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## **PRIME INVESTMENTS HOLDINGS LIMITED**

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

(Stock Code: 721)

### **CONTINUING CONNECTED TRANSACTIONS: APPOINTMENT OF INVESTMENT MANAGER**

The Board announces that on 18 April 2008, the Company had entered into the Investment Management Agreement with Atlantis, whereby Atlantis has agreed to provide investment management services to the Company for a period of three years effective from the date of this announcement and expiring on the third anniversary thereof. The parties to the Investment Management Agreement are entitled to terminate the Agreement by three (3) months notice in writing or by mutual agreement between the parties thereto.

Pursuant to Rule 21.13 of the Listing Rules, any investment manager shall be regarded as a connected person of the Company. The annual investment management fee together with the performance-related fee for the 4 years ending 30 June 2011 is expected to be less than HK\$7,200,000 each year. Since each of the assets ratio and consideration ratio (as defined in the Listing Rules) on an annual basis for each of the four years ending 30 June 2011 is more than 2.5% and less than 25%, the transactions contemplated under the Investment Management Agreement for each of the four years ending 30 June 2011 are subject to reporting and announcement requirements where no independent shareholders' approval is required under Rule 14A.34 of the Listing Rules.

#### **THE INVESTMENT MANAGEMENT AGREEMENT**

**Date:** 18 April 2008

**Parties:**

- (1) The Company; and
- (2) Atlantis

**Terms of the Investment Management Agreement**

Pursuant to the Investment Management Agreement, Atlantis was appointed as the investment manager of the Company to provide investment management services to the Company for a period of three years effective from the date of this announcement and expiring on the third anniversary thereof. The parties to the Investment Management Agreement are entitled to terminate the Agreement by three (3) months notice in writing or by mutual agreement between the parties thereto.

As the Investment Management Agreement is conditional upon the clearance of this announcement by the Stock Exchange, the Investment Management Agreement will become effective on the date of this announcement. As at the date hereof, no payment has been made by the Company to Atlantis pursuant to the Investment Management Agreement.

The appointment of Atlantis as the investment manager of the Company will be governed by the terms and conditions of the Investment Management Agreement. A management fee is payable quarterly in arrears at the rate of one (1) per cent. per annum of the market value of the portfolio on the last Business Day of each calendar quarter and Atlantis is also entitled to receive a performance-related fee of ten (10) per cent. of the appreciation in the market value of the portfolio above a ten (10) per cent. hurdle rate per annum. The investment management fee and performance-related fee under the Investment Management Agreement is reached after arm's length negotiations between the Company and Atlantis and determined with reference to the prevailing market rates with reference to those charged by investment managers of other investment companies listed on the main board of the Stock Exchange.

**Reasons for entering into the Investment Management Agreement**

The Company entered into an investment management agreement with Pegasus on 21 February 2006 and subsequently amended on 1 August 2006. In view of the recent fast growing in the security market in Asian countries, especially the PRC market, the Directors intend to broaden the investment portfolio by investing in Asian markets. The Directors (including the independent non-executive Directors) believe that by entering into of the Investment Management Agreement, it will enable the Company to leverage the expertise of Atlantis in investing securities and equity in the PRC market and Asian markets. The Directors further believe that the appointment of Atlantis as an additional investment manager will enable the Company to deploy more effectively in its investments in the PRC market and Asian markets. At the date of this announcement, the Company will continue to retain Pegasus as an investment manager of the Company focusing on the investments in Hong Kong market.

## **INFORMATION ON THE GROUP**

The Company is an investment holding company incorporated on 12 July 2000 in the Cayman Islands and continued in Bermuda as an exempted company with limited liability, and the issued Shares became listed on the Stock Exchange under Chapter 21 of the Listing Rules in 2001. The Group is principally engaged in the investment of listed and unlisted companies established and/or conducting business in Hong Kong and other parts of the PRC. As at 30 June 2007, the audited consolidated net asset value of the Group was approximately HK\$58,591,111 and the unaudited consolidated net asset value of the Group was approximately HK\$270,038,994 as at 31 December 2007. As at 31 December 2007, the unaudited consolidated net asset value per ordinary Share was approximately 11.39 cents.

The investment objective of the Company is to invest in listed and unlisted companies established and/or conducting business in Hong Kong, Asian countries and other parts of the PRC. As at the date of this announcement, the Company had invested HK\$25 million in listed securities approximately and HK\$15 million in unlisted equities for long term investment.

## **INFORMATION ON ATLANTIS**

Atlantis is a subsidiary of Atlantis Fund Management (Guernsey) Limited which was founded in Guernsey, Channel Islands in 1996. Atlantis Fund Management (Guernsey) Limited is regulated by the Guernsey Financial Services Commission in Guernsey, Channel Islands. Funds managed by the Atlantis Group are focused on investment management in the Asian region. The Atlantis Group has offices in Hong Kong, Shanghai, Tokyo, Seoul & Mumbai.

Atlantis is a limited liability company incorporated in Hong Kong on 5 June 2002, and focuses on investment management in the PRC and Asian equity markets. It has been licensed by the Security and Futures Commission since 5 September 2003 for type 4 (advising on securities) and type 9 regulated activity (asset management). Currently the Atlantis Group has the following funds and accounts under management:

Atlantis China Fund  
Atlantis China Fortune Fund  
Atlantis China Healthcare Fund  
Chinese Equities Segregated Account (8)  
Atlantis Japan Growth Fund  
Atlantis Japan Opportunities Fund  
Japanese Equities Segregated Accounts (5)  
Atlantis Korean Smaller Companies Fund  
Atlantis Korea Opportunities Fund  
Atlantis Asian Recovery Fund  
Atlantis Asian Opportunities Fund  
Atlantis Asian Special Situations Fund  
Asia-Ex Japan Equities Segregated Account (2)  
Atlantis India Opportunities Fund

Atlantis has currently over US\$4.5 billion assets under management; over half of them are in the PRC related investments. Specialising in bottom-up stock picking, the Atlantis Group is skilled at unearthing hidden opportunities in the small to mid cap universe. One of its Chinese equity funds, the Atlantis China Fortune Fund, was awarded by AsiaHedge the “Fund of the Year” in 2007 with a 119.4% return year-on-year to October and a sharp ratio of 4.94% and the “New Fund of the Year” in 2006 with a 66.4% return year-on-year to October and a sharp ratio of 1.97.

### **Board of directors of Atlantis**

The directors of Atlantis are as follows:

**Gerard Morrison (“Mr. Morrison”)**, (New Zealander) joined the Atlantis Group as CFO in March 2000 and was appointed CEO in May 2006. Prior to joining the Atlantis Group, Mr. Morrison worked for 10 years at Robert Fleming & Co Ltd, 3 of which he was Banking Business Manager. Mr. Morrison holds an ACA accountancy qualification from New Zealand and spent time at Deloitte, Haskins & Sells, The New Zealand Dairy Board, Sea Containers and Security Pacific Hoare Govett. He was born in New Zealand and holds a BCA and BA from Victoria University, Wellington, New Zealand and an MSc in Finance from Birkbeck College, University of London.

Currently Mr. Morrison is the chief executive officer of Atlantis, he is responsible for Marketing, Investment Administration, Finance, Legal and Compliance services for the Atlantis Group.

**Yang Liu (“Ms. Liu”)**, (Chinese) Chairman of Atlantis, has over 16 years of experience in investing in China. She is also the Co-Chairman of Atlantis Investment Management Limited. Yang joined Atlantis in 2002, is a Chinese national, is based in Hong Kong and is the Fund Adviser to the Atlantis China Fund, China Fortune Fund, various segregated mandates and is a Fund Director of Atlantis China Healthcare Fund. She is a graduate of the Central University of Finance and Banking, Beijing and also holds a Graduate Diploma from the Institute of Australia. In 1988, she worked with CITIC Group in Beijing and in 1993 joined CMG CH China Funds Management Ltd, a joint venture between Colonial First State Investment Group/Commonwealth Bank of Australia and CITIC, where she was CIO and Fund Manager of the CMG CH China Investments Ltd – an Australian listed closed-end China Fund.

Ms. Liu is an investment fund manager. She has 15 years experience in the professional management of investments on behalf of third party investors. Currently Ms. Liu manages approximately USD2.7 billion public funds and segregated mandates, including Atlantis China Fund, Atlantis China Fortune Fund, Atlantis Health Care Fund, and eight China Equity Segregated accounts.

**Renault Kam** (“**Mr. Kam**”), (British), a director of Atlantis. Mr. Kam joined Atlantis in 1999, and is based in Hong Kong and he is deputy manager for Atlantis Asia Recovery Fund and Atlantis Asia Opportunity Fund. Mr. Kam has 5 years experience in managing the investments of third party investors. Prior to joining Atlantis, Mr. Kam was the fund manager and investment analyst of Baring Asset Management (HK) Ltd during the period from 1992 to 1999. Mr. Kam obtained his master of art, degree of finance and investment, University of Exeter (UK) in 1992. Mr. Kam graduated at Economics Department of Hong Kong Shue Yan College in 1991.

The Directors are of the opinion that Atlantis is the appropriate investor manager to manage the Company’s assets in these specialised stock markets.

### **CONTINUING CONNECTED TRANSACTIONS**

In view of the Group’s audited consolidated net asset value per ordinary Share of 14.83 cents as at 30 June 2007 and taking into account the expected operations for the coming three years, the investment management fee together with the performance-related fee payable by the Company to the investment manager will be capped at HK\$7,200,000 per annum.

Pursuant to Rule 21.13 of the Listing Rules, any investment manager shall be regarded as a connected person of the Company. The annual investment management fee together with the performance-related fee for the 4 years ending 30 June 2011 is expected to be less than HK\$7,200,000 each year. Since each of the assets ratio and consideration ratio (as defined in the Listing Rules) on an annual basis for each of the four years ending 30 June 2011 is more than 2.5% and less than 25%, the transactions contemplated under the Investment Management Agreement for each of the four years ending 30 June 2011 are subject to reporting and announcement requirements where no independent shareholders’ approval is required under Rule 14A.34 of the Listing Rules. Accordingly, the Company discloses details of the continuing connected transactions by way of this announcement and will include the information in relation to the transactions disclosed herein in the next published annual report and accounts of the Company. Should the investment management fee together with the performance-related fee in any financial year, however, exceeds the provision of Rule 14A.34 of the Listing Rules, the Company will comply with the applicable provisions under the Listing Rules and seek its Shareholders’ approval.

In addition to the reporting, announcement and independent Shareholders’ approval (as the case may be) requirements, the Investment Management Agreement is also subject to annual review by the independent non-executive Directors and the auditors of the Company pursuant to Rules 14A.37 to 14A.40 of the Listing Rules.

The Directors (including the independent non-executive Directors) consider the Investment Management Agreement has been entered on normal commercial terms and in the ordinary and usual course of business of the Company. Having reviewed the proposals from other potential investment managers, the Directors believe that the

terms of the Investment Management Agreement are fair and reasonable as far as the independent Shareholders of the Company are concerned.

## **DEFINITIONS**

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

“Atlantis ”	Atlantis Investment Management (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, is a subsidiary of Atlantis Fund Management (Guernsey) Limited, a licensed corporation to carry out type 4 (advising on securities) and type 9 (asset management) regulated activity under the SFO
“Atlantis Group”	Atlantis Fund Management (Guernsey) Limited and its subsidiaries
“associates”	has the meaning ascribed to this term in the Listing Rules
“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
“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
“Directors”	the directors of the Company
“Group”	the Company and all its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Investment Management Agreement”	the investment management agreement dated 18 April 2008 entered into between the Company and Atlantis

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pegasus”	Pegasus Fund Managers Limited, a registered investment adviser and licensed under the SFO to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities
“PRC”	People’s Republic of China
“SFO”	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 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/CEO*

Hong Kong, 13 May 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.*