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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 DISPOSAL OF ENTIRE INTERESTS IN A SUBSIDIARY AND RESUMPTION OF TRADING

THE SALE AND PURCHASE AGREEMENT

The Board announces that on 18 July 2009, the Vendor, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor agreed to dispose of and the Purchaser agreed to purchase 90% of the entire issued share capital of 北京巨鼎源房地產開發有限公司 (“Beijing Ju Din Yuen Property Development Company Limited” in English for translation purpose) and the Sale Loan for a Consideration of RMB25,000,000 (equivalent to approximately HK\$28,345,000). Beijing Ju Din Yuen owns a 100% equity interest in 北京友聯房地產開發有限公司 (“Beijing Yo Luan Property Development Company Limited” in English for translation purpose).

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios under Rule 14.06(2) of the Listing Rules applicable to the Disposal exceed 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under 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 20 July 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 21 July 2009.

THE SALE AND PURCHASE AGREEMENT

Date: 18 July 2009

Parties:

1. Vendor : 北京德邦富策劃諮詢有限公司 (“Beijing De Bang Fu Strategic Consultancy Company Limited” in English for translation purpose), a wholly-owned subsidiary of the Company.
2. Purchaser : 北京晨隆佳地置業有限公司

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Purchaser is an Independent Third Party.

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Vendor agreed to dispose of and the Purchaser agreed to acquire:

- (1) 90% of the entire issued share capital of Beijing Ju Din Yuen (the “Sale Shares”).
- (2) all the outstanding shareholder loans and monies due from Beijing Ju Din Yuen and Beijing Yo Luan to the Vendor (the “Sale Loan”).

At the date of the Sale and Purchase Agreement, the amount of the Sale Loan was approximately RMB32,941,000 (equivalent to approximately HK\$37,348,000), out of which i) RMB508,000 (equivalent to approximately HK\$576,000) were due from Beijing Ju Din Yuen to the Vendor, and ii) RMB32,433,000 (equivalent to approximately HK\$36,772,000) were due from Beijing Yo Luan to the Vendor. It is anticipated that there will not be material changes to the Sale Loan up to Completion.

Consideration

The total consideration for the Disposal is RMB25,000,000 (equivalent to approximately HK\$28,345,000), and shall be paid by the Purchaser in cash in the following manner:

- (1) RMB2,500,000 (equivalent to approximately HK\$2,835,000) payable by the Purchaser to the Vendor on or before 22 July 2009; and
- (2) RMB22,500,000 (equivalent to approximately HK\$25,510,000) payable by the Purchaser to the Vendor on or before 31 July 2009.

The Consideration and the payment terms thereof were arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement where the management of the Company has taken into account, amongst other things, (i) the prolonged reluctance of the remaining original village residents to agree on the relocation scheme leading to the serious delay in completion of the 1st level of development (一級開發) of the Yang Jia Yuen Village, being the only project carried out by Beijing Yo Luan; (ii) the uncertainty as to the probability of and estimated time for such completion given the complexity and redundancy in the documentation and legal proceedings involved in future; and (iii) there being a possibility of a total loss of the invested amount in case of an undesirable outcome of the legal proceedings.

Conditions and Completion

Completion of the Disposal is conditional upon, inter alia, all necessary consents, approvals and authorizations having been obtained from the relevant PRC governmental and regulatory authorities in relation to the Disposal.

Completion will take place within 3 months after the date of the Sale and Purchase Agreement or such later date as may be agreed between the Vendor and the Purchaser.

Upon Completion, the Company shall dispose of all its interest in Beijing Ju Din Yuen, and Beijing Ju Din Yuen will cease to be an indirect non wholly-owned subsidiary of the Company.

INFORMATION ON BEIJING JU DIN YUEN & BEIJING YO LUAN

Beijing Ju Din Yuen is a company incorporated in the PRC and is owned as to 90% by the Vendor and as to 10% by a PRC resident who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, is an Independent Third Party save for being a substantial shareholder of Beijing Ju Din Yuen, the Company's indirect non wholly-owned subsidiary. At the date of this announcement, the sole asset of Beijing Ju Din Yuen is the entire shareholding interest in Beijing Yo Luan.

Beijing Yo Luan is wholly owned by Beijing Ju Din Yuen and is principally and solely engaged in the 1st level of development (一級開發) project at 北京市懷柔區懷柔鎮楊家園村 (Yang Jia Yuen Village, Huai Ro Town, Huai Ro District, Beijing, the PRC). Such 1st level of development (一級開發) has been carried on together with the local government authorities since the end of 2007 that has been involving relocation of original village residents, demolition of existing shabby houses, installation of land infrastructures and flattening the land for building constructions. It was proposed that Beijing Yo Luan would commence the 2nd level of development (二級開發) involving building commercial and residential construction after completion of the 1st level of development (一級開發) and subject to acquisition of the full land use rights in respect of the Land.

As at the date of the Sale and Purchase Agreement, only approximately two-third of the original village residents have joined the relocation scheme under the 1st level of development (一級開發). Negotiations with the remaining original village residents have been a prolonged process but little progress was made up to the date of the Sale and Purchase Agreement. It was estimated that such residents remained to be largely reluctant to join the relocation scheme. Given the existing exceptional circumstances, the management of the Company consulted PRC lawyers for legal opinion and was advised that completion of the 1st level of development (一級開發) project will require ample of time given that complicated judicial proceedings on enforcing removal of the remaining original village residents are likely required where nevertheless the outcome of such cannot be ascertained. Therefore, the probability of and the time for completing the 1st level of development (一級開發) project is highly uncertain. If the 1st level of development (一級開發) project cannot be completed, there is a possibility that the invested capital by Beijing Yo Luen cannot be redeemed and Beijing Yo Luen cannot acquire the land use rights of the Land for the 2nd level of development (二級開發), especially under the existing unfavourable circumstances.

The audited net loss before and after taxation of the Disposal Group for the year ended 31 March 2008 amounted to approximately RMB140,000 (equivalent to approximately HK\$159,000). The unaudited net loss before and after taxation of the Disposal Group for the six months ended 30 September 2008 amount to approximately RMB1,052,000 (equivalent to approximately HK\$1,193,000). At 30 September 2008, the Disposal Group had an unaudited net liabilities of approximately RMB1,189,000 (equivalent to approximately HK\$1,348,000).

USE OF PROCEEDS

The proceeds from the Disposal will be utilized as general working capital of the Group and/or to fund future and other strategic investments when an appropriate opportunity arises.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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

In view of the uncertainties and the risks inherent to the project, the Board considers that it is in the best interest of the Company and its Shareholders as a whole to enter into the Sale and Purchase Agreement. The Board is of the view that the Disposal offers the Group an opportunity to realize to a large extent its investment in Beijing Ju Din Yuen and to avoid further capital commitment in the 1st level of development (一級開發) project. It is expected that as a result of the Disposal, the Group will recognize loss of approximately HK\$11,704,000 in the financial statements for the year ended 31 March 2009. The Board considers that the Disposal will not constitute any material adverse effect to the trading and financial position of the Group. After the Disposal, for

its property development and sales business segment, the Group will continue with its remaining property project in Chongqing, the PRC, details of which were disclosed in the Company's circular dated 8 January 2008. The Group will train more of its resources towards focusing on other existing business and other future prospective investment projects if opportunities arise.

The Directors (including the independent non-executive directors) considers that the terms and conditions of the Disposal are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

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

SUSPENSION AND RESUMPTION OF TRADING

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Beijing Ju Din Yuen”	北京巨鼎源房地產開發有限公司 (“Beijing Ju Din Yuen Property Development Company Limited”)**, a company established in the PRC which is owned as to 90% by the Vendor and as to 10% by a PRC resident who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, is an Independent Third Party
“Beijing Yo Luan”	北京友聯房地產開發有限公司 (“Beijing Yo Luan Property Development Company Limited”)**, a company established in the PRC which is wholly owned by Beijing Ju Din Yuen
“Board”	the board of Directors
“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 Shares and the Sale Loan in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date of Completion, which is expected to be the date falling on or before 3 months after the date of the Sale and Purchase Agreement
“Consideration”	the total consideration payable by the Purchaser to the Vendor for the Disposal
“Directors”	the directors of the Company
“Disposal”	the Disposal of the Sale Shares and the Sale Loan by the Vendor as contemplated under the Sale and Purchase Agreement
“Disposal Group”	Beijing Ju Din Yuen and Beijing Yo Luan
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, 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
“Land”	the land situated in 北京市懷柔區懷柔鎮楊家園村 (Yang Jia Yuen Village, Huai Ro Town, Huai Ro District, Beijing, the PRC)**
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

“Purchaser”	北京晨隆佳地置業有限公司
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 18 July 2009 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Sale Shares and the Sale Loan
“Sale Shares”	90% of the entire issued share capital of Beijing Ju Din Yuen, which are beneficially owned by the Vendor and to be purchased by the Purchaser
“Sale Loan”	all the shareholder loan and monies due from Beijing Ju Din Yuen and Beijing Yo Luan to the Vendor as at the date of the Sale and Purchase Agreement and to be assigned by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	北京德邦富策劃諮詢有限公司 (“Beijing De Bang Fu Strategic Consultancy Company Limited”)**, a wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 20 July 2009

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

For the purpose of this announcement, unless otherwise specified, conversion of RMB into HK\$ is based on the approximate exchange rate of HK\$1.00 to RMB0.882. The exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been or could have been or may be exchanged at this or any other rates at all.

* *For identification purposes only*

** *The English translations of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*