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PRIME INVESTMENTS HOLDINGS LIMITED

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

(Stock Code: 721)

PROPOSED SHARE PREMIUM REDUCTION

The Directors propose to implement the Share Premium Reduction which will involve a reduction of the entire amount standing to the credit of the share premium account of the Company to nil and the credit arising from the Share Premium Reduction will be credited to the contributed surplus account of the Company.

The Share Premium Reduction is conditional upon, among other things, the Shareholders passing a special resolution to approve the Share Premium Reduction at the AGM. As none of the Shareholders is interested in the Share Premium Reduction, no Shareholder is required to abstain from voting on the Share Premium Reduction.

A circular containing further information on the Share Premium Reduction and a notice to convene the AGM will be despatched to Shareholders as soon as practicable in accordance with the Listing Rules.

SHARE PREMIUM REDUCTION

The Directors propose to reduce the entire amount standing to the credit of the share premium account of the Company to nil and the credit arising from the Share Premium Reduction will be credited to the contributed surplus account of the Company.

As at 31 August 2009, the amount standing to the credit of the share premium account of the Company was approximately HK\$291.4 million. Such credit will be cancelled in full and will be credited to the contributed surplus account of the Company, which as at 31 August 2009, had a debit balance of approximately HK\$18.2 million. Other than the expenses to be incurred in relation to the Share Premium Reduction, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders.

CONDITIONS FOR SHARE PREMIUM REDUCTION

The Share Premium Reduction is conditional upon the following being fulfilled:

- 1. the passing of a special resolution by the Shareholders to approve the Share Premium Reduction at the AGM; and
- 2. compliance with Section 46(2) of the Companies Act 1981 of Bermuda, including publication of a notice of the Share Premium Reduction in an appointed newspaper in Bermuda on a date not more than thirty days and not less than fifteen days before the Effective Date.

EXPECTED EFFECTIVE DATE OF THE SHARE PREMIUM REDUCTION

Assuming the above conditions are fulfilled, it is expected that the Share Premium Reduction will become effective on the next Business Day immediately following the date of passing the relevant special resolution approving the Share Premium Reduction.

REASONS FOR SHARE PREMIUM REDUCTION

Under the Company’s bye-laws and the Companies Act 1981 of Bermuda, the Company is allowed to pay dividend or make distribution to Shareholders out of its contributed surplus account. After completion of the Share Premium Reduction and the subsequent transfer of the credit arising therefrom to the contributed surplus account of the Company, it will therefore increase the distributable reserves of the Company thereby giving the Company greater flexibility in relation to its dividend policy and distributions in the future. The Board considers that it is in the best interest of the Company and its Shareholders as a whole to implement the Share Premium Reduction.

GENERAL

A circular containing further information on the Share Premium Reduction and a notice to convene the AGM will be despatched to Shareholders as soon as practicable in accordance with the Listing Rules.

DEFINITIONS:

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“AGM” the annual general meeting of the Company to be convened for the purpose of considering, among other things, and if thought fit, approving the Share Premium Reduction

“Board” board of Directors

“Business Day”	means any day (excluding a Saturday, Sunday and a public holiday) on which banks in Hong Kong are generally open for business throughout their normal business hours;
“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
“Director(s)”	director(s) of the Company
“Effective Date”	the date on which the Share Premium Reduction shall become effective, being the next Business Day immediately following the date of the AGM at which the relevant special resolution approving the Share Premium Reduction will be considered by the Shareholders
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share Premium Reduction”	the proposed reduction of the entire amount standing to the credit of the share premium account of the Company to nil
“Shareholder(s)”	holder(s) of the ordinary share(s) of HK\$0.01 each in the issued capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China

By order of the Board
Prime Investments Holdings Limited
Wang Wenxia
Chairman

Hong Kong, 15 October 2009

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.