

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Premium Land Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



**PREMIUM LAND LIMITED**  
**(上海策略置地有限公司)\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 164)**

**DISCLOSEABLE TRANSACTION**  
**DISPOSAL OF INTEREST IN A SUBSIDIARY**

---

20 October 2006

\* For identification only

---

## CONTENTS

---

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	3
<b>Appendix – General Information</b> .....	8

---

## DEFINITIONS

---

*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Assigned Monies”	an assignment of all indebtedness owing from time to time by Huey Tai to the Company
“Charged Securities”	2 shares of HK\$1.00 each in the capital of Huey Tai created by the Company, representing the entire issued share capital of Huey Tai
“Company”	Premium Land Limited, a company incorporated in Bermuda and the shares of which are listed on the Stock Exchange
“Deed of Settlement”	a deed of settlement dated 28 September 2006 entered into by the Company as borrower and Asean Resources Limited as lender
“Directors”	the directors of the Company
“Disposal”	the disposal of the Charged Securities and the transfer of the Assigned Monies from the Company to the Lender pursuant to the Deed of Settlement
“Drawdown Date”	the date when the Lender advanced to the Company a loan in the principal amount of HK\$105,000,000.00, being 6 November 2001
“HK\$”	Hong Kong dollars, being the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Huey Tai”	Huey Tai Holdings Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of the Company prior to completion of the Disposal
“Huey Tai Group”	Huey Tai and its subsidiaries and associated companies

---

## DEFINITIONS

---

“Independent Third Party”	person who, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is independent of the Company and its subsidiaries, their directors, chief executives and substantial shareholders or their respective associates as defined in the Listing Rules and who is not a connected person of the Company as defined in the Listing Rules
“Latest Practicable Date”	18 October 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Lender”	Asean Resources Limited, a company incorporated in Hong Kong
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a loan advanced by the Lender to the Company on the Drawdown Date in the principal amount of HK\$105,000,000.00, such principal amount of the loan or any sum or any part thereof as may be outstanding from time to time
“Loan Agreement”	a loan agreement dated 2 November 2001 entered into between the Company and the Lender, and as the same has been amended and supplemented by eight supplemental agreements dated 6 November 2002, 6 May 2003, 31 October 2003, 3 May 2004, 6 November 2004, 6 May 2005, 6 November 2005 and 6 May 2006 respectively
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share Mortgage”	a share mortgage dated 6 November 2002 entered into between the Company as chargor and the Lender as lender in relation to the creation of a mortgage over the entire issued share capital of Huey Tai
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	a further supplemental agreement dated 6 June 2006 entered into between the Company and the Lender in relation to the extension of the repayment date of the Loan to on or before 6 November 2006

---

## LETTER FROM THE BOARD

---



# PREMIUM LAND LIMITED

(上海策略置地有限公司)\*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 164)**

*Executive Directors:*

Dong Bo, Frederic

Ma Kwok Hung, Warren

Gao Feng

*Independent non-executive Directors:*

Wong Hoi Kuen, Edmund

Pang Haiou

Zuo Guang

Chan Chi Yuen

Chow Siu Ngor

*Registered office:*

Clarendon House

Church Street

Hamilton HM11

Bermuda

*Head office and Principal place of  
business in Hong Kong:*

Unit 2203, 22/F

Sino Plaza

255-257 Gloucester Road

Causeway Bay

Hong Kong

20 October 2006

*To the Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION DISPOSAL OF INTEREST IN A SUBSIDIARY**

#### **INTRODUCTION**

Reference is made to the announcement issued by the Company dated 28 September 2006 in relation to the Disposal.

\* *For identification only*

---

## LETTER FROM THE BOARD

---

It was announced that on 28 September 2006, the Company and the Lender entered into the Deed of Settlement pursuant to which, *inter alia*, the Company and the Lender agreed that the Company shall be entitled to repay the Loan together with all interest accrued thereon and all other moneys owing by the Company under the Loan Agreement by transferring its legal and beneficial ownership in the Charged Securities and the Assigned Monies to the Lender and further information relating to which is set out below.

The Disposal constitutes a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules. The purpose of this circular is to provide shareholders of the Company with information in compliance with the Listing Rules in relation to the Disposal.

### **Loan Agreement and the Supplemental Agreement**

Pursuant to the Loan Agreement, the Lender advanced to the Company the Loan on the Drawdown Date. Subject to the Lender's right to demand repayment of the Loan at any time, under the terms of the Loan Agreement, the Company was required to repay the Loan, the accrued interest and all other moneys payable by the Company under the Loan Agreement in full within twelve (12) months after the Drawdown Date.

By the Supplemental Agreement, the Company and the Lender have agreed, *inter alia*, to extend the repayment date of the Loan to on or before 6 November 2006.

In connection with the Loan Agreement, the Company has entered into the Share Mortgage in favour of the Lender as a continuing security for the due and punctual payment of the Loan. Pursuant to the Share Mortgage, a mortgage over the Charged Securities of Huey Tai and the Assigned Monies was created.

### **THE LOAN**

As at the date of the Deed of Settlement, the outstanding principal amount of the Loan and the interest accrued thereon were HK\$23,643,150.64 and HK\$4,910,326.12 respectively. On 28 September 2006, the Company and the Lender entered into the Deed of Settlement to effect their agreed arrangements with respect to the Loan and the discharge of the Company's liabilities and obligations under the Loan Agreement, the Supplemental Agreement and the Share Mortgage.

---

## LETTER FROM THE BOARD

---

### THE DEED OF SETTLEMENT

#### Date

28 September 2006

#### Parties

1. The Company as borrower; and
2. Asean Resources Limited as lender

The Directors confirm that to the best of their knowledge, information and belief, having made all reasonable enquiries, each of the Lender and its ultimate beneficial owner is an Independent Third Party.

#### The disposal of the Charged Securities and the Assigned Monies

Pursuant to the Deed of Settlement, the Company and the Lender have agreed that, notwithstanding any contrary provisions contained in the Loan Agreement or any other document, the Company has transferred to the Lender its legal and beneficial ownership in the Charged Securities and assign to the Lender absolutely all the Company's right, title, interest and benefit in and to the Assigned Monies.

The aggregate amount of the Assigned Monies is HK\$826,194,515.94, representing the amount due from Huey Tai in the books of the Company. A provision for impairment loss of approximately HK\$820,000,000 was provided over the previous years in the Company's accounts for doubtful recoverability of the amount due.

#### Consideration

The consideration for the disposal of the Charged Securities and the transfer of the Assigned Monies by the Company to the Lender was HK\$28,553,476.76.

The consideration has been agreed by the parties after arm's length negotiation with reference to the amount that was required to fully settle and discharge the outstanding principal amount of the Loan as at the date of the Deed of Settlement together with all interest accrued thereon as well as all other sums and liabilities owing or incurred by the Company under the Loan Agreement, the Supplemental Agreement and the Share Mortgage.

---

## LETTER FROM THE BOARD

---

### **Completion**

Completion of the disposal of the Charged Securities and the transfer of the Assigned Monies by the Company to the Lender took place immediately after the signing of the Deed of Settlement on 28 September 2006.

### **INFORMATION OF HUEY TAI**

Huey Tai is a limited company incorporated in Hong Kong and is an investment holding company. Its subsidiaries and associated companies are principally engaged in property investment and property holding.

The unaudited consolidated net loss (before and after taxation and extraordinary items) attributable to the Huey Tai Group for the five months ended 31 August 2006 was HK\$88,961.31 and the audited consolidated net loss (before and after taxation and extraordinary items) of the Huey Tai Group for the financial year ended 31 March 2006 was HK\$871,331.85. The consolidated net loss (before taxation and extraordinary items) of the Huey Tai Group for the financial year ended 31 March 2005 was HK\$5,713,643.21.

Based on the latest unaudited consolidated accounts of the Huey Tai Group, the net asset value of the Huey Tai Group as at 31 August 2006 was HK\$10,296,989.98. The audited consolidated net asset value of the Huey Tai Group as at 31 March 2006 was HK\$9,002,114.34 and the consolidated net asset value of the Huey Tai Group as at 31 March 2005 was HK\$9,465,592.37.

### **INFORMATION OF THE COMPANY AND THE LENDER**

The Company is an investment holding company. Its subsidiaries and associated companies are principally engaged in the business of securities trading and investment, trading of building materials and renovation services, property development and sales, operations of toll highway and property rental.

The Lender is principally engaged in investment holding. The subsidiaries and associated companies of the Lender are principally engaged in investment holding, property investment and property development. The Directors confirm that to the best of their knowledge, information and belief, having made all reasonable enquiries, each of the Lender and its ultimate beneficial owner is an Independent Third Party.

### **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Directors consider that the Disposal will enable the Company to realise its assets and to further reduce its liability. The Directors are of the view that the Deed of Settlement have been agreed on normal commercial terms and are fair and reasonable and in the best interests of the Company and its shareholders as a whole.



---

## LETTER FROM THE BOARD

---

### POSSIBLE FINANCIAL IMPACT AND USE OF PROCEEDS

As at 31 August 2006, the unaudited net asset value of the Huey Tai Group was approximately HK\$10,300,000. Based on the unaudited consolidated accounts of the Huey Tai Group as at 31 August 2006, the Company estimates that the expected gain from the Disposal will be approximately HK\$18,000,000.00.

The Disposal was an arrangement for the Company to fully settle and discharge the outstanding principal amount of the Loan as at the date of the Deed of Settlement together with all interest accrued thereon as well as all other sums and liabilities owing or incurred by the Company under the Loan Agreement, the Supplemental Agreement and the Share Mortgage. As the Disposal was carried out by way of the setting off of the Loan, it did not generate any cash proceed.

### GENERAL

As a result of the transfer of the Charged Securities from the Company to the Lender, Huey Tai is no longer a subsidiary of the Company.

The transfer of the Charged Securities constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules.

Your attention is drawn to the general information regarding the company which is required to be included in this circular under the Listing Rules as set out in the appendix of this circular.

By order of the board of directors

**Premium Land Limited**

**Dong Bo, Frederic**

*Chairman*

**RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purposes of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts, the omission of which would make any statement herein misleading.

**DIRECTORS' DISCLOSURE OF INTERESTS**

As at the Latest Practicable Date, the interest and short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO); or are required pursuant to section 352 of the SFO to be entered in the register referred to therein; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code of Securities Transaction by Directors of Listed Companies:

**Long position in the Shares**

<b>Name of Director</b>	<b>Number of Shares held</b>	<b>Nature of interests</b>	<b>Approximate percentage of issued share capital</b>
Dong Bo, Frederic	51,523,417 ( <i>note</i> )	held by controlled corporation	12.23%

*Note:* United Jumbo Limited, which directly owns 51,523,417 shares in the Company, is beneficially wholly-owned by Mr. Dong Bo, Frederic.

Save as disclosed above, as at the Latest Practicable Date, none of the directors and the chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest and short position which he/she was taken or deemed to have under such provisions of the SFO); or are required pursuant to section 352 of the SFO to be entered in the register referred to therein; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

**DIRECTORS' INTEREST IN COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors or any of his/her associates (as such term is defined in the Listing Rules) had an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Company required to be disclosed pursuant to Rule 8.10 of the Listing Rules other than those businesses to which the Directors were appointed to represent the interests of the Company.

**INTERESTS OF SHAREHOLDERS****Substantial shareholders***Interests in the Company*

So far as is known to the Directors, as at the Latest Practicable Date, each of the following persons, other than a director or chief executive of the Company, had an interest and/or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

<b>Name of Shareholder</b>	<b>Nature of interests</b>	<b>Number of Shares held</b>	<b>Approximate percentage of issued share capital</b>
United Jumbo Limited	Beneficial owner	51,523,417	12.23%
Dong Bo, Frederic	Held by controlled corporation	51,523,417	12.23%
Ma Siu Fong	Held by controlled corporation	50,684,517 <i>(Note 1)</i>	12.03%
Chu Yuet Wah	Held by controlled corporation	50,684,517 <i>(Note 1)</i>	12.03%
Kingston Finance Limited	Beneficial owner	50,684,517 <i>(Note 1)</i>	12.03%
Mega Market Assets Limited	Beneficial owner	31,030,000 <i>(Note 2)</i>	7.37%
Chan How Chung, Victor	Held by controlled corporation	31,030,000 <i>(Note 2)</i>	7.37%
Hu Die Fei	Beneficial owner	22,276,500	5.29%

*Notes:*

1. Kingston Finance Limited (“Kingston”), which directly owns 50,684,517 shares in the Company, is beneficially owned as to 51% and 49% by Ms. Chu Yuet Wah and Ms. Ma Siu Fong respectively. Accordingly, Ms. Chu Yuet Wah and Ms. Ma Siu Fong are deemed to be interested in the shares held by Kingston.
2. Mega Market Assets Limited, which directly owns 31,030,000 shares in the Company, is beneficially wholly owned by Mr. Chan How Chung, Victor and, accordingly, Mr. Chan How Chung, Victor is deemed to be interested in 31,030,000 shares in the Company.

*Interests in the subsidiaries*

Name of subsidiaries	Name of shareholder	Approximate percentage of issued share capital
Gold United International Industries Limited ( <i>Note 1</i> )	Li Jinfang	29%
Gold United International Industries Limited ( <i>Note 1</i> )	Mei Bingfang	20%
杭州恆運交通開發有限公司 ( <i>Note 2</i> )	浙江省富陽富春灣公路開發有限公司	20%
Prosper City International Limited ( <i>Note 3</i> )	Lee Yuen Kee	49%

*Notes:*

1. Gold United International Industries Limited is indirectly owned as to 51% by the Company.
2. 杭州恆運交通開發有限公司 is directly owned as to 80% by Gold United International Industries Limited.
3. Prosper City International Limited is indirectly owned as to 51% by the Company.

Save as disclosed above and so far as is known to the Directors, as at the Latest Practicable Date, no other person has an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Company.

**DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company (excluding contracts expiring or terminable by the employer within a year without payment of any compensation (other than statutory compensation)).

**LITIGATION**

On 4 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 ("May Annual Return") contained information, including members and directors of Gold United, which are incorrect and significantly different from the original annual return which was presented by the Company 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 individuals, who 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 investment holding company, which has 80% direct interest in 杭州恆運交通開發有限公司, which is engaged in the operation of a highway in China.

In February 2006, the Writ of Summons was amended and was served on three of the Defendants in Hong Kong during the period from May 2006 to June 2006. Since the original Writ of Summons had been expired on 12 July 2006, an application was made to the court on 7 July 2006 for a renewal of a period for 12 months. The application is being processed by the court.

As at the Latest Practicable Date, the legal action is still in process and no significant development has been made.

Save as disclosed above, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or claim of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

**GENERAL**

- (i) The English language text of this document shall prevail over the Chinese language text.
- (ii) The Secretary of the Company is Lo Kwok Hung, John. Mr. Lo is a member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.
- (iii) The qualified accountant of the Company appointed pursuant to Rule 3.24 of the Listing Rules is Cheung Yu Shum, Jenkin. Mr. Cheung is a member of the American Institute of Certified Public Accountants.
- (iv) The Company's branch share registrars and transfer office in Hong Kong is Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.