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

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

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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**

# CONTENTS

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board of Directors</b> .....	4
Introduction .....	4
The Chinese Gain Agreement .....	5
Information of Chinese Gain .....	8
Reason for the Chinese Gain Acquisition .....	8
Effect of Chinese Gain Acquisition on Assets and Liabilities of the Group .....	9
Implication under Listing Rules .....	9
Additional information .....	9
<b>Appendix – General information</b> .....	10

## DEFINITIONS

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

“Board”	the Board of Directors
“Business Day”	a day (other than Saturdays and days on which a tropic cyclone warning No. 8 or above or a rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are generally open for the transaction of normal banking business
“Chinese Gain”	Chinese Gain Limited, a company incorporated in Hong Kong on 9 July 2003 with limited liability and is beneficially and wholly owned by the Chinese Gain Vendors
“Chinese Gain Acquisition”	the acquisition of the Chinese Gain Sale Shares and the Chinese Gain Loan by Grand Fix under the Chinese Gain Agreement
“Chinese Gain Agreement”	a conditional agreement dated 24 March 2004 entered into between the Chinese Gain Vendors and Grand Fix in respect of the Chinese Gain Acquisition
“Chinese Gain Completion”	Completion of the Chinese Gain Agreement
“Chinese Gain Consideration”	the total sum of HK\$105,000,000
“Chinese Gain Loan”	all the shareholder’s loan and monies owing from Chinese Gain to Ms. Yang as at the date of Chinese Gain Completion in the amount of HK\$102,093,908.49 and to be assigned by Ms. Yang to Grand Fix pursuant to the Chinese Gain Agreement
“Chinese Gain Long Stop Date”	30 September 2004, or such other date as may be agreed between the Chinese Gain Vendors and Grand Fix
“Chinese Gain Properties Agreement”	the contract which has been entered into by Chinese Gain and an independent third party which is independent of and not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates as defined under the Listing Rules on 23 July 2003 for acquiring the Chinese Gain Properties

## DEFINITIONS

“Chinese Gain Properties”	Ground Floor, First Floor, Second Floor, Street No. 1, 2, 3, Min Wang Hu Tong, He Ping Li Dong Jie, Tong Cheng Qu, Beijing, PRC (中國北京市東城區和平里東街民旺胡同一、二、三巷, 商業地上一、二層, 地下一層) which are of a total gross floor area of approximately 8,372 square meters and are all occupied and subject to the Chinese Gain Tenancy Agreement
“Chinese Gain Sale Shares”	100 shares of HK\$1 each in the issued share capital of Chinese Gain, which are beneficially owned by the Chinese Gain Vendors and to be purchased by Grand Fix
“Chinese Gain Tenancy Agreement”	the tenancy agreement dated 8 January 2004 which the Chinese Gain Properties are and will be subject to, upon Chinese Gain Completion and was entered into between Chinese Gain and an independent third party which are independent of and not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates as defined under the Listing Rules
“Chinese Gain Vendors”	Ms. Yang and LPL
“Company”	Premium Land Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Hong Kong Stock Exchange
“Directors”	the directors, including independent non-executive directors, of the Company
“Grand Fix”	Grand Fix Limited, the purchaser to the Chinese Gain Agreement, a company incorporated in the British Virgin Islands with limited liability, which is a wholly owned subsidiary of the Company
“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
“Latest Practicable Date”	16 April 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange in force immediately prior to 31 March 2004

## DEFINITIONS

“LPL”	Ladder Partners Limited, an investment holding company incorporated in the British Virgin Islands, and is wholly owned by Ms. Yang, one of the Chinese Gain Vendors
“Ms. Yang”	Ms. Yang Qiu Yan, one of the Chinese Gain Vendors
“PRC”	the People’s Republic of China, for the purpose of this circular only, excludes Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

# LETTER FROM THE BOARD OF DIRECTORS



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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 164)**

*Directors:*

Mr. Dong Bo Frederic

Mr. Lau Man Tak

Mr. Kan Kwok Shu\*

Mr. Shum Ka Hei\*

Mr. Pang Haiou\*

Mr. Zuo Guang\*

*Registered office:*

Clarendon House

Church Street

Hamilton HM 11

Bermuda

*Principal place of business*

*in Hong Kong:*

Suite 2906-08

Shui On Centre

6-8 Harbour Road

Wanchai

Hong Kong

21 April 2004

\* *Independent Non-executive Directors*

*To the Shareholders*

Dear Sir or Madam,

## **DISCLOSEABLE TRANSACTION**

### **INTRODUCTION**

On 31 March 2004, the Directors announced that the Company's wholly owned subsidiary, Grand Fix Limited, entered into an agreement on 24 March 2004 with the Chinese Gain Vendors for the acquisition of the Chinese Gain Sale Shares and the Chinese Gain Loan at a total consideration of HK\$105 million. The Chinese Gain Sale Shares represent the entire issued share capital of Chinese Gain. The Chinese Gain Loan was an unsecured and interest free loan. As at the date of the Chinese Gain Agreement and the Latest Practicable Date, the Chinese Gain Loan was in the aggregate principal sum of HK\$102,093,908.49.

The Chinese Gain Acquisition constitutes a discloseable transaction for the Company pursuant to the Listing Rules.

\* *for identification purpose only*

# LETTER FROM THE BOARD OF DIRECTORS

## THE CHINESE GAIN AGREEMENT

**Date:** 24 March 2004

**Parties:**

**Vendors :** Ms. Yang and LPL (Ms. Yang, LPL and its ultimate beneficial owner and their respective associates are independent of and not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates as defined under the Listing Rules); and

**Purchaser :** Grand Fix, a wholly owned subsidiary of the Company. (Grand Fix is an investment holding company and has been engaged solely in acquiring Chinese Gain since its incorporation).

### The Chinese Gain Acquisition

Under the Chinese Gain Agreement, Grand Fix agreed to purchase and the Chinese Gain Vendors agreed to sell at a consideration of HK\$105 million: (1) 100 shares of HK\$1 each in the issued capital of Chinese Gain, representing the entire issued share capital of Chinese Gain; and (2) all the shareholder's loan and monies owing from Chinese Gain to Ms. Yang as at the date of the Chinese Gain Completion. The Chinese Gain Loan was an unsecured and interest free loan. As at the date of the Chinese Gain Agreement and the Latest Practicable Date, the Chinese Gain Loan was in the aggregate principal sum of HK\$102,093,908.49.

### Chinese Gain Consideration

The total consideration of the Chinese Gain Acquisition is HK\$105,000,000, as to HK\$2,906,091.51 being consideration for the Chinese Gain Sale Shares and as to the balance of HK\$102,093,908.49 being consideration for the Chinese Gain Loan on a dollar to dollar basis.

The Chinese Gain Consideration is to be satisfied by Grand Fix in cash or by cashier order issued by a licensed bank in Hong Kong:—

- (a) an amount of HK\$30,000,000 shall be payable by Grand Fix to the Chinese Gain Vendors (or as they may direct) as deposit and part payment of the Chinese Gain Consideration on or before 30 June 2004; and
- (b) the balance of the consideration in the amount of HK\$75,000,000 shall be payable by Grand Fix to the Chinese Gain Vendors (or as they may direct) on Chinese Gain Completion.

The Chinese Gain Consideration was determined by the parties after arm's length negotiations by reference to the unaudited net asset value of Chinese Gain of HK\$102,499,403.77 as at 29 February 2004 and the estimated yield of the rental income receivable pursuant to the Chinese Gain Tenancy Agreement. Since Chinese Gain has been incorporated less than 1 year, no audited

## LETTER FROM THE BOARD OF DIRECTORS

account has yet been prepared. The estimated annual rental income receivable is approximately HK\$7.26 million pursuant to the Chinese Gain Tenancy Agreement and that the estimated yield is 6.9%. The estimated property value of the Chinese Gain Properties is calculated by the estimated annual rental income divided by the estimated yield, with a result of approximately HK\$105.22 million. There is a HK\$2.5 million premium which is around 2.4% of the Chinese Gain Consideration. The Board considers such premium arrangement a fair and reasonable term.

The Chinese Gain Consideration will be funded by internal resources of the Company.

### Conditions

Chinese Gain Completion is conditional on the following conditions:

- (a) the Chinese Gain Vendors having provided to Grand Fix all title deeds of the Chinese Gain Properties and all other related documents (including but not limited to the real estate ownership certificate and all other relevant approvals);
- (b) Grand Fix having completed its due diligence (including without limitation, legal, financial and commercial aspects) in respect of Chinese Gain and the results of which are, in the absolute opinion of Grand Fix, satisfactory and acceptable to Grand Fix in all respects;
- (c) the Chinese Gain Properties Agreement having been duly registered with the relevant government authorities in the PRC and the real estate ownership certificates of the Chinese Gain Properties having been issued to and in the name of Chinese Gain;
- (d) Grand Fix having obtained a legal opinion from a firm of lawyer in PRC qualified to issue legal opinions on PRC laws to be engaged by Grand Fix to the satisfaction of Grand Fix as to, inter alia, the rights of Chinese Gain to the Chinese Gain Properties;
- (e) Grand Fix having obtained a valuation report issued by a property valuer acceptable to both Grand Fix and the Stock Exchange and the property valuer having opined that the open market value of the Chinese Gain Properties as at the date of Chinese Gain Completion to be not less than HK\$105 million;
- (f) all necessary consents permits and approval (whether governmental, regulatory or otherwise) as may be required for Chinese Gain and the Chinese Gain Vendors in respect of the Chinese Gain Agreement and the transactions contemplated hereunder having been obtained by Chinese Gain and the Chinese Gain Vendors;
- (g) all necessary consents permits and approval (whether governmental, regulatory or otherwise) as may be required in respect of the Chinese Gain Agreement and the transactions contemplated hereunder having been obtained by Grand Fix;
- (h) the Vendors having not materially breach their warranties set out in the Chinese Gain Agreement; and

## LETTER FROM THE BOARD OF DIRECTORS

- (i) the Chinese Gain Tenancy Agreement is valid and legally binding, and is enforceable against the parties therein in accordance with the terms thereof. The terms and conditions set out therein have not been varied nor amended after the execution of the Chinese Gain Tenancy Agreement.

Grand Fix may at any time by notice in writing to the Chinese Gain Vendors waive any of the above conditions (other than condition (g)). However, Grand Fix currently has no intention to do so.

If the conditions set out above are not fulfilled or so waived on or before the Chinese Gain Long Stop Date (i.e. 30 September 2004) or such later date as Chinese Gain may agree in writing, the Chinese Gain Agreement will cease and determine and the parties to the Chinese Gain Agreement shall not have any obligation and liability thereunder save for any antecedent breaches of the terms of the Chinese Gain Agreement and all monies paid by Grand Fix to the Chinese Gain Vendors (or as they may direct) thereunder shall be repaid to Grand Fix in full without any deduction forthwith. In such circumstances, the Company will immediately make an appropriate announcement.

### **Chinese Gain Tenancy Agreements**

The Chinese Gain Properties are subject to the Chinese Gain Tenancy Agreement, being a 10 years and 4 months tenancy agreement dated 8 January 2004 commencing from 1 February 2004. The Chinese Gain Tenancy Agreement was entered into between Chinese Gain and an independent third party who is independent of and not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates as defined under the Listing Rules. The monthly rent receivable for the period from 1 February 2004 to 31 December 2005 is RMB623,888 (equivalent to approximately HK\$588,573.58). The monthly rent receivable for the period from 1 January 2006 to 31 December 2007 will be RMB654,446 (equivalent to approximately HK\$617,401.89). The monthly rent receivable for the period from 1 January 2008 to 31 May 2014 will be RMB674,818 (equivalent to approximately HK\$636,620.76). The use of the Chinese Gain Properties under the Chinese Gain Tenancy Agreement is for commercial purpose. The Chinese Gain Tenancy Agreement can be terminated on circumstances including breach of PRC laws and regulations, change of the designated use of the Chinese Gain Properties without the approval of Chinese Gain, damage to the main structure of the Chinese Gain Properties, winding up, non-payment of rent, management fee, or other utilities expense or subletting by the tenant. Upon the Chinese Gain Completion, the Chinese Gain Properties will continue to be subject to the Chinese Gain Tenancy Agreement. The Chinese Gain Completion will not alter the Chinese Gain Tenancy Agreement.

### **Chinese Gain Completion**

Chinese Gain Completion will take place on the third Business Day after all the conditions precedent in the Chinese Gain Agreement are satisfied or waived as the case may be, or such other date as the parties may agree.

## LETTER FROM THE BOARD OF DIRECTORS

### INFORMATION ON CHINESE GAIN

Chinese Gain is an investment holding company incorporated with limited liability in Hong Kong on 9 July 2003. Prior to entering into the Chinese Gain Agreement, it is an independent third party which is independent of and not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates as defined under the Listing Rules. Since its incorporation, it has been engaged solely in the acquisition of the Chinese Gain Properties by entering into the Chinese Gain Properties Agreement with an independent third party which is independent of and not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates as defined under the Listing Rules. Save and except the Chinese Gain Properties, Chinese Gain has no other properties. Since Chinese Gain registered under the commodity property pre-sale registration pursuant to the relevant laws and regulations on 11 September 2003, it is the sole legal owner of the Chinese Gain Properties and is entitled to the rental income derived therefrom.

Based on the unaudited management accounts of Chinese Gain: (a) its profit before and after taxation for the period from the date of incorporation (i.e. 9 July 2003) to 29 February 2004 were approximately HK\$405,395.28 which was derived solely from the rental income; and (b) its unaudited net asset value as at 29 February 2004 was HK\$102,499,403.77 calculated as total assets which comprised of the share capital, the rental income received and the Chinese Gain Loan.

The Chinese Gain Properties are residential and commercial properties located in Ground Floor, First Floor, Second Floor, Street No. 1,2,3, Min Wang Hu Tong, He Ping Li Dong Jie, Tong Cheng Qu, Beijing, PRC (中國北京市東城區和平里東街民旺胡同一、二、三巷，商業地上一、二層，地下一層) which are of a total gross floor area of approximately 8,372 square meters. The Chinese Gain Properties are all occupied and subject to the Chinese Gain Tenancy Agreement.

### REASONS FOR THE CHINESE GAIN ACQUISITION

The Group is principally engaged in property investment, property and related businesses in Hong Kong and the PRC.

The Chinese Gain Agreement was entered into in the ordinary and usual course of business. The Board considers that the terms of the Chinese Gain Agreement are normal commercial terms and are fair and reasonable and in the best interests of the Company and its shareholders as a whole. The Board also considers that the Chinese Gain Acquisition will give the Group the opportunity to better develop its business in the PRC property market and broaden the Group's presence in the PRC and that the Chinese Gain Acquisition will contribute positively to the future growth of the Group. Chinese Gain will be an indirect wholly owned subsidiary of the Company after the Chinese Gain Completion. The Board expects that the Company will hold the Chinese Gain Properties through Chinese Gain as a long term investment. It is the present intention of the Board that Chinese Gain will solely engage in investment holding business after the Chinese Gain Completion.

## **LETTER FROM THE BOARD OF DIRECTORS**

### **EFFECT OF THE CHINESE GAIN ACQUISITION ON ASSETS AND LIABILITIES OF THE GROUP**

Upon the Chinese Gain Completion, it is expected that the Group's net asset position will not be significantly changed as stable rental income of approximately HK\$7.26 million per year is expected to be generated from the Chinese Gain Properties.

### **IMPLICATION UNDER LISTING RULES**

The Chinese Gain Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

### **ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the appendix to this circular.

For order of the Board  
**Premium Land Limited**  
**Dong Bo, Frederic**  
*Director*

**RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose 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 not contained in this circular, the omission of which would make any statement herein misleading.

**DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION(S)**

The interests and short positions of the Directors in the shares, underlying shares and debentures of the Company and its associated corporation(s) (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 they are deemed or taken to have under such provisions of the SFO, or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code of Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange as at the Latest Practicable Date were as follows:

**Long positions in Shares:**

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Approximate shareholding percentage</b>
Dong, Bo, Frederic	Interest of a controlled corporation	1,030,468,350 (Note 1)	22.84%

*Note 1* United Jumbo Limited holds the 1,030,468,350 shares of the Company and is beneficially wholly-owned by Dong Bo, Frederic.

**PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO**

Save as disclosed below, as at the Latest Practicable date, so far as is known to the directors or chief executive of the Company, no other person had, or was deemed or taken to have an interest or short position in the Shares or underlying Shares 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:

**Long positions in Shares:**

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Approximate shareholding percentage</b>
United Jumbo Limited	Beneficial Owner	1,030,468,350	22.84%
Dong Bo, Frederic	Interest of a controlled corporation	1,030,468,350 (Note 2)	22.84%

*Note 2* Dong Bo, Frederic is the sole beneficial shareholder of United Jumbo Limited and is deemed to be interested in the 1,030,468,350 Shares.

**SUBSTANTIAL SHAREHOLDERS OF OTHER MEMBERS OF THE GROUP**

Save as disclosed below, as at the Latest Practicable Date, as far as is known to the Directors or chief executive of the Company, no other person was, 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 member of the Group or has any option in respect of such capital:

<b>Name of subsidiary</b>	<b>Approximate percentage of interests held</b>		<b>shareholder Name of other</b>
	<b>The Group</b>	<b>Other shareholder</b>	
Gold United International Industries Limited	51%	29% 20%	Li Jinfang Mei Bingfang
Prosper City International Limited	51%	49%	Lee Yuen Kee
Hangzhou Hengyun Traffic Development Company Limited (杭州恒運交通開發有限公司)	80%	20%	Zhejiang Province Fuyang Fu Chun Wan Highway Development Company Limited (浙江省富陽富春灣公路開發有限公司)

**LITIGATION**

No member of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

**MISCELLANEOUS**

- (a) None of the Directors and proposed Directors has entered or is proposed to enter into any service agreement with any member of the Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation other than statutory compensation).
- (b) The secretary of the Company is Mr. Lau Man Tak, an associate member of the Hong Kong Society of Accountants.
- (c) The English text of this circular shall prevail over the Chinese text.