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PREMIUM LAND LIMITED

上海策略置地有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 164)

VERY SUBSTANTIAL ACQUISITION AND RESUMPTION OF TRADING

VERY SUBSTANTIAL ACQUISITION

The Board announces that on 18 December 2006, the Company and the Purchaser, a wholly owned subsidiary of the Company, entered into the Agreement to acquire from the Vendor the Sale Share and the assignment of the Loan for a total consideration of RMB555,000,000.

The consideration shall be satisfied by the Purchaser paying in cash an amount of RMB454,346,000 and the Company issuing and allotting to the Vendor (or its nominee) 100,000,000 new Shares at a price of HK\$1.00 per Consideration Share (equivalent to RMB100,654,000).

GENERAL

The Acquisition constitutes a very substantial acquisition on the part of the Company under Chapter 14 of the Listing Rules which requires the approval by its shareholders at a special general meeting under Rule 14.49 of the Listing Rules. The special general meeting will be convened and held for the shareholders to consider and, if thought fit, to approve the Agreement and the transactions contemplated thereunder.

A circular containing, amongst other things, further details of the Acquisition, other disclosures in connection with the Acquisition required pursuant to the Listing Rules and the notice of the special general meeting will be despatched to the shareholders as soon as practicable in accordance with the Listing Rules.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 18 December 2006 at the request of the Company pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 22 December 2006.

INTRODUCTION

On 18 December 2006, the Company and the Purchaser, a wholly owned subsidiary of the Company, entered into the Agreement. Details of the Agreement are set out below:

THE AGREEMENT

Date: 18 December 2006

Parties: (i) the Purchaser, a wholly owned subsidiary of the Company; (ii) the Vendor; (iii) the Warrantor, who warrants in favour of the Purchaser the due and punctual performance of the Vendor under the Agreement; and (iv) the Company

To the best knowledge, information and belief of the Directors after having made all reasonable inquiries, (i) the Vendor, its ultimate beneficial owner and their associates (including the Warrantor) do not have any interests in the shares of the Company, are independent third parties and not a connected person of the Company within the meaning of the Listing Rules; and (ii) the Vendor is not acting or presumed to be acting in concert with any shareholders of the Company.

Assets to be acquired:

Pursuant to the Agreement, the Vendor has agreed to sell the Sale Share and assign the Loan to the Purchaser.

Consideration:

The total consideration for the sale of the Sale Share and the assignment of the Loan by the Vendor shall be settled by the Purchaser in the following manner:

- (i) RMB454,346,000 shall be paid in cash; and
- (ii) the Company shall issue and allot to the Vendor (or its nominee) 100,000,000 new Shares at a price of HK\$1.00 per Consideration Share (equivalent to RMB100,654,000).

The consideration was determined after an arm's length negotiation between the Purchaser, the Company and the Vendor and with reference to similar size, character and location of the Properties and the comparable market price of the properties of similar nature in the vicinity area.

The price of HK\$1.00 per Consideration Share represents (a) a premium of approximately 13.64% over the closing price of the Shares on the last full trading day immediately before the suspension of trading in the Shares pending the release of this announcement, i.e. 15 December 2006 (the "Last Trading Day"); (b) a premium of approximately 15.21% over the average closing price for the last 5 consecutive trading days up to and including the Last Trading Day; and (c) a premium of approximately 16.14% over the average closing price for the last 10 consecutive trading days up to and including the Last Trading Day. The Purchaser intends to finance the consideration with internal financial resources and/or borrowings from financial institutions and/or financing by way of new equity. Further information regarding such financing arrangements will be disclosed in the circular. The Directors (including the independent non-executive Directors) consider the payment terms of the consideration under the Agreement to be fair and reasonable.

* For identification purpose only

Conditions Precedent:

Completion of the Agreement is conditional upon:

- (i) the warranties given by the Vendor and the Warrantor under the Agreement remaining true and accurate and not misleading in all respects;
- (ii) the Purchaser being satisfied with the results of the due diligence conducted on the financial, legal, contractual, taxation, trading positions, assets, and properties of each member of the Best Win Group;
- (iii) the due establishment and registration of the WFOE to the satisfaction of the Purchaser;
- (iv) the Purchaser having received the capital verification report of the WFOE issued by a PRC registered accountant;
- (v) the WFOE having obtained the Real Estate Title Certificate ("房地產權證") of the Properties;
- (vi) the Purchaser having received a PRC legal opinion (in the form approved by the Purchaser) in relation to (i) the due establishment and legal existence of the WFOE; (ii) the WFOE having duly obtained the legal and beneficial ownership of the Properties;
- (vii) the Vendor having complied fully with the pre-completion obligations of maintaining the business and operations of each member of the Best Win Group until Completion, and otherwise having performed all of the covenants and agreements required to be performed by it under the Agreement on or prior to the Completion;
- (viii) all necessary consents and approvals required to be obtained on the part of the Vendor and the Purchaser in respect of the Agreement and the transactions contemplated thereunder having been obtained;
- (ix) no litigation threat of or restriction on the transactions contemplated by the Agreement;
- (x) no material adverse effect on the financial position and operating performance of the Best Win Group as a whole on or prior to Completion;
- (xi) the passing of an ordinary resolution by the shareholders of the Company at a special general meeting to approve the Agreement and the transactions contemplated therein including but not limited to the acquisition of the Sale Share and the assignment of the Loan and the allotment of the Consideration Shares, if required;
- (xii) the Listing Committee of the Stock Exchange granting listing of, and permission to deal, in the Consideration Shares;
- (xiii) if so required, the Bermuda Monetary Authority approving the issue of the Consideration Shares; and
- (xiv) the receipt by the Purchaser of a valuation report issued by an independent professional consultant on the Properties and the Assessed Value shall not be less than the Consideration.

The Purchaser may waive any of the conditions set out in paragraphs (i) to (xiv) above (or any part thereof). The Purchaser shall not be entitled to exercise such right of waiver in respect of paragraphs (iii), (viii), (xi), (xii) and (xiii) above if as a result of such waiver the Purchaser would be in breach of the Listing Rules, the laws, rules or regulations of any relevant governmental, statutory or regulatory authority or agency, or any other person or body, in Hong Kong, PRC or Bermuda.

If any of the conditions above is not fulfilled or waived prior to 31 March 2007 (or such later date as the Purchaser may determine and notify the Vendor in writing), the Purchaser shall not be bound to proceed with the purchase of the Sale Share and the Loan.

WFOE will have a registered capital of RMB236,500,000 and a total investment amount of RMB473,000,000 upon its establishment. Its registered capital will be contributed by the Vendor.

As at the date of this announcement, there is no litigation threat of or restriction on the transactions contemplated by the Agreement referred to in paragraph (ix) above which is known to the Company.

Application will be made to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

Completion:

Completion shall take place on the Completion Date.

The Purchaser will pay the cash of RMB454,346,000 and the Company will allot and issue the Consideration Shares to the Vendor (or its nominee) upon Completion.

Undertaking from the Vendor:

The Vendor undertakes to the Company and the Purchaser that during the period commencing from the Completion Date and ending on the date which is six months after the Completion Date, it shall not, and shall procure that the relevant registered holder(s) shall not without the prior written consent of Company and the Purchaser (a) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of the Consideration Shares or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Consideration Shares, whether any of the foregoing transactions is to be settled by delivery of the Consideration Shares or such other securities, in cash or otherwise.

INFORMATION ON BEST WIN AND THE PROPERTIES

Best Win is incorporated in the British Virgin Islands on 11 August 2006 with limited liability and is wholly owned by the Vendor. Best Win owns the entire share interest in Union Access which will in turn own the entire share interest in WFOE. Both Best Win and Union Access are investment holding entities. At the date of this announcement, as the WFOE has not yet been established, the net asset value of Best Win is nominal and it has not generated any profit. WFOE will upon its establishment be committed to real estate business, and will be the legal and beneficial owner of the Properties at Completion.

The Properties comprise a six-storey shopping mall at the prime business zone of Huangpu District in Shanghai. The Properties are of commercial use and comprise retail shops. The Directors understand from the Vendor that currently the Properties are approximately 80% tenanted. Apart from the consideration of RMB555,000,000 as acquisition cost, the Company does not expect any significant capital commitment necessary for the Properties. The Properties are currently owned by an independent third party who is not a connected person of the Company. Based on the information provided by the Vendor, the Vendor and the current owner of the Properties or their respective nominee have entered into written agreement for the sale and purchase of the Properties.

INFORMATION ON THE VENDOR

The Vendor is an investment holding company incorporated in the British Virgin Islands with limited liability. Its ultimate beneficial owner is the Warrantor who is independent and not a connected person of the Company. The Warrantor has over 20 years of experience in the property investment and development business in the PRC.

INFORMATION ON THE COMPANY

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

REASONS FOR THE ACQUISITION

Through the Acquisition, the Company will acquire the entire issued share capital of Best Win, which controls the WFOE, the owner of the Properties. The Company intends to hold the Properties as a long term investment. The Acquisition will enable the Company to strengthen and broaden the development of its real estate business in Shanghai. The Directors believe that the Company will be able to increase its market share in the real estate industry by way of the Acquisition. Upon Completion, the Properties will contribute stable and recurring income for the Company. The Directors consider that the terms of the Agreement have been negotiated on an arm length basis, and are fair, reasonable and in the best interests of the Company and its shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE

	As at the date of this announcement		Upon the issue and allotment of the Consideration Shares	
	No. of Shares	%	No. of Shares	%
Mega Market Assets Limited (Note)	81,714,517	19.29	81,714,517	15.60
The Vendor (or its nominee)	–	–	100,000,000	19.10
Public	341,971,781	80.71	341,971,781	65.30
Total	423,686,298	100.00	523,686,298	100.00

Note:

Mega Market Assets Limited is wholly owned by Mr. Chan How Chung, Victor.

The Vendor has no right to appoint any director to the Company on or after Completion pursuant to the Agreement.

SPECIAL GENERAL MEETING

The Acquisition will constitute a very substantial acquisition for the Company under the Listing Rules and requires the approval of the shareholders in a special general meeting under Rule 14.49 of the Listing Rules. The special general meeting will be convened and held for the shareholders to consider and, if though fit, approve the Agreement and transactions contemplated thereunder.

A circular containing, amongst other things, further details of the Acquisition and other disclosures in connection with the Acquisition required pursuant to the Listing Rules in respect of the very substantial acquisition, and together with a notice of the special general meeting for the purpose of approving the Agreement and the transactions contemplated thereunder will be despatched to the shareholders as soon as practicable in accordance with the Listing Rules, i.e. within 21 days after publication of this announcement.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on Monday, 18 December 2006 at the request of the Company pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 22 December 2006.

DEFINITIONS

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

“Acquisition”	the acquisition by the Purchaser of 100% equity interest in Best Win and the Loan pursuant to the Agreement;
“Agreement”	the Agreement between the Vendor, the Purchaser, the Company and the Warrantor dated 18 December 2006 in relation to the Acquisition;
“Assessed Value”	the fair value of the Properties as at the date of the Agreement stated in the report to be issued by an independent professional consultant to be appointed by the Purchaser;
“Best Win”	Best Win Properties Ltd, a company incorporated in the British Virgin Islands;
“Best Win Group”	the group of companies comprising Best Win, Union Access and WFOE ;
“Board”	the board of directors of the Company for the time being;
“Business Day”	a day (other than a Saturday or Sunday) on which banks are open for business in Hong Kong;
“Company”	Premium Land Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange;
“Completion”	completion of the sale and purchase of the Sale Share and the assignment of the Loan pursuant to the Agreement;
“Completion Date”	the fifth Business Day immediately following the day on which all condition precedents are satisfied or waived (or such later date as the Parties may agree in writing);
“Consideration”	the total consideration for the sale of the Sale Share and the assignment of the Loan;
“Consideration Shares”	the issuance and allotment of 100,000,000 new Shares at the issue price of HK\$1.00 per Share for the partial settlement of the Consideration;
“Directors”	the directors of the Company;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Loan”	the aggregate amount of shareholder’s loan which is to be due and owing by Best Win to the Vendor as at Completion which loan is interest free and repayable on demand and shall not be less than RMB236,500,000;
“Parties”	the named parties to this Agreement and their respective successors and assigns;
“Properties”	the properties situated at Levels 1 to 6 Jiacheng Commercial Building, No. 99 Huaihai Dong Road, Huangpu District, Shanghai, the PRC, which shall be owned by the WFOE at Completion;
“PRC”	the People’s Republic of China;
“Purchaser”	Esmian Group Limited, a company incorporated in the British Virgin Islands which is a wholly owned subsidiary of the Company;
“Sale Share”	the 1 share of HK\$1.00 in the share capital of Best Win representing 100% of the entire issued share capital of Best Win;
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Union Access”	Union Access Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of Best Win;
“Vendor”	Major Win Ltd, a company incorporated in the British Virgin Islands;
“Warrantor”	Mr. Hong Loi Fuk, the ultimate beneficial owner of the Vendor, is an independent third party and not a connected person of the Company within the meaning of the Listing Rules;
“WFOE”	上海眾川房產經營有限公司, a wholly foreign owned enterprise to be established in the PRC in which Union Access will be beneficially interested in its entire registered capital;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“RMB”	Renminbi; and
“%”	per cent.

By order of the Board of Directors of
Premium Land Limited
Ma Kwok Hung, Warren
Director

Hong Kong, 21 December 2006

As at the date of this announcement, the members of the Board of Directors comprise Mr. Ma Kwok Hung, Warren, and Mr. Gao Feng (Executive Directors); Mr. Wong Hoi Kuen, Edmund, Mr. Pang Haiou, Mr. Zuo Guang, Mr. Chan Chi Yuen and Mr. Chow Siu Ngor (Independent Non-executive Directors).