximately HK$241,000,000 in respect of the operation of toll highway and investment securities.

As at 31st March, 2006, the total assets and net assets of the Group were HK$391,979,000 (2005: HK$423,184,000) and HK$220,385,000 (2005: HK$231,043,000) respectively.

Business Review

The Group is principally engaged in securities trading and investments, property development and sales, trading of building materials and provision of renovation services and operation of toll highway.

During the year under review, rising interest rates and soaring oil prices have dampened sentiment in the property and stock market. The Board was conservative in investment strategies and it resulted in decrease in securities trading and investment. The business in trading of building materials and renovation services was adversely affected by fierce competition in the industry.

Segment Results

For securities trading and investment, segment turnover decreased by 63% to HK$23,543,000 (2005: HK$63,638,000) and segment result recorded profit of HK$1,310,000 (2005: loss of HK$38,025,000) that mainly contributed by the net unrealised gain on other financial assets at fair value through profit or loss.

For trading of building materials and renovation services, segment turnover decreased by 52.4% to HK$9,667,000 (2005: HK$20,306,000). Segment loss amounted to HK$3,373,000 (2005: HK$5,671,000) representing a decrease of 41%.

For property development and sales, segment turnover decreased by 91.1% to HK$22,000 (2005: HK$246,000) and segment loss amounted to HK$1,853,000 (2005: profit of HK$8,796,000). The profit for last year was mainly contributed by a bad debt written back.

For the operation of toll highway, as explained in note 2 to the financial statements, due to the lack of co-operation of the management of 杭州恒運交通開發有限公司 (the "HZHY"), the book and records of HZHY after February 2005 are not available. As a result, the consolidated income statement of the Company for the current year has not incorporated the results of HZHY for the year ended 31st March, 2006. In addition, the consolidated balance sheet of the Company as at 31st March, 2006 has only incorporated the balance sheet of HZHY up to 28th February, 2005.

Prospect

The austerity measures introduced by the PRC Government recently had "cool down" effect on the overheated property market in various cities such as Shanghai, Beijing and Shenzhen. However, it also represents great opportunities to further participate into the market. The economic growth and urbanization in the PRC are expected to sustain, in the light of upcoming Olympic Games in 2008 and the World Expo in 2010. The Group maintains an optimistic outlook for businesses in the PRC and continues its efforts to improve the business by actively looking for any potential investment opportunities that can benefit the Group's earning and assets base with focus on mid-to-long term property investment in Mainland China.

Litigation

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

On 13th July, 2005, the Company filed a writ against certain persons (the "Defendants") seeking, amongst others, declarations by the court to 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 the people, which purportedly filed the false information to the Hong Kong Companies Registry and/or identified as members and directors in the May Annual Return. Gold United is an investments holding company, which has 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.

Details of the above are set out in the announcement of the Company dated 13th July, 2005. As at date of the annual report, the legal action is still proceeding, and there is no significant development.

Liquidity and Financial Resources

As at 31st March, 2006, the Group had cash at bank and in hand totaled approximately HK$8,517,000 (2005: HK$48,617,000). Last year cash at bank and in hand balance include pledged bank deposit of HK$5,041,000 (2006: nil). The decrease in cash at bank and in hand was mainly due to the repayment of loan during the year. The net asset value of approximately HK$220,385,000 (2005: HK$231,043,000 as restated). Interest-bearing bank loans and other bank borrowings at 31st March, 2006 amounted to HK$86,231,000 (2005: HK$106,828,000) which were repayable within one year (2005: HK$104,491,000). The gearing ratio, being the ratio of total bank loans and other borrowings of approximately HK$86,231,000 to shareholders' fund of approximately HK$210,144,000 was about 0.41 (2005: 0.49). The liquidity ratio of the Group, represented by a ratio between current assets over current liabilities, was 172% (2005:142%).

Taking into account the financial resources available to the Group including internally generated funds and available facilities, the Group has sufficient working capital to meet its present requirements.

Contingent Liabilities

As at 31st March, 2006, the Company had no significant contingent liabilities (2005: HK$7,650,000).

Capital Structure

On 6th April, 2005, the Company has undertaken a capital reorganization (the "Capital Reorganization"). Pursuant to the Capital Reorganization, (i) every 20 issued shares of HK$0.01 each in the share capital of the Company were consolidated into 1 issued share of HK$0.20 each (the "Consolidated Share"); (ii) the issued share capital of the Company was reduced by canceling paid-up capital to the extent of HK$0.19 on each Consolidated Share in issue so that each Consolidated Share be treated as one fully-paid up share of HK$0.01 each in the capital of the Company (the "Capital Reduction"); and (iii) the entire credit amount arising from the Capital Reduction be applied to the contributed surplus account of the Company. Details of the Capital Reorganization are set out in the circular of the Company dated 14th March, 2005. The Capital Reorganization became effective on 7th April, 2005.

Details of movements in the share capital of the Company during the year are set out in note 30 to the financial statements.

Staff

As at 31st March, 2006, the Group employed 145 employees (2005: 151). Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are reviewed annually 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.

Change of Auditors

As announced by the Company on 8th June, 2006, the Company appointed Ting Ho Kwan & Chan as its auditors to fill the casual vacancy arising from the resignation of Messrs Deloitte Touche Tohmatsu effective 7th June, 2006. A resolution for the appointment of new auditors was passed at the special general meeting of the Company on 27th June, 2006.

Corporate Governance

The Corporate Governance Report is included in the Group's annual report for the year ended 31st March, 2006.

The Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as promulgated by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") came into effect for accounting periods commencing on 1st January, 2005 (save for the provisions on internal controls which came into effect for accounting periods commencing from 1st July, 2005 onwards).

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 all 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. The Company periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

Audit Committee

The audit committee, comprising of five independent non-executive directors, 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 31st March, 2006.

Model Code for Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

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.

Appreciation

On behalf of the Board, I would like to express my heartfelt gratitude to shareholders, customers, suppliers, bankers and professional advisors for their support of the Company over the past year and to sincerely thank the staff for their ongoing dedication and diligence.

By order of the Board
PREMIUM LAND LIMITED
Dong Bo, Frederic
Chairman

Hong Kong, 27th July, 2006

As at the date of this announcement, the executive directors of the Company are Mr. Dong Bo, Frederic, Mr. Gao Feng and Mr. Ma Kwok Hung, Warren; and the independent non-executive directors of the Company are Mr. Wong Hoi Kuen, Edmund, Mr. Pang Haiou, Mr. Zuo Guang, Mr. Chan Chi Yuen and Mr. Chow Siu Ngor.