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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

**If you have sold or transferred** all your shares in Prime Investments Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank manager, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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**PRIME INVESTMENTS HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 721)

**CHANGE OF AUDITORS  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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A notice convening an extraordinary general meeting of the Company to be held at Suite 504, 5/F, Chinachem Tower, 34-37 Connaught Road Central, Hong Kong on Friday, 18 November 2005 at 2:30 p.m. is set out on page 5 of this circular. A form of proxy for use at the extraordinary general meeting is enclosed.

Whether or not you intend to attend and vote at the extraordinary general meeting, you are requested to complete and return the enclosed form of proxy to the Company’s branch share registrar in Hong Kong, Tengis Limited at G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof should you so wish.

31 October 2005

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## LETTER FROM THE BOARD

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### PRIME INVESTMENTS HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 721)

*Executive Directors:*

Mr. Lan Ning  
Ms. Wang Wen Xia  
Ms. Chiu Kam Hing, Kathy  
Mr. Pong Po Lam, Paul  
Ms. Ho Chiu King, Pansy  
Mr. Wu Shenbin

*Non-Executive Directors:*

Dr. Chan Po Fun, Peter  
Mr. Ding Xiaobin

*Independent Non-Executive Directors:*

Dr. Cheung Wai Bun, Charles  
Mr. Zhang Yong  
Mr. Gu Qiu Rong

*Registered office:*

Century Yard  
Cricket Square  
Hutchins Drive  
P.O. Box 2681GT  
George Town  
Grand Cayman  
British West Indies

*Principal place of business in*

*Hong Kong:*  
Suite 504, 5/F  
Chinachem Tower  
34-37 Connaught Road Central  
Hong Kong

31 October 2005

To the shareholders of the Company

Dear Sir or Madam,

### CHANGE OF AUDITORS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

#### Change of auditors

The directors (the “Directors”) of the Company proposed to change the auditors of the Company as the Company and Messrs. Ernst and Young (“E & Y”), the auditors of the Company, could not reach an agreement on the audit fees for the financial year ended 30 June 2005.

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## LETTER FROM THE BOARD

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E & Y were first appointed as auditors of the Company at the annual general meeting of the Company held on 12 September 2001, and they were re-appointed as auditors at subsequent annual general meetings of the Company including the last one held on 14 January 2005, to hold office until the conclusion of the next annual general meeting of the Company. The report of the auditors contained in the Company's annual report for the year ended 30 June 2004 stated that the financial statements have been prepared on the going concern basis, the validity of which is dependent upon the continued financial support from a shareholder and a related company of the Group. Nonetheless, E & Y stated in the report that their opinion is not qualified in this respect. E & Y did not state any qualifications in the report of the auditors as contained in the annual report of the Company for each of the four years ended 30 June 2004.

Because of the different expectation of audit fees between the Company and E & Y, E & Y have not yet commenced the audit work of the Company for the year ended 30 June 2005. Since the Company had not generated any 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. The Company received a notice of resignation from E & Y in respect of their resignation as auditors of the Company and its subsidiaries with effect from 14 October 2005.

In the notice of the 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 Directors also confirm that E & Y had not commenced audit and as such had 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 they consider should be brought to the attention of the shareholders of the Company.

In accordance with the articles of association of the Company, if the office of auditors becomes vacant by the resignation of the auditors, the Directors shall as soon as practicable convene an extraordinary general meeting to fill the vacancy.

The Directors propose 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 Directors 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 appointment of CCIF CPA Limited in place of E & Y is subject to approval by the shareholders of the Company at the extraordinary general meeting of the Company to be convened. It is expected that the change of auditors of the Company will delay the release of annual results of the Company for the financial year ended 30 June 2005. The Company and CCIF CPA Limited expect that the Company will be able to announce the annual results and despatch the annual report of the Company 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.

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## LETTER FROM THE BOARD

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### **Extraordinary general meeting**

An ordinary resolution will be proposed at the extraordinary general meeting of the Company to approve the proposed appointment of CCIF CPA Limited as auditors of the Company. None of the shareholders of the Company are required to abstain from voting at the extraordinary general meeting of the Company. The extraordinary general meeting of the Company will be held at Suite 504, 5/F, Chinachem Tower, 34-37 Connaught Road Central, Hong Kong on Friday, 18 November 2005 at 2:30 p.m.. The notice of the extraordinary general meeting is set out herein. A form of proxy for use at the extraordinary general meeting is enclosed.

Whether or not you intend to attend and vote at the extraordinary general meeting, you are requested to complete and return the enclosed form of proxy to the Company's branch share registrar in Hong Kong, Tengis Limited at G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof should you so wish.

### **Procedure for demanding a poll**

In accordance with the articles of association of the Company, members may demand, before or on the declaration of the results of the show of hands or on the withdrawal of any other demand for a poll, that voting in respect of the resolution to be put to the extraordinary general meeting shall be taken on a poll.

1. The following person or members may demand that voting in respect of the resolution to be put to the extraordinary general meeting shall be taken on a poll:
  - (a) the chairman of such meeting; or
  - (b) at least three members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
  - (c) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
  - (d) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

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## LETTER FROM THE BOARD

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### **Recommendation**

The Directors are of the opinion that the nomination and appointment of CCIF CPA Limited as auditors of the Company is in the best interests of the Company and recommend you to vote in favour of the resolution to the proposed at the extraordinary general meeting of the Company. Announcement will be made by the Company when the appointment of CCIF CPA Limited as auditors of the Company is approved by the shareholders of the Company at the extraordinary general meeting of the Company.

Yours faithfully,  
For and on behalf of the Board  
**Prime Investments Holdings Limited**  
**Wang Wen Xia**  
*Chief Executive Officer*

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### PRIME INVESTMENTS HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 721)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Prime Investments Holdings Limited (the “Company”) will be held at Suite 504, 5/F, Chinachem Tower, 34-37 Connaught Road Central, Hong Kong on 18 November 2005 at 2:30 p.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution:

“**THAT** CCIF CPA Limited, Certified Public Accountants, be and are hereby appointed as auditors of the Company to fill the casual vacancy following the resignation of Messrs. Ernst & Young and to hold office until the conclusion of the next annual general meeting of the Company at a fee to be fixed by the board of directors of the Company.”

By Order of the Board  
**Li Chi Chung**  
*Company Secretary*

Hong Kong, 31 October 2005

*Registered office:*

Century Yard  
Cricket Square  
Hutchins Drive  
P.O. Box 2681GT  
George Town  
Grand Cayman  
British West Indies

*Principal place of business in*

*Hong Kong:*  
Suite 504, 5/F  
Chinachem Tower  
34-37 Connaught Road Central  
Hong Kong

*Notes:*

1. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy can vote on a poll. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed, or a certified copy of that power or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Tengis Limited at G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. Completion and return of the form of proxy will not preclude members from attending and voting in person at the extraordinary general meeting or any adjournment thereof.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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4. In accordance with the articles of association of the Company, the following person or members may demand that voting in respect of the resolution to be put to the extraordinary general meeting shall be taken on a poll:
- (a) the chairman of such meeting; or
  - (b) at least three members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
  - (c) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
  - (d) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A poll may be demanded before or on the declaration of the results of the show of hands or on the withdrawal of any other demand for a poll.