



PREMIUM LAND LIMITED

上海策略置地有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 164)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

INTERIM RESULTS

The board of directors (the “Board”) of Premium Land Limited (the “Company”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (together the “Group”) for the six months ended 30 September 2008 together with the comparative figures for the corresponding period in 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2008

		Six months ended 30 September	
		2008	2007
		(unaudited)	(unaudited)
	Notes	HK\$'000	HK\$'000
Turnover	2	2,329	99,272
Cost of sales		<u>(1,775)</u>	<u>(91,996)</u>
Gross profit		554	7,276
Other income		367	241
Administrative expenses		(20,353)	(18,543)
Fair value (loss)/gain on financial assets at fair value through profit or loss, net		<u>(20,936)</u>	<u>5,898</u>
Loss from operations	3	(40,368)	(5,128)
Finance costs		<u>(1,786)</u>	<u>(1,623)</u>
Loss for the period		<u><u>(42,154)</u></u>	<u><u>(6,751)</u></u>
Attributable to:			
Equity holders of the Company		<u><u>(42,154)</u></u>	<u><u>(6,751)</u></u>
Loss per share			
Basic	5	<u><u>(7.89) cents</u></u>	<u><u>(1.31) cents</u></u>

* For identification purpose only

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2008

		30 September 2008 (unaudited) HK\$'000	31 March 2008 (audited) HK\$'000
	<i>Notes</i>		
Non-current Assets			
Property, plant and equipment		2,151	2,934
Goodwill		7,699	7,505
Available-for-sale financial assets		2,477	666
Deposits paid for acquisition of subsidiaries		79,681	54,020
Investment deposits		25,000	–
		<u>117,008</u>	<u>65,125</u>
Current Assets			
Inventories		6,836	6,712
Trade and other receivables	6	60,022	45,358
Financial assets at fair value through profit or loss		14,993	36,082
Cash and cash equivalents		36,388	130,905
		<u>118,239</u>	<u>219,057</u>
Current Liabilities			
Trade and other payables	7	23,984	25,050
Amount due to a minority shareholder of a subsidiary		13,098	12,787
Bank borrowings		30,686	37,205
Obligation under a finance lease		–	525
		<u>67,768</u>	<u>75,567</u>
Net Current Assets		<u>50,471</u>	<u>143,490</u>
Net Assets		<u>167,479</u>	<u>208,615</u>
Equity			
Capital and reserves attributable to the Company's equity holders:			
Share capital	8	5,344	5,344
Share premium		593,840	593,840
Other reserves		784,495	783,477
Accumulated losses		(1,216,200)	(1,174,046)
Total Equity		<u>167,479</u>	<u>208,615</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2008

1. Basis of preparation and principal accounting policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard No. 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The accounting policies adopted are consistent with those of the Group’s consolidated financial statements for the year ended 31 March 2008.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2008.

In the current interim period, the Group has applied, for the first time, the following new interpretations (“new Interpretations”) issued by the HKICPA.

HK(IFRIC) – Int 12 Service Concession Arrangements

HK(IFRIC) – Int 14 HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new Interpretations had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

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 (the “Directors”) anticipate that the application of these new standards or interpretations will have no material impact on the results and financial position of the Group.

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKAS 1 (Revised)	Presentation of Financial Statements ²
HKAS 23 (Revised)	Borrowing Costs ²
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ²
HKAS 39 (Amendments)	Eligible Hedged Items ³
HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets ⁴
HKFRS 1 & HKAS 27 (Amendment)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ²
HKFRS 2 (Amendment)	Share-based Payment – Amendments Relating to Vesting Conditions and Cancellations ²
HKFRS 3 (Revised)	Business Combinations ³
HKFRS 8	Operating Segments ²
HK(IFRIC) – Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate ²
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation ⁵
HK(IFRIC) – Int 17	Distributions of Non-Cash Assets to Owners ³

- ¹ Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
- ² Effective for annual periods beginning on or after 1 January 2009
- ³ Effective for annual periods beginning on or after 1 July 2009
- ⁴ Effective for annual periods beginning on or after 1 July 2008
- ⁵ Effective for annual periods beginning on or after 1 October 2008

2. Segment information

Business segments

For management purpose, the Group is currently organised into three major operating divisions – property development and sales, trading of building materials and provision of renovation services, and securities trading and investment.

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

An analysis of the Group's unaudited turnover and segmental results by business segments is presented as follows:

	Turnover		Segment results	
	Six months ended		Six months ended	
	30 September		30 September	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Business segments				
Property development and sales	–	3	(2,807)	(344)
Trading of building materials and provision of renovation services	2,214	3,188	(718)	(372)
Securities trading and investment	115	96,081	(20,993)	11,554
	<u>2,329</u>	<u>99,272</u>	<u>(24,518)</u>	<u>10,838</u>
Other operating income			144	241
Unallocated corporate expenses			(15,994)	(16,207)
Loss from operations			<u>(40,368)</u>	<u>(5,128)</u>

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:

	Six months ended	
	30 September	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	2,329	99,269
The PRC	–	3
	<u>2,329</u>	<u>99,272</u>
	<u>2,329</u>	<u>99,272</u>

3. Loss from operations

Loss from operations has been arrived at after charging (crediting):

	Six months ended	
	30 September	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation of property, plant and equipment	349	272
Interest income	(41)	(241)
Loss on disposal of property, plant and equipment	154	–
	<u>154</u>	<u>–</u>
	<u>154</u>	<u>–</u>

4. Taxation

No provision for Hong Kong Profits Tax or PRC income tax has been made in the financial statements as either the Company and its subsidiaries have no assessable profits for the six month periods ended 30 September 2007 and 2008 respectively.

5. Loss per share

The calculation of the basic loss per share is based on the loss for the six months ended 30 September 2008 of HK\$42,154,000 (six months ended 30 September 2007: HK\$6,751,000) and on the weighted average number of 534,386,298 shares (30 September 2007: 513,686,298 shares) in issue during the period.

6. Trade and other receivables

	THE GROUP	
	30 September	31 March
	2008	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	4,337	4,537
Less: allowance for doubtful debts	2,940	2,940
	<hr/>	<hr/>
Trade receivables, net	1,397	1,597
Other receivables and prepayments	58,625	43,761
	<hr/>	<hr/>
	60,022	45,358
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All of the above trade and other receivables are expected to be recovered or recognised as expense within one year.

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:

	THE GROUP	
	30 September	31 March
	2008	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Up to 30 days	92	572
31 to 90 days	390	348
Over 90 days	915	677
	<hr/>	<hr/>
	1,397	1,597
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7. Trade and other payables

	THE GROUP	
	30 September 2008 HK\$'000	31 March 2008 HK\$'000
Trade payables	1,191	1,008
Other payables and accruals	22,793	24,042
	23,984	25,050

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 and other payables approximates to their fair values.

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

	THE GROUP	
	30 September 2008 HK\$'000	31 March 2008 HK\$'000
Up to 30 days	168	215
31 to 90 days	329	608
Over 90 days	694	185
	1,191	1,008

8. Share capital

	Number of shares	Amount HK\$'000
AUTHORISED		
Ordinary shares of HK\$0.01 each at 31 March 2008 and 30 September 2008	15,000,000,000	150,000
ISSUED AND FULLY PAID		
Ordinary shares of HK\$0.01 each at 31 March 2008 and 30 September 2008	534,386,298	5,344

9. Contingent liabilities

At 30 September 2008 and 31 March 2008, the Company had no material contingent liability.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the six months ended 30 September 2008 (the “Interim Period”), the Group recorded turnover of approximately HK\$2.3 million (as compared to turnover for the six months ended 30 September 2007: HK\$99.3 million). The decrease in turnover was mainly attributable to the reduction of securities trading activities as a result of the Group’s prudent risk management strategy against the weakening stock markets. During the Interim Period, losses attributable to shareholders amounted to HK\$42.2 million (as compared to losses for the six months ended 30 September 2007: HK\$6.8 million and for the financial year ended 31 March 2008: HK\$99.4 million), as a result of the unrealized losses on the fair value of equity investments held for trading under adverse stock market conditions and the general administration expenses. The Group has not been involved in the trading of any derivative financial instruments such as equity or currency accumulators.

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2008 (2007: Nil).

BUSINESS REVIEW AND PROSPECTS

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

During the Interim Period, the Group has experienced a difficult period amidst the widely reported adverse economy triggered by various events including but not limited to the Sichuan earthquake, the macro economic measures taken by the Chinese government in the first half of this year leading to depressed property and stock markets sentiment and the deteriorating sub prime mortgage problem in the United States which resulted in the global credit crisis and financial turmoil.

As a result of the downturn of the economy, there have been widespread volatility in both property and stock markets, and substantial decline in asset prices and equity values. Many other PRC property developers have encountered financial difficulties due to slowdown in properties sale and tightening of credit by financial institutions. Given the principal businesses being engaged by the Group, it was inevitable that the Group faced an adverse business environment during the Interim Period.

In view of the economic downturn, the Group has adopted a prudent risk management strategy. The Group’s losses during the Interim Period were not out of line with the position of its financial year ended 31 March 2008 (the “2008 Financial Year”). They had not materially deteriorated from the position of the 2008 Financial Year. In fact, the losses sustained by the Group during the Interim Period was less than half of the net loss for the 2008 Financial Year despite substantial worsening of global and China economy during the Interim Period.

Property development and sales

In light of unfavourable business environment, the Group has from time to time reviewed and adjusted the progress of its existing property investment and development projects in a prudent manner. At the meantime, the Group has taken a cautious approach in assessing the viability and value of potential property projects.

In April 2008, the Group announced the termination of acquisition of a Beijing villa project on the grounds, amongst other things, that there remained 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, amongst other things, a deposit from the corresponding vendor. In addition, the Group has decided not to exercise the call option which would entitle it to acquire a 6-storey shopping mall in Shanghai for a total consideration of RMB555 million after taking into account weak property market sentiment in Shanghai and uncertainties on the part of the relevant vendor to fulfill certain material conditions precedent under the call options, and accordingly such option expired in June 2008. However, the justifiable termination of these acquisitions has no adverse material impact on the Group.

Towards the end of the Interim Period, the Chinese real estate market saw stimulus measures introduced by various local governments and the credit relaxation by the Ministry of Finance, the PRC. However, it is widely anticipated there may be further announcement of supportive mortgage, tax as well as credit policies in support of the Chinese real estate market as part of the overall strategy taken by the PRC government to maintain the growth of the gross domestic product at a minimum of 8% in the coming years. Given the recent strong shifting of Chinese government policies to support the real estate and credit markets in China, it is widely anticipated that the PRC real estate market may recover, however that it could take a substantial period of time for relaxation of the austerity measures to take effect and have the eventual recovery of the Chinese real estate market. Meanwhile, the Group continues to adhere to maintaining sound risk management and at the same time to actively and prudently identify projects with high potential value.

Trading of building materials and provision of renovation services

The Group's trading of building materials and provision of renovation services business has also been inevitably affected by the slowdown of global economy during the Interim Period.

It is anticipated that this business segment may still have a tough time until recovery of the property construction market in Hong Kong and the PRC.

Securities trading and investment

Since the sub prime problem in the United States started to deteriorate, the Group has taken a prudent risk management strategy against the weakening stock market and substantially reduced its level of securities trading.

Various nations and regions have observed signs of economic slowdown or even recession, and global stock markets have experienced drastic downturn and upheavals, dragging the stock market sentiment to an extremely pessimistic level. It is anticipated that it may take time to restore the confidence in the stock markets to a healthy level, during which the Group will continue to maintain a prudent strategy in its securities trading and investment.

Prospects

The Group believes that the outlook for the economy of China and Hong Kong, as a main gateway to China for the west, is brighter than many parts of the world and in particular, the Chinese property sector, despite short-term fluctuations, should continue to grow in medium term. In the long run, the Chinese government's commitment to maintain a high single-digit GDP growth, a relatively healthy financial system, a stable political environment combined with the largest domestic consumption market in the world will continuously help restore the healthy growth of real estate and equity markets in Chinese as well as Hong Kong.

The Group continues to maintain a prudent risk management strategy and at the same time to actively identify projects with high potential value with a view to strengthening its business portfolios and positioning itself to better receive enormous growing opportunities in China in the coming future.

CAPITAL INVESTMENT AND COMMITMENTS

The Group did not incur or commit any material investment or capital expenditure during the period under review.

LIQUIDITY AND FINANCIAL RESOURCES

At 30 September 2008, the Group had cash and cash equivalents of HK\$36.4 million (31 March 2008: HK\$130.9 million) and bank borrowings of HK\$30.7 million (31 March 2008: HK\$37.2 million). The gearing ratio, being the ratio of total borrowings to shareholders' fund, as at 30 September 2008 was 18% (31 March 2008: 18%). The liquidity ratio of the Group, being the ratio of current assets over current liabilities, was 174% (31 March 2008: 290%).

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

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES

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 period under review.

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, re-amended on 10 October 2006 and re-re-amended on 25 July 2008 respectively.

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

- (b) 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 (“Winmax Asia”). Under the arrangement, Winmax Asia will in turn acquire the entire equity interest in Beijing Jianxing Real Estate Development Co. (“Jianxing”) along with Jianxing’s standalone villas development project in Beijing known as “新星花園” (the “Project”). The aggregate consideration payable for the acquisition was RMB433,000,000 which was to be settled in cash and two villas. In December 2007, RMB20,000,000 was paid under the Acquisition Agreement to Stronway Development by Silver Wind as deposit (the “Deposit”). Details of the acquisition are set out in the Company’s circular dated 14 December 2007.

In April 2008, on the grounds, amongst other things, that the subject matter under the Acquisition Agreement was frustrated, Silver Wind decided to terminate the Acquisition Agreement and, through its legal representative has served a notice of termination to Stronway Development. In order to protect the position of Silver Wind and to recover, amongst other things, the Deposit from Stronway Development legal proceedings were instigated against Stronway Development on this matter in the High Court of Hong Kong on 15 April 2008.

As at the date hereof, the legal proceedings against Stronway Development are still pending and there is no significant development.

EXCHANGE EXPOSURE

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.

EMPLOYEES

As at 30 September 2008, the total number of employees of the Group was 32 employees, inclusive of its operation in the PRC and Hong Kong. Remunerations were reviewed periodically in accordance with market situations and the performance of individual staff. Share options may be granted as recognition of their contribution and incentive to motivate them.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

CORPORATE GOVERNANCE

During the six months ended 30 September 2008, the Company was in compliance with the code provisions set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 to the Listing Rules, except for the following:

Code Provision A2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Company does not at present have a chairman nor a chief executive officer. Nevertheless, the main duties and responsibilities of a chairman and a chief executive officer are currently held by separate individuals with written guidelines for the division of responsibilities with a view to maintain an effective segregation of duties between the management of the Board and the day-to-day management of the Group's business and operations.

The Company will continue to review the effectiveness of the Group's corporate governance structure and consider the appointment of a chairman of the Board and a chief executive officer if candidates with suitable leadership, knowledge, skills and experience can be identified within or outside the Group.

Code Provision A4.1 stipulates that non-executive directors should be appointed for special terms, subject to re-election. Save for Mr. Wong Hoi Kuen, Edmund, none of the independent non-executive Directors of the Company is appointed for a specified term but their term of office are the period up to their retirement by rotation in accordance with the Company's bye-laws. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

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 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied the Mode Code throughout the six months ended 30 September 2008.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters in relation to the preparation of the unaudited condensed financial statements for the six months ended 30 September 2008.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The results announcement of the Group for the six months ended 30 September 2008 is published on the websites of the Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the Company (<http://finance.thestandard.com.hk/en/0164premiumland>) respectively. The 2008 interim report of the Company will be despatched to the shareholders and made available on the above websites on or before 31 December 2008.

By order of the Board
PREMIUM LAND LIMITED
Ho Chi Ho
Executive Director

Hong Kong, 23 December 2008

As at the date of this announcement, the Board comprises six Directors, of which an executive Director, namely Mr. Ho Chi Ho, two are non-executive Directors, namely Mr. Ma Kwok Hung, Warren and Mr. Chow Siu Ngor and three are independent non-executive Directors, namely Mr. Wong Hoi Kuen, Edmund, Mr. Chan Chi Yuen and Mr. Tsang Kwong Chiu, Kevin.