



PRIME INVESTMENTS HOLDINGS LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 721)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 30 JUNE 2006

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 2006 as follows:

CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	2006 HK\$	2005 HK\$
TURNOVER	4	–	–
Other revenue and gains	4	2,570	–
Administrative expenses		(3,945,029)	(2,381,825)
Other operating expenses		(2,500,000)	(21,351)
LOSS FROM OPERATING ACTIVITIES	5	(6,442,459)	(2,403,176)
Finance costs	6	(114,675)	(149,779)
LOSS BEFORE TAXATION		(6,557,134)	(2,552,955)
Taxation	7	–	–
NET LOSS FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS	8	<u>(6,557,134)</u>	<u>(2,552,955)</u>
LOSS PER SHARE	9		
Basic		<u>13.7 cents</u>	<u>5.3 cents</u>
Diluted		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED BALANCE SHEET

	2006 HK\$	2005 HK\$
NON-CURRENT ASSETS		
Property, plant and equipment	75,837	106,208
Investment securities	–	9,000,000
Available-for-sale financial assets	6,500,000	–
Rental deposit	–	54,314
	<u>6,575,837</u>	<u>9,160,522</u>
CURRENT ASSETS		
Prepayments, deposits and other receivables	129,481	72,500
Cash and bank balances	273,821	11,223
	<u>403,302</u>	<u>83,723</u>
CURRENT LIABILITIES		
Other loans	4,300,000	400,000
Other payables and accrued liabilities	2,116,139	1,446,846
Due to directors	3,205,298	2,685,596
	<u>9,621,437</u>	<u>4,532,442</u>
NET CURRENT LIABILITIES	<u>(9,218,135)</u>	<u>(4,448,719)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>(2,642,298)</u>	<u>4,711,803</u>
NON-CURRENT LIABILITIES		
Due to a director	–	828,404
Due to a shareholder	–	2,734,401
	<u>–</u>	<u>3,562,805</u>
NET (LIABILITIES)/ASSETS	<u>(2,642,298)</u>	<u>1,148,998</u>
CAPITAL AND RESERVES		
Issued capital	480,000	4,800,000
Reserves	(3,122,298)	(3,651,002)
	<u>(2,642,298)</u>	<u>1,148,998</u>

1 Basis of preparation and accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historic cost convention, as modified by the revaluation of available-for-sale financial assets, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

2. The adoption of new/revised HKFRS

In the current year, the Group adopted the new/revised standards and interpretations of HKFRS below, which are relevant to its operations, the 2005 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS39	Transition and Initial Recognition of Financial Assets and Financial Liabilities Amendment
HKFRS 2	Share-based Payments
HKFRS 3	Business Combinations

The adoption of new/revised HKASs 1, 7, 8, 10, 21, 24, 27, 33 and 36 did not result in substantial changes to the Group's accounting policies. In summary:

- HKAS 1 has not affected other disclosures.
- HKASs 7, 8, 10, 27, 33 and 36 had no material effect in the Group's policies.
- HKAS 21 had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard. All the Group entities have the same functional currency as the presentation currency for respective entity financial statements.
- HKAS 24 has affected the identification of related parties and some other related-party disclosures.

The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy relating to the classification of financial assets at fair value through profit and loss and available-for-sale financial assets.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards, wherever applicable. All standards adopted by the Group require retrospective application other than:

- HKAS 39 does not permit to recognise, derecognise and measure financial assets and liabilities in accordance with this standard on a retrospective basis. The Group applied the previous SSAP 24 "Accounting for investments in securities" to investments in securities. The adjustments required for the accounting differences between SSAP 24 and HKAS 39 are determined and recognised at 1 July 2005. At 1 July 2005, the Company reclassified its investment securities with a carrying amount of HK\$9,000,000 to available-for-sale financial assets. The adoption of HKAS 39 has had no impact on the Company's results for the current or prior accounting periods.

Standards, interpretations and amendments that are not yet effective

The Group has not early adopted the following new standards, interpretations or amendments which have been issued but are not yet effective. The adoption of these new HKFRS is not expected to result in substantial changes to the Group's accounting policies.

HKAS 1 (Amendment)	Capital Disclosures
HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 and HKFRS 5 (Amendment)	Financial Guarantee Contracts
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS 7	Financial Instrument: Disclosures
HKFRS-Int 4	Determining whether an Arrangement Contains a Lease
HKFRS-Int 5	Rights to Interests Arising from Decommissioning, Restoration and Environment Rehabilitation Funds
HKFRS (IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment
HKFRS (IFRIC)-Int 7	Financial Reporting in Hyperinflationary Economic

3. 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).

4. Turnover, other revenue and gains

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

	2006 HK\$	2005 HK\$
Turnover	—	—
Other revenue and gains		
Interest income	2,570	—

5. Loss from operating activities

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

	2006 HK\$	2005 HK\$
Depreciation	30,371	17,458
Lease payments under operating leases on land and buildings	243,772	34,544
Auditors' remuneration	130,000	130,000
Staff costs (excluding directors' remuneration):		
Wages and salaries	426,000	329,399
Pension scheme contributions*	34,070	17,013
	<u>460,070</u>	<u>346,412</u>
Loss on disposal of property, plant and equipment	—	21,351
Impairment of available-for-sale financial assets**	2,500,000	—

* At 30 June 2006, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2005: Nil).

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

6. Finance costs

	Group	
	2006 HK\$	2005 HK\$
Interest expense on:		
Other loans	57,495	19,703
Advances from directors	23,999	53,020
Advance from a shareholder	31,438	77,056
Other payables	1,743	—
	<u>114,675</u>	<u>149,779</u>

7. Taxation

No Hong Kong profits tax has been provided as the Group did not generate any assessable profits during the year (2005: Nil).

8. Net loss for the year attributable to shareholders

The net loss attributable to shareholders for the year ended 30 June 2006 dealt with in the financial statements of the Company, was HK\$6,557,134 (2005: HK\$2,552,955).

9. 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\$6,557,134 (2005: HK\$2,552,955) and the weighted average of 48,000,000 (2005: 48,000,000) ordinary shares in issue during the year.

Diluted loss per share amounts for the years ended 30 June 2006 and 2005 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 2 to the financial statements, which report net liabilities of HK\$2,642,298 of the Company and the Group, respectively, at 30 June 2006, have been prepared on the going concern basis, the validity of which is dependent upon (a) the completion of the Subscription as disclosed in Note 25 (ii) to the financial statements and (b) the Company will be able to obtain a shareholder's loan of HK\$5 million upon completion of the Subscription. 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 2006 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.

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.

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 represented the subscription price of approximately HK\$0.0897 per Subscription Share. The completion of the Subscription Agreement is conditional upon, the Listing Committee of the Stock Exchange granting approval of the listing and permission to deal in the New Shares in issue and consent in principle of the Stock Exchange to the resumption of trading of New Shares in issue on the Stock Exchange having been obtained.

Results

The Group recorded a net loss attributable to shareholders of approximately HK\$6.5 million as compared to approximately HK\$2.5 million in the previous year.

Dividend

The Board of Directors does not recommend the payment of any dividend for the year ended 30 June 2006 (2005: Nil).

Liquidity and financial resources

As at 30 June 2006, the Group had net current liabilities of approximately HK\$9.2 million. 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.

Foreign 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.

Staff costs

As at 30 June 2006, the Group employed two employees. Total staff cost of the Group, excluding directors' remuneration, for the year under review amounted to HK\$426,000. Staff remuneration packages are normally reviewed annually.

Capital Commitment

As at 30 June 2006 and 30 June 2005, there was no material capital commitment for the Group.

Contingent Liabilities

As at 30 June 2006 and 30 June 2005, there was no contingent liabilities for the Group.

Audit Committee

The Company has established an audit committee in accordance with rule 3.21 of the Listing Rules. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters. The audit committee has reviewed the annual results for the year ended 30 June 2006.

Purchases, 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.

Compliance with the Code on Corporate Governance Practices

In the opinion of the directors, save as disclosed below, the Company has complied with the code provisions of the Code on Corporate Governance Practices, as set out in Appendix 14 of the Listing Rules, throughout the accounting year.

Code Provisions B.1.1 to B.1.4

During the year, the Company had not established a remuneration committee in view of the Company's simple structure and low staff cost.

Model Code for securities transactions by directors

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the Code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard set out in the Model Code during the year.

On Behalf of the Board

Lan Ning

Chairman

Hong Kong 23 October 2006

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