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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)

DISCLOSEABLE TRANSACTION PROPOSED ACQUISITION OF EQUITY INTEREST IN A PRC COMPANY AND RESUMPTION OF TRADING

The Board is pleased to announce that on 11 September 2009, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement in relation to the proposed acquisition of 80% shareholding interests in the Target Company. The Target Company is principally engaged in the cold pasteurization of food and sterilization of medical products utilizing advanced gamma ray technologies in Shandong Province, the PRC.

Upon completion of the Proposed Acquisition, the Purchaser will own 80% equity interest in the Target Company.

The Proposed Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 11 September 2009 pending the issue of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 14 September 2009.

The Board is pleased to announce that on 11 September 2009, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement in relation to its proposed acquisition of 80% shareholding interests in the Target Company at a total consideration of RMB44,000,000. The Target Company is principally engaged in the cold pasteurization of food and sterilization of medical products utilizing advanced gamma ray technologies in Shandong Province, the PRC.

Following completion of the Proposed Acquisition, the Purchaser will own 80% equity interest in the Target Company and accordingly, the Target Company will become a non-wholly owned subsidiary of the Company.

THE ACQUISITION AGREEMENT DATED 11 SEPTEMBER 2009

The Parties

- (a) the Purchaser; and
- (b) the Vendor.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor, an Independent Third Party, is the sole owner and the general manager of the Target Company.

Consideration and Payment Terms

Pursuant to the Acquisition Agreement, the Purchaser has agreed to acquire from the Vendor 60.714% equity interest in the Target Company at a consideration in Hong Kong dollars equivalent to RMB17,000,000 (the “**Equity Transfer Consideration**”) and to increase its equity interest in the Target Company by subscribing for such registered capital increase (being RMB1,928,600 resulting from an increase in the registered capital of the Target Company from RMB2,000,000 to RMB3,928,000) by payment in cash to the Target Company of an amount in Hong Kong dollars equivalent to RMB27,000,000 (the “**Capital Increase Consideration**”). Upon Closing, the Purchaser will own 80% equity interest in the Target Company and the Vendor will continue to hold 20% equity interest.

The consideration in respect of the Proposed Acquisition will be payable by the Purchaser in the following manner:-

- (i) Within 10 business days after the approval by the relevant PRC foreign investment approval authorities and the coming into effect of the Acquisition Agreement, the Shareholders’ Agreement and the Articles of Association as well as the issuance of the approval documents and the certificate of approval for the foreign investment enterprise to the Target Company and prior to the issuance of the new business licence to the Target Company by the relevant PRC authority, the Purchaser will pay to the Target Company an amount in Hong Kong dollars equivalent to RMB5,400,000, representing 20% of the Capital Increase Consideration.

- (ii) Within 15 business days following the Closing Date, the Purchaser will pay:
 - (a) to the Vendor, an amount in Hong Kong dollars equivalent to RMB17,000,000, being the entire Equity Transfer Consideration; and
 - (b) to the Target Company, an amount in Hong Kong dollars equivalent to RMB21,600,000, representing the balance 80% of the Capital Increase Consideration.

The total consideration for the Proposed Acquisition (comprising the Equity Transfer Consideration and the Capital Increase Consideration) of RMB44,000,000 was determined after arm's length negotiations between the Parties having taken into account, amongst other things, the Target Company's readily available licence from the Ministry of Environmental Protection, the PRC for utilizing advanced gamma ray technologies, and the business prospects of the Target Company in Shandong Province which is the largest food production and export hub in China. The consideration will be funded by internal resources of the Group.

Conditions and Closing

Closing is subject to the satisfaction or waiver by the Purchaser of the following conditions:-

- (1) the Vendor and the Purchaser have entered into the relevant legal documents pursuant to the provisions under the Acquisition Agreement;
- (2) the approval of the Acquisition Agreement, the Articles of Association and/or other relevant legal documents as required by the competent approval authorities have been obtained, including without limitation to the approval of the Acquisition Agreement and the Articles of Association by the Ministry of Commerce of the PRC or its authorized local authorities and the issuance of the approval documents and the certificate of approval for the foreign investment enterprise to the Target Company;
- (3) there exists no limitation, prohibition, ban, rendering as void imposed by any governmental authorities or otherwise to prevent (or seek to prevent) the act or procedure of the Proposed Acquisition;
- (4) the Target Company has passed the resolutions of its shareholder and/or its board of directors, agreeing to the Proposed Acquisition under the Acquisition Agreement and approving the Articles of Association;
- (5) the Purchaser has obtained the approval of its board of directors and has satisfied the conditions necessary for the completion of the Proposed Acquisition under the Acquisition Agreement pursuant to its articles of association and the laws and regulations of the jurisdiction of its incorporation;

- (6) the companies registration authority has issued the new business licence to the Target Company;
- (7) the candidates nominated by the Purchaser for the appointment of directors of the Target Company pursuant to the relevant provisions under the Articles of Association have been duly appointed by the Target Company as directors, and the candidates nominated by the Purchaser for the appointment of the senior management of the Target Company pursuant to the relevant provisions under the Articles of Association have been duly appointed by the Target Company;
- (8) prior to and up till the Closing Date, every statement, warranty and undertaking made by each Party under the Acquisition Agreement remains true and correct in all material aspects to the effect as if such statement, warranty and undertaking are made on and up till the Closing Date;
- (9) the Purchaser has completed the due diligence investigation on financial and legal aspects of the Target Company and is satisfied with the result thereof; and
- (10) each party shall fulfill and comply with all its respective obligations as required under the Acquisition Agreement in all material aspects prior to and up till the Closing Date.

The Closing Date shall be the date when all the above conditions required for the Closing have been satisfied or waived in whole or in part by the Purchaser by consent in writing and Closing under the Acquisition Agreement shall be deemed to be completed on the Closing Date, upon which the Purchaser and the Vendor shall legally and beneficially hold 80% and 20% respectively of the equity interest in the Target Company, and the Target Company shall have been converted into a sino-foreign enterprise pursuant to the PRC law.

It is expected that Closing will take place on or before 31 December 2009. If Closing does not take place by 31 December 2009 (or such other dates as may be agreed between the Parties) and no agreement of extension of time is reached by the Parties, the Acquisition Agreement shall become lapsed. Any proceeds already paid to the Vendor and/or the Target Company by the Purchaser in respect of the Proposed Acquisition, if any, shall be refunded to the Purchaser in full.

Other Terms

The Parties have agreed that the Proposed Equity Transfer and the Proposed Capital Investment shall be treated as integral to the Proposed Acquisition and shall be completed at the same time; neither one may be severed from another.

The Acquisition Agreement shall become effective upon signing by the Parties and upon approval by the relevant PRC authority.

As the Target Company is currently a PRC domestic company wholly owned by a PRC citizen, the Target Company will have to change its status and be converted into a sino-foreign enterprise with the Purchaser becoming an equity interest owner. As such, the Parties also entered into the Shareholders' Agreement and the Articles of Association in relation to the arrangement and operation of the Target Company upon the Target Company having been converted into a sino-foreign enterprise in accordance with the terms of the Acquisition Agreement. The contents of the Shareholders' Agreement and the Articles of Association shall not be inconsistent with the terms and conditions of the Acquisition Agreement.

Upon Closing, the Purchaser and the Vendor will respectively own 80% and 20% equity interest in the Target Company. Pursuant to the Shareholders' Agreement, the Purchaser shall be entitled to nominate and appoint the members of the board of directors of the Target Company in proportion to its shareholding in the Target Company. As such, the Group shall be entitled to exercise its power as a controlling shareholder in the board of directors of the Target Company. It is expected that the Vendor will remain as the general manager of the Target Company.

INFORMATION ON THE TARGET COMPANY

The Target Company was incorporated in July 2006 with limited liability in the PRC and is wholly owned by the Vendor. As at the date of this announcement and prior to the Capital Increase, the Target Company has registered capital of RMB2,000,000, which has been fully paid up.

The Target Company is principally engaged in the cold pasteurization of food and sterilization of medical products utilizing advanced gamma ray technologies, in Shandong Province, the PRC.

- Cold pasteurization of food is a process of disinfestation, shelf life extension, sprout inhibition, pest control and sterilization utilizing technologies that do not involve the exposure of the products to increased temperature. It is able to destroy most of common foodborne micro organisms, e.g. Salmonella, Listeria monocytogenes, etc. while retaining food's taste and freshness without any chemical residue.
- Sterilization of medical products is usually applied to one-off medical products and medical packaging materials. It is gamma ray process to sterilize products without unpacking which can avoid contamination of re-packaging.

The Target Company obtained the Safety License issued by the Ministry of Environmental Protection, the PRC in December 2006 which approved and qualified the Target Company to engage in cold pasteurization of food and sterilization of medical products utilizing advanced gamma ray technologies. During the period from early 2007 to early 2009, the Target Company completed its facilities setup with an initial design capacity of 2,000,000 curie. The facilities setup was completed and became operational in 2009 and its services have mainly covered cold pasteurization of food and sterilization of Chinese medicine.

The facilities setup of the Target Company is situated at a prime location in Zibo City, Shandong Province. Zibo City is located at the centre among all other major cities. There are 3 major highways, namely National Highway 309, National Highway 205 and Jiqing Expressway passing through Zibo City and linking with Qingdao, Jinan, Weifang. The location of the Target Company is only 210km and 260km away from Qingdao International Airport and Qingdao Port respectively which indicates a very good transport network.

The range of food products that can be processed by the facility include but not limited to pet food, spices, seasonings, poultry, dehydrated vegetables, frozen seafood, meat and etc. In addition, the facility will also be engaged in the sterilization of medical products including pharmaceutical and health care products, Chinese medicine and disposable medical devices such as syringes and medical white sponge.

Given that the facilities setup of the Target Company was completed and became operational in 2009 and that the setup related costs had been capitalized before commencement of operations, the Target Company has no profit or loss before or after tax based on its audited accounts for each of the two years ended 31 December 2007 and 31 December 2008 prepared in accordance with the PRC accounting standards and the audited net asset value of the Target Company as at 31 December 2008 was RMB2,000,000 (equivalent to approximately HK\$2,270,148), representing the registered capital of the Target Company.

The facilities setup of the Target Company is situated on an industrial land of a total site area of 25,121 square meters, which is owned by the Target Company. The valuation of the land and buildings erected thereon at 31 August 2009 carried out by an independent qualified professional valuer is approximately RMB14,500,000. The land and buildings have been pledged to a bank to secure a short term bank loan of RMB8,000,000.

REASONS AND BENEFITS OF THE PROPOSED ACQUISITION

The Group is principally engaged in property development and sales, trading of building materials and provision of renovation services, and securities trading and investment. As mentioned in the management discussion and analysis section in the Company's annual report 2009, the Company will continue to identify and pursue potential projects with immense development potentials and high returns and yields.

Due to food safety and hygiene issues in recent years, the PRC Government has implemented 中华人民共和国食品安全法 (Food Safety Regulations) as a start to spearhead policy changes to adopt stringent food safety standard and to promote high technology for improving food safety. Authoritative research suggests that cold pasteurization using advanced gamma ray technologies have a lot of advantages over other conventional methods on food preservation. The Board is of the view that there are immense potentials in food safety business, especially in the cold pasteurization of food utilizing gamma ray technologies.

Furthermore, with the dramatic increase in the aging population in the coming years and the dedication of the PRC Government on promoting quality medical services as illustrated by the “Proposal on the Implementation of Medical Reform 2009 – 2011 (2009-2011年深化医药卫生体制改革实施方案)”, there will be a substantial demand in medical products and devices. Sterilization of medical products and devices by utilizing advanced gamma ray technologies has proven to be very efficient and effective. The Board is also convinced that there will be great business opportunities in the medical products sterilization market.

The Board believes that food and medical safety business has immense potentials and the Proposed Acquisition will enable the Group to capture these business opportunities as they arise. Shandong, being the largest food production and export hub in China and a leading manufacturing base of medical products and devices, is an ideal location for the Company to start engaging in this promising business segment. The Board considers that the proposed acquisition of a controlling interest in the Target Company which facilities are located in Zibo, a major city in Shandong Province, is a great opportunity for the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition are in normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios for the Proposed Acquisition are more than 5% but less than 25%, the Proposed Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 11 September 2009 pending the issue of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 14 September 2009.

DEFINITIONS

“Acquisition Agreement”	the acquisition agreement dated 11 September 2009 entered into between the Parties in relation to the Proposed Acquisition;
“Articles of Association”	an articles of association dated 11 September 2009 entered into between the Parties in relation to the establishment and operation of the sino-foreign enterprise;
“Board”	the board of Directors of the Company;

“Capital Increase”	the proposed increase of RMB1,928,600 in the registered capital of the Target Company from RMB2,000,000 to RMB3,928,600, whereby the Purchaser will fully subscribe for such increased capital amount by payment in cash of an amount in Hong Kong dollars equivalent to RMB27,000,000 to the Target Company;
“Closing”	on the condition that all conditions precedent necessary for the Proposed Acquisition have been satisfied or waived by the Purchaser by consent in writing, the completion of the Proposed Acquisition whereby the Purchaser will own 80% equity interest in the Target Company;
“Closing Date”	the date of Closing;
“Company”	Premium Land Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the Main Board of the Stock Exchange;
“Curie”	Unit measured for the power of gamma source which relate to the activity of the source per unit time;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party”	a third party independent of the Company and the connected persons (as defined under the Listing Rules) of the Company, and not a connected person (as defined under the Listing Rules) of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Parties”	the Purchaser and the Vendor;

“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC;
“Proposed Acquisition”	the Proposed Equity Transfer and the Proposed Capital Investment which will result in each of the Purchaser and the Vendor holding 80% and 20% equity interest in the Target Company;
“Proposed Capital Investment”	the subscription and payment by the Purchaser in respect of the Capital Increase;
“Proposed Equity Transfer”	the transfer of 60.714% equity interest in the Target Company by the Vendor to the Purchaser;
“Purchaser”	Top Field Technology Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Safety License”	輻射安全許可証 issued by the Ministry of Environmental Protection of the PRC Government which is valid until December 2013;
“Shares”	shares of HK\$0.01 each in the issued share capital of the Company;
“Shareholders’ Agreement”	the shareholders’ agreement dated 11 September 2009 entered into between the Parties in relation to the proposed establishment of the sino-foreign enterprise;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	淄博利源高科辐照技术有限公司 (translated as Zibo Liyuan Gamma Ray Technologies Co. Limited)**, a limited liability company established in the PRC, which will be converted to a sino-foreign enterprise upon completion of the Proposed Acquisition and the approval of the Shareholders’ Agreement and the Articles of Association by the relevant PRC governmental authorities;

“Vendor” 吴健 (Wu Jiang)** who is a PRC citizen and an Independent Third Party;

“%” per cent.

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

Hong Kong, 11 September 2009

As at the date of this announcement, the executive Director is Mr. Ho Chi Ho; the non-executive Directors are Mr. Ma Kwok Hung, Warren and Mr. Chow Siu Ngor; and the independent non-executive Directors are Mr. Wong Hoi Kuen, Edmund, Mr. Chan Chi Yuen and Mr. Hung Hing Man.

For the purposes of this announcement, unless otherwise specified, conversions of Renminbi into Hong Kong dollars are based on the approximate exchange rate of HK\$1.00 to RMB0.881, for the purposes of illustration only. No representation is made that any amount in Hong Kong dollars or Renminbi could have been or could be converted at the above rate or at any other rates.

* *For identification purposes only*

** *The unofficial English transliterations or translations are for identification purposes only*