
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



PRIME INVESTMENTS HOLDINGS LIMITED

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

(Stock Code: 721)

(1) MAJOR DEVELOPMENTS SINCE THE TRADE SUSPENSION OF THE SHARES

(2) FURTHER EXTENSION OF LONG STOP DATE

AND

(3) THE NEW SUBSCRIPTIONS

A notice convening an extraordinary general meeting of the Company to be held at Suite 504, 5/F, Chinachem Tower, 34-37 Connaught Road Central, Hong Kong, on Tuesday, 12 June 2007 at 2:00 p.m. is set out on pages 32 to 42 of this circular. A form of proxy for use at the extraordinary general meeting is also enclosed. Such form of proxy is also published on the website of the Stock Exchange (www.hkex.com.hk).

Whether or not you are able to attend the special general meeting, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queens' Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if they so wish.

28 May 2007

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“associate”	has the same meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Circular”	circular of the Company dated 10 March 2006 relating to, among other things, the proposed change of domicile and adoption of the new memorandum of continuance and bye-laws, the capital reorganisation, the Subscription and the Whitewash Waiver
“Company”	Prime Investments Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the Subscription
“connected person”	has the same meaning ascribed to this term under the Listing Rules
“Directors”	the directors of the Company
“EMC”	the executive management committee of the Company which is delegated for making investments/divestments and responsible for the daily operation of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Greater China Region”	mainland China, Hong Kong, Macau and Taiwan
“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 the connected persons of the Company (as defined in the Listing Rules) and the Subscriber
“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

DEFINITIONS

“Latest Practicable Date”	25 May 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Eric Chan”	Mr. Chan Wing Chung, Eric, a proposed non-executive Director to be appointed upon Completion
“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 Advance Elite Holdings Limited, a substantial Shareholder
“Mr. Pong”	Mr. Pong Po Lam, Paul, an executive Director and managing director of Pegasus
“Mr. Simon Wong”	Mr. Wong Kwong Chi, Simon, a proposed executive Director to be appointed upon Completion
“Ms. Wang”	Ms. Wang Wen Xia, an executive Director
“New Subscriber 1”	Ms. Wu Bao Liu, an Independent Third Party
“New Subscriber 2”	Ms. Lei Hio Lai, an Independent Third Party
“New Subscriber 3”	Mr. Zhang Jian, an Independent Third Party
“New Subscriber 4”	Mr. Sam Zhu, an Independent Third Party
“New Subscriber 5”	Ms. Shen Lin, an Independent Third Party
“New Subscriber 6”	GEV Investments (Hong Kong) Limited, an Independent Third Party
“New Subscriber 7”	Mr. Chen Kang, an Independent Third Party
“New Subscriber 8”	Ms. Li Xiao Ping, an Independent Third Party
“New Subscriber 9”	Ms. Yang Li Fang, an Independent Third Party
“New Subscriber 10”	Ms. Wu Juan, an Independent Third Party
“New Subscriber 11”	Mr. Liao Bo, an Independent Third Party

DEFINITIONS

“New Subscriber 12”	Mr. Liu Qiu Sheng, an Independent Third Party
“New Subscriber 13”	China Water Investments Limited, an Independent Third Party
“New Subscriber 14”	Mr. Fung Cheuk Nang, Clement, an Independent Third Party
“New Subscriber 15”	Upkeep Properties Limited, an Independent Third Party
“New Subscriber 16”	Mr. You Tao, an Independent Third Party
“New Subscriber 17”	Mr. Liu Wei Tao, an Independent Third Party
“New Subscriber 18”	Mr. Chen Jian, an Independent Third Party
“New Subscribers”	New Subscriber 1, New Subscriber 2, New Subscriber 3, New Subscriber 4, New Subscriber 5, New Subscriber 6, New Subscriber 7, New Subscriber 8, New Subscriber 9, New Subscriber 10, New Subscriber 11, New Subscriber 12, New Subscriber 13, New Subscriber 14, New Subscriber 15, New Subscriber 16, New Subscriber 17 and New Subscriber 18, and “New Subscriber” shall mean any one of the New Subscribers
“New Subscriptions”	the subscription of the New Subscription Shares by the New Subscribers upon and subject to the terms and conditions of the respective New Subscription Agreements
“New Subscription Agreement 1”	the subscription agreement dated 11 January 2007 entered into between the Company and the New Subscriber 1
“New Subscription Agreement 2”	the subscription agreement dated 20 April 2007 entered into between the Company and the New Subscriber 2
“New Subscription Agreement 3”	the subscription agreement dated 11 January 2007 entered into between the Company and the New Subscriber 3
“New Subscription Agreement 4”	the subscription agreement dated 11 January 2007 entered into between the Company and the New Subscriber 4
“New Subscription Agreement 5”	the subscription agreement dated 11 January 2007 entered into between the Company and the New Subscriber 5
“New Subscription Agreement 6”	the subscription agreement dated 20 April 2007 entered into between the Company and the New Subscriber 6
“New Subscription Agreement 7”	the subscription agreement dated 20 April 2007 entered into between the Company and the New Subscriber 7

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“New Subscription Agreement 8”	the subscription agreement dated 20 April 2007 entered into between the Company and the New Subscriber 8
“New Subscription Agreement 9”	the subscription agreement dated 20 April 2007 entered into between the Company and the New Subscriber 9
“New Subscription Agreement 10”	the subscription agreement dated 11 January 2007 entered into between the Company and the New Subscriber 10
“New Subscription Agreement 11”	the subscription agreement dated 20 April 2007 entered into between the Company and the New Subscriber 11
“New Subscription Agreement 12”	the subscription agreement dated 20 April 2007 entered into between the Company and the New Subscriber 12
“New Subscription Agreement 13”	the subscription agreement dated 20 April 2007 entered into between the Company and the New Subscriber 13
“New Subscription Agreement 14”	the subscription agreement dated 20 April 2007 entered into between the Company and the New Subscriber 14
“New Subscription Agreement 15”	the subscription agreement dated 20 April 2007 entered into between the Company and the New Subscriber 15
“New Subscription Agreement 16”	the subscription agreement dated 20 April 2007 entered into between the Company and the New Subscriber 16
“New Subscription Agreement 17”	the subscription agreement dated 20 April 2007 entered into between the Company and the New Subscriber 17
“New Subscription Agreement 18”	the subscription agreement dated 20 April 2007 entered into between the Company and the New Subscriber 18
“New Subscription Agreements”	New Subscription Agreement 1, New Subscription Agreement 2, New Subscription Agreement 3, New Subscription Agreement 4, New Subscription Agreement 5, New Subscription Agreement 6, New Subscription Agreement 7, New Subscription Agreement 8, New Subscription Agreement 9, New Subscription Agreement 10, New Subscription Agreement 11, New Subscription Agreement 12, New Subscription Agreement 13, New Subscription Agreement 14, New Subscription Agreement 15, New Subscription Agreement 16, New Subscription Agreement 17 and New Subscription Agreement 18, and “New Subscription Agreement” shall mean any one of the New Subscription Agreements

DEFINITIONS

“New Subscription Supplemental Agreements 1”	two supplemental agreements dated 31 March 2007 and 3 May 2007 entered into between the Company and the New Subscriber 1 to amend the terms of the New Subscription Agreement 1
“New Subscription Supplemental Agreement 2”	the supplemental agreement dated 3 May 2007 entered into between the Company and the New Subscriber 2 to amend the terms of the New Subscription Agreement 2
“New Subscription Supplemental Agreements 3”	two supplemental agreements dated 31 March 2007 and 3 May 2007 entered into between the Company and the New Subscriber 3 to amend the terms of the New Subscription Agreement 3
“New Subscription Supplemental Agreements 4”	two supplemental agreements dated 31 March 2007 and 3 May 2007 entered into between the Company and the New Subscriber 4 to amend the terms of the New Subscription Agreement 4
“New Subscription Supplemental Agreements 5”	two supplemental agreements dated 31 March 2007 and 3 May 2007 entered into between the Company and the New Subscriber 5 to amend the terms of the New Subscription Agreement 5
“New Subscription Supplemental Agreement 6”	the supplemental agreement dated 3 May 2007 entered into between the Company and the New Subscriber 6 to amend the terms of the New Subscription Agreement 6
“New Subscription Supplemental Agreement 7”	the supplemental agreement dated 3 May 2007 entered into between the Company and the New Subscriber 7 to amend the terms of the New Subscription Agreement 7
“New Subscription Supplemental Agreement 8”	the supplemental agreement dated 3 May 2007 entered into between the Company and the New Subscriber 8 to amend the terms of the New Subscription Agreement 8
“New Subscription Supplemental Agreement 9”	the supplemental agreement dated 3 May 2007 entered into between the Company and the New Subscriber 9 to amend the terms of the New Subscription Agreement 9
“New Subscription Supplemental Agreements 10”	two supplemental agreements dated 31 March 2007 and 3 May 2007 entered into between the Company and the New Subscriber 10 to amend the terms of the New Subscription Agreement 10
“New Subscription Supplemental Agreement 11”	the supplemental agreement dated 3 May 2007 entered into between the Company and the New Subscriber 11 to amend the terms of the New Subscription Agreement 11

DEFINITIONS

“New Subscription Supplemental Agreement 12”	the supplemental agreement dated 3 May 2007 entered into between the Company and the New Subscriber 12 to amend the terms of the New Subscription Agreement 12
“New Subscription Supplemental Agreement 13”	the supplemental agreement dated 3 May 2007 entered into between the Company and the New Subscriber 13 to amend the terms of the New Subscription Agreement 13
“New Subscription Supplemental Agreement 14”	the supplemental agreement dated 2 May 2007 entered into between the Company and the New Subscriber 14 to amend the terms of the New Subscription Agreement 14
“New Subscription Supplemental Agreement 15”	the supplemental agreement dated 3 May 2007 entered into between the Company and the New Subscriber 15 to amend the terms of the New Subscription Agreement 15
“New Subscription Supplemental Agreement 16”	the supplemental agreement dated 3 May 2007 entered into between the Company and the New Subscriber 16 to amend the terms of the New Subscription Agreement 16
“New Subscription Supplemental Agreement 17”	the supplemental agreement dated 3 May 2007 entered into between the Company and the New Subscriber 17 to amend the terms of the New Subscription Agreement 17
“New Subscription Supplemental Agreement 18”	the supplemental agreement dated 3 May 2007 entered into between the Company and the New Subscriber 18 to amend the terms of the New Subscription Agreement 18
“New Subscription Supplemental Agreements”	New Subscription Supplemental Agreements 1, New Subscription Supplemental Agreement 2, New Subscription Supplemental Agreements 3, New Subscription Supplemental Agreements 4, New Subscription Supplemental Agreements 5, New Subscription Supplemental Agreement 6, New Subscription Supplemental Agreement 7, New Subscription Supplemental Agreement 8, New Subscription Supplemental Agreement 9, New Subscription Supplemental Agreements 10, New Subscription Supplemental Agreement 11, New Subscription Supplemental Agreement 12, New Subscription Supplemental Agreement 13, New Subscription Supplemental Agreement 14, New Subscription Supplemental Agreement 15, New Subscription Supplemental Agreement 16, New Subscription Supplemental Agreement 17 and New Subscription Supplemental Agreement 18, and “New Subscription Supplemental Agreement” shall mean any one of the New Subscription Supplemental Agreements

DEFINITIONS

“New Subscription Price”	HK\$0.22, being the subscription price of each New Subscription Share
“New Subscription Shares”	total 258,008,180 new Shares to be issued by the Company to the New Subscribers pursuant to the respective New Subscription Agreements
“Pegasus”	Pegasus Fund Managers Limited, the investment manager of Company
“PRC”	People’s Republic of China, and for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“SFC”	the Securities and Futures Commission of Hong Kong
“SGM”	the special general meeting of the Company to be convened for the Shareholders and/or the Independent Shareholders to consider and, if thought fit, approve each of the New Subscription Agreements and the allotment and issue of the New Subscription Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“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 which is wholly-owned by Mr. Gordon Chan
“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 Shares”	89,142,857 Shares to be issued at approximately HK\$0.0897 per Share by the Company to the Subscriber pursuant to the Subscription Agreement

DEFINITIONS

“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
“%”	per cent.

For the purpose of this circular, unless otherwise specified, conversions of united states dollars to Hong Kong dollars and Renminbi into Hong Kong dollars are based on the approximate exchange rate of US\$1.00 to HK\$7.80 and RMB1.04 to HK\$1.00 respectively. this exchange rate is for the purpose of illustration only and do not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

LETTER FROM THE BOARD



PRIME INVESTMENTS HOLDINGS LIMITED

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

(Stock Code: 721)

Executive Directors:

Mr. Pong Po Lam, Paul
Ms. Wang Wen Xia, Wendy

Non-executive Directors:

Mr. Lan Ning
Dr. Chan Po Fun, Peter
Mr. Ding Xiaobin

Independent non-executive Directors:

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

Registered Office:

Clarendon House
2 Church Street
Hamilton
HM11
Bermuda

*Principal place of business
in Hong Kong:*

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

28 May 2007

To the Shareholders

Dear Sir or Madam,

**(1) MAJOR DEVELOPMENTS SINCE THE TRADE SUSPENSION OF THE SHARES
(2) FURTHER EXTENSION OF LONG STOP DATE
AND
(3) THE NEW SUBSCRIPTIONS**

INTRODUCTION

On 10 May 2007, the Board announced that, among other things, on 11 January 2007 and 20 April 2007, the Company has entered into the New Subscription Agreements (as supplemented by the New Subscription Supplemental Agreements) with the New Subscribers respectively in relation to the New Subscriptions. The completion of the New Subscription Agreements is subject to fulfillment of conditions of the New Subscription Agreements (as supplemented by the New Subscription Supplemental Agreements).

The purpose of this circular is to provide you with (i) further information on each of the New Subscription Agreements and the allotment and issue of the New Subscription Shares, and (ii) the notice of the SGM.

LETTER FROM THE BOARD

REASONS FOR TRADE SUSPENSION OF THE SHARES IN FEBRUARY 2005

As disclosed in the announcement of the Company dated 11 May 2005, the trading of the Shares was suspended at the request of the Company for the reason of certain price sensitive information in relation to the allegations made against Mr. Lau, the former chairman of the Board, in connection with a private company of which Mr. Lau is a shareholder and director for the period between August 2002 and January 2004. Mr. Lau has resigned from the Board on 22 February 2005, considering that doing so would be in the best interest of the Company in light of the allegations. The Directors confirmed that such litigation was made to Mr. Lau personally and solely related to Mr. Lau and his businesses outside the Group, and such litigation was not connected with the Company or any connected persons of the Company.

MAJOR DEVELOPMENTS SINCE THE TRADE SUSPENSION OF THE SHARES

Since the trade suspension of the Shares in February 2005, Mr. Lau has resigned from the Board on 22 February 2005 for the reason stated above. On 2 November 2005, the Subscription Agreement was entered into between the Company and the Subscriber in relation to the Subscription.

Ms. Chiu Kam Hing, Kathy, Ms. Ho Chiu King, Pansy and Mr. Wu Shenbin retired by rotation respectively as executive Directors in accordance with the articles of association of the Company and the resolutions in respect of their re-election was not passed by the Shareholders as ordinary resolutions at the conclusion of its annual general meeting held on 13 January 2006.

In addition, as disclosed in the announcement of the Company dated 17 February 2006, the Circular and the announcement of the Company dated 3 April 2006, the proposed change of domicile from the Cayman Island to Bermuda, reorganization of share capital of the Company, the Subscription, adoption of the new memorandum of continuance and bye-laws, application for the Whitewash Waiver have been approved by the Shareholders at an extraordinary general meeting held on 3 April 2006.

As announced by the Company on 10 May 2006, the change of domicile of the Company became effective on 9 May 2006 and the capital reorganisation of the Company became effective on 12 May 2006 when the Stock Exchange granted its approval for the listing of, and permission to deal in, the Shares arising from capital reorganisation.

As announced by the Company on 1 August 2006, the Company entered into an investment management agreement with Pegasus on 21 February 2006, whereby Pegasus agreed to provide investment management services to the Company for a period of three years effective from 1 August 2006 and expiring on the third anniversary thereof.

LETTER FROM THE BOARD

For investments identified by the Board, according to the aforesaid investment management agreement, Pegasus will assist to review and evaluate the feasibility and viability of the investment and/or divestment opportunities for the Company and make investment recommendations to the EMC which comprises of the executive Directors, namely Ms. Wang and Mr. Pong (upon Completion, Ms. Wang, Mr. Simon Wong and Mr. Pong). Mr. Pong will involve in the decisions and vote in the EMC of the Company for such investment/diversion opportunities identified by the Board. The Company will liaise with the investment/divestment parties and will make such investment/divestment directly.

For investments identified by Pegasus/Mr. Pong, Pegasus will assist to evaluate the investment and/or divestment opportunities and make investment recommendations to the EMC. In order to resolve the potential conflict of interest in making investment recommendations to the EMC by Pegasus, Mr. Pong will abstain from voting in the board meeting of the Company on matters relating to any investments and/or divestments where investment opportunities identified by Pegasus/Mr. Pong. If the Company accepted the investments opportunities identified by Pegasus/Mr. Pong, Pegasus will act as investment/divestment agent of the Company.

In order to resolve the potential conflicts of interest in allocating investment opportunities between the Company and Pegasus's own funds, Pegasus has undertaken that all investment opportunities must be presented to the Board in a timely and equitable manner. If the Board finds that the investment opportunities are suitable for the Company, the Company may resolve to notify Pegasus of the Company's intended amount in the investment opportunities. If both Pegasus and the Company intend to participate in the same investment, and the total amount of intended investment offered by both companies exceeds the available investment size of the opportunities, Pegasus will allocate the opportunities to the Company and Pegasus on a pro rata basis depending on their then respective fund size by reference to the respective latest consolidated net asset values published in newspapers. However, this is subject to the final decision from the target companies in respect of the investment opportunities to approve the allocations to be made to the Company and Pegasus.

On 11 January 2007 and 20 April 2007, the Company has entered into the New Subscription Agreements (as supplemented by the New Subscription Supplemental Agreements) with the New Subscribers respectively in relation to the New Subscriptions. The completion of the New Subscription Agreements is subject to fulfillment of conditions of the New Subscription Agreements (as supplemented by the New Subscription Supplemental Agreements). Details of the New Subscriptions are set out in the section headed "The New Subscriptions" below.

Since the termination of the custodian services by Dexia Trust Services Hong Kong Limited in August 2004, the Group has yet to engage custodian to replace Dexia Trust Services Hong Kong Limited. As at the Latest Practicable Date, the Company has identified a potential custodian and is currently reviewing the terms of proposed engagement letter. The Directors expect that the engagement letter will be signed prior to the resumption of the trading of the Shares on the Stock Exchange. Further announcement will be made by the Company when the custodian of the Company is appointed.

LETTER FROM THE BOARD

FURTHER EXTENSION OF LONG STOP DATE

The original long stop date of the Subscription Agreement is 30 May 2006 which has been extended to 30 April 2007 as disclosed in the announcements of the Company dated 28 February 2007. As advised by the Directors, as additional time is needed for the Company to prepare the necessary information required by the Stock Exchange in respect of its application for resumption of trading in the Shares on the Stock Exchange, the Subscriber and the Company have agreed to further extend the long stop date of the Subscription Agreement from 30 April 2007 to 30 June 2007, which was mutually agreed between the Company and the Subscriber and determined with reference to the expected time when the Company can finalise all necessary information and obtain clearance from the Stock Exchange in respect of its application for the resumption of trading in the Shares on the Stock Exchange, which is one of the conditions under the Subscription Agreement. The Completion is still subject to fulfillment of conditions of the Subscription Agreement. As at the Latest Practicable Date, only conditions (h), (j) and (l) set out in the sub-paragraph headed “Conditions of the Subscription Agreement” in the Circular have not been fulfilled. Further announcement will be made by the Company upon Completion.

EXISTING BUSINESS AND FINANCIAL POSITION OF THE GROUP

Existing business of the Group

As at the Latest Practicable Date, the Company carries interests in two major investments, including (i) China Link Investment Group Limited; and (ii) Zhongshan Chinese Standard Building Materials Company Limited. Details of the existing investment of the Group are set out in the Circular.

Due to uncertainty of the business prospects and realisation of the investment in Sunkock Development Limited especially the development of medical products carried out by Sunkock Development Limited has ceased under insufficient funding, after prudent and careful evaluation, the Group impaired the investment in Sunkock Development Limited in June 2006. After the writing off Sunkock Development Limited of HK\$2.5 million in June 2006, the carrying value for investment in Sunkock Development Limited was thus fully written-off. As a result, the Group’s carrying value in its existing investments has decreased from HK\$9 million as at 30 June 2006 to HK\$6.5 million. There has been no change in carrying value for Group’s investment since then. As at 31 December 2006, the Group’s carrying value in its existing investments was HK\$6.5 million.

The Group is currently in identification of potential buyer(s) for the investments held by the Group. Up to the Latest Practicable Date, no agreement(s) regarding the disposal of the investments has/ have been reached.

LETTER FROM THE BOARD

Financial position of the Group

As stated in the Company's annual report for the year ended 30 June 2006 and the Company's interim report for the six months ended 31 December 2006, the Group had not made any investments during the period under review due to lack of new capital for investments. As disclosed above, the Group held two major investments as at 31 December 2006. The Directors confirmed that, up to the Latest Practicable Date, there is no change to the Company's investment portfolio since 31 December 2006. Meanwhile, the Group had unaudited liabilities of approximately HK\$11.58 million as at 31 December 2006 as follows:

Liabilities	As at 31 December 2006 (Unaudited) HK\$
Amount due to Mr. Lan Ning (<i>Note 1</i>)	400,000
Amount due to Ms. Wang (<i>Note 2</i>)	3,252,036
Amount due to Ms. Chiu Kam Hing, Kathy (<i>Note 3</i>)	1,625,256
Amount due to Mr. Lau (<i>Note 4</i>)	828,404
Amount due to Mr. Gordon Chan (<i>Note 5</i>)	1,580,895
Amount due to the Subscriber (<i>Note 6</i>)	800,000
Amount due to Mr. Ding Xiaobin (<i>Note 7</i>)	60,000
Accrued expenses and other payables (<i>Note 8</i>)	3,029,580
Total	<u>11,576,171</u>

Notes:

1. Amount due to Mr. Lan Ning, a non-executive Director effective from the 17 February 2006, 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, 1 December 2005 of HK\$50,000, 28 March 2006 of HK\$50,000 and 20 October 2006 of HK\$100,000, respectively, the Company has repaid HK\$50,000 to Mr. Lan on 8 May 2006, 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\$44,119 as at 31 December 2006; (ii) other loans advanced by Ms. Wang to the Group totaling HK\$245,000 as at 30 June 2006, the Company has repaid HK\$120,000 to Ms. Wang on 14 November 2006, 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\$2,072,277 as at 31 December 2006; and (iv) reimbursable expenses to Ms. Wang amounting to HK\$10,640 as at 31 December 2006.
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. Pursuant to an agreement entered into between the Company and Ms. Chiu on 15 March 2007, both parties agree to increase the interest rate of the loan to 8% per annum effective from 1 April 2007. Up to 31 December 2006, the accrued interest for the loans was approximately HK\$125,256. Neither the principal nor the interest of the loan has been repaid by the Group up to the date hereof.

LETTER FROM THE BOARD

4. 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 30 June 2007, which are interest free and have no repayment schedule.
5. Amount due to Mr. Gordon Chan is loans of HK\$400,000, HK\$1,000,000 and HK\$150,000 advanced by Mr. Gordon Chan to the Group, which except loans of HK\$1,000,000 and HK\$150,000 bears 4.5% annual interest with accrued interest of HK\$30,895 as at 31 December 2006, the loan bears no interest and became due on 31 August 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.
6. 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.
7. 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 and 13 October 2006 of HK\$10,000 which is interest free and has no repayment schedule.
8. The following is a breakdown of accrued expenses and other payables as at 31 December 2006:

As at 31 December 2006	
<i>(HK\$)</i>	
Salaries (apart from salaries as set out in notes 2 and 5 above)	91,200
Mandatory provident fund	4,600
Audit fee	131,938
Investments manager fee – Pegasus	150,000
Directors' fees	90,000
Printing costs	129,221
Investment manager fee – Glory Investment	14,412
Share registrar fee	206,578
Company secretary fees and consultation fee	286,709
Loan from an Independent Third Party	1,875,600
Other operating expenses	49,322
	<hr/>
Total	<u>3,029,580</u>

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

The Directors' fee includes remuneration payable to (i) Mr. Pong of approximately HK\$30,000 as at 31 December 2006; (ii) Dr. Chan Po Fun, Peter of approximately HK\$30,000 as at 31 December 2006; and (iii) Dr. Cheung Wai Bun, Charles of approximately HK\$30,000 as at 31 December 2006.

Loans from Independent Third Parties refer to loans, which are neither guaranteed nor secured by any assets of the Group, amounting to HK\$1,860,000 advanced by Independent Third Parties, who are friends of Mr. Ding Xiaobin, a non-executive Director, to the Group for general working capital purpose, except a loan of HK\$200,000 bears 10% annual interest with accrued interest of HK\$15,600 as at 31 December 2006 and repayable on 8 September 2006, loans from Independent Third Parties bears no interest and have no repayment schedule.

9. All of the amounts due as set out in notes 1 to 7 have 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 3, 5 and 7 have been used as general working capital of the Group.

LETTER FROM THE BOARD

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. Further details of the Subscription are set out in the Circular.

Assets

The Group would process as to approximately HK\$12 million from the estimated net proceeds of approximately HK\$7 million from the Subscription and approximately HK\$55 million from the New Subscriptions (details of which are set out in the section headed "The New Subscriptions" below) to repay its indebtedness. Based on the audited liabilities of the Group of approximately HK\$9.62 million as at 30 June 2006 and the unaudited liabilities of the Group of approximately HK\$11.58 million as at 31 December 2006, the liabilities of the Group will be settled after the repayment from the proceeds in the Subscription and the New Subscriptions. After the Completion, the Subscriber will inject HK\$5 million shareholder's loan to the Company which will be used as general working capital or the funding to invest in listed and unlisted companies established and/or doing business on the Greater China Region with potential growth. Up to the date hereof, the Directors have not identified any suitable investment.

Based on the above changes after the Completion and the expected completion of the New Subscriptions in June 2007, the major assets of the Group will be (i) the two existing investments held by the Group with aggregate carrying value of HK\$6.5 million; (ii) the shareholder's loan amounting HK\$5 million and a part of net proceeds amounting HK\$25 million from the New Subscriptions which will be used as general working capital or the funding to invest in listed and unlisted companies established and/or doing business on the Greater China Region with potential growth; and (iii) cash and bank balances of approximately HK\$15 million which will be used for trading in listed securities in Hong Kong, while the major liabilities of the Group will be the shareholder's loan of HK\$5 million due to the Subscriber. The Directors are of the view that following the Subscription and the New Subscriptions, the Group's financial position especially net asset value will be strengthened significantly and the Group has sufficient value of assets to maintain its listing status.

CHANGES IN THE BOARD COMPOSITION

Currently, the executive Directors are Ms. Wang and Mr. Pong, the non-executive Directors are Mr. Lan Ning, Dr. Chan Po Fun, Peter and Mr. Ding Xiaobin, and the independent non-executive Directors are Dr. Cheung Wai Bun, Charles, Mr. Zhang Yong and Mr. Gu Qiu Rong.

LETTER FROM THE BOARD

Prior to the resumption of trading in the Shares, Mr. Simon Wong will be appointed as an executive Director. As disclosed in the Circular, effective from the Completion, Mr. Gordon Chan and Mr. Eric Chan will be appointed as non-executive Directors. The Board will then comprise three executive Directors (namely Ms. Wang, Mr. Pong 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 biography of Mr. Gordon Chan, Mr. Simon Wong and Mr. Eric Chan are set out in the “Letter from the Board” of the Circular.

Effective from the Completion, the non-executive management of the Company comprise five non-executive Director, and three independent non-executive Directors.

The Directors are appointed to oversee the overall direction of the Company, ensure compliance with the relevant rules and regulations and review financial performance of the Company. The Board is collectively responsible for the management and operations of the Company, and the Directors are, both collectively and individually, to fulfill fiduciary duties and duties of skill, care and diligence.

The executive Directors are considered to have satisfactory experience in the professional management of investments on behalf of third party investors and are therefore nominated to become a member of the EMC. The EMC was established pursuant to a board meeting on 5 March 2007, which set out that (i) the EMC was formed and all the executive Directors were nominated to become a member of the EMC; (ii) the Board delegated the EMC to approve investment and/or divestments of the Company; and (iii) the EMC requires to report to the Board for every quarter ended 31 March, 30 June, 30 September and 31 December, the Board will be responsible for reviewing and monitoring the performance of the EMC as well as the investments, and the Board can dissolve the EMC if the performance of the EMC is unsatisfactory. The Directors confirm that the resolutions in aforesaid board meeting are valid and has not violated to the bye-laws of the Company.

The EMC reports the performance of the investments to the Board quarterly. The EMC will report the expected returns and the actual returns of the investments with detailed analysis of variances and discrepancies. The Board will compare the actual returns of the investments with the market return, such as the return of Hang Seng Index, Hang Seng Hong Kong MidCap Index and Hang Seng Hong Kong SmallCap Index to justify the performance of the EMC.

The non-executive management of the Company though does not involved in the daily operation and investment activities of the Company, they oversee the overall direction, long term development and financial performance of the Group, ensure compliance with relevant rules and regulations and review the financial performance of the Group. As the power for approving investments and/or divestments has been delegated by the Board to the EMC as evidenced in the board resolution of the Company dated 5 March 2007, the non-executive Directors and the independent non-executive Directors will not vote at such board meeting of the Company for approving investments and/or divestments.

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The non-executive Directors and independent non-executive Directors will not engage in the daily operation of the Company but are responsible for monitoring and overseeing the operation and effectiveness of the EMC by frequently reviewing the performance of the EMC and the investments/divestment approved by EMC. The non-executive Directors and independent non-executive Directors can dissolve the EMC if the performance of investments and/or EMC is unsatisfactory and unacceptable. Even though they did not involve in the daily operation, they still can discharge their fiduciary duties and functions by attending the board meeting of the Company to review the performance of the EMC, question the rationale for the investment/divestment made and check whether the EMC has violated the investment policy and any applicable laws and regulations. The non-executive Directors can suggest the Board to dissolve the EMC by majority vote if the performance of the EMC is unsatisfactory or violates any applicable laws, rules or regulations.

The above reporting arrangement of EMC and the review and monitoring power of the Board, including the non-executive Directors and independent non-executive Directors, towards the EMC will still be valid despite there may be changes in the board composition of the Company and resignation and appointment of executive Directors in future.

Upon Completion, the EMC which comprises of Ms. Wang, Mr. Pong and Mr. Simon Wong, will be responsible to monitor the daily operation and investment activities of the Company as well as to identify potential investments for the Group.

THE NEW SUBSCRIPTIONS

I. New Subscriptions

- (i) *New Subscription Agreement 1 (as supplemented by the New Subscription Supplemental Agreements 1)*

Date : 11 January 2007
Parties : (i) the Company; and
(ii) New Subscriber 1 – Ms. Wu Bao Liu

New Subscriber 1 is an Independent Third Party.

Pursuant to New Subscription Agreement 1 (as supplemented by the New Subscription Supplemental Agreements 1 which extended the long stop date to 30 June 2007), the Company agreed to allot and issue and the New Subscriber 1 has conditionally agreed to subscribe in cash of HK\$1,320,000 for a total of 6,000,000 New Subscription Shares at the New Subscription Price of HK\$0.22 per New Subscription Share. The 6,000,000 New Subscription Shares represent approximately 12.50% of the existing issued share capital of the Company and approximately 1.52% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the New Subscription Shares.

LETTER FROM THE BOARD

(ii) *New Subscription Agreement 2 (as supplemented by the New Subscription Supplemental Agreement 2)*

Date : 20 April 2007
Parties : (i) the Company; and
(ii) New Subscriber 2 – Ms. Lei Hio Lai

New Subscriber 2 is an Independent Third Party.

Pursuant to New Subscription Agreement 2 (as supplemented by the New Subscription Supplemental Agreement 2 which extended the long stop date to 30 June 2007), the Company agreed to allot and issue and the New Subscriber 2 has conditionally agreed to subscribe in cash of HK\$2,222,000 for a total of 10,100,000 New Subscription Shares at the New Subscription Price of HK\$0.22 per New Subscription Share. The 10,100,000 New Subscription Shares represent approximately 21.04% of the existing issued share capital of the Company and approximately 2.56% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the New Subscription Shares.

(iii) *New Subscription Agreement 3 (as supplemented by the New Subscription Supplemental Agreements 3)*

Date : 11 January 2007
Parties : (i) the Company; and
(ii) New Subscriber 3 – Mr. Zhang Jian

New Subscriber 3 is an Independent Third Party.

Pursuant to New Subscription Agreement 3 (as supplemented by the New Subscription Supplemental Agreements 3 which extended the long stop date to 30 June 2007), the Company agreed to allot and issue and the New Subscriber 3 has conditionally agreed to subscribe in cash of HK\$220,000 for a total of 1,000,000 New Subscription Shares at the New Subscription Price of HK\$0.22 per New Subscription Share. The 1,000,000 New Subscription Shares represent approximately 2.08% of the existing issued share capital of the Company and approximately 0.25% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the New Subscription Shares.

LETTER FROM THE BOARD

(iv) *New Subscription Agreement 4 (as supplemented by the New Subscription Supplemental Agreements 4)*

Date : 11 January 2007
Parties : (i) the Company; and
(ii) New Subscriber 4 – Mr. Sam Zhu

New Subscriber 4 is an Independent Third Party.

Pursuant to New Subscription Agreement 4 (as supplemented by the New Subscription Supplemental Agreements 4 which extended the long stop date to 30 June 2007), the Company agreed to allot and issue and the New Subscriber 4 has conditionally agreed to subscribe in cash of HK\$1,001,000 for a total of 4,550,000 New Subscription Shares at the New Subscription Price of HK\$0.22 per New Subscription Share. The 4,550,000 New Subscription Shares represent approximately 9.48% of the existing issued share capital of the Company and approximately 1.15% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the New Subscription Shares.

(v) *New Subscription Agreement 5 (as supplemented by the New Subscription Supplemental Agreements 5)*

Date : 11 January 2007
Parties : (i) the Company; and
(ii) New Subscriber 5 – Ms. Shen Lin

New Subscriber 5 is an Independent Third Party.

Pursuant to New Subscription Agreement 5 (as supplemented by the New Subscription Supplemental Agreements 5 which extended the long stop date to 30 June 2007), the Company agreed to allot and issue and the New Subscriber 5 has conditionally agreed to subscribe in cash of HK\$200,200 for a total of 910,000 New Subscription Shares at the New Subscription Price of HK\$0.22 per New Subscription Share. The 910,000 New Subscription Shares represent approximately 1.90% of the existing issued share capital of the Company and approximately 0.23% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the New Subscription Shares.

LETTER FROM THE BOARD

(vi) *New Subscription Agreement 6 (as supplemented by the New Subscription Supplemental Agreement 6)*

Date : 20 April 2007

Parties : (i) the Company; and

(ii) New Subscriber 6 – GEV Investments (Hong Kong) Limited

New Subscriber 6 was incorporated in Hong Kong with limited liabilities on 19 July 2000. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, New Subscriber 6 is a professional strategic investment advisors which has established various channels for overseas investors to invest in cases relating to the finance, infrastructure and high-tech fields in China and has a good relationship with overseas risk investment funds.

New Subscriber 6 is owned effectively as to approximately 53.52% by Mr. Yang Wan Jian and the remaining interests are effectively owned by 10 other individuals respectively. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Yang Wan Jian is a PhD in Finance, an International Certified Manager of Business Administration and an International Certified Advanced Financial Expert. Mr. Yang is also the vice president of Shenzhen Chamber of International Investment and Financing, executive director of China Enterprise Culture Association and senior analyst of China Asia Pacific Economic Development Research Center.

New Subscriber 6 and its ultimate beneficial owners are Independent Third Parties.

Pursuant to New Subscription Agreement 6 (as supplemented by the New Subscription Supplemental Agreement 6 which extended the long stop date to 30 June 2007), the Company agreed to allot and issue and the New Subscriber 6 has conditionally agreed to subscribe in cash of HK\$5,962,000 for a total of 27,100,000 New Subscription Shares at the New Subscription Price of HK\$0.22 per New Subscription Share. The 27,100,000 New Subscription Shares represent approximately 56.46% of the existing issued share capital of the Company and approximately 6.86% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the New Subscription Shares.

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(vii) *New Subscription Agreement 7 (as supplemented by the New Subscription Supplemental Agreement 7)*

Date : 20 April 2007
Parties : (i) the Company; and
(ii) New Subscriber 7 – Mr. Chen Kang

New Subscriber 7 is an Independent Third Party.

Pursuant to New Subscription Agreement 7 (as supplemented by the New Subscription Supplemental Agreement 7 which extended the long stop date to 30 June 2007), the Company agreed to allot and issue and the New Subscriber 7 has conditionally agreed to subscribe in cash of HK\$3,000,000 for a total of 13,636,363 New Subscription Shares at the New Subscription Price of HK\$0.22 per New Subscription Share. The 13,636,363 New Subscription Shares represent approximately 28.41% of the existing issued share capital of the Company and approximately 3.45% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the New Subscription Shares.

(viii) *New Subscription Agreement 8 (as supplemented by the New Subscription Supplemental Agreement 8)*

Date : 20 April 2007
Parties : (i) the Company; and
(ii) New Subscriber 8 – Ms. Li Xiao Ping

New Subscriber 8 is an Independent Third Party.

Pursuant to New Subscription Agreement 8 (as supplemented by the New Subscription Supplemental Agreement 8 which extended the long stop date to 30 June 2007), the Company agreed to allot and issue and the New Subscriber 8 has conditionally agreed to subscribe in cash of HK\$880,000 for a total of 4,000,000 New Subscription Shares at the New Subscription Price of HK\$0.22 per New Subscription Share. The 4,000,000 New Subscription Shares represent approximately 8.33% of the existing issued share capital of the Company and approximately 1.01% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the New Subscription Shares.

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(ix) *New Subscription Agreement 9 (as supplemented by the New Subscription Supplemental Agreement 9)*

Date : 20 April 2007
Parties : (i) the Company; and
(ii) New Subscriber 9 – Ms. Yang Li Fang

New Subscriber 9 is an Independent Third Party.

Pursuant to New Subscription Agreement 9 (as supplemented by the New Subscription Supplemental Agreement 9 which extended the long stop date to 30 June 2007), the Company agreed to allot and issue and the New Subscriber 9 has conditionally agreed to subscribe in cash of HK\$1,100,000 for a total of 5,000,000 New Subscription Shares at the New Subscription Price of HK\$0.22 per New Subscription Share. The 5,000,000 New Subscription Shares represent approximately 10.42% of the existing issued share capital of the Company and approximately 1.27% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the New Subscription Shares.

(x) *New Subscription Agreement 10 (as supplemented by the New Subscription Supplemental Agreements 10)*

Date : 11 January 2007
Parties : (i) the Company; and
(ii) New Subscriber 10 – Ms. Wu Juan

New Subscriber 10 is an Independent Third Party.

Pursuant to New Subscription Agreement 10 (as supplemented by the New Subscription Supplemental Agreements 10 which extended the long stop date to 30 June 2007), the Company agreed to allot and issue and the New Subscriber 10 has conditionally agreed to subscribe in cash of HK\$655,600 for a total of 2,980,000 New Subscription Shares at the New Subscription Price of HK\$0.22 per New Subscription Share. The 2,980,000 New Subscription Shares represent approximately 6.21% of the existing issued share capital of the Company and approximately 0.75% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the New Subscription Shares.

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(xi) *New Subscription Agreement 11 (as supplemented by the New Subscription Supplemental Agreement 11)*

Date : 20 April 2007
Parties : (i) the Company; and
(ii) New Subscriber 11 – Mr. Liao Bo

New Subscriber 11 is an Independent Third Party.

Pursuant to New Subscription Agreement 11 (as supplemented by the New Subscription Supplemental Agreement 11 which extended the long stop date to 30 June 2007), the Company agreed to allot and issue and the New Subscriber 11 has conditionally agreed to subscribe in cash of HK\$1,001,000 for a total of 4,550,000 New Subscription Shares at the New Subscription Price of HK\$0.22 per New Subscription Share. The 4,550,000 New Subscription Shares represent approximately 9.48% of the existing issued share capital of the Company and approximately 1.15% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the New Subscription Shares.

(xii) *New Subscription Agreement 12 (as supplemented by the New Subscription Supplemental Agreement 12)*

Date : 20 April 2007
Parties : (i) the Company; and
(ii) New Subscriber 12 – Mr. Liu Qiu Sheng

New Subscriber 12 is an Independent Third Party.

Pursuant to New Subscription Agreement 12 (as supplemented by the New Subscription Supplemental Agreement 12 which extended the long stop date to 30 June 2007), the Company agreed to allot and issue and the New Subscriber 12 has conditionally agreed to subscribe in cash of HK\$300,000 for a total of 1,363,636 New Subscription Shares at the New Subscription Price of HK\$0.22 per New Subscription Share. The 1,363,636 New Subscription Shares represent approximately 2.84% of the existing issued share capital of the Company and approximately 0.35% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the New Subscription Shares.

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(xiii) New Subscription Agreement 13 (as supplemented by the New Subscription Supplemental Agreement 13)

Date : 20 April 2007
Parties : (i) the Company; and
(ii) New Subscriber 13 – China Water Investments Limited

New Subscriber 13, China Water Investments Limited, is an Independent Third Party. New Subscriber 13 was incorporated in BVI on 6 May 2005 and is a wholly owned subsidiary of China Water Affaires Group Limited, a company listed on the main board of the Stock Exchange. The principal activity of New Subscriber 13 is investment holding.

Pursuant to New Subscription Agreement 13 (as supplemented by the New Subscription Supplemental Agreement 13 which extended the long stop date to 30 June 2007), the Company agreed to allot and issue and the New Subscriber 13 has conditionally agreed to subscribe in cash of HK\$15,000,000 for a total of 68,181,818 New Subscription Shares at the New Subscription Price of HK\$0.22 per New Subscription Share. The 68,181,818 New Subscription Shares represent approximately 142.05% of the existing issued share capital of the Company and approximately 17.25% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the New Subscription Shares.

(xiv) New Subscription Agreement 14 (as supplemented by the New Subscription Supplemental Agreement 14)

Date : 20 April 2007
Parties : (i) the Company; and
(ii) New Subscriber 14 – Mr. Fung Cheuk Nang, Clement

New Subscriber 14 is an Independent Third Party and an individual investor.

Pursuant to New Subscription Agreement 14 (as supplemented by the New Subscription Supplemental Agreement 14 which extended the long stop date to 30 June 2007), the Company agreed to allot and issue and the New Subscriber 14 has conditionally agreed to subscribe in cash of HK\$7,000,000 for a total of 31,818,182 New Subscription Shares at the New Subscription Price of HK\$0.22 per New Subscription Share. The 31,818,182 New Subscription Shares represent approximately 66.29% of the existing issued share capital of the Company and approximately 8.05% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the New Subscription Shares.

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(xv) *New Subscription Agreement 15 (as supplemented by the New Subscription Supplemental Agreement 15)*

Date : 20 April 2007
Parties : (i) the Company; and
(ii) New Subscriber 15 – Upkeep Properties Limited

New Subscriber 15 was incorporated in British Virgin Islands and was wholly owned by Mr. Tam Wo Quan. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Tam Wo Quan is a merchant and the principal activity of New Subscriber 15 is property investment. New Subscriber 15 and its ultimate beneficial owner are Independent Third Parties.

Pursuant to New Subscription Agreement 15 (as supplemented by the New Subscription Supplemental Agreement 15 which extended the long stop date to 30 June 2007), the Company agreed to allot and issue and the New Subscriber 15 has conditionally agreed to subscribe in cash of HK\$5,500,000 for a total of 25,000,000 New Subscription Shares at the New Subscription Price of HK\$0.22 per New Subscription Share. The 25,000,000 New Subscription Shares represent approximately 52.08% of the existing issued share capital of the Company and approximately 6.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the New Subscription Shares.

(xvi) *New Subscription Agreement 16 (as supplemented by the New Subscription Supplemental Agreement 16)*

Date : 20 April 2007
Parties : (i) the Company; and
(ii) New Subscriber 16 – Mr. You Tao

New Subscriber 16 is an Independent Third Party and an individual investor.

Pursuant to New Subscription Agreement 16 (as supplemented by the New Subscription Supplemental Agreement 16 which extended the long stop date to 30 June 2007), the Company agreed to allot and issue and the New Subscriber 16 has conditionally agreed to subscribe in cash of HK\$5,700,000 for a total of 25,909,090 New Subscription Shares at the New Subscription Price of HK\$0.22 per New Subscription Share. The 25,909,090 New Subscription Shares represent approximately 53.98% of the existing issued share capital of the Company and approximately 6.56% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the New Subscription Shares.

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(xvii) New Subscription Agreement 17 (as supplemented by the New Subscription Supplemental Agreement 17)

Date : 20 April 2007
Parties : (i) the Company; and
(ii) New Subscriber 17 – Mr. Liu Wei Tao

New Subscriber 17 is an Independent Third Party.

Pursuant to New Subscription Agreement 17 (as supplemented by the New Subscription Supplemental Agreement 17 which extended the long stop date to 30 June 2007), the Company agreed to allot and issue and the New Subscriber 17 has conditionally agreed to subscribe in cash of HK\$2,200,000 for a total of 10,000,000 New Subscription Shares at the New Subscription Price of HK\$0.22 per New Subscription Share. The 10,000,000 New Subscription Shares represent approximately 20.83% of the existing issued share capital of the Company and approximately 2.53% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the New Subscription Shares.

(xviii) New Subscription Agreement 18 (as supplemented by the New Subscription Supplemental Agreement 18)

Date : 20 April 2007
Parties : (i) the Company; and
(ii) New Subscriber 18 – Mr. Chen Jian

New Subscriber 18 is an Independent Third Party.

Pursuant to New Subscription Agreement 18 (as supplemented by the New Subscription Supplemental Agreement 18 which extended the long stop date to 30 June 2007), the Company agreed to allot and issue and the New Subscriber 18 has conditionally agreed to subscribe in cash of HK\$3,500,000 for a total of 15,909,091 New Subscription Shares at the New Subscription Price of HK\$0.22 per New Subscription Share. The 15,909,091 New Subscription Shares represent approximately 33.14% of the existing issued share capital of the Company and approximately 4.03% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the New Subscription Shares.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each New Subscriber, and in cases where the New Subscriber being a company, its ultimate beneficial owner, is an Independent Third Party and is not a party acting in concert (as defined in the Takeovers Code) with any connected persons of the Company or the Subscriber or any other New Subscribers. Each of the New Subscribers does not have any shareholding in the Company as at the date hereof.

LETTER FROM THE BOARD

II. Principal terms of each New Subscription Agreements and New Subscription Supplemental Agreements

Apart from the number of New Subscription Shares to be subscribed by each New Subscribers set out above, the terms of each New Subscription Agreements (as supplemented by the New Subscription Supplemental Agreements) are same. Set out below are the key terms of the New Subscription Agreements.

New Subscription Price

The New Subscription Price of HK\$0.22 per New Subscription Share represents:

- a discount of approximately 32.31% 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 25.30% 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.

The net New Subscription Price is approximately HK\$0.21.

The New Subscription Price was arrived at after arm's length negotiation between the Company and each of the New Subscribers after taking into account the existing liabilities and indebtedness of the Group, the Group's net asset value and the fact that trading in the Shares has been suspended since 14 February 2005 and no turnover has been recorded by the Group in the year ended 30 June 2006 and in the six months ended 31 December 2006. The Board is of the view that the New Subscription Shares issued at a significant discount to the market price and the terms of the New Subscriptions are fair and reasonable and in the interests of the Shareholders as a whole.

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

Ranking of the New Subscription Shares

The New Subscription Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the existing Shares in issue as at the date of the allotment and issue of the New 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 New Subscription Shares.

LETTER FROM THE BOARD

Conditions of the New Subscription Agreements

- (a) Payment for the consideration of the New Subscriptions is conditional upon and subject to:
- the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the New Subscription Shares; and
 - the passing by the shareholders of the Company at a special general meeting of the Company to be convened and held of the necessary resolutions to approve the New Subscription Agreements (including any amendments) and the transactions contemplated hereunder.

Payment for the consideration of the New Subscriptions by the New Subscribers shall take place at 4:00 p.m. within five business day after the satisfaction of the conditions above. The aggregate New Subscription amounts shall be payable by each New Subscribers of one or more cashier order(s) issued by a licensed bank in Hong Kong and made payable to the Company.

- (b) Completion of each of the New Subscription Agreements is conditional upon completion of the payment of the consideration for the New Subscriptions as set out in subparagraph (a) above.

The above conditions of the New Subscription Agreements have not been fulfilled as at the Latest Practicable Date.

In the event that the all the conditions not being fulfilled by 7:00 p.m. on 30 June 2007 (or such other time and date as may be agreed by the Company), all rights, obligations and liabilities of the parties to the New Subscription Agreements shall cease and determine and neither party shall have any claim against the other, save for any antecedent breaches of the terms of the New Subscription Agreements.

The New Subscriptions are not inter-conditional upon each other and are not conditional upon the Subscription.

Completion of the New Subscriptions

Completion of the New Subscription Agreements shall take place at 4:00 p.m. on the second business day (or such other time as the relevant parties thereto may agree) after the satisfaction of the conditions set out above.

The New Subscription Shares will not be issued under the general mandate adopted by the Company and a special general meeting of the Company will be held to consider and, if thought fit, approve the necessary resolution(s) in respect of each of the New Subscription Agreements and the allotment and issue of the New Subscription Shares. None of the New Subscribers will nominate new Director to the Board.

LETTER FROM THE BOARD

III. Effects on shareholding structure

For illustration purpose, the shareholding structure of the Company as at the date hereof, immediately after the Completion but before completion of the New Subscriptions, and immediately after the Completion and completion of the New Subscriptions are set out below:

	As at the date hereof		After the Completion but before completion of the New Subscriptions		After the Completion and completion of the New Subscriptions	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
Advance Elite Holdings Limited	8,500,000	17.71	8,500,000	6.20	8,500,000	2.15
Subscriber	-	-	89,142,857	65.00	89,142,857	22.56
New Subscriber 6	-	-	-	-	27,100,000	6.86
New Subscriber 13	-	-	-	-	68,181,818	17.25
New Subscriber 14	-	-	-	-	31,818,182	8.05
New Subscriber 15	-	-	-	-	25,000,000	6.33
New Subscriber 16	-	-	-	-	25,909,090	6.56
Public:						
Existing Shareholders	39,500,000	82.29	39,500,000	28.80	39,500,000	10.00
New Subscriber 1	-	-	-	-	6,000,000	1.52
New Subscriber 2	-	-	-	-	10,100,000	2.56
New Subscriber 3	-	-	-	-	1,000,000	0.25
New Subscriber 4	-	-	-	-	4,550,000	1.15
New Subscriber 5	-	-	-	-	910,000	0.23
New Subscriber 7	-	-	-	-	13,636,363	3.45
New Subscriber 8	-	-	-	-	4,000,000	1.01
New Subscriber 9	-	-	-	-	5,000,000	1.27
New Subscriber 10	-	-	-	-	2,980,000	0.75
New Subscriber 11	-	-	-	-	4,550,000	1.15
New Subscriber 12	-	-	-	-	1,363,636	0.35
New Subscriber 17	-	-	-	-	10,000,000	2.53
New Subscriber 18	-	-	-	-	15,909,091	4.03
	39,500,000	82.29	39,500,000	28.80	119,499,090	30.24
Total	48,000,000	100%	137,142,857	100%	395,151,037	100%

LETTER FROM THE BOARD

IV. Reasons for the New Subscriptions and use of proceeds

As stated in the Company's annual report for the year ended 30 June 2006 and in the Company's interim report for the six months ended 31 December 2006, the Group had not made any investments during the period under review due to lack of new capital for investments. Meanwhile, the Group had audited liabilities of approximately HK\$9.62 million as at 30 June 2006 and unaudited liabilities of approximately HK\$11.58 million as at 31 December 2006.

In response to the business deadlock and with the hope to turn around the situation, the Group has been looking for fund raising opportunities and negotiating with certain potential investors. The Company entered into the New Subscription Agreements with each New Subscriber separately pursuant to which the New Subscribers conditionally agreed to subscribe in cash for an aggregate of HK\$56,761,800 for 258,008,180 New Subscription Shares. The Directors believe that the Group's financial position will be strengthened by such new capital injection.

The estimated net proceeds from the New Subscriptions will amount to approximately HK\$55 million after the completion of the New Subscriptions. Out of which approximately HK\$15 million will be used to invest in mid-cap and small-cap listed securities in Hong Kong, approximately HK\$5 million will use to repay existing liabilities of the Company and the balance of approximately HK\$35 million will be used as general working capital or the funding to invest in listed and unlisted companies established and/or doing business in the Greater China Region with potential growth. Up to the date hereof, the Directors did not identify any suitable investment.

PROPOSED FUTURE PLANS

The principal business/investment plan of the Group is to identify and invest in high earnings and medium term capital appreciation mainly through investment in listed and unlisted companies established and/or doing business in the Greater China Region. The Directors confirmed that the Group would continue such principal business after the Shares resume trading on the Stock Exchange. As such, the Group plans to use HK\$15 million out of the estimated net proceeds from the New Subscriptions to invest in listed securities in Hong Kong. As disclosed in the Circular, the Subscriber has undertaken to the Company that, upon Completion, an amount of HK\$5 million will be provided to the Company by way of shareholder's loan from the Subscriber. To improve the financial position of the Group, the Directors consider that the HK\$5 million shareholder's loan will be used as general working capital or the funding to invest in listed and unlisted companies established and/or doing business in the Greater China Region with potential growth. Up to the date hereof, the Directors did not identify any suitable investment.

SGM

A SGM will be convened at which ordinary resolutions will be proposed to consider and, if thought fit, approve each of the New Subscription Agreements and the allotment and issue of the New Subscription Shares. As at the Latest Practicable Date, none of the New Subscribers and their respective associates holds any existing Shares and has material interest in the Company. As part of the proceeds from the New Subscriptions will be used to repay debts of the Company, the creditor of the Company are therefore considered have an interest in the New Subscriptions. Mr. Lau is a creditor of the Company

LETTER FROM THE BOARD

where the amount due to Mr. Lau as at 31 December 2006 was HK\$828,404, which includes salary payments and reimbursable expenses as disclosed in Note 4 under the sub-paragraph headed “Financial position of the Group” above. Mr. Lau and Mrs. Lau together holding approximately 40.83% interests in Oceanwide Investments Limited, a substantial Shareholder which through Advance Elite Holdings Limited interested in approximately 17.7% of the issued share capital of the Company. As part of the proceeds from the New Subscriptions will be used to repay the loan due to Mr. Lau, Mr. Lau is therefore considered has an interest in the New Subscriptions. As such, Mr. Lau and his associates, including Oceanwide Investments Limited and Advance Elite Holdings Limited, shall abstain from voting in favour of the New Subscriptions in the SGM. As at the Latest Practicable Date, except for Mr. Lau, no creditor or debtor of the Company is also a Shareholder.

As Mr. Lau and his associates, including Oceanwide Investments Limited and Advance Elite Holdings Limited shall abstain from voting in favour of the New Subscriptions in the SGM, pursuant to Rule 13.39(4) of the Listing Rules, the voting of the Shareholders at the SGM to approve the New Subscriptions shall be taken on a poll.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the opinion that the terms of each of the New Subscription Agreements (as supplemented by the New Subscription Supplemental Agreements) are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Accordingly, the Directors recommended you to vote in favour of the ordinary resolutions in connection with the New Subscriptions to be proposed in the SGM.

WORKING CAPITAL

The Director are of the opinion that in the absence of unforeseen circumstances, after the completion of the Subscription and the New Subscriptions, the Group will have sufficient working capital for its requirements in the next twelve months from the date of this circular.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular concerning the Group and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts concerning the Group the omission of which would make any statement herein misleading.

Yours faithfully,
By the order of the board
Prime Investments Holdings Limited
Wang Wen Xia
Director, CEO

NOTICE OF SGM



PRIME INVESTMENTS HOLDINGS LIMITED

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

(Stock Code: 721)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of shareholders of Prime Investments Holdings Limited (the “**Company**”) will be held at Suite 504, 5/F, Chinachem Tower, 34-37 Connaught Road Central, Hong Kong, on Tuesday, 12 June 2007 at 2:00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the subscription agreement dated 11 January 2007 as supplemented with the relevant supplemental agreements dated 31 March 2007 and 3 May 2007 respectively (together as the “**Subscription Agreement 1**”, copies of which have been produced at the meeting and signed by the chairman of the Company for the purpose of identification) as referred in the circular of the Company dated 28 May 2007 and entered into between the Company as issuer and Ms. Wu Bao Liu as subscriber (the “**Subscriber 1**”) pursuant to which the Company shall conditionally allot and issue an aggregate of 6,000,000 new shares (the “**1st Subscription Shares**”) of HK\$0.01 in the share capital of the Company to the Subscriber 1 and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the 1st Subscription Shares, the allotment and issue of the 1st Subscription Shares to the Subscriber 1 pursuant to the Subscription Agreement 1 be and is hereby approved; and
- (c) any director be and is hereby authorised to do all such acts and things and execute such documents and take all such steps which in his or her opinion may be necessary, desirable or expedient in connection with the Subscription Agreement 1 and the transactions contemplated thereunder.”

NOTICE OF SGM

2. **“THAT**

- (a) the subscription agreement dated 20 April 2007 as supplemented with the relevant supplemental agreement dated 3 May 2007 (together as the “**Subscription Agreement 2**”, copies of which have been produced at the meeting and signed by the chairman of the Company for the purpose of identification) as referred in the circular of the Company dated 28 May 2007 and entered into between the Company as issuer and Ms. Lei Hio Lai as subscriber (the “**Subscriber 2**”) pursuant to which the Company shall conditionally allot and issue an aggregate of 10,100,000 new shares (the “**2nd Subscription Shares**”) of HK\$0.01 in the share capital of the Company to the Subscriber 2 and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the 2nd Subscription Shares, the allotment and issue of the 2nd Subscription Shares to the Subscriber 2 pursuant to the Subscription Agreement 2 be and is hereby approved; and
- (c) any director be and is hereby authorised to do all such acts and things and execute such documents and take all such steps which in his or her opinion may be necessary, desirable or expedient in connection with the Subscription Agreement 2 and the transactions contemplated thereunder.”

3. **“THAT**

- (a) the subscription agreement dated 11 January 2007 as supplemented with the relevant supplemental agreements dated 31 March 2007 and 3 May 2007 respectively (together as the “**Subscription Agreement 3**”, copies of which have been produced at the meeting and signed by the chairman of the Company for the purpose of identification) as referred in the circular of the Company dated 28 May 2007 and entered into between the Company as issuer and Mr. Zhang Jian as subscriber (the “**Subscriber 3**”) pursuant to which the Company shall conditionally allot and issue an aggregate of 1,000,000 new shares (the “**3rd Subscription Shares**”) of HK\$0.01 in the share capital of the Company to the Subscriber 3 and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the 3rd Subscription Shares, the allotment and issue of the 3rd Subscription Shares to the Subscriber 3 pursuant to the Subscription Agreement 3 be and is hereby approved; and
- (c) any director be and is hereby authorised to do all such acts and things and execute such documents and take all such steps which in his or her opinion may be necessary, desirable or expedient in connection with the Subscription Agreement 3 and the transactions contemplated thereunder.”

NOTICE OF SGM

4. **“THAT**

- (a) the subscription agreement dated 11 January 2007 as supplemented with the relevant supplemental agreements dated 31 March 2007 and 3 May 2007 respectively (together as the **“Subscription Agreement 4”**, copies of which have been produced at the meeting and signed by the chairman of the Company for the purpose of identification) as referred in the circular of the Company dated 28 May 2007 and entered into between the Company as issuer and Mr. Sam Zhu as subscriber (the **“Subscriber 4”**) pursuant to which the Company shall conditionally allot and issue an aggregate of 4,550,000 new shares (the **“4th Subscription Shares”**) of HK\$0.01 in the share capital of the Company to the Subscriber 4 and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the 4th Subscription Shares, the allotment and issue of the 4th Subscription Shares to the Subscriber 4 pursuant to the Subscription Agreement 4 be and is hereby approved; and
- (c) any director be and is hereby authorised to do all such acts and things and execute such documents and take all such steps which in his or her opinion may be necessary, desirable or expedient in connection with the Subscription Agreement 4 and the transactions contemplated thereunder.”

5. **“THAT**

- (a) the subscription agreement dated 11 January 2007 as supplemented with the relevant supplemental agreements dated 31 March 2007 and 3 May 2007 respectively (together as the **“Subscription Agreement 5”**, copies of which have been produced at the meeting and signed by the chairman of the Company for the purpose of identification) as referred in the circular of the Company dated 28 May 2007 and entered into between the Company as issuer and Ms. Shen Lin as subscriber (the **“Subscriber 5”**) pursuant to which the Company shall conditionally allot and issue an aggregate of 910,000 new shares (the **“5th Subscription Shares”**) of HK\$0.01 in the share capital of the Company to the Subscriber 5 and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the 5th Subscription Shares, the allotment and issue of the 5th Subscription Shares to the Subscriber 5 pursuant to the Subscription Agreement 5 be and is hereby approved; and
- (c) any director be and is hereby authorised to do all such acts and things and execute such documents and take all such steps which in his or her opinion may be necessary, desirable or expedient in connection with the Subscription Agreement 5 and the transactions contemplated thereunder.”

NOTICE OF SGM

6. **“THAT**

- (a) the subscription agreement dated 20 April 2007 as supplemented with the relevant supplemental agreement dated 3 May 2007 (together as the “**Subscription Agreement 6**”, copies of which have been produced at the meeting and signed by the chairman of the Company for the purpose of identification) as referred in the circular of the Company dated 28 May 2007 and entered into between the Company as issuer and GEV Investments (Hong Kong) Limited as subscriber (the “**Subscriber 6**”) pursuant to which the Company shall conditionally allot and issue an aggregate of 27,100,000 new shares (the “**6th Subscription Shares**”) of HK\$0.01 in the share capital of the Company to the Subscriber 6 and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the 6th Subscription Shares, the allotment and issue of the 6th Subscription Shares to the Subscriber 6 pursuant to the Subscription Agreement 6 be and is hereby approved; and
- (c) any director be and is hereby authorised to do all such acts and things and execute such documents and take all such steps which in his or her opinion may be necessary, desirable or expedient in connection with the Subscription Agreement 6 and the transactions contemplated thereunder.”

7. **“THAT**

- (a) the subscription agreement dated 20 April 2007 as supplemented with the relevant supplemental agreement dated 3 May 2007 (together as the “**Subscription Agreement 7**”, copies of which have been produced at the meeting and signed by the chairman of the Company for the purpose of identification) as referred in the circular of the Company dated 28 May 2007 and entered into between the Company as issuer and Mr. Chen Kang as subscriber (the “**Subscriber 7**”) pursuant to which the Company shall conditionally allot and issue an aggregate of 13,636,363 new shares (the “**7th Subscription Shares**”) of HK\$0.01 in the share capital of the Company to the Subscriber 7 and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the 7th Subscription Shares, the allotment and issue of the 7th Subscription Shares to the Subscriber 7 pursuant to the Subscription Agreement 7 be and is hereby approved; and
- (c) any director be and is hereby authorised to do all such acts and things and execute such documents and take all such steps which in his or her opinion may be necessary, desirable or expedient in connection with the Subscription Agreement 7 and the transactions contemplated thereunder.”

NOTICE OF SGM

8. **“THAT**

- (a) the subscription agreement dated 20 April 2007 as supplemented with the relevant supplemental agreement dated 3 May 2007 (together as the “**Subscription Agreement 8**”, copies of which have been produced at the meeting and signed by the chairman of the Company for the purpose of identification) as referred in the circular of the Company dated 28 May 2007 and entered into between the Company as issuer and Ms. Li Xiao Ping as subscriber (the “**Subscriber 8**”) pursuant to which the Company shall conditionally allot and issue an aggregate of 4,000,000 new shares (the “**8th Subscription Shares**”) of HK\$0.01 in the share capital of the Company to the Subscriber 8 and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the 8th Subscription Shares, the allotment and issue of the 8th Subscription Shares to the Subscriber 8 pursuant to the Subscription Agreement 8 be and is hereby approved; and
- (c) any director be and is hereby authorised to do all such acts and things and execute such documents and take all such steps which in his or her opinion may be necessary, desirable or expedient in connection with the Subscription Agreement 8 and the transactions contemplated thereunder.”

9. **“THAT**

- (a) the subscription agreement dated 20 April 2007 as supplemented with the relevant supplemental agreement dated 3 May 2007 (together as the “**Subscription Agreement 9**”, copies of which have been produced at the meeting and signed by the chairman of the Company for the purpose of identification) as referred in the circular of the Company dated 28 May 2007 and entered into between the Company as issuer and Ms. Yang Li Fang as subscriber (the “**Subscriber 9**”) pursuant to which the Company shall conditionally allot and issue an aggregate of 5,000,000 new shares (the “**9th Subscription Shares**”) of HK\$0.01 in the share capital of the Company to the Subscriber 9 and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the 9th Subscription Shares, the allotment and issue of the 9th Subscription Shares to the Subscriber 9 pursuant to the Subscription Agreement 9 be and is hereby approved; and
- (c) any director be and is hereby authorised to do all such acts and things and execute such documents and take all such steps which in his or her opinion may be necessary, desirable or expedient in connection with the Subscription Agreement 9 and the transactions contemplated thereunder.”

NOTICE OF SGM

10. **“THAT**

- (a) the subscription agreement dated 11 January 2007 as supplemented with the relevant supplemental agreements dated 31 March 2007 and 3 May 2007 respectively (together as the **“Subscription Agreement 10”**, copies of which have been produced at the meeting and signed by the chairman of the Company for the purpose of identification) as referred in the circular of the Company dated 28 May 2007 and entered into between the Company as issuer and Ms. Wu Juan as subscriber (the **“Subscriber 10”**) pursuant to which the Company shall conditionally allot and issue an aggregate of 2,980,000 new shares (the **“10th Subscription Shares”**) of HK\$0.01 in the share capital of the Company to the Subscriber 10 and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the 10th Subscription Shares, the allotment and issue of the 10th Subscription Shares to the Subscriber 10 pursuant to the Subscription Agreement 10 be and is hereby approved; and
- (c) any director be and is hereby authorised to do all such acts and things and execute such documents and take all such steps which in his or her opinion may be necessary, desirable or expedient in connection with the Subscription Agreement 10 and the transactions contemplated thereunder.”

11. **“THAT**

- (a) the subscription agreement dated 20 April 2007 as supplemented with the relevant supplemental agreement dated 3 May 2007 (together as the **“Subscription Agreement 11”**, copies of which have been produced at the meeting and signed by the chairman of the Company for the purpose of identification) as referred in the circular of the Company dated 28 May 2007 and entered into between the Company as issuer and Mr. Liao Bo as subscriber (the **“Subscriber 11”**) pursuant to which the Company shall conditionally allot and issue an aggregate of 4,550,000 new shares (the **“11th Subscription Shares”**) of HK\$0.01 in the share capital of the Company to the Subscriber 11 and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the 11th Subscription Shares, the allotment and issue of the 11th Subscription Shares to the Subscriber 11 pursuant to the Subscription Agreement 11 be and is hereby approved; and
- (c) any director be and is hereby authorised to do all such acts and things and execute such documents and take all such steps which in his or her opinion may be necessary, desirable or expedient in connection with the Subscription Agreement 11 and the transactions contemplated thereunder.”

NOTICE OF SGM

12. **“THAT**

- (a) the subscription agreement dated 20 April 2007 as supplemented with the relevant supplemental agreement dated 3 May 2007 (together as the “**Subscription Agreement 12**”, copies of which have been produced at the meeting and signed by the chairman of the Company for the purpose of identification) as referred in the circular of the Company dated 28 May 2007 and entered into between the Company as issuer and Mr. Liu Qiu Sheng as subscriber (the “**Subscriber 12**”) pursuant to which the Company shall conditionally allot and issue an aggregate of 1,363,636 new shares (the “**12th Subscription Shares**”) of HK\$0.01 in the share capital of the Company to the Subscriber 12 and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the 12th Subscription Shares, the allotment and issue of the 12th Subscription Shares to the Subscriber 12 pursuant to the Subscription Agreement 12 be and is hereby approved; and
- (c) any director be and is hereby authorised to do all such acts and things and execute such documents and take all such steps which in his or her opinion may be necessary, desirable or expedient in connection with the Subscription Agreement 12 and the transactions contemplated thereunder.”

13. **“THAT**

- (a) the subscription agreement dated 20 April 2007 as supplemented with the relevant supplemental agreement dated 3 May 2007 (together as the “**Subscription Agreement 13**”, copies of which have been produced at the meeting and signed by the chairman of the Company for the purpose of identification) as referred in the circular of the Company dated 28 May 2007 and entered into between the Company as issuer and China Water Investments Limited as subscriber (the “**Subscriber 13**”) pursuant to which the Company shall conditionally allot and issue an aggregate of 68,181,818 new shares (the “**13th Subscription Shares**”) of HK\$0.01 in the share capital of the Company to the Subscriber 13 and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the 13th Subscription Shares, the allotment and issue of the 13th Subscription Shares to the Subscriber 13 pursuant to the Subscription Agreement 13 be and is hereby approved; and
- (c) any director be and is hereby authorised to do all such acts and things and execute such documents and take all such steps which in his or her opinion may be necessary, desirable or expedient in connection with the Subscription Agreement 13 and the transactions contemplated thereunder.”

NOTICE OF SGM

14. **“THAT**

- (a) the subscription agreement dated 20 April 2007 as supplemented with the relevant supplemental agreement dated 2 May 2007 (together as the “**Subscription Agreement 14**”, copies of which have been produced at the meeting and signed by the chairman of the Company for the purpose of identification) as referred in the circular of the Company dated 28 May 2007 and entered into between the Company as issuer and Mr. Fung Cheuk Nang, Clement as subscriber (the “**Subscriber 14**”) pursuant to which the Company shall conditionally allot and issue an aggregate of 31,818,182 new shares (the “**14th Subscription Shares**”) of HK\$0.01 in the share capital of the Company to the Subscriber 14 and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the 14th Subscription Shares, the allotment and issue of the 14th Subscription Shares to the Subscriber 14 pursuant to the Subscription Agreement 14 be and is hereby approved; and
- (c) any director be and is hereby authorised to do all such acts and things and execute such documents and take all such steps which in his or her opinion may be necessary, desirable or expedient in connection with the Subscription Agreement 14 and the transactions contemplated thereunder.”

15. **“THAT**

- (a) the subscription agreement dated 20 April 2007 as supplemented with the relevant supplemental agreement dated 3 May 2007 (together as the “**Subscription Agreement 15**”, copies of which have been produced at the meeting and signed by the chairman of the Company for the purpose of identification) as referred in the circular of the Company dated 28 May 2007 and entered into between the Company as issuer and Upkeep Properties Limited as subscriber (the “**Subscriber 15**”) pursuant to which the Company shall conditionally allot and issue an aggregate of 25,000,000 new shares (the “**15th Subscription Shares**”) of HK\$0.01 in the share capital of the Company to the Subscriber 15 and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the 15th Subscription Shares, the allotment and issue of the 15th Subscription Shares to the Subscriber 15 pursuant to the Subscription Agreement 15 be and is hereby approved; and
- (c) any director be and is hereby authorised to do all such acts and things and execute such documents and take all such steps which in his or her opinion may be necessary, desirable or expedient in connection with the Subscription Agreement 15 and the transactions contemplated thereunder.”

NOTICE OF SGM

16. **“THAT**

- (a) the subscription agreement dated 20 April 2007 as supplemented with the relevant supplemental agreement dated 3 May 2007 (together as the “**Subscription Agreement 16**”, copies of which have been produced at the meeting and signed by the chairman of the Company for the purpose of identification) as referred in the circular of the Company dated 28 May 2007 and entered into between the Company as issuer and Mr. You Tao as subscriber (the “**Subscriber 16**”) pursuant to which the Company shall conditionally allot and issue an aggregate of 25,909,090 new shares (the “**16th Subscription Shares**”) of HK\$0.01 in the share capital of the Company to the Subscriber 16 and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the 16th Subscription Shares, the allotment and issue of the 16th Subscription Shares to the Subscriber 16 pursuant to the Subscription Agreement 16 be and is hereby approved; and
- (c) any director be and is hereby authorised to do all such acts and things and execute such documents and take all such steps which in his or her opinion may be necessary, desirable or expedient in connection with the Subscription Agreement 16 and the transactions contemplated thereunder.”

17. **“THAT**

- (a) the subscription agreement dated 20 April 2007 as supplemented with the relevant supplemental agreement dated 3 May 2007 (together as the “**Subscription Agreement 17**”, copies of which have been produced at the meeting and signed by the chairman of the Company for the purpose of identification) as referred in the circular of the Company dated 28 May 2007 and entered into between the Company as issuer and Mr. Liu Wai Tao as subscriber (the “**Subscriber 17**”) pursuant to which the Company shall conditionally allot and issue an aggregate of 10,000,000 new shares (the “**17th Subscription Shares**”) of HK\$0.01 in the share capital of the Company to the Subscriber 17 and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the 17th Subscription Shares, the allotment and issue of the 17th Subscription Shares to the Subscriber 17 pursuant to the Subscription Agreement 17 be and is hereby approved; and
- (c) any director be and is hereby authorised to do all such acts and things and execute such documents and take all such steps which in his or her opinion may be necessary, desirable or expedient in connection with the Subscription Agreement 17 and the transactions contemplated thereunder.”

NOTICE OF SGM

18. “**THAT**

- (a) the subscription agreement dated 20 April 2007 as supplemented with the relevant supplemental agreement dated 3 May 2007 (together as the “**Subscription Agreement 18**”, copies of which have been produced at the meeting and signed by the chairman of the Company for the purpose of identification) as referred in the circular of the Company dated 28 May 2007 and entered into between the Company as issuer and Mr. Chen Jian as subscriber (the “**Subscriber 18**”) pursuant to which the Company shall conditionally allot and issue an aggregate of 15,909,091 new shares (the “**18th Subscription Shares**”) of HK\$0.01 in the share capital of the Company to the Subscriber 18 and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the 18th Subscription Shares, the allotment and issue of the 18th Subscription Shares to the Subscriber 18 pursuant to the Subscription Agreement 18 be and is hereby approved; and
- (c) any director be and is hereby authorised to do all such acts and things and execute such documents and take all such steps which in his or her opinion may be necessary, desirable or expedient in connection with the Subscription Agreement 18 and the transactions contemplated thereunder.”

By the order of the Board
Prime Investments Holdings Limited
Wang Wen Xia
Director, CEO

Hong Kong, 28 May 2007

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place
of business in Hong Kong:*
Suite 504, 5/F
Chinachem Tower
34 -37 Connaught Road Central
Hong Kong

NOTICE OF SGM

Notes:

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the SGM is enclosed with the circular of the Company dated 28 May 2007. Whether or not you intend to attend the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he so wish.
3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at the Company's branch share registrar in Hong Kong, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
4. In the case of joint holders of shares, any one of such holders may vote at the SGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holder are present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.