



**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**  
**30TH SEPTEMBER, 2007**

**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 30th September, 2007 together with the comparative figures for the corresponding period in 2006 as follows:

**CONDENSED CONSOLIDATED INCOME STATEMENT**

		<b>Six months ended</b>	
		<b>30th September,</b>	
		<b>2007</b>	2006
		<b>(unaudited)</b>	(unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover	2	<b>99,272</b>	118,265
Cost of sales		<b>(91,996)</b>	(136,838)
Gross gain (loss)		<b>7,276</b>	(18,573)
Other income		<b>241</b>	358
Administrative expenses		<b>(18,543)</b>	(8,803)
Net unrealised gain on other financial assets at fair value through profit or loss		<b>5,898</b>	3,963
Loss from operations	3	<b>(5,128)</b>	(23,055)
Gain on disposal of subsidiaries		–	18,039
Loss on deconsolidation of subsidiaries		–	(7,194)
Finance costs		<b>(1,623)</b>	(3,241)
Share of losses of associates		–	(8)
Loss for the period		<b>(6,751)</b>	(15,459)
Attributable to:			
Equity holders of the Company		<b>(6,751)</b>	(15,459)
Minority interests		–	–
		<b>(6,751)</b>	(15,459)
Loss per share			
Basic	5	<b>(1.31) cents</b>	(4.33) cents

\* For identification purposes only

## CONDENSED CONSOLIDATED BALANCE SHEET

		30th September, 2007 (unaudited) <i>HK\$'000</i>	31st March, 2007 (audited) <i>HK\$'000</i>
	<i>Notes</i>		
<b>Non-current Assets</b>			
Property, plant and equipment		2,153	1,751
Available-for-sale financial assets		13,435	12,852
		15,588	14,603
<b>Current Assets</b>			
Inventories		7,071	6,594
Trade and other receivables	6	132,054	128,632
Other financial assets at fair value through profit or loss		171,905	41,574
Bank balances and cash		34,258	177,312
		345,288	354,112
<b>Current Liabilities</b>			
Trade and other payables	7	19,403	20,886
Amount due to a minority shareholder of a subsidiary		9,791	5,233
Bank and other borrowings		37,906	43,815
		67,100	69,934
<b>Net Current Assets</b>		278,188	284,178
<b>Net Assets</b>		293,776	298,781
<b>Capital and Reserves</b>			
Share capital	8	5,137	5,137
Reserves		288,639	293,644
Equity attributable to equity holders of the Company		293,776	298,781
Minority interests		–	–
<b>Total Equity</b>		293,776	298,781

Notes:

## 1. Basis of preparation and principal accounting policies

The unaudited 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”), and under the historical cost convention except for investment properties and certain financial assets which are measured at fair values.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st March, 2007 except as described below.

These condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31st March, 2007.

In the current period, the Group has applied, for the first time, a number of Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as “new HKFRSs”) issued by the HKICPA that are effective for accounting periods beginning on or after 1st May, 2006.

	<b>Effective for accounting period beginning on or after</b>
HKAS 1 (Amendment) Capital Disclosures .....	1st January, 2007
HKFRS 7 Financial Instruments: Disclosures .....	1st January, 2007
HKFRS 8 Operating Segments .....	1st January, 2009
HK(IFRIC) – INT 8 Scope of HKFRS 2 .....	1st May, 2006
HK(IFRIC) – INT 9 Reassessment of Embedded Derivatives.....	1st June, 2006
HK(IFRIC) – INT 10 Interim Financial Reporting and Impairment .....	1st November, 2006
HK(IFRIC) – INT 11 HKFRS 2 – Group and Treasury Share Transactions .....	1st March, 2007
HK(IFRIC) – INT 12 Service Concession Arrangements .....	1st January, 2008

## 2. Segment information

The Group's operating business are structured and managed separately according to the nature of their operations and the products they provide. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other business segments. The following table presents revenue and results for the Group's primary segments.

	Turnover		Segment results	
	Six months ended		Six months ended	
	30th September,		30th September,	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Business segments</b>				
Securities trading and investment	96,081	115,106	11,554	(16,171)
Property development and sales	3	–	(344)	(433)
Trading of building materials and renovations services	3,188	3,143	(372)	(731)
Property rental	–	16	–	15
	<u>99,272</u>	<u>118,265</u>	<u>10,838</u>	<u>(17,320)</u>
Other operating income			241	358
Unallocated corporate expenses			(16,207)	(6,093)
Loss from operations			<u>(5,128)</u>	<u>(23,055)</u>

## 3. Loss from operations

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

	Six months ended	
	30th September,	
	2007	2006
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	272	322
Interest income	<u>(241)</u>	<u>(51)</u>

#### 4. Taxation

No provision for Hong Kong Profits Tax has been made in the financial statements as the companies comprising the Group incurred tax losses for the six month periods ended 30th September, 2006 and 2007 respectively.

Pursuant to relevant laws and regulations in the People's Republic of China, other than Hong Kong (the "PRC"), one of the Group's PRC subsidiaries is entitled to an exemption from PRC income tax for the two years starting from their first profit making year, followed by a 50% tax reduction for the next three years. No provision for PRC income tax has been made for the six months period ended 30th September, 2007 as the Group's PRC subsidiaries were still within the PRC income tax exemption period during the period or they have not had any assessable profits.

#### 5. Loss per share

The calculation of the basic loss per share is based on the loss for the six months ended 30th September, 2007 of HK\$6,751,000 (six months ended 30th September, 2006: HK\$15,459,000) and on the weighted average number of 513,686,298 shares (30th September, 2006: 357,306,517 shares) in issue during the period.

#### 6. Trade and other receivables

The Group allows a credit period normally ranging from 60 days to 90 days to its customers. The following is an aged analysis:

	<b>THE GROUP</b>	
	<b>30th September, 2007</b>	<b>31st March, 2007</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables		
0 to 30 days	365	610
31 to 90 days	757	679
More than 90 days	1,395	2,084
	<hr/>	<hr/>
	2,517	3,373
Retention receivable	65	–
Other receivables and prepayments	129,472	125,259
	<hr/>	<hr/>
	<b>132,054</b>	<b>128,632</b>
	<hr/> <hr/>	<hr/> <hr/>

## 7. Trade and other payables

An aged analysis of the trade payables as at the balance sheet date, based on invoice date, is as follows:

	<b>THE GROUP</b>	
	<b>30th September, 2007 HK\$'000</b>	<b>31st March, 2007 HK\$'000</b>
Trade payables		
0 to 30 days	<b>511</b>	213
31 to 90 days	<b>107</b>	582
More than 90 days	<b>90</b>	825
	<hr/>	<hr/>
	<b>708</b>	1,620
Retention payables	<b>28</b>	28
Other payables and accruals	<b>18,667</b>	19,238
	<hr/>	<hr/>
	<b>19,403</b>	20,886
	<hr/> <hr/>	<hr/> <hr/>

## 8. Share capital

	<b>Number of shares</b>	<b>Amounts HK\$'000</b>
AUTHORISED		
Ordinary shares of HK\$0.01 each at 31st March, 2007 and at 30th September, 2007	<b>15,000,000,000</b>	<b>150,000</b>
	<hr/> <hr/>	<hr/> <hr/>
ISSUED AND FULLY PAID		
Ordinary shares of HK\$0.01 each at 31st March, 2007 and at 30th September, 2007	<b>513,686,298</b>	<b>5,137</b>
	<hr/> <hr/>	<hr/> <hr/>

## 9. Contingent liabilities

At 30th September, 2007 and 31st March, 2007, the Company had no material contingent liability.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Results**

For the six months ended 30th September, 2007, the Group recorded turnover of approximately HK\$99.3 million (2006: HK\$118.3 million). The decrease was mainly due to reduction in securities trading and investment from HK\$115.1 million in last corresponding period to HK\$96.1 million for the period under review. The loss attributable to shareholders amounted to approximately HK\$6.8 million for the six months ended 30th September, 2007.

The Board does not recommend the payment of any interim dividend for the six months ended 30th September, 2007 (2006: Nil).

### **Business review and prospects**

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

In order to strengthen the structure of principal business, the Group has undergone a transitional period to establish a solid foundation for the Group's development and earnings in the future. The Group has been actively procuring a number of potential property development projects in the PRC during the period.

In October 2007, the Group announced its first property development project in Beijing. The Group has undertaken a village redevelopment project at Yang Jia Yuen Village, Huai Ro Town, Huai Ro District, Beijing, the PRC. The whole redevelopment project comprises two stages where the 1st level of property development involves demolition of shabby houses and installation of land infrastructures, and the 2nd level of property development (subject to acquisition of land use right) will involve development of the land into residential properties with the compatibility of commercial services with a total GFA of approximately 63,000 sqm. Huai Ro District is a famous tourists spot within a 40-minute travel distance to the downtown of Beijing. Construction will commence in 2008 and is expected to complete in 2009.

In November 2007, the Group announced its another but larger property development project in Beijing, the PRC, in relation to the acquisition of a Beijing villa project for a total consideration of RMB433 million. The site of the villa project has a total GFA of 38,373 sqm, and is situated at a prime location where villa residents can reach Beijing Capital Airport in less than 10 minutes and the central business district in about 20 minutes. The Group plans to engage a renowned international architect firm to proceed with the splendid design for the site with a view to attracting high net worth individuals to become owners of the luxury villas at a prime location. The Group expects that the project will bring in substantial income and the first batch of villas will be offered for sale in 2009.

Despite turbulence over global capital markets triggered by the sub-prime mortgage problem in the United States of America and the austerity measures being taken by the PRC government on stabilizing monetary supply and property market, the Group is confident in the continuing economic growth of the PRC in the future. Rosy but steady economy and Renminbi appreciation are favourable conditions for healthy growth in the real estate market in the PRC. Having laid a stepping stone in capital city Beijing, the Group will continue to explore property businesses in other fast growing first tier cities in the PRC, with a view to expanding its property development and investment portfolio.

In mid December 2007, the Group made its first step towards expanding its map to include one of the fast growing cities, Chongqing, the PRC by acquiring commercial shops and car park lots, as well as a land parcel for residential property development.

### **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 30th September, 2007, the Group had cash and bank balance of HK\$34.3 million (31st March, 2007: HK\$177.3 million) and borrowings of HK\$37.9 million (31st March, 2007: HK\$43.8 million). The gearing ratio, being the ratio of total borrowings to shareholders' fund, as at 30th September, 2007 was 13% (31st March, 2007: 15%). The liquidity ratio of the Group, represented by a ratio between current assets over current liabilities, was 515% (31st March, 2007: 506%).



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

### **Share capital**

There was no change in the share capital structure of the Company during the period under review.

### **Material acquisition and disposals of subsidiaries**

On 18th December, 2006, the Company and Esmian Group Limited (“Esmian”), a wholly owned subsidiary of the Company, entered into a conditional agreement (the “Share Purchase Agreement”) with Major Win Ltd (“Major Win”) and Mr. Hong Loi Fuk (“Mr. Hong”), pursuant to which the Group agreed to acquire from Major Win the entire issued share capital of Best Win Ltd (“Best Win”) and the shareholder’s loan (the “Loan”) which was to be due and owing by Best Win. The aggregate consideration for the acquisition was RMB555,000,000. Details of the transaction are set out in the Company’s announcement dated 21st December, 2006.

On 27th June, 2007, the parties entered into a termination deed to terminate the Share Purchase Agreement. On the same day, Esmian, Major Win and Mr. Hong entered into a deed of call option (the “Call Option Deed”), pursuant to which Esmian was granted an option at a consideration of HK\$1.00 to acquire the entire issued share capital in Best Win and the Loan at a consideration of RMB555,000,000. The option is exercisable by Esmian at its absolute discretion at any time within 1 year from the date of the Call Option Deed. Details of the transaction are set out in the Company’s announcement dated 28th June, 2007.

On 28th September, 2007, Sun Spread Group Limited, a wholly-owned subsidiary of the Company, entered into a conditional agreement with 聶鵬飛 (Nie Peng Fei) in connection with the acquisition of the entire registered capital of 北京德邦富策劃諮詢有限公司 (Beijing De Bang Fu Strategic Consultancy Company Limited). The total consideration for the acquisition was RMB2,000,000. Details of the transaction are set out in the Company’s announcement and circular dated 2nd October, 2007 and 23rd October, 2007 respectively.

Apart from the above, the Group had no material acquisition and disposal of subsidiaries during the period under review.

## **Post balance sheet events**

On 24th October, 2007, Silver Wind International Limited, a wholly-owned subsidiary of the Company, entered into a conditional agreement with Stronway Development Limited to acquire the entire interests in Winmax Asia Investment Limited at a total consideration of RMB433 million in cash and two consideration Villas. Winmax Asia Investment Limited is a company incorporated in Hong Kong and is engaged in property development in Beijing, the PRC. Details of the transaction are set out in the Company's announcement and circular dated 6th November, 2007 and 14th December, 2007 respectively.

On 14th December, 2007, Unique Gold Investments Limited, a wholly-owned subsidiary of the Company, entered into (i) a conditional agreement with Zhuang Xu (莊旭) and Tang Mao (唐茂) in relation to the acquisition of the entire interest in 重慶旭日房地產開發有限公司 (Chongqing Sunrise Property Development Company Limited) at a cash consideration of RMB45 million; and (ii) a conditional agreement with Zhang Xue Ping (張雪萍) and Zhang Xue Mei (張雪梅) in relation to the acquisition of the entire interest in 重慶鳳弘吉實業有限公司 (Chongqing Feng Hong Ji Enterprise Company Limited) at a cash consideration of RMB25 million. Both companies are engaged in property development in Chongqing, the PRC. Details of the transactions are set out in the Company's announcement dated 18th December, 2007.

## **Litigation**

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 29th April, 2005.

On 13th 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 1st February, 2006 and re-amended on 10th October, 2006.

As at 30th September, 2007, the legal action is still proceeding 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 30th September, 2007, the total number of employees of the Group was 29 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 30th September, 2007, the Company was in compliance with the code provisions set out in the Code on Corporate Governance Practices ("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 30th September, 2007.

## **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 30th September, 2007.

By the Order of the Board  
**Ma Kwok Hung, Warren**  
*Director*

Hong Kong, 19th December, 2007

*As at the date of this announcement, the executive directors of the Company are Mr. Ma Kwok Hung, Warren and Mr. Ho Chi Ho; the non-executive director of the Company is 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.*