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PRIME INVESTMENTS HOLDINGS LIMITED

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

(Stock Code: 721)

POSSIBLE VERY SUBSTANTIAL ACQUISITION

PROPOSED CONVERSION

The Board is pleased to announce that subject to the approval of the Shareholders, Global Business intends to convert the outstanding principal amount of the Sale Convertible Bonds into shares of China Botanic at the conversion price of HK\$0.15 each within 12 months from the date of passing the relevant Shareholders' resolution at the SGM. Upon the entire Sale Convertible Bonds in the principal amount of HK\$25,000,000 being converted, 166,666,666 shares of China Botanic, representing 19.41% of the share capital of China Botanic as enlarged by the allotment of the Conversion Shares.

Under the terms of the Convertible Bonds, (i) Global business is not required to pay any consideration for such conversion, (ii) there is no condition precedent to conversion (except for surrender of the relevant certificate of the Sale Convertible Bonds and service of the conversion notice) and (iii) the effective date of conversion is the first Business Day immediately after the date of serving the conversion notice. As at the date of this announcement, the Group is now holding 15,292,000 shares of China Botanic, all of which are acquired on the Stock Exchange. After the Proposed Conversion of the entire Sale Convertible Bonds, the Group will in aggregate be holding 181,958,666 shares of China Botanic, representing 21.19% of the share capital of China Botanic as enlarged by the allotment of the Conversion Shares.

The Board considers that it is interests of the Company and the Shareholders as a whole that the Proposed Conversion of the entire Sale Convertible Bonds will be completed in several batches within 12 months from the date of passing the relevant Shareholders' resolution at the SGM, with regard to the then current market conditions and the business prospects of China Botanic. Should there be any remaining Sale Convertible Bonds to be converted after the 12-months period, the Company will comply with all relevant rules of the Listing Rules, make further announcements in this regard and obtain further approval from the Shareholders, where necessary.

GENERAL

Upon the entire Sale Convertible Bonds being converted, the Proposed Conversion will constitute a very substantial acquisition for the Company and is therefore subject to the Shareholders' approval under Chapter 14 of the Listing Rules. As at the date of this announcement, Mr. Duan Chuan Liang and his associates (including Asset Full) have material interest in the Proposed Conversion, and therefore, Mr. Duan Chuan Liang and his associates (including Asset Full) are required to abstain from the voting at the SGM on the resolution to approve the Proposed Conversion and the transactions contemplated thereunder. Other than the above, no Shareholders are required to abstain from voting at the SGM.

A circular containing, among others, (i) further details of the Proposed Conversion, (ii) further details and accountant's report of China Botanic, (iii) a notice of the SGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

Reference is made to the announcement of the Company dated 22 September 2008 in relation to the acquisition by Global Business, a wholly-owned subsidiary of the Company, of the Sale Convertible Bonds from Good Outlook Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of China Water Affairs.

THE PROPOSED CONVERSION

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To the best of the Directors' knowledge, information and belief, China Botanic is beneficially owned as to about 19.22% by China Water Affairs as at the date hereof (before the Proposed Conversion). China Water Affairs is in turn beneficially owned as to about 16.97% by Mr. Duan Chuan Liang, who is beneficially interested in about 18.07% of issued Shares of the Company and therefore a substantial Shareholder as at the date of this announcement. A major part of Mr. Duan Chuan Liang's beneficial interest in the Company is held indirectly through, Asset Full Resources Limited ("**Asset Full**"), a company incorporated in the British Virgin Islands and wholly owned by Mr. Duan Chuan Liang. As at the date hereof, Asset Full is holding 427,890,908 Shares, representing about 17.23% of the entire issued Shares of the Company. The remaining beneficial interest in the Company is held personally by Mr. Duan Chuan Liang.

Despite the above relationship and pursuant to the Listing Rules, China Botanic is not regarded as a connected person of the Company and the Proposed Conversion is not regarded as a connected transaction on the part of the Company.

TERMS OF THE CONVERTIBLE BONDS

Under the terms of the Convertible Bonds, (i) Global Business is not required to pay any consideration for such conversion, (ii) there is no condition precedent to conversion (except for surrender of the relevant certificate of the Sale Convertible Bonds and service of the conversion notice) and (iii) the effective date of conversion is the Business Day immediately after the date of serving the conversion notice.

For further details on the Convertible Bonds, please refer to the announcement issued by China Botanic on 12 July 2007.

If there is any stamp duty payable for the allotment and issue of any shares of China Botanic to be issued upon the Proposed Conversion, China Botanic will be solely responsible for it. The shares of China Botanic to be issued upon the Proposed Conversion will rank pari passu with the shares of China Botanic then in issue upon the date of allotment and issue of such Conversion Shares, and accordingly shall be entitled to receive all dividends or other distribution declared, paid or made on or after the relevant conversion date. There is also no restriction on the Group to dispose of the shares of China Botanic issued to it upon any conversion of any part of the Sale Convertible Bonds.

As at the date of this announcement, the Group is now holding 15,292,000 shares of China Botanic (all of which are acquired from the Stock Exchange). After the Proposed Conversion of the entire Sale Convertible Bonds, the Group will in aggregate be holding 181,958,666 shares of China Botanic, representing 21.19% of the share capital of China Botanic as enlarged by the allotment of the Conversion Shares.

INFORMATION ON THE SALE CONVERTIBLE BONDS

The Sale Convertible Bonds is originally part of the Convertibles Bonds issued by China Botanic to Good Outlook Investments Limited. The Convertible Bonds (i) bear a coupon rate of 3% per annum payable by the issuer semi-annually in arrears, (ii) is due on 13 November 2017 and (iii) is convertible into fully paid ordinary shares of China Botanic with a par value of HK\$0.01 each at the initial conversion price of HK\$0.15 (subject to adjustments). The events, among others, leading to adjustment of the conversion price include:

- (i) consolidation or subdivision of the shares of China Botanic;
- (ii) issue of shares of China Botanic by way of capitalization of profits or reserves;

- (iii) capital distribution (including distribution in cash or specie) other than distribution made out of the aggregate of net profits attributable to shareholders of China Botanic;
- (iv) offering new Shares of China Botanic by way of rights at price which is less than 80 percent of the current market price at the date of announcement of the relevant terms;
- (v) issue of shares of China Botanic for cash or for acquisition at a price which is less than 80 percent of the current market price at the date of announcement of the relevant terms.

However, the issue of shares of China Botanic pursuant to converting any part of the Convertible Bonds, exercise of options granted to the employees of China Botanic are not classified as events leading to adjustment of the conversion price.

The Group acquired such Sale Convertible Bonds from Good Outlook Investments Limited at a total consideration of HK\$30,000,000 pursuant to a sale and purchase agreement dated 22 September 2008, and such transfer of Sale Convertible Bonds was completed on 25 September 2008. The consideration of HK\$30,000,000 was settled in cash from the Group's internal resources, and was determined after arms-length negotiation between the Group and Good Outlook Investments Limited with regard to the business prospects of China Botanic and the fact that the closing prices of China Botanic quoted on the Stock Exchange were above HK\$0.20 for the period from 1 September 2008 to 22 September 2008 (except for 19 September 2008). The consideration of HK\$30,000,000 represents 20% premium to the face value of the Sale Convertible Bonds and increases the effective conversion price for each share of China Botanic to HK\$0.18 (20% premium to the conversion price of HK\$0.15). As mentioned in the section headed "Reasons for the Proposed Conversion" below, the effective conversion price of each share of China Botanic of HK\$0.18 generally represents a discount to the recent closing price of shares of China Botanic quoted on the Stock Exchange (except for 19 September 2008). Therefore, purchasing the Sale Convertible Bonds at a 20% premium to its face value is a more economical way available to the Company in investing in China Botanic than purchasing the shares of China Botanic in the market. Based on the above, the Board considers such consideration of HK\$30,000,000 for acquiring the Sale Convertible Bonds was fair and reasonable and in the interests of the Company and the Shareholders as a whole based on the above..

INFORMATION ON CHINA BOTANIC

China Botanic and its subsidiaries are principally engaged in (i) manufacturing, distribution and marketing of snack food products and convenience frozen food products in Hong Kong and the PRC, and (ii) cultivation seabuckthorn seedlings, manufacturing and sale of seabuckthorn related health products in the PRC. Set out below is the audited financial information of China Botanic and its subsidiaries extracted from the

audited financial statements of China Botanic and its subsidiaries for the year ended 31 December 2007 prepared in accordance with Hong Kong generally accepted accounting principles:

	From 1 January 2006 to 31 December 2006	From 1 January 2007 to 31 December 2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>
Turnover	202,130	281,054
Profit before taxation	18,895	105,468
Profit after taxation	13,030	97,237

The unaudited net assets value of China Botanic as at 30 June 2008 was approximately HK\$468,227,000.

REASONS FOR THE PROPOSED CONVERSION

The Group is principally engaged in the investment of listed and unlisted companies established and/or conducting business in Hong Kong and other parts of the PRC. The investment in the Sale Convertible Bonds will generate an annual interest income of around HK\$750,000, to the Company as a convertible bond holder. Taking into account that the effective price of acquiring one share of China Botanic is HK\$0.18 under the Sale Convertible Bonds, which represents (i) a discount of 24.69% to the average closing price of HK\$0.239 per share of China Botanic as quoted on the Stock Exchange for the five days immediately preceding the date of this announcement; and (ii) a discount of 23.40% to the closing price of HK\$0.235 per share of China Botanic as quoted on the Stock Exchange on the date immediately preceding the date of this announcement. The Board considers it is in a better interest of the Company and its Shareholders as a whole to convert the Sale Convertible Bonds with regard to such a discount.

The Board considers that it is interests of the Company and the Shareholders as a whole that the Proposed Conversion of the Sale Convertible Bonds may be converted in several batches within 12 months from the date of passing the relevant Shareholders' resolution at the SGM, with regard to the then market conditions and the business prospects of China Botanic. Conversion of the entire Sale Convertible Bonds in batches can prevent the Company converting the entire Sale Convertible Bonds in one batch at a time when the price of shares of China Botanic is at a relatively low level (which means missing the opportunity to have a greater return) or at a relatively high level (which means bearing undue high risk of the decline of the price of shares of China Botanic). Therefore the 12-month period for the Propose Conversion will give the Board more flexibility and time in finding the most suitable opportunity to convert the Sale Convertible Bonds in order to obtain the highest possible return for the Shareholders while minimizing the risks born by the Company. The Board considers that the 12-

month period for Proposed Conversion can provide better safeguard to the interest of the Company and the Shareholders as a whole. Should there be any remaining Sale Convertible Bonds to be converted after the 12-month period, the Company will comply with all relevant rules of the Listing Rules, make further announcements in this regard and obtain further approval from the Shareholders, where necessary.

The Board's intention is to hold either the Sale Convertible Bonds or the shares of China Botanic as investment. Depending on the financial situation of the Company and the market condition and after seeking the advice from the investment manager of the Company, the Group will only exercise the conversion right attached to the Sale Convertible Bonds if in the opinion of the Directors the conversion of shares in China Botanic will generate a better return than holding the Sale Convertible Bonds. The Board will not convert the Sale Convertible Bonds when (i) the market price of share of China Botanic is equal to or lower than the effective conversion price of HK\$0.18, or (ii) the expected annual return after the conversion into shares of China Botanic will be less than the annual amount of interests received as a holder of the Sale Convertible Bonds. Lastly, depending on the market conditions, the Group may dispose of the shares of China Botanic (including any part of the Conversion Shares) it holds at anytime after consulting the investment manager of the Company in case the Board considers it is in interests of the Company to do so. The Company will comply with relevant requirements of the Listing Rules, if such disposal may trigger any obligations of the Company under the Listing Rules.

GENERAL

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A circular containing, among others, (i) further details of the Proposed Conversion, (ii) further details and accountant's report of China Botanic, (iii) a notice of the SGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	means any day (except Saturdays, Sundays or public holidays) on which banks and regulated stock exchanges and markets in Hong Kong are open for business
“China Botanic”	China Botanic Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange (Stock Code: 2349)
“China Water Affairs”	China Water Affairs Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange (Stock Code: 855)
“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
“connected person”	has the same meaning ascribed to it under the Listing Rules
“Conversion Shares”	the 166,666,666 shares of China Botanic which will fall to be issued upon full conversion of the entire Sale Convertible Bonds at the initial conversion price of HK\$0.15 per share of China Botanic (subject to adjustment)
“Convertible Bonds”	the convertible bond(s) originally issued by China Botanic to Good Outlook Investments Limited, a wholly-owned subsidiary of China Water Affairs, with a principal amount of HK\$180,050,000 which bear coupon rate at 3% per annum payable semi-annually, become due on 13 November 2017 and is convertible into fully-paid shares of China Botanic at an initial conversion price of HK\$0.15 (subject to adjustment), HK\$25,000,000 of which was transferred to Global Business on 25 September 2008

“Directors”	the directors of the Company
“Global Business”	Global Business Investment Enterprises Limited (世貿投資企業有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company, which is principally engaged in investment holding
“Group”	the Company and all its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China
“Proposed Conversion”	the proposed conversion of the entire Sale Convertible Bonds into 166,666,666 shares of China Botanic
“Sale Convertible Bonds”	part of the Convertible Bond(s) with a face value of HK\$25,000,000, which constitutes 13.89% of the entire Convertible Bonds and is beneficially owned by Global Business as at the date hereof
“SGM”	a special general meeting of the Company to be held for the purpose of considering and, if thought fit, approving the Proposed Conversion and the transactions contemplated thereunder
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 10 October 2008

As at the date of this announcement, the executive Directors are Ms. Wang Wen Xia and Mr. Pong Po Lam, Paul, the non-executive Directors are Dr. Chan Po Fun, Peter, Mr. Ding Xiaobin, Mr. Fung Cheuk Nang Clement and Mr. Ma Jie and the independent non-executive Directors are Dr. Cheung Wai Bun, Charles, Mr. Zhang Yong and Mr. Zeng Xianggao.