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## **PRIME INVESTMENTS HOLDINGS LIMITED**

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

(Stock Code: 721)

### **MAJOR TRANSACTION**

**AND**

### **RESUMPTION OF TRADING**

#### **THE DISPOSAL AGREEMENT**

The Board announces that on 12 May 2009 (after trading hours), Globe Capital, a wholly owned subsidiary of the Company entered into the Disposal Agreement with Wide Success for the disposal of the Sale Equity. The total consideration for the Sale Equity is RMB34,160,824.

#### **GENERAL**

The Disposal constitutes a major transaction on the part of the Company under the Listing Rules. A SGM will be convened to consider and, if thought fit, approve the Disposal. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting at the SGM.

A circular containing, among other things, further details of the Disposal Agreement and the transactions contemplated thereunder, together with the notice of the SGM will be despatched to the Shareholders as soon as practicable and in accordance with the Listing Rules.

#### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 13 May 2009 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 14 May 2009.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 19 June 2008 in relation to the acquisition by Globe Capital from Wide Success the Sale Equity. The Board announces that on 12 May 2009 (after trading hours), Globe Capital, entered into the Disposal Agreement with Wide Success for the disposal of the Sale Equity.

## **THE DISPOSAL AGREEMENT**

Date: 12 May 2009

Parties: (1) Globe Capital as vendor; and  
(2) Wide Success as purchaser

Wide Success is an investment holding company and the vendor to the Acquisition Agreement. As at the date of this announcement, Wide Success owned 15% of the equity interest in the Target and also held 20% of the total equity interest, being the Sale Equity on trust for Globe Capital. Save as disclosed, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Wide Success and its ultimate beneficial owners are Independent Third Parties.

### **Assets to be disposed of**

The Sale Equity, being 20% of the equity interest of in the Target. The Sale Equity was acquired by the Group pursuant to the Acquisition Agreement for a consideration of RMB27,789,396.

It was a condition under the Acquisition Agreement that all necessary consents and approvals required to be obtained on the part of Wide Success, Globe Capital and the Target in respect of the sale and purchase of the Sale Equity as well as the matters contemplated thereunder (including but not limited to the change of registration procedures in relation to the transfer of the Sale Equity and the articles of association of Target) on or before 18 April 2009.

Hitherto the necessary consents and approvals, of the change of registration procedures in relation to the transfer of the Sale Equity from the PRC authorities in order to give effect of change of legal title of the Sale Equity from Wide Success to Globe Capital, have not yet been obtained. As at the date of this announcement, the legal title of the Sale Equity was vested on Wide Success while the beneficial ownership was vested on Globe Capital. Hence, Wide Success held the Sale Equity on trust for Globe Capital.

## **Consideration**

The Consideration for the Disposal is RMB34,160,824, which will be paid by Wide Success in cash in the following manner:

- (a) RMB10,285,714 being the Initial Payment and part of the Consideration, shall be paid by Wide Success to the Group within 5 Business Days upon signing of the Disposal Agreement; and
- (b) the remaining balance of RMB23,875,110 shall be payable by Wide Success to the Group within 3 Business Days upon the completion of the New Agreement.

The Consideration was determined after arm's length negotiation between Globe Capital and Wide Success with reference to the net assets and the business prospects of the Target.

In view of the Disposal is at premium, the Directors (including the independent non-executive Directors) considers that the Disposal Agreement was entered into on normal commercial terms and their respective terms are fair and reasonable and the entering into of the Disposal Agreement is in the interest of the Company and the Shareholders as a whole.

## **Conditions Precedent**

Completion is conditional upon the satisfaction of the following conditions:

- (i) passing of the Shareholders at the SGM an ordinary resolution approving the Disposal Agreement and the transactions contemplated thereunder; and
- (ii) all the necessary consents and approvals in respect of the Disposal as well as the matters contemplated thereunder having been obtained by Globe Capital and Wide Success respectively.

If the conditions above have not been satisfied or waived (as applicable) on or before 31 December 2009, or such later date as Globe Capital and Wide Success may agree, the Disposal Agreement shall terminate and neither party shall has any liability to the other except for antecedent breaches of the Disposal Agreement and the obligation to return the Initial Payment.

## **Completion**

The Completion is expected to take place within 3 Business Days after the fulfillment of all the conditions above on or before 31 December 2009 (or such later date as may be agreed by the parties to the Disposal Agreement in writing), failing which the Disposal Agreement shall terminate and neither party shall has any liability to the other except for antecedent breaches of the Disposal Agreement and the obligation to return the Initial Payment.

The Target is a joint venture established in the PRC of which 49.45% of the total equity interest is owned by 中國水利投資集團 (CWIG Investment Group Limited#), 15.55% of the total equity interest is 江河實業公司 (Jiang He Enterprises Company#), 15% of the total equity interest is owned by Wide Success and 20% of the total equity interest, being the Sale Equity, is held by Wide Success on trust for Globe Capital. Save for Globe Capital which is a wholly owned subsidiary of the Company, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, all other shareholders of the Target and their respectively ultimate beneficial owners are Independent Third Parties.

The Target is principally engaged in wind power electricity generation. In June 2007, the Target commenced the installation of 66 wind power generators in Diaobingshan, Liaoning Province, the PRC. Such installation was completed in February 2008. Such 66 wind power generators has been generating electricity since June 2008.

Set out below are the unaudited financial information of Target (based on 100% equity interests) for the two years ended 31 December 2007 and 31 December 2008 respectively according to PRC accounting standard:

	<b>For the year ended 31 December 2007 RMB (unaudited)</b>	<b>For the year ended 31 December 2008 RMB (unaudited)</b>
Turnover	–	17,361,133
Loss before taxation	–	1,517,625
Loss after taxation	–	1,517,625

The unaudited net asset of the Target as at 31 December 2008 was approximately RMB135,422,375.

## **REASONS FOR THE DISPOSAL**

The Company is an investment holding company and its principal subsidiaries are engaged in the holding of equity or equity-related investments in listed and unlisted companies in Hong Kong and the PRC.

On 19 June 2008 Globe Capital entered into the Acquisition Agreement with Wide Success in relation to the acquisition of the Sale Equity for a consideration of RMB27,789,396. Such consideration has been settled by Globe Capital in cash on 19 June 2008. In light that (i) the wind power electricity generation project of the Target is at the investment stage and it takes certain years to generate revenue to the Group; and (ii) Wide Success agrees to buy back the Sale Equity at premium, the Board considers it is a good opportunity for the Group to realise its investment and to strengthen the financial position of the Group.

## **FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEED**

The book value of the Sale Equity is approximately HK\$31,521,905 as shown in the interim report 2008 of the Company. The Sale Equity was acquired by the Group for a consideration of RMB27,789,396 being the face value of the registered capital of the Target pursuant to the Acquisition Agreement. The excess of the consideration for disposing of the Sale Equity is RMB6,371,438 over the acquisition consideration. Based on the consideration for the Sale Equity of RMB34,160,824 and after deducting the expenses in relation to the Disposal, it is expected that the net gain of approximately RMB6,100,000 will accrue to the Group.

The Board intends to apply the net sale proceeds of approximately RMB33,889,396 for future investment of the Group. As at the date of this announcement, the Company has not identified any investment projects.

## **GENERAL**

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A circular containing, among other things, further details of the Disposal Agreement and the transactions contemplated thereunder, together with the notice of the SGM will be despatched to the Shareholders as soon as practicable and in accordance with the Listing Rules.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 13 May 2009 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 14 May 2009.

## **DEFINITIONS**

In this announcement, the following words and expressions shall, unless the context otherwise requires, have the meanings ascribed below:

“Acquisition Agreement” an agreement dated 19 June 2008 (as amended by a supplemental agreement dated 11 February 2009) and both entered into, among others, Wide Success and Globe Capital in relation to the acquisition of the Sale Equity by Globe Capital from Wide Success

“Board” the board of Directors

“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong 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
“Completion”	completion of the Disposal Agreement in accordance with the terms and conditions thereunder
“connected person”	has the same meaning ascribed thereto it under the Listing Rules
“Consideration”	RMB34,160,824 being the total consideration payable by Wide Success to Globe Capital for the sale and purchase of the Sale Equity
“Directors”	the directors of the Company from time to time
“Disposal Agreement”	an agreement dated 12 May 2009 and entered into between Wide Success and Globe Capital in relation to the disposal of the Sale Equity by Globe Capital to Wide Success
“Disposal”	the disposal of the Sale Equity by Globe Capital to Wide Success on the terms and conditions of the Disposal Agreement
“Globe Capital”	Globe Capital Resources Investment Limited, a company incorporated in the British Virgin Islands with limited liabilities, a wholly owned subsidiary of the Company. The principal business of Globe Capital is investment holding
“Group”	the Company and all its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Initial Payment”	RMB10,285,714 being the initial payment and part of the Consideration payable by Wide Success to Globe Capital

“Independent Third Party(ies)”	person(s) who or company(ies) together with its/ their ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, is/are third party(ies) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Agreement”	a sale and purchase agreement dated 29 April 2009 and entered into between Wide Success as vendor and an Independent Third Party as purchaser in relation to the sale of 35% (including the Sale Equity) of equity interest of the Target under the name of Wide Success by Wide Success to such Independent Third Party
“PRC”	People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Sale Equity”	20% of the equity interest of the Target
“SGM”	a special general meeting of the Company to be held for the purpose of considering and, if thought fit, approving the Disposal Agreement and the transactions contemplated thereunder
“Shareholders”	holders of the issued Shares
“Shares”	ordinary issued shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	國水投資集團調兵山風電有限公司 (C W I G Diaobingshan Windpower Company Limited#), a company established in the PRC with the registered capital of RMB136,940, 000
“Wide Success”	Wide Success International Enterprise Limited, a company incorporated in Hong Kong under the Companies Ordinance (Cap 32 of laws of Hong Kong) with limited liabilities

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 13 May 2009

# *The English transliteration of the Chinese names in this announcement, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.*

*For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of RMB0.881 to HK\$1. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.*

*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.*