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PRIME INVESTMENTS HOLDINGS LIMITED

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

POLY GOOD GROUP LIMITED

*(incorporated in the British Virgin Islands
with limited liability)*

JOINT ANNOUNCEMENT

- (I) PROPOSED CHANGE OF DOMICILE,
(II) REORGANISATION OF SHARE CAPITAL INVOLVING THE CAPITAL
REDUCTION,
THE CAPITAL SUBDIVISION AND THE CANCELLATION OF SHARE PREMIUM
ACCOUNT,
(III) PROPOSED SUBSCRIPTION OF NEW SHARES BY THE SUBSCRIBER,
(IV) ADOPTION OF THE NEW MEMORANDUM OF CONTINUANCE
AND BYE-LAWS
(V) APPLICATION FOR THE WHITEWASH WAIVER
AND
(VI) EXPIRATION OF INVESTMENT MANAGEMENT AGREEMENT**

Joint Financial Advisers to the Company



HANTEC CAPITAL LIMITED



INCU Corporate Finance Limited

Change of Domicile and Capital Reorganisation

The Directors propose to (a) change the domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda; (b) reduce the nominal value of each issued Share from HK\$0.10 to HK\$0.01 by cancelling HK\$0.09 paid-up on each Share and subdivide each of the authorised but unissued Shares into 10 New Shares of HK\$0.01 each; and (c) cancellation of the entire amount of the share premium account of the Company. The proposed Change of Domicile and Capital Reorganisation will not affect the continuity and the listing status of the Company.

The proposed Capital Reorganisation will allow the Company issuing New Shares below its existing nominal value per Share of HK\$0.10 as required in the Subscription Agreement, and will increase the flexibility for the Company in possible future fund raising. The proposed Change of Domicile will shorten the time required to effect the Capital Reorganisation.

The Change of Domicile is conditional upon:

- (a) the passing of the necessary special resolution(s) by the Shareholders at an extraordinary general meeting of the Company to approve an amendment to the memorandum of association of the Company to facilitate the Change of Domicile, to approve the Change of Domicile, the adoption of the new memorandum of continuance and bye-laws of the Company; and
- (b) compliance with the relevant procedures and requirements under the Cayman Islands law, Bermuda law and the Listing Rules.

The Capital Reorganisation is conditional on:

- (a) the passing of the necessary special resolution(s) by the Shareholders at an extraordinary general meeting of the Company to approve the Capital Reorganisation involving the Capital Reduction, the Capital Subdivision and the Cancellation of Share Premium Account;
- (b) the Change of Domicile becoming effective;
- (c) compliance with the relevant procedures and requirements under Bermuda law and the Listing Rules to effect the Capital Reorganisation; and

- (d) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation.

The Change of Domicile is not conditional upon completion of the Capital Reorganisation. The Capital Reorganisation is conditional upon the Change of Domicile becoming effective. Subject to the fulfillment of the above conditions, the Directors currently expect the Change of Domicile and the Capital Reorganisation will be completed by the end of April 2006.

The Subscription Agreement

On 2 November 2005, the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Company agreed to allot and issue and the Subscriber agreed to subscribe in cash of HK\$8,000,000 for a total of 89,142,857 Subscription Shares which represents the subscription price of approximately HK\$0.0897 per Subscription Share. The Subscription Price represents a discount of approximately 72.4% to the closing price of HK\$0.325 per Share as quoted on the Stock Exchange on the Last Trading Day and a discount of approximately 69.5% to the average closing price of HK\$0.2945 per Share as quoted on the Stock Exchange over the last ten trading days up to and including Last Trading Day.

The 89,142,857 Subscription Shares represent approximately 185.7% of the existing issued share capital of the Company and approximately 65.0% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The net proceeds from the Subscription are estimated to be approximately HK\$7 million and the Directors intend to apply such net proceeds to repay outstanding indebtedness of the Group.

Whitewash Waiver

Upon completion of the Subscription, the Subscriber and parties acting in concert with it will hold approximately 65.0% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. In the absence of the Whitewash Waiver, the Subscriber and parties acting in concert with it will be required under Rule 26 of the Takeovers Code to make a general offer for all the issued Shares not already owned or agreed to be acquired by the Subscriber and parties acting in concert with it. The grant of the Whitewash Waiver, if successfully applied for, will be subject to passing of a resolution by the Independent Shareholders other than Oceanwide and its respective concert parties or associates, including Advance Elite Holdings Limited, by way of a poll at the EGM and is a condition precedent to Completion.

Expiration of investment management agreement

The Board also announces that the investment management agreement entered into between Glory Investment Assets Limited and the Company has expired on 4 July 2005 and since then Glory Investment Assets Limited has no longer acted as the investment manager of the Company. Further announcement will be made by the Company in relation to appointment of a new investment manager.

Suspension of Trading

Trading in the Shares 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 is warranted. Further announcement will be made to inform the Shareholders as regards the progress of such application for resumption of trading as and when appropriate. The resumption of trading in the Shares is also a condition precedent to Completion.

A circular containing, among other things, (i) further details of (a) the Change of Domicile, (b) the Capital Reorganisation involving the Capital Reduction, the Capital Subdivision and the Cancellation of Share Premium Account, (c) the Subscription Agreement, (d) adoption of the new memorandum of continuance and bye-laws, and (e) the Whitewash Waiver, (ii) a letter of advice on the Whitewash Waiver from the joint independent financial advisers to the independent board committee of the Company and the Independent Shareholders, (iii) the recommendation from the independent board committee of the Company to the Independent Shareholders, together with (iv) the notice of the EGM will be despatched to the Shareholders as soon as possible within 21 days from the issue of this announcement pursuant to Rule 8.2 of the Takeovers Code.

Shareholders should be aware of and take note that the Change of Domicile, the Capital Reorganisation involving the Capital Reduction, the Capital Subdivision and the Cancellation of Share Premium Account and the Subscription Agreement are conditional upon satisfaction of the conditions precedent set out in the paragraphs headed "Conditions of the Change of Domicile" and "Conditions of the Capital Reorganisation" in the section headed "Change of Domicile and Capital Reorganisation", and the paragraph headed "Conditions of the Subscription Agreement" in the section headed "The Subscription Agreement" below. Therefore, the Change of Domicile, the Capital Reorganisation involving the Capital Reduction, the Capital Subdivision and the Cancellation of Share Premium Account and the Subscription Agreement may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

CHANGE OF DOMICILE AND CAPITAL REORGANISATION

The Directors propose to change the domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda, and to adopt a new memorandum of continuance and bye-laws in compliance with Bermuda company laws to replace the existing memorandum and articles of association of the Company. The Directors also propose, upon the Change of Domicile becoming effective, to reorganise the capital of the Company in the following manner:

- (a) the nominal value of each of the issued Shares of HK\$0.10 each will be reduced from HK\$0.10 each by cancelling the paid-up capital to the extent of HK\$0.09 on each issued Share to New Share of HK\$0.01 each so that the issued share capital of HK\$4,800,000 will be reduced by HK\$4,320,000 to HK\$480,000;
- (b) each of the authorised but unissued Shares will be sub-divided into 10 New Shares of HK\$0.01 each; and
- (c) the credit of about HK\$4,320,000 arising from the Capital Reduction will be transferred to the contributed surplus account of the Company. As advised by Conyers Dill & Pearman, the legal advisers to the Company on Bermuda law and Cayman Islands law, under Bermuda law, credit in the contributed surplus account of the Company may be used for distribution to shareholders provided that the Company has no reasonable grounds to believe that (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

As at the date of this announcement, the Company has an authorised share capital of HK\$20,000,000 divided into 200,000,000 Shares, of which 48,000,000 Shares have been issued and are fully paid or credited as fully paid. Upon completion of the Capital Reorganisation, the Company will have an authorised share capital of HK\$20,000,000 divided into 2,000,000,000 New Shares, of which 48,000,000 New Shares are issued and fully paid or credited as fully paid.

Reasons for the Change of Domicile and the Capital Reorganisation and impact on the Company and the Shareholders

The Capital Reorganisation is proposed in order to allow the Company issuing New Shares below its existing nominal value per Share of HK\$0.10 as required in the Subscription Agreement, and to increase the flexibility for the Company in possible future fund raising. The Capital Reorganisation will also enable the Company to apply part of the amount standing to the credit of its contributed surplus account arising from the Capital Reduction amounting to HK\$4,320,000 as at the date of this announcement to eliminate the accumulated losses of the Company. As advised by Conyers Dill & Pearman, such elimination of accumulated losses is permissible under Bermuda law. This will also facilitate the payment of dividends as and when the Directors consider it appropriate in the future. Other than the expenses to be incurred in relation to the Change of Domicile and the Capital Reorganisation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders.

To shorten the time required to effect the Capital Reorganisation, it is also proposed to effect the Change of Domicile. As advised by Conyers Dill & Pearman, if the Company proceeds with the Capital Reorganisation in the Cayman Islands, the sanction by the Grand Court of the Cayman Islands would be required for the Capital Reduction. Subject to availability of the Grand Court of the Cayman Islands, it may take between four to six months to complete the Capital Reduction. The Board does not believe that such sanction can be obtained in a commercially expedient time frame. The Company has been advised by Conyers Dill & Pearman that the Capital Reorganisation in Bermuda may be effected without the sanction of the Grand Court of the Cayman Islands or approval of the Supreme Court of Bermuda by way of the Change of Domicile from the Cayman Islands to Bermuda through de-registration out of the Cayman Islands and continuation in Bermuda. Conyers Dill & Pearman also advised that no court order is required in the Cayman Islands or Bermuda for the Change of Domicile. The Change of Domicile will not alter the underlying assets, business operations, management or financial position of the Group nor the proportionate equity interests of the Shareholders. The continuation of the Company in Bermuda does not create a new legal entity or prejudice or affect the continuity of the Company. The head office of the Group will continue to be in Hong Kong. Also, as advised by Conyers Dill & Pearman and the legal adviser to the Company on Hong Kong law, the Change of Domicile will not involve the formation of a new holding company, the withdrawal of listing of existing securities, any issue of new securities, any transfer of assets of the Company or any change in the existing shareholding structure of the Company.

As court sanction is not required for the Change of Domicile in the Cayman Islands or Bermuda and for the Capital Reduction in Bermuda, the Board estimates the Capital Reorganisation and the Change of Domicile should be completed between 8 and 12 weeks, estimated to be about two to three months earlier than it would otherwise be. Implementation of the Change of Domicile will not affect the listing status of the Shares on the Stock Exchange.

In order to reduce the amount of annual fee which is calculated based on the assessable capital of the Company (consisting of the amount of the Company's authorised share capital and share premium account) payable to the Bermuda government after the Change of Domicile becoming effective, as permitted under Cayman Islands law as advised by Conyers Dill & Pearman, a resolution will be proposed to cancel the entire amount of about HK\$4,320,000 standing to the credit of the share premium account of the Company as at the date of this announcement and credit the amount to contributed surplus account of the Company.

As advised by Conyers Dill and Pearman, Shareholders will be required to approve the special resolution to amend the memorandum and articles of association of the Company to facilitate the Change of Domicile, to approve the Change of Domicile and to adopt the proposed memorandum of continuance and bye-laws upon the Change of Domicile becoming effective. A special resolution to cancel the entire amount standing to the credit of the share premium account as at the date of the passing of the relevant resolution at the EGM will also be proposed to the Shareholders at the EGM to reduce the amount of annual government fee payable to the Bermuda government upon the Change of Domicile becoming effective. The credit arising from the Cancellation of Share Premium Account as at the date of the passing of the relevant resolution at the EGM will be credited to the contributed surplus account of the Company to eliminate the accumulated losses of the Company. After the passing of the special resolution at the EGM, the Company will make an application to the Bermuda Monetary Authority seeking its permission for the continuation of the Company as an exempted company registered in Bermuda. Upon obtaining such permission, applications will be made to the Cayman Registrar to have the Company de-registered from the Cayman Islands and to the Bermuda Registrar for registration of the Company in Bermuda. The Cayman Registrar is obliged to de-register the Company if the requirements of the Companies Law have been complied with which include that the Cayman Registrar is not aware of any reason why it would be against the public interest to de-register the Company. The Company will file the memorandum of continuance in Bermuda with the Bermuda Registrar. The memorandum of continuance will be deemed to be the new memorandum of association of the Company. Upon registration by the Bermuda Registrar of the memorandum of continuance to be adopted by the Company, the Bermuda Registrar will issue a certificate of continuance and the Company will become a company to which the Companies Act and any other laws in Bermuda apply as if the Company had been incorporated in Bermuda on the date of the registration of the memorandum of continuance. The certificate of continuance will be deemed to be the certificate of incorporation of the Company. Upon approval by the Cayman Registrar of the application for de-registration, the Cayman Registrar will issue a certificate of de-registration. The Company must then file a copy of the certificate of continuance issued by the Bermuda Registrar to the Cayman Registrar.

Conditions of the Change of Domicile

The Change of Domicile is conditional upon:

- (a) the passing of the necessary special resolution(s) by the Shareholders at an extraordinary general meeting of the Company to approve an amendment to the memorandum of association of the Company to facilitate the Change of Domicile, to approve the Change of Domicile, the adoption of the new memorandum of continuance and bye-laws of the Company; and
- (b) compliance with the relevant procedures and requirements under the Cayman Islands law, Bermuda law and the Listing Rules.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional on:

- (a) the passing of the necessary special resolution(s) by the Shareholders at an extraordinary general meeting of the Company to approve the Capital Reorganisation involving the Capital Reduction, the Capital Subdivision and the Cancellation of Share Premium Account;
- (b) the Change of Domicile becoming effective;
- (c) compliance with the relevant procedures and requirements under Bermuda law and the Listing Rules to effect the Capital Reorganisation; and
- (d) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation.

The Change of Domicile is not conditional upon completion of the Capital Reorganisation. The Capital Reorganisation is conditional upon the Change of Domicile becoming effective.

APPLICATION FOR LISTING

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation and all necessary arrangements will be made for the New Shares to be admitted into the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited.

THE SUBSCRIPTION AGREEMENT

The Subscription

Issuer: The Company

Subscriber: Poly Good Group Limited, the Subscriber. The Subscriber is wholly-owned by Mr. Chan Yan Ting, Gordon. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company, and they are not parties acting in concert (as defined in the Takeovers Code) with any connected persons of the Company.

Warrantor: Oceanwide

On 2 November 2005, the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Company agreed to allot and issue and the Subscriber agreed to subscribe in cash of HK\$8,000,000 for a total of 89,142,857 Subscription Shares which represents the Subscription Price of approximately HK\$0.0897 per Subscription Share.

The 89,142,857 Subscription Shares represents approximately 185.7% of the existing issued share capital of the Company and approximately 65.0% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Price

The Subscription Price of approximately HK\$0.0897 per Subscription Share was determined after arm's length negotiations between the Company and the Subscriber, after considering the existing liabilities and indebtedness of the Group, the Group's net asset value and the fact that no turnover has been recorded by the Group in the year ended 30 June 2004. The Board is of the view that the terms of the Subscription are fair and reasonable and in the interests of the Shareholders as a whole.

The Subscription Price represents a discount of approximately 72.4% to the closing price of HK\$0.325 per Share as quoted on the Stock Exchange on the Last Trading Day and a discount of approximately 69.5% to the average closing price of HK\$0.2945 per Share as quoted on the Stock Exchange over the last ten trading days up to and including the Last Trading Day and a premium of approximately 52.4% to the Group's unaudited net asset value of HK\$0.047 per Share as at 31 December 2005.

An application will be made to the Stock Exchange for the listing of, and permission to deal in the Subscription Shares.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the New Shares in issue as at the date of the allotment and issue of the Subscription Shares, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company on or after the date of allotment and issue of the Subscription Shares.

Conditions of the Subscription Agreement

Completion of the Subscription Agreement is conditional upon the following conditions having been fulfilled:

- (a) the passing of the necessary special and ordinary resolutions by the Shareholders to approve the Change of Domicile and the Capital Reorganisation;
- (b) compliance with the relevant legal procedures and requirements under the Cayman Islands law, Bermuda law and the Listing Rules to effect the Change of Domicile and the Capital Reorganisation, in particular but not limited to the publication of a notice of reduction of capital in accordance with section 46(2)(a) of the Companies Act 1981 of Bermuda and the making of a declaration of solvency in accordance with section 46(2)(b) of the Companies Act 1981 of Bermuda in connection with the Capital Reduction;
- (c) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the New Shares in issue arising from the Capital Reorganisation;
- (d) the Change of Domicile and the Capital Reorganisation becoming effective;
- (e) the completion of the restructuring of the liabilities of the Group in such manner as the Company and the Subscriber may agree;
- (f) clearance of this announcement by the Stock Exchange and the SFC;
- (g) the passing by the Shareholders (excluding any person(s), if any, who are required to abstain from voting under the Listing Rules and the Takeovers Code) of resolutions in the EGM in compliance with the requirements of the Listing Rules and the Takeovers Code approving:
 - (i) (if necessary) the increase in the authorised share capital of the Company to such figure as will allow the Company to allot and issue the Subscription Shares;
 - (ii) the Subscription Agreement and the issue and allotment of the Subscription Shares in accordance with the terms of the Subscription Agreement; and

- (iii) the grant of a waiver in respect of the obligation of the Subscriber and the parties acting in concert with it (if any) to make a mandatory general offer to the Shareholders in respect of the New Shares not already owned or agreed to be acquired by the Subscriber or any parties acting in concert with it (if any) as a result of the subscription of the Subscription Shares in accordance with Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code;
- (h) the Listing Committee agreeing to grant the listing of, and permission to deal in, the Subscription Shares;
- (i) the Executive granting to the Subscriber and parties acting in concert with it (if any) a waiver of the obligation to make a mandatory general offer to the Shareholders in respect of the New Shares not already owned or agreed to be acquired by the Subscriber or any parties acting in concert with it (if any) as a result of the subscription of the Subscription Shares in accordance with the Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code;
- (j) consent in principle of the Stock Exchange to the resumption of trading of New Shares in issue on the Stock Exchange having been obtained, which are subject to the Company being able to demonstrate to the Stock Exchange that, among other things, the Group is suitable for listing, has a sufficient level of operation and is able to comply with other relevant requirements as stipulated under the Listing Rules;
- (k) no indication being received on or before the date of Completion from the Stock Exchange or the SFC to the effect that the listing of the New Shares may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of Completion or in connection with the Subscription Agreement; and
- (l) the Subscriber notifying the Company or the Company's solicitors in writing that upon completion of the due diligence review, it is satisfied that the actual and contingent liabilities of the Group as at the date of Completion do not exceed HK\$8,500,000.

The Subscriber may at its absolute discretion waive the conditions set out in paragraph (l) above at any time by notice in writing to the Company. The other conditions set out above are incapable of being waived.

In relation to condition (e) above, the Company is discussing with the Subscriber in respect of the restructuring of the liabilities of the Group, and no conclusion has been reached as at the date of this announcement. The Directors currently do not consider that it will be necessary to increase the authorised share capital of the Company to facilitate the proposed share subscription by the Subscriber. As at 31 December 2005, the Group had liabilities of approximately HK\$7.64 million, a breakdown of which is set out in the paragraph headed "Reasons for the Subscription" below. The Directors are not aware of any contingent liabilities of the Group as at 31 December 2005 and the date of this announcement.

In the event that all the conditions are not fulfilled or waived (as the case may be) by 5:00 p.m. (Hong Kong time) on the day falling 210 days from the date of the Subscription Agreement entered into (or such later date as may be agreed by the parties to the Subscription Agreement), the Company or the Subscriber may by notice to the other party elect to immediately terminate and rescind the Subscription Agreement. In the event of termination of the Subscription Agreement, the Deposit (as defined below) shall be returned without interest to the Subscriber in full within two business days after receipt of a notice for such refund from the Subscriber.

Completion

Completion of the Subscription Agreement shall take place on the third business day following the date on which the above conditions are fulfilled or waived, as the case may be. The aggregate Subscription Price shall be payable by the Subscriber in the manner as (i) HK\$800,000 (the "Deposit") of the aggregate Subscription Price shall be paid as deposit by the Subscriber by way of cashier order issued by a licensed bank in Hong Kong to the Company's solicitors immediately upon signing of the Subscription Agreement and the Deposit shall be held by the Company's solicitors in escrow pending Completion; and (ii) the balance of the aggregate Subscription Price amounting to HK\$7,200,000 shall be payable at Completion by the Subscriber to the Company by way of cashier order issued by a licensed bank in Hong Kong. In the event that the Completion does not take place by 30 May 2006, being 210 days from the date of the Subscription Agreement entered into, or such later date as may be agreed by the parties to the Subscription Agreement, the Company shall return the Deposit without interest to the Subscriber and a relevant announcement will be made by the Company.

Reasons for the Subscription

As stated in the Company's annual report for the year ended 30 June 2005, the Group had not made any investments during the period under review due to lack of new capital for investments. The Group held three major investments as at 30 June 2005. The Directors confirmed that, up to the date of this announcement, there is no material change to the Company's investment portfolio since 30 June 2005. Meanwhile, the Group had unaudited liabilities of approximately HK\$7.64 million as at 31 December 2005 and audited liabilities of approximately HK\$8.10 million as at 30 June 2005 as follows:

Liabilities	As at 31 December 2005 (HK\$)	As at 30 June 2005 (HK\$)
Amount due to Mr. Lan Ning (<i>Note 1</i>)	300,000	–
Amount due to Ms. Wang Wen Xia (“Ms. Wang”) (<i>Note 2</i>)	2,363,502	1,645,038
Amount due to Ms. Chiu Kam Hing, Kathy (<i>Note 3</i>)	1,557,574	1,557,574
Amount due to Oceanwide (<i>Note 4</i>)	–	2,734,400
Amount due to Mr. Lau (<i>Note 5</i>)	828,404	828,404
Amount due to Mr. Gordon Chan (<i>Note 6</i>)	400,000	–
Amount due to the Subscriber (<i>Note 7</i>)	800,000	–
Amount due to Mr. Ding Xiaobin (<i>Note 8</i>)	50,000	–
Accrued expenses and other payables (<i>Note 9</i>)	1,340,465	1,329,830
Total	<u>7,639,945</u>	<u>8,095,246</u>

Notes:

1. Amount due to Mr. Lan Ning, a non-executive Director effective from the date of this announcement, includes loans advanced by Mr. Lan to the Group on 31 July 2005 of HK\$120,000, 9 September 2005 of HK\$30,000, 1 November 2005 of HK\$50,000, 10 November 2005 of HK\$50,000 and 1 December 2005 of HK\$50,000, respectively, which are interest free and have no repayment schedule.
2. Amount due to Ms. Wang, an executive Director, includes (i) loans amounting to HK\$1,000,000 advanced by Ms. Wang to the Group from January to March 2005, which bears 2.4% interest per annum and has no repayment schedule, together with accrued interests of approximately HK\$20,120 as at 31 December 2005 and HK\$8,022 as at 30 June 2005; (ii) other loans advanced by Ms. Wang to the Group totaling HK\$245,000 as at 31 December 2005 and HK\$120,000 as at 30 June 2005, which are interest free and have no repayment schedule; (iii) salaries payable to Ms. Wang since February 2005 at HK\$100,000 per month amounting to a total of HK\$1,091,000 as at 31 December 2005 and HK\$500,000 as at 30 June 2005; and (iv) reimbursable expenses to Ms. Wang amounting to HK\$7,382 as at 31 December 2005 and HK\$17,016 as at 30 June 2005.
3. Amount due to Ms. Chiu Kam Hing, Kathy, a previous Director, is a loan of HK\$1,500,000 advanced by Ms. Chiu to the Group in March 2004, which bears 3% interest per annum and became due in June 2005 and no interest was incurred after June 2005. Up to 31 December 2005 and 30 June 2005, the accrued interest for the loans was approximately HK\$57,574 and HK\$57,574 respectively. Neither the principal nor the interest of the loan has been repaid by the Group up to the date of this announcement.
4. Amount due to Oceanwide, which through Advance Elite Holdings Limited is a substantial Shareholder interested in approximately 17.7% of the issued share capital of the Company as at the date of this announcement, includes (i) a loan amounting to HK\$2,500,000 advanced by Oceanwide to the Group in October 2003, which bears 3% interest per annum and became due on 30 June 2004; and (ii) reimbursable expenses to Oceanwide amounting to HK\$103,100. Up to 30 June 2005, the accrued interests for the loan were approximately HK\$131,300. On 30 November 2005, a deed of waiver was made between the Company and Oceanwide pursuant to which Oceanwide agreed to waive the debt of HK\$2,765,838 (including the amount of approximately HK\$2,734,400 brought forward from 30 June 2005) due by the Company. As such, no amount was due to Oceanwide by the Company as at 31 December 2005.
5. Amount due to Mr. Lau includes (i) salaries payable to him amounting to HK\$400,000 for the four months ended 30 June 2004 at HK\$100,000 per month; (ii) salaries payable to him amounting to HK\$350,000 for the seven months ended 31 January 2005 at HK\$50,000 per month; and (iii) reimbursable expenses to him amounting to HK\$78,404. Mr. Lau confirmed on 24 March 2005 that he will not demand the above balance until 28 February 2007.
6. Amount due to Mr. Gordon Chan is a loan of HK\$400,000 advanced by Mr. Gordon Chan to the Group, which bears no interest and will become due on 30 May 2006. Amount due to Mr. Gordon Chan will be offset against the amount to be payable by the Subscriber under the Subscription upon Completion if the Subscription is completed as expected. Mr. Gordon Chan is the sole beneficial owner of the Subscriber, and he is not a connected person of the Company save for the Subscription Agreement entered into between the Subscriber and the Company.

7. Amount due to the Subscriber is the deposit for the Subscription of HK\$800,000, which will be offset against the amount to be payable by the Subscriber under the Subscription upon Completion if the Subscription is completed as expected, or refunded to the Subscriber in the event that the Subscription is terminated or rescinded.
8. Amount due to Mr. Ding Xiaobin, a non-executive Director, is a loan advanced by Mr. Ding to the Group on 17 November 2005 of HK\$50,000 which is interest free and has no repayment schedule.
9. The following is a breakdown of accrued expenses and other payables as at 31 December 2005 and 30 June 2005:

	As at 31 December 2005 (HK\$)	As at 30 June 2005 (HK\$)
Salaries (apart from salaries as set out in notes 2 and 5 above)	53,200	19,000
Mandatory provident fund	4,600	20,400
Audit fee	78,000	130,000
Directors' fees	90,000	52,500
Printing costs	172,149	235,524
Investment manager fee	14,412	14,412
Share registrar fee	163,410	94,307
Company secretary fees and consultation fee	314,555	325,534
Loan from an Independent Third Party	400,000	400,000
Other operating expenses	50,139	38,153
Total	<u>1,340,465</u>	<u>1,329,830</u>

As advised by the Directors, the above expenses were immediately payable.

The Directors' fee includes remuneration payable to (i) Ms. Chiu Kam Hing, Kathy of approximately HK\$15,000 as at 31 December 2005 and HK\$7,500 as at 30 June 2005; (ii) Mr. Pong Po Lam, Paul of approximately HK\$15,000 as at 31 December 2005 and HK\$7,500 as at 30 June 2005; (iii) Ms. Ho Chiu King, Pansy of approximately HK\$30,000 as at 31 December 2005 and HK\$22,500 as at 30 June 2005; (iv) Dr. Chan Po Fun, Peter of approximately HK\$15,000 as at 31 December 2005 and HK\$7,500 as at 30 June 2005; and (v) Dr. Cheung Wai Bun, Charles of approximately HK\$15,000 as at 31 December 2005 and HK\$7,500 as at 30 June 2005.

Loan from an Independent Third Party refers to a loan, which is neither guaranteed nor secured by any assets of the Group, amounting to HK\$400,000 advanced by an Independent Third Party, who is a friend of Mr. Ding Xiaobin, a non-executive Director, to the Group for general working capital purpose, which bears no interest and has no repayment schedule.

10. All of the amounts due as set out in notes 1 to 8 are neither guaranteed nor secured by any assets of the Group. All the loans advanced to the Group as set out in notes 1 to 4 and 6 have been used as general working capital of the Group.

In response to the business deadlock and with the hope to turn round the situation, the Group has been looking for fund raising opportunities and negotiating with certain potential investors. On 2 November 2005, the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Subscriber conditionally agreed to subscribe in cash for an aggregate of HK\$8 million for 89,142,857 Subscription Shares. The Directors believe that the Group's financial position will be strengthened by such capital injection and the Directors will approach the creditors of the Group seeking a debt restructuring plan with an aim to further improve the Group's financial position and business strength.

Use of proceeds

The estimated net proceeds from the Subscription of approximately HK\$7 million will be used to repay the indebtedness of the Group.

CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company prior to and immediately following Completion, based on the number of issued Shares as at the date of this announcement:

	As at the date of this announcement		After Completion of the Subscription	
	<i>Shares</i>	<i>approximate %</i>	<i>New Shares</i>	<i>approximate %</i>
The Subscriber and parties acting in concert (as defined in the Takeovers Code)	–	–	89,142,857	65.0
Advance Elite Holdings Limited (Note 1)	8,500,000	17.7	8,500,000	6.2
Deng Chi Yuan (Note 2)	4,830,000	10.1	4,830,000	3.5
Public	34,670,000	72.2	34,670,000	25.3
Total	<u>48,000,000</u>	<u>100.0</u>	<u>137,142,857</u>	<u>100.0</u>

Notes:

1. Advance Elite Holdings Limited is a wholly-owned subsidiary of Oceanwide. As far as the Directors are aware, Mr. Lau and Ms. Chan Sui Kuen, the spouse of Mr. Lau, are beneficial shareholders of approximately 28.75% and 12.08% respectively of the issued share capital of Oceanwide. The remaining issued share capital of Oceanwide is owned as to approximately 20.83% by Mr. Paul Lan, approximately 21.67% by Ms. Cheung Sze Wing and approximately 16.67% by CITIC Group which is wholly and beneficially owned by the State Assets Committee.
2. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Deng Chi Yuan is not related to any connected person to the Company as at the date of this announcement, and his holding of about 3.5% of the issued share capital of the Company after Completion will be regarded as public float.

Immediately upon Completion, the Subscriber will become the controlling Shareholder holding approximately 65.0% of the issued share capital of the Company as enlarged by the allotment and issue of Subscription Shares and the public float of the Company will be approximately 28.8%.

As of the date of this announcement, the Company had no other outstanding options, warrants, derivatives or other securities that are convertible into Shares.

INFORMATION ON THE SUBSCRIBER

The Subscriber is an investment holding company incorporated in British Virgin Islands. Save for entering into the Subscription Agreement, the Subscriber has not carried out any business activities since its incorporation. The Subscriber is wholly and beneficially owned by Mr. Gordon Chan.

Mr. Gordon Chan, aged 50, has extensive experience in automobile industry of the PRC, including the manufacture, sale and trading of automotive parts and components worldwide. Mr. Gordon Chan's businesses cover many regions of the PRC, and his business counterparts include well-known multinational and PRC automobile brands. Mr. Gordon Chan holds many public posts in Hong Kong and the PRC with respect to automobile industry, including but not limited to panel member of Hong Kong Automotive Parts and Components Research and Development Commission of HKSAR Innovation and Technology Commission* (香港特區政府創新科技署“香港汽車零部件研究發展中心”委員會), panel member of the PRC Affairs Division of Hong Kong Trade Development Council* (香港貿易發展局中國事務委員會), chairman of Automotive Parts and Components Division of Hong Kong Productivity Council* (香港生產力促進局－香港汽車零部件工業協會), permanent honor chairman of International Automobile Engineers Institution – Hong Kong* (國際汽車工程師學會－香港), deputy chairman of Foreign Investment Commission of Qingyuan, Guangdong Province* (廣東省清遠市外商投資企業協會). As disclosed in the paragraph headed “Changes in the Board composition” below, effective from the Completion, Mr. Gordon Chan will be appointed as a non-executive Director. Mr. Gordon Chan does not engage in any business that is directly or indirectly competing with the Group. Mr. Gordon Chan does not hold any directorship during the past three years in any company, the shares of which are listed on the Stock Exchange, and he does not have experience in professional management of investments on behalf of third party investors. Mr. Gordon Chan does not have any interest in the securities of the Company within the meaning of Part XV of the SFO. Mr. Gordon Chan is not aware of any other matters that need to be brought to the attention of the Shareholders. Except for being the father of Mr. Chan Wing Chung, Eric, the proposed non-executive Director of the Company effective from the Completion, Mr. Gordon Chan is not connected with any Directors, senior management of the Company, substantial or controlling Shareholders or any proposed Directors as disclosed in the paragraph headed “Changes in the Board composition” below. In light of the current financial position of the Company, Mr. Gordon Chan agreed that no director's fee or emoluments of any kind will be payable to Mr. Gordon Chan.

Save for the entering into of the Subscription Agreement, neither the Subscriber nor parties acting in concert with it have dealt in the Shares in the last six months prior to this announcement.

CHANGES IN THE BOARD COMPOSITION

Effective from the date of this announcement, Mr. Lan Ning will be re-designated from executive Director as non-executive Director whereby the Board will comprise two executive Directors (namely Ms. Wang and Mr. Pong Po Lam, Paul), three non-executive Directors (namely Mr. Lan Ning, Dr. Chan Po Fun, Peter and Mr. Ding Xiaobin) and three independent non-executive Directors (namely Dr. Cheung Wai Bun, Charles, Mr. Zhang Yong and Mr. Gu Qiu Rong). Set out below is a brief biographical of Mr. Lan Ning pursuant to rule 13.51(2) of the Listing Rules.

Mr. Lan Ning, aged 43, graduated with a Beijing International Master of Business Administration degree from Peking University, is former senior director of China Poly Group Corporation, and founder and chairman of Guangzhou Poly Investment Limited. Mr. Lan Ning has extensive experience in various businesses including international trading, property development, investment, asset management, securities, corporate mergers and domestic and overseas strategic investment and Mr. Lan Ning is an executive director of the Goldbond Group Holdings Limited, the shares of which are listed on the Stock Exchange. The length of service of Mr. Lan Ning as a non-executive Director of the Company has not been determined and he would hold office only until the next following annual general meeting of the Company. No director's fee or emoluments of any kind will be payable to Mr. Lan Ning.

Saved as disclosed above, Mr. Lan Ning did not hold any directorship in other listed companies in the last three years. Mr. Lan Ning has confirmed that he has no disagreement with the Board and there are no matters that need to be brought to the attention of the Shareholders and the Stock Exchange in relation to his re-designation.

Effective from the Completion, Mr. Wong Kwong Chi, Simon (“Mr. Simon Wong”) will be appointed as an executive Director, and Mr. Gordon Chan and Mr. Chan Wing Chung, Eric (“Mr. Eric Chan”) will be appointed as non-executive Directors. The Board will then comprise three executive Directors (namely Ms. Wang, Mr. Pong Po Lam, Paul, and Mr. Simon Wong), five non-executive Directors (namely Mr. Lan Ning, Dr. Chan Po Fun, Peter, Mr. Ding Xiaobin, Mr. Gordon Chan and Mr. Eric Chan), and three independent non-executive Directors (namely Dr. Cheung Wai Bun, Charles, Mr. Zhang Yong and Mr. Gu Qiu Rong). The brief biographical of Mr. Gordon Chan are set out in the section headed “Information on the Subscriber” above, and a brief biographical of Mr. Simon Wong and Mr. Eric Chan are as follows:

Mr. Simon Wong, aged 53, is the partner of Argo Global Capital, LLC. which is a venture capital firm focused on investing on behalf of third party investors in companies in the communications and internet industries and Mr. Simon Wong is responsible for deal sourcing, investment decisions making on behalf of third party investors and conducting due diligence works. As at the date of this announcement, the fund size under the management of Argo Global Capital, LLC. was approximately US\$300 million. Mr. Simon Wong had also been a director and executive vice president of Transpac Capital Limited, a company mainly engaged in asset management and advising in securities and corporate finance, during the period from January 1990 to December 2005. During his tenure at Transpac Capital Limited, Transpac Capital Limited managed a fund size of approximately US\$820 million and Mr. Simon Wong had been responsible for management of investments on behalf of third party investors. Mr. Simon Wong also sits on the boards of three Hong Kong listed companies, including as non-executive director of Hang Fung Gold Technology Limited, independent non-executive director of Fountain Set (Holdings) Limited and independent non-executive director of Glory Mark Hi-Tech (Holdings) Ltd. He has years of experience in the capital investment market including professional management of investments on behalf of third parties investors. Mr. Simon Wong holds a Bachelor’s Degree in Science and a Master’s degree in Business Administration from the Chinese University of Hong Kong. Mr. Simon Wong served as the chairman of Hong Kong Venture Capital And Private Equity Association and the vice chairman of The Hong Kong Electronic Industries Association. He is also a member of Hong Kong Young Industrialists Council, the vice president of Hong Kong Auto Parts Industry Association and the Honorary Treasurer of Hong Kong Critical Components Manufacturers Association. Mr. Simon Wong is not connected with Mr. Gordon Chan, Mr. Eric Chan, any Directors, senior management or substantial or controlling shareholders of the Company. Mr. Simon Wong does not have any interest in the securities of the Company within the meaning of Part XV of the SFO. Mr. Simon Wong is not aware of any other matters that need to be brought to the attention of the Shareholders. In light of the current financial position of the Company, Mr. Simon Wong agreed that no director’s fee or emoluments of any kind will be payable to Mr. Simon Wong. Should director’s emoluments be considered appropriate for Mr. Simon Wong in the future, Mr. Simon Wong’s emoluments shall be determined and reviewed by the Board from time to time with reference to the prevailing market conditions and the financial position of the Company. Being one of the members of the Board upon appointment, Mr. Simon Wong will assist in identifying potential investments and make investment decision for the Company. Being the partner of Argo Global Capital, LLC. and a proposed executive Director, it is currently estimate that, among Argo Global Capital, LLC. and the Company, Mr. Simon Wong could allocate about 40% of his time to the Company, the Directors consider that Mr. Simon Wong will allocate sufficient time for the Company.

Mr. Eric Chan, aged 23, graduated from the University of Edinburgh with a master degree of economics and accounting. Mr. Eric Chan currently works for a private company based in Hong Kong as a marketing executive and is responsible for liaison with clients, following up customers’ orders and developing new clients. He is the son of Mr. Gordon Chan. Mr. Eric Chan does not engage in any business that is directly or indirectly competing or expected to compete with the Group. Mr. Eric Chan does not hold any directorship during the past three years in any company the shares of which are listed on the Stock Exchange, and he does not have experience in professional management of investments on behalf of third party investors. Save as being the son of Mr. Gordon Chan, Mr. Eric Chan is not connected with any Directors, senior management or substantial or controlling shareholders of the Company and Mr. Eric Chan does not have any interest in the securities of the Company within the meaning of Part XV of the SFO. Mr. Eric Chan is not aware of any other matters that need to be brought to the attention of the Shareholders. No director’s fee or emoluments of any kind will be payable to Mr. Eric Chan.

TAKEOVERS CODE IMPLICATIONS FOR THE SUBSCRIBER

Upon completion of the Subscription Agreement, the Subscriber and its concert parties will hold approximately 65.0% of the enlarged issued share capital of the Company. In the absence of the Whitewash Waiver, the Subscriber and parties acting in concert with it will be required under Rule 26 of the Takeovers Code to make a general offer for all the issued New Shares not already owned or controlled by the Subscriber and parties acting in concert with it. The Subscriber will, however, make an application to the Executive pursuant to Note 1 to Notes on Dispensations from Rule 26 of the Takeovers Code for the Whitewash Waiver, the grant of which will be subject to the approval by the Independent Shareholders.

The grant of the Whitewash Waiver from the Executive is one of the conditions precedent to the Subscription Agreement. If the Whitewash Waiver is granted, the Subscriber will not be required to make a general offer to the Shareholders under Rule 26 of the Takeovers Code as a result of the allotment and issue of the Subscription Shares.

Upon Completion, the Subscriber will hold more than 50% of the enlarged issued share capital of the Company. Accordingly, so long as the minimum 25% public float requirement of the Listing Rules is observed, the Subscriber may purchase and/or subscribe for additional New Shares without triggering any further obligation for a general offer under the Takeovers Code.

Other than pursuant to the Subscription Agreement, neither the Subscriber nor any parties acting in concert with it was interested in any Shares, options, warrants, derivatives or securities convertible into Shares as at the date of this announcement, nor had they dealt in the Shares during the six months prior to the date of this announcement.

INFORMATION ON THE GROUP

The Company is an investment holding company incorporated on 12 July 2000 in the Cayman Islands as an exempted company with limited liability, and the Shares became listed on the Stock Exchange under Chapter 21 of the Listing Rules in 2001. The Group is principally engaged in the investment of listed and unlisted companies established and/or doing business in Hong Kong and other parts of the PRC.

The Group recorded audited turnover of approximately HK\$3.5 million, nil and nil for the year ended 30 June 2003, 2004 and 2005 respectively, audited net loss attributable to Shareholders of approximately HK\$18.2 million, HK\$6.1 million and HK\$2.6 million for the year ended 30 June 2003, 2004 and 2005 respectively, and audited net assets of approximately HK\$11.3 million, HK\$3.7 million and HK\$1.1 million as at 30 June 2003, 2004 and 2005 respectively. The turnover of HK\$3.5 million for the year ended 30 June 2003 was generated from trading of certain listed securities in Hong Kong during the year, whereas the nil turnover for the year ended 30 June 2004 and 2005 was due to the fact that the Group did not make any major investment during the year as a result of lack of new capital for investments, and that the Group did not receive any dividend payment from its investee companies during the year. Since 30 June 2005, the Group has not made any investment/divestment and recorded nil turnover. The auditors' report for each of the three years ended 30 June 2005 has no qualification, but the auditors' report for each of the two years ended 30 June 2005 is prepared on the going concern basis dependent upon continued financial support from Oceanwide.

As at the date of this announcement, the Company carries interests in three major investments, including (i) China Link Investment Group Limited ("China Link"), (ii) Zhongshan Chinese Standard Building Materials Company Limited ("Zhongshan Building") and (iii) Sunkock Development Limited ("Sunkock Development"). Brief particulars of the investments of the Group are set out below:

China Link

During the period from September 2001 to June 2002, the Group acquired, from an Independent Third Party, a total of 22% of the issued share capital of China Link for an aggregate consideration of approximately HK\$5 million. China Link was incorporated in British Virgin Islands on 31 May 2000, and is principally engaged in the development of a website providing on-line professional consultancy services in the PRC and its major assets are its investments in China Expert Technology, Inc ("China Expert") which is a company listed on the NASDAQ OTC board in February 2004. As stated in the annual report of the Company 2005, the carrying value in China Link as at 30 June 2005 was HK\$4 million.

Upon the listing of China Expert, the Group's effective interest in China Expert (through its shareholding in China Link) was approximately 2.12% of the entire issued share capital of China Expert. As at the date hereof, China Expert remained listed on the NASDAQ OTC board and the Company's interest therein remained unchanged. Shares of China Expert are traded at US\$2.05 each with the market capitalisation of approximately US\$48.4 million (equivalent to approximately HK\$377.5 million) as at the date of this announcement. The audited net assets of China Expert as at 31 December 2004 was approximately US\$12.6 million (equivalent to approximately HK\$98.3 million). The audited revenue of China Expert for each of the years ended 31 December 2003 and 2004 were US\$5.7 million (equivalent to approximately HK\$44.5 million) and US\$26.8 million (equivalent to approximately HK\$209.0 million) respectively. The unaudited revenue of China Expert for the nine months ended 30 September 2005 was approximately US\$26.0 million (equivalent to approximately HK\$202.8 million). The audited net income of China Expert for each of the years ended 31 December 2003 and 2004 were US\$1.2 million (equivalent to approximately HK\$9.4 million) and US\$7.8 million

(equivalent to approximately HK\$60.8 million) respectively. The unaudited net income of China Expert for the nine months ended 30 September 2005 was approximately US\$7.93 million (equivalent to approximately HK\$61.85 million). All the net assets, revenue and net income of China Expert stated above were prepared in accordance with US Generally Accepted Accounting Principles in the United States.

Save as the interests in China Expert, China Link does not have material assets and liabilities, The Company has not received any dividend payment from China Link and China Expert since its initial investments in 2001.

Zhongshan Building

The Group entered into a share transfer agreement on 18 July 2001 with an Independent Third Party, under which the Company agreed to acquire approximately 5% equity interest in Zhongshan Building for HK\$5 million. Zhongshan Building was established in the PRC on 5 January 2000 with a registered capital of RMB85.71 million (equivalent to approximately HK\$82.4 million), and is principally engaged in the production and distribution of window frames in the PRC. As stated in the annual report of the Company 2005, the Group's carrying value in Zhongshan Building as at 30 June 2005 was HK\$2.5 million.

As at 31 December 2004 and 30 June 2005, the effective interest of the Group in Zhongshan Building was approximately 1.99%. According to the audited report of Zhongshan Building for the year ended 31 December 2004 prepared in accordance with PRC Generally Accepted Accounting Principles, Zhongshan Building recorded an audited revenue and net loss of approximately RMB24.8 million (equivalent to approximately HK\$23.8 million) and RMB1.1 million (equivalent to approximately HK\$1.1 million) respectively for the year ended 31 December 2004. The net asset value of Zhongshan Building was approximately RMB115.2 million (equivalent to approximately HK\$110.8 million) as at 31 December 2004 and the net asset value of Zhongshan Building attributable to the Group was approximately RMB2.3 million (equivalent to approximately HK\$2.2 million) as at 31 December 2004. According to the unaudited financial information of Zhongshan Building for six months ended 30 June 2005 prepared in accordance with PRC Generally Accepted Accounting Principles, Zhongshan Building recorded an unaudited revenue and net loss of approximately RMB9.6 million (equivalent to approximately HK\$9.2 million) and RMB109,851 (equivalent to approximately HK\$105,626) respectively for the six months ended 30 June 2005. The unaudited net asset value of Zhongshan Building was approximately RMB115.1 million (equivalent to approximately HK\$110.7 million) as at 30 June 2005 and the net asset value of Zhongshan Building attributable to the Group was approximately RMB2.3 million (equivalent to approximately HK\$2.2 million) as at 30 June 2005.

The Company has not received any dividend payment from Zhongshan Building since its initial investments in 2001.

Sunkock Development

A wholly-owned subsidiary of the Company entered into an agreement on 22 June 2001 with an Independent Third Party, under which the Group agreed to acquire 20% equity interest in Sunkock Development held by the Independent Third Party for HK\$5 million. Sunkock Development was principally engaged in the development of medical products in the PRC. As stated in the annual report of the Company 2005, the Group's carrying value in Sunkock Development as at 30 June 2005 was HK\$2.5 million. Currently, the asset of Sunkock Development is its newly developed medical product which has completed animal testing and is undergoing the finalising stage of research and development, and will be introduced to the market after completion of human testing.

As at the date hereof, Sunkock Development had not generated any cash inflow since its establishment. The Company has not received any dividend payment from Sunkock Development since its investment in 2001.

The above investments made by the Company were with an aim to capitalise its investments on the capital markets of and/or outside of the PRC. Because of lack of new capital for investments, the Group has not made any investments/divestment since 30 June 2005. The Group is currently reviewing the performance of the three investments and intends to identify opportunity to realise the investments whenever appropriate.

FUTURE INTENTIONS OF THE SUBSCRIBER

The Subscriber currently intends to continue with the investment policy of the Company to invest in listed and unlisted companies established and/or doing business in Hong Kong and other parts of the PRC. The Subscriber has undertaken to the Company that, upon completion of the Subscription Agreement, an amount of HK\$5 million will be provided to the Company by way of shareholder's loan from the Subscriber. The shareholder's loan shall be unsecured, with a term of three years and interest rate at 4.5% per annum. The Directors consider the shareholder's loan is on normal commercial terms. Of the HK\$5 million shareholder's loan, HK\$2 million will be used for future investment(s) of the Company and the remaining HK\$3 million will be for the Group's general working capital. As stated in the Company's annual report for the year ended 30 June 2005, the Company as at 30 June 2005 had audited total assets of approximately HK\$9.2 million, net assets of approximately HK\$1.1 million, and net current liabilities of approximately HK\$4.4 million.

The provision of the shareholder's loan will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, but it will be exempted from reporting, announcement and independent shareholders' approval requirements under rule 14A.65(4) of the Listing Rules since shareholder's loan will be provided to the Company on normal commercial terms (or better to the Company) where no security over the assets of the Company is granted in respect of the shareholder's loan. Save for the shareholder's loan, the Subscriber and its associates have no current intention to inject/acquire assets/business into/from the Group. The Subscriber will review the investment portfolio of the Group and may consider to realise some of the current investment as well as to make investments for the Group subject to the market conditions and requirements set out in the Listing Rules.

It is the intention of the Subscriber to maintain the listing of the Company on the Stock Exchange. **The Stock Exchange has stated that it will closely monitor the dealing in the Shares/New Shares on the Stock Exchange. The Stock Exchange has also stated that, if less than 25% of the issued New Shares are in public hands following Completion, or if the Stock Exchange believes that a false market exists or may exist in the trading of the New Shares or that there are insufficient New Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the New Shares.**

The Stock Exchange has stated that if the Company remains as a listed company, the Stock Exchange will closely monitor all future acquisitions or disposals of assets by the Company. Any acquisitions or disposals of assets by the Company will be subject to the provisions of the Listing Rules. Pursuant to the Listing Rules, the Stock Exchange has the discretion to require the Company to issue an announcement and/or a circular to its Shareholders irrespective of the size of any proposed transaction, particularly when such proposed transaction represents a departure from the principal activities of the Company. The Stock Exchange also has the power pursuant to the Listing Rules to aggregate a series of acquisitions of assets by the Company and any such acquisitions may result in the Company being treated as if it were a new listing applicant and subject to the requirements of new listing applications as set out in the Listing Rules.

LITIGATION

As at the date of this announcement, neither the Company nor its subsidiaries was involved in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

EXPIRATION OF THE INVESTMENT MANAGEMENT AGREEMENT

The Board also announces that the investment management agreement entered into between Glory Investment Assets Limited and the Company has expired on 4 July 2005 and since then Glory Investment Assets Limited has no longer acted as the investment manager of the Company. Further announcement will be made by the Company in relation to appointment of a new investment manager.

GENERAL

An EGM will be held to consider and, if thought fit, approve the resolutions in respect of the Change of Domicile, the Capital Reorganisation, the Subscription Agreement including issue of the Subscription Shares, adoption of the new memorandum of continuance and bye-laws and the Whitewash Waiver. As Oceanwide is the warrantor under the Subscription Agreement and a substantial Shareholder through its interest in Advance Elite Holdings Limited, Oceanwide is interested in the transactions. Therefore, Oceanwide and its respective concert parties or associates, including Advance Elite Holdings Limited, shall abstain from voting on the said resolutions at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, other than Oceanwide and its respective concert parties or associates, including Advance Elite Holdings Limited, no Shareholders will be required to abstain from voting on the resolutions.

Given that (i) Mr. Lan Ning, a non-executive Director, is a director of Oceanwide and provided a loan of total HK\$300,000 to the Company; (ii) Mr. Ding Xiaobin, a non-executive Director, provided a loan of HK\$50,000 to the Company, and (iii) the proceeds from the Subscription will be applied to repay the indebtedness of the Group including the loans due to Mr. Lan Ning and Mr. Ding Xiaobin, each of Mr. Lan Ning and Mr. Ding Xiaobin is not considered to be independent under the Takeovers Code to opine on the Whitewash Waiver. As a result, an independent board committee of the Company has been established comprising Dr. Chan Po Fun, Peter, being the non-executive Director and Dr. Cheung Wai Bun, Charles, Mr. Zhang Yong and Mr. Gu Qiu Rong, being the independent non-executive Directors, to consider and make recommendation to the Independent Shareholders as regards the Whitewash Waiver after taking into account the advice from the joint independent financial advisers. Menlo Capital Limited and Veda Capital Limited have been appointed by the Company as the joint independent financial advisers to advise the independent board committee of the Company and the Independent Shareholders on the fairness and reasonableness in respect of the Whitewash Waiver and such appointment has been approved by the independent board committee of the Company.

A circular containing, among other things, (i) further details of (a) the Change of Domicile, (b) the Capital Reorganisation involving the Capital Reduction, the Capital Subdivision and the Cancellation of Share Premium Account, (c) the Subscription Agreement, (d) adoption of the new memorandum of continuance and bye-laws, and (e) the Whitewash Waiver, (ii) a letter of advice on the Whitewash Waiver from the joint independent financial advisers to the independent board committee of the Company and the Independent Shareholders, (iii) the recommendation from the independent board committee of the Company, together with (iv) the notice of the EGM will be despatched to the Shareholders as soon as possible within 21 days from the issue of this announcement pursuant to Rule 8.2 of the Takeovers Code.

Further announcement will be made as regards the expected timetable of the Change of Domicile, the Capital Reorganisation and the Subscription and the expected timetable will be published in the aforesaid circular of the Company.

Trading in Shares 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 is warranted. Further announcement will be made to inform the Shareholders as regards the progress of such application for resumption of trading as and when appropriate. The resumption of trading in the Shares is also a condition precedent to Completion.

Shareholders should be aware of and take note that the Change of Domicile, the Capital Reorganisation involving the Capital Reduction, the Capital Subdivision and the Cancellation of Share Premium Account and the Subscription Agreement are conditional upon satisfaction of certain conditions precedent. Therefore, the Change of Domicile, the Capital Reorganisation and the Subscription Agreement may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealings in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Cancellation of Share Premium Account”	the proposed cancellation of the entire amount of the share premium account of the Company
“Capital Reduction”	the proposed reduction of capital of the Company by way of the cancellation of the paid-up share capital to the extent of HK\$0.09 on each of the Shares with the Cancellation of Share Premium Account, such that the nominal value of all of the issued Shares shall reduce from HK\$0.10 each to HK\$0.01 each
“Capital Reorganisation”	the capital reorganisation of the Company involving the Capital Reduction, the Capital Subdivision and the Cancellation of Share Premium Account
“Capital Subdivision”	the proposed subdivision of each of the authorised but unissued Shares of HK\$0.10 each into 10 New Shares
“Change of Domicile”	change the domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda
“Company”	Prime Investments Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the Subscription
“connected person”	as the same meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of passing the resolutions, among other things, the Change of Domicile, the Capital Reorganisation, the Subscription Agreement and the Whitewash Waiver
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and all its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who or company(ies) together with its/their ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, is/are third party(ies) independent of the Company and its connected persons

“Independent Shareholders”	Shareholders other than the Subscriber and its concert parties or associates or others who are interested or involved in the proposed Subscription
“Last Trading Day”	8 February 2005, being the last trading day prior to the suspension of trading of the Shares as from 9:30 a.m. on 14 February 2005
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Gordon Chan”	Mr. Chan Yan Ting, Gordon, the sole shareholder of the Subscriber
“Mr. Lau”	Mr. Lau Sze Shing, Edward, a former Director who resigned on 22 February 2005, who is one of the beneficial shareholders of Oceanwide
“NASDAQ OTC board”	the over-the-counter board in NASDAQ Stock Market in United States of America
“New Shares”	shares of HK\$0.01 each in the share capital of the Company upon the Capital Reorganisation taking effect
“Oceanwide”	Oceanwide Investments Limited, a substantial Shareholder, which owned as to approximately 28.75% by Mr. Lau, approximately 12.08% by Ms. Chan Sui Kuen, the spouse of Mr. Lau, approximately 20.83% by Mr. Paul Lan, approximately 21.67% by Ms. Cheung Sze Wing and approximately 16.67% by CITIC Group which is wholly and beneficially owned by the State Assets Committee. To the best knowledge of the Directors, save as disclosed above, each of Mr. Lau, Ms. Chan Sui Kuen, Mr. Paul Lan, Ms. Cheung Sze Wing and CITIC Group is an Independent Third Party. Oceanwide indirectly holds 8,500,000 Shares through its wholly-owned subsidiary, Advance Elite Holdings Limited
“PRC”	People’s Republic of China, and for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company prior to the Capital Reorganisation becoming effective
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Poly Good Group Limited, an investment holding company incorporated in the British Virgin Islands with limited liability
“Subscription”	the subscription of the Subscription Shares by the Subscriber upon and subject to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 2 November 2005 entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	approximately HK\$0.0897, being the subscription price of each Subscription Share
“Subscription Shares”	89,142,857 New Shares to be issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Whitewash Waiver”	the waiver from the Executive pursuant to Note 1 of the Notes on Dispensations from Rule 26 of the Takeovers Code
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

In this announcement, for purpose of illustration only, amounts quoted in US\$ have been converted into HK\$ at the rate of US\$1.00 to HK\$7.80 and amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.04 to HK\$1. Such exchange rates have been used, where applicable, for purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

By the order of the board
Prime Investments Holdings Limited
Wang Wen Xia
Director

By the order of the board
Poly Good Group Limited
Chan Yan Ting, Gordon
Director

Hong Kong, 17 February 2006

** for identification purpose only*

As at the date of this announcement, the Board comprises Ms. Wang Wen Xia and Mr. Pong Po Lam, Paul being the Executive Directors, Mr. Lan Ning, 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Subscriber) and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than information relating to the Subscriber) have been arrived at after due and careful consideration and there are no other facts (other than information relating to the Subscriber) not contained in this announcement the omission of which would make any statement in this announcement (other than information relating to the Subscriber) misleading.

The directors of the Subscriber jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group) and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts (other than those relating to the Group) not contained in this announcement the omission of which would make any statement (other than that relating to the Group) in this announcement misleading.

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