



PRIME INVESTMENTS HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 721)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 30 JUNE 2005

The Board of Directors (the “Board”) of Prime Investments Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 30 June 2005 as follows:

RESULTS

	Notes	Year ended 30 June 2005 HK\$	Year ended 30 June 2004 HK\$
TURNOVER	3	–	–
Other revenue	3	–	201
Administrative expenses		(2,381,825)	(3,722,982)
Other operating expenses		(21,351)	(2,050,000)
LOSS FROM OPERATING ACTIVITIES	4	(2,403,176)	(5,772,781)
Finance costs	5	(149,779)	(327,699)
LOSS BEFORE TAXATION		(2,552,955)	(6,100,480)
Taxation	6	–	–
NET LOSS FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS	7	<u>(2,552,955)</u>	<u>(6,100,480)</u>
LOSS PER SHARE	8		
Basic		<u>5.3 cents</u>	<u>13.5 cents</u>
Diluted		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED BALANCE SHEET

	30 June 2005 HK\$	30 June 2004 HK\$
NON-CURRENT ASSETS		
Property, plant and equipment	106,208	82,540
Investment securities	9,000,000	9,000,000
Rental deposit	54,314	–
	<u>9,160,522</u>	<u>9,082,540</u>
CURRENT ASSETS		
Prepayments, deposits and other receivables	72,500	72,500
Cash and bank balances	11,223	101,493
	<u>83,723</u>	<u>173,993</u>
CURRENT LIABILITIES		
Other loan	400,000	–
Other payables and accrued liabilities	1,446,846	925,538
Due to directors	2,685,596	–
	<u>4,532,442</u>	<u>925,538</u>
NET CURRENT LIABILITIES	<u>(4,448,719)</u>	<u>(751,545)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>4,711,803</u>	<u>8,330,995</u>
NON-CURRENT LIABILITIES		
Due to a director	828,404	2,027,998
Due to a shareholder	2,734,401	2,601,044
	<u>3,562,805</u>	<u>4,629,042</u>
NET ASSETS	<u>1,148,998</u>	<u>3,701,953</u>
CAPITAL AND RESERVES		
Issued capital	4,800,000	4,800,000
Reserves	(3,651,002)	(1,098,047)
	<u>1,148,998</u>	<u>3,701,953</u>

Notes:

1. Basis of presentation and principal accounting policies

These financial statements have been prepared in accordance with the HKFRSs and the disclosure requirements of the Hong Kong Companies Ordinance. The Hong Kong Institute of Certified Public Accountants has issued a number of new Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, herein collectively referred to as the new HKFRSs, which are generally effective for accounting periods beginning on or after 1 July 2005. The company has not early adopted these new HKFRSs in the financial statements for the year ended 30 June 2005. The company has already commenced assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

2. Segment information

The Group is principally engaged in the investment in listed and unlisted companies. Accordingly, no analysis of business segment is provided. No geographical analysis is presented as none of the Group's turnover, results, assets and liabilities are attributable to markets outside the People's Republic of China (the "PRC") (including Hong Kong).

3. Turnover and revenue

The Group is principally engaged in the investment in listed and unlisted companies. An analysis of turnover and other revenue is as follows:

	Year ended 30 June 2005 HK\$	Year ended 30 June 2004 HK\$
<i>Turnover</i>		
Proceeds from sale of trading securities	—	—
<i>Other revenue</i>		
Interest income	—	1
Gain on disposal of subsidiaries	—	200
	<u>—</u>	<u>201</u>

4. Loss from operating activities

The Group's loss from operating activities is arrived at after charging:

	2005 HK\$	2004 HK\$
Depreciation	17,458	98,054
Lease payments under operating leases on land and buildings	34,544	826,167
Auditors' remuneration	130,000	150,000
Staff costs (excluding directors' remuneration):		
Wages and salaries	329,399	221,250
Net pension scheme contributions*	17,013	10,875
	<u>346,412</u>	<u>232,125</u>
Gain on disposal of an investment security**	—	(450,000)
Loss on disposal of property, plant and equipment	21,351	—
Impairment of investment securities**	—	2,500,000
	<u>—</u>	<u>2,500,000</u>

* At 30 June 2005, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2004: Nil).

** Included in "Other operating expenses" on the face of the consolidated income statement.

5. Finance costs

	2005 HK\$	2004 HK\$
Interest expense on other loans	19,703	258,822
Advances from directors	53,020	12,576
Advance from a shareholder	77,056	56,301
	<u>149,779</u>	<u>327,700</u>

6. Taxation

No Hong Kong profits tax has been provided as the Group did not generate any assessable profits during the year (2004: Nil).

7. Net loss for the year attributable to shareholders

The net loss attributable to shareholders for the year ended 30 June 2005 dealt with in the financial statements of the Company, was HK\$2,552,955 (2004: HK\$9,600,480).

8. Loss per share

The calculation of the basic loss per share is based on the net loss for the year attributable to shareholders of HK\$2,552,955 (2004: HK\$6,100,480) and weighted average 48,000,000 (2004: 45,063,014) ordinary shares in issue during the year.

Diluted loss per share amounts for the years ended 30 June 2005 and 2004 have not been disclosed as no diluting events existed during these two years.

EXTRACT OF REPORT OF THE AUDITORS

Fundamental uncertainty relating to the going concern basis

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the basis of preparation. As further explained in note 3 to the financial statements, which report net current liabilities of HK\$4,448,719 of the Company and the Group, respectively, at 30 June 2005, have been prepared on the going concern basis, the validity of which is dependent upon the continued financial support from a shareholder of the Company. The financial statements do not include any adjustments that would result from the failure to obtain the continued financial support from the shareholder of the Company. We consider that appropriate disclosures and estimates have been made in the financial statements and our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2005 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

Over the year under review, the general investment environment has improved, but the overall outlook is still uncertain. The Group had not made any major investment during the year. Although the economy of the region within which we operate has shown positive signs of recovery, and the Hong Kong Stock market marked a considerable recovery, the Group did not benefit from the stock market rally because all the Group's existing investments are all in unlisted equities which are long-term and illiquid in nature.

Results

The Group recorded a net loss attributable to shareholders of approximately HK\$2.5 million as compared to approximately HK\$6.1 million in the previous year.

Liquidity and financial resources

As at 30 June 2005, the Group had net current liabilities of approximately HK\$4,448,719. The Group's total indebtedness (representing loans from loan providers) was fully repaid during the year. All indebtedness was denominated in Hong Kong dollars.

The management believes the Group will have adequate financial resources to meet its daily working capital requirement and for further potential investments purpose as the opportunities may arise in future.

Exchange Exposure

Since most of our operations were denominated in Hong Kong dollars during the year under review, the Group was only exposed to insignificant exchange risks.

Employee Information

As at 30 June 2005, the Group employed three employees. Total staff cost of the Group, excluding directors' remuneration, for the year under review amounted to HK\$329,399. Staff remuneration packages are normally reviewed annually.

Capital Commitment

As at 30 June 2005 and 30 June 2004, there was no material capital commitment for the Group.

Contingent Liabilities

As at 30 June 2005 and 30 June 2004, there was no contingent liabilities for the Group.

Purchase, Sale or redemption of the Company's Listed securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed shares of the Company.

Dividend

The Board of Directors does not recommend the payment of any dividend for the year ended 30 June 2005 (2004: Nil).

Audit Committee

The Audit Committee has reviewed the annual result for the year ended 30 June 2005 on 12 December 2005.

Compliance with the Code of Best Practice

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the accounting year covered by the annual report, except that the independent non-executive directors are not appointed for a specific term but are subject to retirement by rotation in accordance with the Company's articles of association.

Disclosure of Information on the Website of The Stock Exchange

The annual report of the Group for the year ended 30 June 2005 containing all the information required by the paragraphs 45(1) to 45(3) of Appendix 16 to the Listing Rules will be published on the Stock Exchange's website at <http://www.hkex.com.hk> in due course.

Appreciation

On behalf of the Board of Directors, I would like to extend my gratitude to all of our business partners, shareholders, directors, and staff for their support and dedicated work during the year.

On Behalf of the Board
Lan Ning
Chairman

Hong Kong, 13 December 2005

As at the date of this announcement, the Board comprises Mr. Lan Ning, Ms. Wang Wenxia, Wendy, Ms. Chiu Kam Hing, Kathy, Mr. Pong Po Lam, Paul, Ms. Ho Chiu King, Pansy and Mr. Wu Shenbin being the Executive Directors, Mr. Ding Xiaobin and Dr. Chan Po Fun, Peter 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.