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## PRIME INVESTMENTS HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)  
(Stock Code: 721)

### CHANGE OF AUDITORS AND DELAY IN PUBLICATION OF ANNUAL RESULTS AND DESPATCH OF ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

The Board announces that E & Y resigned as auditors of the Company and its subsidiaries with effect from 14 October 2005 and the Board recommends to appoint CCIF CPA Limited as auditors of the Company to fill the casual vacancy following the resignation of E & Y and to hold office until the conclusion of the next annual general meeting of the Company. The appointment of CCIF CPA Limited as auditors of the Company is subject to the approval of the shareholders of the Company by an ordinary resolution at an extraordinary general meeting to be held pursuant to the articles of association of the Company. A circular including, among others, details of change of auditors and notice of extraordinary general meeting will be despatched to shareholders of the Company as soon as practicable.

The Board also announces that there will be a delay in the release and publication of the Annual Results and the despatch of the Annual Report for the year ended 30 June 2005. It is expected that the Annual Results will be announced and the Annual Report will be despatched on or before 15 December 2005. The delay in publication of the Annual Results and despatch of the Annual Report, and the failure to disclose the Company's unaudited financial results for the year ended 30 June 2005 in this announcement, constitute breaches of Rules 13.49(1), 13.46(2)(a), and 13.49(3)(i)(c) of the Listing Rules.

#### CHANGE OF AUDITORS

The board (the "Board") of directors (the "Directors") of Prime Investments Holdings Limited (the "Company") announces that Messrs. Ernst & Young ("E & Y") resigned as auditors of the Company and its subsidiaries with effect from 14 October 2005, as the Company and E & Y could not reach an agreement on the audit fees for the financial year ended 30 June 2005. Since the Company had not generated turnover since 1 January 2003 and was therefore in financial difficulties, the Company commenced audit fee negotiations with E & Y since July 2005 with an aim that E & Y would agree to lower their audit fees for their audit work for the year ended 30 June 2005. Since then, the Company and E & Y had numerous negotiations on the issue of audit fees, but the Company's efforts turned out in vain by the resignation of E & Y in October 2005. Due to the different expectation of audit fees between the Company and E & Y, E & Y have not yet commenced the audit for the Company for the financial year ended 30 June 2005.

In the notice of resignation, E & Y have confirmed that there are no circumstances, disagreements and unresolved issues connected with their resignation, which they consider should be brought to the attention of the members or creditors of the Company or its subsidiaries. The Board also confirmed that E & Y had not commenced audit and as such have neither indicated nor intended to indicate any qualifications or modifications to the Company's annual results for the year ended 30 June 2005, and that there are no circumstances in respect of the change of auditors which the Board considers should be brought to the attention of the shareholders of the Company.

In response to the resignation of E & Y due to the facts that the Company and E & Y could not reach an agreement on the audit fees for the year ended 30 June 2005, the Company had discussions with CCIF CPA Limited in relation to their audit work of the Company for the year ended 30 June 2005, including but not limited to their audit fee quotation and expected timeframe for their audit work. The audit fee quotation of CCIF CPA Limited is lower than that of E & Y. The Company and CCIF CPA Limited expect the Company will be able to announce the Annual Results and despatch the Annual Report on or before 15 December 2005 given that the Group has not generated any turnover for the year ended 30 June 2005 which reduces time required for the audit. The Board recommends to appoint CCIF CPA Limited as auditors of the Company to fill the casual vacancy following the resignation of E & Y and to hold office until the conclusion of the next annual general meeting of the Company, subject to the appointment being approved by the shareholders of the Company by an ordinary resolution at an extraordinary general meeting to be held pursuant to the articles of association of the Company.

A circular giving details of the change of auditors of the Company and containing a notice of the extraordinary general meeting will be despatched to the shareholders of the Company as soon as practicable. Further announcement will be made once the appointment of CCIF CPA Limited as auditors of the Company has been approved by the shareholders of the Company.

#### DELAY IN PUBLICATION OF ANNUAL RESULTS AND DESPATCH OF ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

The Board also announces that there will be a delay in the release and publication of the Company's annual results (the "Annual Results") and the despatch of its annual report (the "Annual Report") for the year ended 30 June 2005. Pursuant to Rule 13.49(1) and 13.46(2)(a) of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), an issuer is required to publish on the newspaper its annual results and despatch its annual report to its shareholders not later than four months after the date upon which the financial period ended, i.e. by 31 October 2005.

The reason for delay in publication of Annual Results is that the proposed new auditors, CCIF CPA Limited, whose appointment is subject to the approval of the shareholders of the Company by an ordinary resolution at an extraordinary general meeting, have yet to commence their audit work. It is expected that CCIF CPA Limited will commence audit work as soon as their appointment is approved by the shareholders of the Company at the forthcoming extraordinary general meeting, and that the Annual Results will be announced and the Annual Report will be despatched on or before 15 December 2005.

The delay in publication of the Annual Results and despatch of the Annual Report, and the failure to disclose the Company's unaudited financial results for the year ended 30 June 2005 in this announcement, constitute breaches of Rules 13.49(1), 13.46(2)(a), and 13.49(3)(i)(c) of the Listing Rules. The Board attributes such delay to the resignation of E & Y as a result of the fact that the Company and E & Y could not reach an agreement on the audit fees for the year ended 30 June 2005, and recommends the Company appoint CCIF CPA Limited to fill the vacancy subject to shareholders' approval on such appointment. It is expected the Annual Results will be announced and the Annual Report will be despatched on or before 15 December 2005. The Board attributes such failure to disclose the Company's unaudited financial results in this announcement to the unavailability of the detailed annual results of the Company for the year ended 30 June 2005,

in particular the value of the Company's investments as at 30 June 2005. In this regard, the Stock Exchange reserves its right to take appropriate actions against the Company and the Directors in respect of such breaches.

Trading in shares of the Company on the Stock Exchange was suspended at the request of the Company from 9:30 a.m. on 14 February 2005 and will remain suspended pending the demonstration by the Company to the satisfaction of the Stock Exchange that, among others, the continual listing of the shares of the Company is warranted.

On behalf of the Board  
**Prime Investments Holdings Limited**  
**Wang Wen Xia**  
*Chief Executive Officer*

Hong Kong, 26 October 2005

*As at the date of this announcement, the Board comprises Mr. Lan Ning, Ms. Wang Wen Xia, Ms. Chiu Kam Hing, Kathy, Mr. Pong Po Lam, Paul, Ms. Ho Chiu King, Pansy and Mr. Wu Shenbin being the Executive Directors, Dr. Chan Po Fun, Peter and Mr. Ding Xiaobin being the Non-Executive Directors and Dr. Cheung Wai Bun, Charles, Mr. Zhang Yong and Mr. Gu Qiu Rong being the Independent Non-Executive Directors.*

Please also refer to the published version of this announcement in The Standard.