



PRIME INVESTMENTS HOLDINGS LIMITED

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

(Stock Code: 0721)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2006

The Board of Directors (the “Board”) of Prime Investments Holdings Limited (the Company”) is pleased to announce the unaudited condensed accounts of the Company and its subsidiaries (the Group”) for the six months ended 31 December 2006, together with the explanatory notes, as set out below:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 31 December (Unaudited)	
	Note	2006 HK\$	2005 HK\$
TURNOVER	4	–	–
Other income	4	–	2,570
Administrative expenses		<u>(1,603,120)</u>	<u>(1,613,946)</u>
LOSS FROM OPERATING ACTIVITIES	5	<u>(1,603,120)</u>	<u>(1,611,376)</u>
Finance costs	6	<u>(68,779)</u>	<u>(45,278)</u>
LOSS BEFORE TAXATION		<u>(1,671,899)</u>	<u>(1,656,654)</u>
Taxation	7	<u>–</u>	<u>–</u>
NET LOSS FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS		<u><u>(1,671,899)</u></u>	<u><u>(1,656,654)</u></u>
Dividend		<u>Nil</u>	<u>Nil</u>
LOSS PER SHARE	8		
Basic		<u>3.48 cents</u>	<u>3.45 cents</u>
Diluted		<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2006

	31.12.2006 (Unaudited) HK\$	30.6.2006 (Audited) HK\$
NON-CURRENT ASSETS		
Property, plant and equipment	60,651	75,837
Available-for-sale financial assets	<u>6,500,000</u>	<u>6,500,000</u>
	6,560,651	6,575,837
CURRENT ASSETS		
Prepayments, deposits and other receivables	221,091	129,481
Cash and bank balances	<u>480,232</u>	<u>273,821</u>
	701,323	403,302
CURRENT LIABILITIES		
Other loans	6,710,155	4,300,000
Other payables and accrued liabilities	1,153,980	2,116,139
Due to directors	<u>3,712,036</u>	<u>3,205,298</u>
	11,576,171	9,621,437
NET CURRENT LIABILITIES	(10,874,848)	(9,218,135)
TOTAL ASSETS LESS CURRENT LIABILITIES	(4,314,197)	(2,642,298)
NON-CURRENT LIABILITIES	<u>–</u>	<u>–</u>
NET ASSETS/ (LIABILITIES)	<u>(4,314,197)</u>	<u>(2,642,298)</u>
CAPITAL AND RESERVES		
Issued capital	480,000	480,000
Reserves	<u>(4,794,197)</u>	<u>(3,122,298)</u>
	<u>(4,314,197)</u>	<u>(2,642,298)</u>

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed financial statements have been prepared under the historical cost basis except for available-for-sale financial assets which are measured at fair value. The accounting policies in the condensed financial statements are consistent with those adopted in the preparation of the annual financial statements of the Group for the year ended 30 June 2006 except for as described below:

In the current interim period, the Company has applied, for the first time, a number of new standards, amendments and interpretations (hereinafter collectively referred to as the “new HKFRSs”) issued by the HKICPA, which are effective for accounting periods beginning on or after 1 January 2006 respectively. The application of these new HKFRSs has no material effect on how the results of operations and financial position of the Company are prepared and presented.

The Company has not early applied the following new HKFRSs that have been issued but are not yet effective. The Company has commenced considering the potential impact of these new HKFRSs. The management anticipates the application of these new HKFRSs will have no material impact on how its results of operations and financial position are prepared and presented.

HKAS 1 (Amendment)	Capital disclosures ¹
HKFRS 7	Financial instruments: Disclosures ¹
HK(IFRIC)-INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ²
HK(IFRIC)-INT 8	Scope of HKFRS 2 ³
HK(IFRIC)-INT 9	Reassessment of embedded derivatives ⁴

¹ Effective for annual periods beginning on or after 1 January 2007.

² Effective for annual periods beginning on or after 1 March 2006.

³ Effective for annual periods beginning on or after 1 May 2006.

⁴ Effective for annual periods beginning on or after 1 June 2006.

Comparative figures have been reclassified to conform with the current period’s presentation.

3. INCOME AND SEGMENT INFORMATION

The Group is principally engaged in the investment in listed and unlisted companies and all the investment decisions are made in Hong Kong SAR. Accordingly, no analysis of business segment is provided. No geographical analysis is presented as none of the Group’s turnover, results, assets and liabilities are attributable to markets outside the People’s Republic of China (the “PRC”) (including Hong Kong).

4. TURNOVER AND OTHER INCOME

The Group is principally engaged in the investment in listed and unlisted companies. An analysis of the turnover and other income as follows:

	Six months ended 31 December (unaudited)	
	2006 HK\$	2005 HK\$
Turnover		
Proceeds from sale of trading securities	—	—
Other income		
Interest income	—	2,570

5. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging:

	Six months ended 31 December (unaudited)	
	2006 HK\$	2005 HK\$
Staff costs (excluding directors' remuneration)		
Salaries and wages	216,000	201,032
Pension scheme contributions	10,800	9,589
	<u>226,800</u>	<u>210,621</u>
Depreciation	<u>15,186</u>	<u>15,186</u>

6. FINANCE COSTS

	Six months ended 31 December (unaudited)	
	2006 HK\$	2005 HK\$
Interest expenses on other loans	56,681	33,180
Loan from a director	12,098	12,098
	<u>68,779</u>	<u>45,278</u>

7. TAXATION

No Hong Kong profits tax has been provided in the financial statements as the Group did not generate any assessable profits during the six months ended 31 December 2006 (2005: Nil).

8. LOSS PER SHARE

The calculation of the basic loss per share is based on the net loss for the period attributable to shareholders of HK\$1,671,899 (six months ended 31 December 2005: loss of HK\$1,656,654) and the weighted average of 48,000,000 (six months ended 31 December 2005: 48,000,000) ordinary shares in issue during the period.

Diluted loss per share amounts has not been disclosed as there is no diluting events existed for both periods.

INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 31 December 2006 (2005: Nil).

BUSINESS REVIEW

For the six months ended 31 December 2006, the Group reported a loss of approximately HK\$1.67 million (2005 loss: HK\$1.66 million). The loss is mainly attributable to the operating expenses in Hong Kong.

Over the period under review, the general investment environment has improved, but the overall outlook is still uncertain. The economy of the region within which we operate has shown positive signs of recovery, the

Group had not made any investments during the period. All the Group's existing investments are all in unlisted equities which are long term and illiquid in nature. For this reason, although the Hong Kong stock market marked a considerable recovery, the Group did not benefit from the stock market rally.

PROSPECT

The Group is restructuring and consolidating its investments and tuning its financial position with an objective in minimizing losses which might arise from unsound investments, while strengthening investments with stable revenues.

On 2 November 2005, the Company and an investor entered into the Subscription Agreement, pursuant to which the Company agreed to allot and issue and the Subscriber agreed to subscribe in cash of HK\$8,000,000 for a total of 89,142,857 Subscription Shares which represents the Subscription Price of approximately HK\$0.0897 per Subscription Share. The investor has undertaken to the Company that, upon completion of the Subscription Agreement, an amount of HK\$5 million will be provided to the Company by way of shareholder's loan from the investor. The shareholder's loan shall be unsecured, with a term of three years and interest rate at 4.5% per annum. The Directors believe that the Subscription and the shareholder's loan can solve the financial difficulties of the Company and help the Company in long term development.

LIQUIDITY AND FINANCIAL POSITION

As at 31 December 2006, the Group had cash and bank balance of HK\$480,232 (31 December 2005: HK\$607,792). Most of the cash and bank balances were placed in Hong Kong dollar deposits with a bank in Hong Kong SAR.

FOREIGN CURRENCY FLUCTUATION

Since the Group mainly uses Hong Kong dollars to carry out its business transactions, the Group believes that foreign exchange risk is minimal. No foreign exchange forward contract was outstanding as at 31 December 2006 (2005: Nil).

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 December 2006, the Group employed a total of 2 employees. Total staff cost of the Group, excluding directors' remuneration, for the period amounted to HK\$216,000 (2005: HK\$ 201,032). Employee's remuneration are fixed and determined with reference to the market rate.

AUDIT COMMITTEE

The Company has established 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 including a general review of the unaudited interim financial report for the six months ended 31 December 2006.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, save as disclosed below, 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 accounting period covered by the interim report.

Code Provision B.1.1 to B.1.4

The Company has not established a remuneration committee in view of the Company's simple structure and low staff cost (since the Company is being managed by its investment manager pursuant to the terms of written management agreement approved by the shareholders). The Board will reconsider establishment of remuneration committee periodically.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the 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 during the period.

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 period.

On behalf of the Board
Wang Wen Xia
CEO

Hong Kong SAR, 27 March 2007

Please also refer to the published version of this announcement in The Standard.