



PRIME INVESTMENTS HOLDINGS LIMITED

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

(Stock Code: 721)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

RESULT

The profit of Prime Investments Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for six months ended 31 December 2007 was HK\$11,896,609 compared to the loss of HK\$1,671,899 for the same period of 2006. The profit was mainly attributable to substantial realized gains from IPO and trading of listed securities in Hong Kong.

REVIEW OF THE PERIOD

For the period under review, the general investment environment has improved. The Group had made investments in IPO and the listed securities for short term and the unlisted equities for long term.

The Company raised funds of approximately HK\$262.6 million in 2007 from 2 subscriptions of approximately HK\$64.7 million and from Open Offer of approximately HK\$197.9 million. The proposed new subscription in March 2008 will raise another fund of approximately HK\$20.65 million, the Company has more finance and flexibility in the implementation of its investment strategy.

FUTURE PROSPECT

With a strengthened financial position in the year of 2007, a veteran and capable management team of the Group and the great support from the major shareholders, the Group will be able to explore more investment opportunities across various sectors to diversify its business. Benefited from the growing economic environment in the PRC and a successful capital platform in Hong Kong, the Group is confident in expanding its business in the future and making more contributions to the shareholders. The Group will continue to participate in the equity investment and equity market including IPO and pre-IPO opportunities in Hong Kong and the PRC, and explore opportunities in venture capital investments in emerging industries, infrastructures such as water affairs and hydroelectric station and its related industries in the PRC. With extensive network, experience and market knowledge, the management will carefully assess all potential investments which ensure the risk is under manageable level and at the same time maximize the Group’s returns and ensure a stable return for the shareholders.

CONDENSED INCOME STATEMENT

		Unaudited	
		Six months ended	
		31 December	
		2007	2006
	<i>Note</i>	<i>HK\$</i>	<i>HK\$</i>
Turnover	3	48,035,798	–
Other revenue	3	7,337,992	–
Cost of sales		(38,592,387)	–
Administrative expenses		(4,266,517)	(1,603,120)
Operating profit/(loss)		12,514,886	(1,603,120)
Finance costs		(22,401)	(68,779)
Profit/(loss) before taxation	4	12,492,485	(1,671,899)
Taxation	5	(595,876)	–
Profit/(loss) for the period		<u>11,896,609</u>	<u>(1,671,899)</u>
Earnings/(loss) per share	7		
Basic		<u>1.44 cents</u>	<u>(3.48) cents</u>
Diluted		<u>N/A</u>	<u>N/A</u>

CONDENSED BALANCE SHEET

As at 31 December 2007

	<i>Note</i>	Unaudited At 31 December 2007 HK\$	Audited At 30 June 2007 HK\$
Non-current assets			
Property, plant and equipment		221,283	45,465
Available-for-sale financial assets		<u>6,500,000</u>	<u>6,500,000</u>
		<u>6,721,283</u>	<u>6,545,465</u>
Current assets			
Investments held for trading		33,640,259	–
Amount due from a shareholder		19,110	19,110
Prepayments, deposits and other receivables		21,906,141	224,276
Cash and bank balances		<u>208,637,384</u>	<u>59,691,003</u>
		<u>264,202,894</u>	<u>59,934,389</u>
Current liabilities			
Other loans		–	1,920,000
Other payables and accruals		260,578	2,050,747
Amounts due to directors		28,729	3,587,996
Amount due to a related company		–	330,000
Tax payable		<u>595,876</u>	<u>–</u>
		<u>885,183</u>	<u>7,888,743</u>
Net current assets		<u>263,317,711</u>	<u>52,045,646</u>
Net assets		<u><u>270,038,994</u></u>	<u><u>58,591,111</u></u>
Capital and reserves			
Share capital		23,709,062	3,951,510
Reserves		<u>246,329,932</u>	<u>54,639,601</u>
		<u><u>270,038,994</u></u>	<u><u>58,591,111</u></u>
Net asset value per share	8	<u><u>11.39 cents</u></u>	<u><u>14.83 cents</u></u>

NOTES:

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost basis except for the revaluation of available-for-sale financial assets, investments held for trading and certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group’s audited annual financial statements for the year ended 30 June 2007.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (new “HKFRSs”) issued by the HKICPA, which are effective for accounting periods beginning on 1 January 2007. The adoption of these new HKFRSs has had no material effect on how the results for the current and prior accounting periods are prepared and presented. Accordingly, no prior period adjustment is required.

The Group has not early applied the following new standards and interpretations that have been issued but are not yet effective. The directors anticipate that the application of these standards and interpretations will have no material impact on the results and financial positions of the Group.

HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK (IFRIC) – Int 12	Service Concession Arrangements ²
HK (IFRIC) – Int 13	Customer Loyalty Programmes ³
HK (IFRIC) – Int 14	HKAS 19- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction ²

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 January 2008

³ Effective for annual periods beginning on or after 1 July 2008

3. TURNOVER AND OTHER INCOME

	Unaudited	
	Six months ended 31 December	
	2007	2006
	<i>HK\$</i>	<i>HK\$</i>
Turnover		
– Proceeds from sale of investments held for trading	48,007,029	–
– Dividend income-listed investments	28,769	–
	<hr/>	<hr/>
	48,035,798	–
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Other revenue		
– Unrealised gain on investments held for trading	6,779,000	–
– Interest income	558,012	–
– Sundry income	980	–
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	7,337,992	–
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No segment information is presented as the Group has only one business activity, namely investment holding, which is principally operating in Hong Kong and the PRC.

4. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging:

	Unaudited	
	Six months ended 31 December	
	2007	2006
	<i>HK\$</i>	<i>HK\$</i>
Cost of investment sold	38,592,387	–
Custodian fee	84,879	–
Depreciation	39,150	15,186
Investment management fee	368,925	–
Directors' remuneration	628,500	628,500
Exchange loss	169,266	–
Operating leases charges for premises	376,620	127,524
Staff costs (excluding directors' remuneration)		
Salaries and allowances	238,033	216,000
Contributions to retirement benefits schemes	10,150	10,800
	<hr/>	<hr/>
	248,183	226,800
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5. TAXATION

	Unaudited	
	Six months ended 31 December	
	2007	2006
	<i>HK\$</i>	<i>HK\$</i>
Hong Kong Profits Tax		
– Provision for the current period	595,876	–

Hong Kong Profit Tax was provided at the rate of 16.5% on the estimated assessable profit after netting off tax losses carried forward for the six months ended 31 December 2007. No provision was made for the corresponding period in 2006 as the Group had no assessable profit for the six months ended 31 December 2006.

At the balance sheet date, the Group had no material deferred tax liabilities.

6. DIVIDEND

The directors of the Company do not recommend the payment of interim dividend for the six months ended 31 December 2007 (2006: Nil).

7. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company for the period of HK\$11,896,609 (2006: loss of HK\$1,671,899) and the weighted average number of 824,663,033 (2006: 48,000,000) ordinary shares in issue during the period.

No diluted earnings/(loss) per share has been presented as there were no potential dilutive ordinary shares for both periods.

8. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets attributable to the equity holders of the Company of HK\$270,038,994 (30 June 2007: HK\$58,591,111) and 2,370,960,222 (30 June 2007: 395,151,037) ordinary shares in issue as at 31 December 2007.

LIQUIDITY AND FINANCIAL POSITION

As at 31 December 2007, the Group had cash and bank balance of HK\$208,637,384 (30 June 2007: HK\$59,691,003). Most of the cash and bank balance were placed in Hong Kong dollar deposits with a bank in Hong Kong SAR. The current ratio (calculated as the current assets to the current liabilities) of the Group as at 31 December 2007 as approximately 29,847% (30 June 2007: 760%), gearing ratio (calculated as the long term loan to the total shareholders' equity of the Group as at 31 December 2007 was zero (30 June 2007: zero). The Group maintained a strong working capital position during the current period.

FOREIGN CURRENCY FLUCTUATION

Since the Group mainly uses Hong Kong dollars and Renminbi to carry out its business transactions, the Directors consider that the Group's exposure to fluctuation in exchange rates was insignificant. At 31 December 2007, the Group had no outstanding foreign exchange forward contract.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 December 2007, the Group had 6 employees, including 2 executive directors, 1 non-executive director and 1 independent non-executive director. The total staff cost of the Group for the period was HK\$876,683 (2006: HK\$855,300). The remuneration package of the employees is determined by various factors including the employees' experience and performance, the market condition, industry practice and applicable employment law.

AUDIT COMMITTEE

The Company has formed an audit committee in accordance with Rule 3.21 of the Listing Rules. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters. The audit committee has reviewed the unaudited financial statements of the Company for the six months ended 31 December 2007.

REMUNERATION COMMITTEE

The Company has established a remuneration committee in accordance with Appendix 14(B) of the Listing Rules. The remuneration committee is responsible for reviewing and evaluating the remuneration policies of executive directors and making recommendations to the Board from time to time.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the code provisions of the Code on Corporate Governance Practices, as set out in Appendix 14 of the Listing Rules, throughout the six months ended 31 December 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the six months ended 31 December 2007.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's ordinary shares during the six months ended 31 December 2007.

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

Hong Kong, 20 March 2008

As at the date of this announcement, the Board comprises Ms. Wang Wen Xia and Mr. Pong Po Lam, Paul and Mr. Wong Kwong Chi, Simon being the Executive Directors, Dr. Chan Po Fun, Peter, Mr. Fung Cheuk Nang, Clement, Mr. Ding Xiaobin and Mr. Ma Jie being the Non-Executive Directors and Dr. Cheung Wai Bun, Charles, Mr. Zhang Yong and Mr. Zeng Xianggao being the Independent Non-Executive Directors.