



# Prime Investments Holdings Limited

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

Stock Code: 721

Interim Report

2007-08



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Ms. Wang Wen Xia, Wendy (*Chairman*)  
Mr. Pong Po Lam, Paul  
Mr. Wong Kwong Chi, Simon

#### Non-Executive Directors

Dr. Chan Po Fun, Peter  
Mr. Ding Xiaobin  
Mr. Fung Cheuk Nang Clement  
Mr. Ma Jie

#### Independent Non-Executive Directors

Dr. Cheung Wai Bun, Charles, *J.P.*  
Mr. Zhang Yong  
Mr. Zeng Xianggao

### COMPANY SECRETARY

Mr. Li Chi Chung

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton  
HM11  
Bermuda

### SHARE REGISTERED AND TRANSFER OFFICE

Tricor Tengis Limited  
26/F, Tesbury Centre  
28 Queen's Road East  
Hong Kong

### AUDIT COMMITTEE

Dr. Cheung Wai Bun, Charles, *J.P.* (*Chairman*)  
Mr. Zhang Yong  
Mr. Zeng Xianggao

### REMUNERATION COMMITTEE

Ms. Wang Wen Xia, Wendy (*Chairman*)  
Dr. Cheung Wai Bun, Charles, *J.P.*  
Mr. Zhang Yong

### INVESTMENT MANAGER

Pegasus Fund Managers Limited  
24/F, Siu On Centre  
188 Lockhart Road  
Wanchai  
Hong Kong

### LEGAL COUNCIL

Bermuda  
Conyers Dill & Pearman  
Barristers and Attorneys  
Suite 2901, One Exchange Square  
Connaught Place  
Central  
Hong Kong

### AUDITORS

CCIF CPA Limited  
20/F, Sunning Plaza  
10 Hysan Avenue  
Causeway Bay, Hong Kong

### PRINCIPAL BANKER

The Hongkong and Shanghai Banking  
Corporation Limited

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 6305, 63/F  
Central Plaza  
18 Harbour Road  
Wanchai  
Hong Kong

### TRADING CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED

0721

The Board of Directors (the “Board”) of Prime Investments Holdings Limited (the “Company”) is pleased to present the Interim Report and unaudited condensed accounts of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 31 December 2007. The condensed income statement, condensed cash flow statement and condensed statement of changes in equity for the Group for the six-months ended 31 December 2007, and the condensed balance sheet as at 31 December 2007 of the Group, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 3 to 17 of this report.

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 review of the unaudited condensed financial statements for the six months ended 31 December 2007 with the directors. In carrying out this review, the audit committee has obtained explanations from management.

**CONDENSED INCOME STATEMENT**

	<i>Note</i>	<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>31 December</b>	
		<b>2007</b>	2006
		<b>HK\$</b>	<b>HK\$</b>
Turnover	3	<b>48,035,798</b>	–
Other revenue	3	<b>7,337,992</b>	–
Cost of sales		<b>(38,592,387)</b>	–
Administrative expenses		<b>(4,266,517)</b>	(1,603,120)
<b>Operating profit/(loss)</b>		<b>12,514,886</b>	(1,603,120)
Finance costs		<b>(22,401)</b>	(68,779)
<b>Profit/(loss) before taxation</b>	4	<b>12,492,485</b>	(1,671,899)
Taxation	5	<b>(595,876)</b>	–
<b>Profit/(loss) for the period</b>		<b>11,896,609</b>	(1,671,899)
<b>Earnings/(loss) per share</b>	7		
Basic		<b>1.44 cents</b>	(3.48) cents
Diluted		<b>N/A</b>	N/A

**CONDENSED BALANCE SHEET**

As at 31 December 2007

		<b>Unaudited At 31 December 2007 HK\$</b>	Audited At 30 June 2007 HK\$
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment		<b>221,283</b>	45,465
Available-for-sale financial assets	8	<b>6,500,000</b>	6,500,000
		<b>6,721,283</b>	6,545,465
<b>Current assets</b>			
Investments held for trading	8	<b>33,640,259</b>	–
Amount due from a shareholder		<b>19,110</b>	19,110
Prepayments, deposits and other receivables	9	<b>21,906,141</b>	224,276
Cash and bank balances		<b>208,637,384</b>	59,691,003
		<b>264,202,894</b>	59,934,389
<b>Current liabilities</b>			
Other loans		–	1,920,000
Other payables and accruals		<b>260,578</b>	2,050,747
Amounts due to directors		<b>28,729</b>	3,587,996
Amount due to a related company		–	330,000
Tax payable		<b>595,876</b>	–
		<b>885,183</b>	7,888,743
<b>Net current assets</b>		<b>263,317,711</b>	52,045,646
<b>Net assets</b>		<b>270,038,994</b>	58,591,111
<b>Capital and reserves</b>			
Share capital	10	<b>23,709,062</b>	3,951,510
Reserves		<b>246,329,932</b>	54,639,601
		<b>270,038,994</b>	58,591,111
<b>Net asset value per share</b>	11	<b>11.39 cents</b>	14.83 cents

**CONDENSED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 31 December 2007

	Share capital HK\$	Share premium account HK\$	Capital reserve HK\$	Investment revaluation reserve HK\$	Accumulated losses HK\$	Total HK\$
At 1 July 2006	480,000	32,098,292	2,765,838	(3,500,000)	(34,486,428)	(2,642,298)
Issuance of ordinary shares	3,471,510	61,290,290	-	-	-	64,761,800
Loss for the year	-	-	-	-	(3,528,391)	(3,528,391)
At 30 June 2007 and 1 July 2007	3,951,510	93,388,582	2,765,838	(3,500,000)	(38,014,819)	58,591,111
Issuance of ordinary shares	19,757,552	179,793,722	-	-	-	199,551,274
Profit for the period	-	-	-	-	11,896,609	11,896,609
At 31 December 2007	23,709,062	273,182,304	2,765,838	(3,500,000)	(26,118,210)	270,038,994

**CONDENSED CASH FLOW STATEMENT**

For the six months ended 31 December 2007

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2007</b>	2006
	<i>HK\$</i>	<i>HK\$</i>
Net cash used in operating activities	<b>(31,557,440)</b>	(907,113)
Net cash used in investing activities	<b>(17,105,051)</b>	–
Net cash from financing activities	<b>197,608,872</b>	1,113,524
Net increase in cash and cash equivalents	<b>148,946,381</b>	206,411
Cash and cash equivalents at beginning of the period	<b>59,691,003</b>	273,821
Cash and cash equivalents at the end of the period	<b>208,637,384</b>	480,232
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	<b>208,637,384</b>	480,232

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 31 December 2007

### 1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost basis except for the revaluation of available-for-sale financial assets, investments held for trading and certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's audited annual financial statements for the year ended 30 June 2007.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (new "HKFRSs") issued by the HKICPA, which are effective for accounting periods beginning on 1 January 2007. The adoption of these new HKFRSs has had no material effect on how the results for the current and prior accounting periods are prepared and presented. Accordingly, no prior period adjustment is required.

The Group has not early applied the following new standards and interpretations that have been issued but are not yet effective. The directors anticipate that the application of these standards and interpretations will have no material impact on the results and financial positions of the Group.

HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK (IFRIC) – Int 12	Service Concession Arrangements <sup>2</sup>
HK (IFRIC) – Int 13	Customer Loyalty Programmes <sup>3</sup>
HK (IFRIC) – Int 14	HKAS 19- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2008

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2008



**3. TURNOVER AND OTHER INCOME**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>31 December</b>	
	2007	2006
	<i>HK\$</i>	<i>HK\$</i>
Turnover		
– Proceeds from sale of investments held for trading	48,007,029	–
– Dividend income-listed investments	28,769	–
	<u>48,035,798</u>	<u>–</u>
Other revenue		
– Unrealised gain on investments held for trading	6,779,000	–
– Interest income	558,012	–
– Sundry income	980	–
	<u>7,337,992</u>	<u>–</u>

No segment information is presented as the Group has only one business activity, namely investment holding, which is principally operating in Hong Kong and the PRC.

**4. PROFIT/(LOSS) BEFORE TAXATION**

Profit/(loss) before taxation is arrived at after charging:

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>31 December</b>	
	2007	2006
	<i>HK\$</i>	<i>HK\$</i>
Cost of investment sold	38,592,387	–
Custodian fee	84,879	–
Depreciation	39,150	15,186
Investment management fee	368,925	150,000
Directors' remuneration	628,500	628,500
Exchange loss	169,266	–
Operating leases charge for premises	376,620	127,524
Staff costs (excluding directors' remuneration)		
Salaries and allowances	238,033	216,000
Contributions to retirement benefits schemes	10,150	10,800
	<u>248,183</u>	<u>226,800</u>

**5. TAXATION**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2007</b>	<b>2006</b>
	<b>HK\$</b>	<b>HK\$</b>
Hong Kong Profits Tax		
– Provision for the current period	<b>595,876</b>	–

Hong Kong Profit Tax was provided at the rate of 16.5% on the estimated assessable profit after netting off tax losses carried forward for the six months ended 31 December 2007. No provision was made for the corresponding period in 2006 as the Group had no assessable profit for the six months ended 31 December 2006.

At the balance sheet date, the Group had no material deferred tax liabilities.

**6. DIVIDEND**

The directors of the Company do not recommend the payment of interim dividend for the six months ended 31 December 2007 (2006: Nil).

**7. EARNINGS/(LOSS) PER SHARE**

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company for the period of HK\$11,896,609 (2006: loss of HK\$1,671,899) and the weighted average number of 824,663,033 (2006: 48,000,000) ordinary shares in issue during the period.

No diluted earnings/(loss) per share has been presented as there were no potential dilutive ordinary shares for both periods

**8. INVESTMENTS**

	<b>Unaudited</b>	Audited
	<b>At</b>	At
	<b>31 December</b>	30 June
	<b>2007</b>	2007
	<b>HK\$</b>	<b>HK\$</b>
<b>Available-for-sale financial assets</b>		
Unlisted investment cost	<b>15,000,000</b>	15,000,000
Fair value losses dealt with in investment revaluation reserve	<b>(3,500,000)</b>	(3,500,000)
Impairment loss recognised	<b>(5,000,000)</b>	(5,000,000)
	<b>6,500,000</b>	6,500,000
<b>Investments held for trading</b>		
Equity securities:		
Listed in Hong Kong	<b>33,640,259</b>	–

In the opinion of the directors, there was no indication of further impairment in the carrying values of the available-for-sale financial assets at the balance sheet date.

The fair value of listed equity securities held for trading are determined based on the quoted market bid prices at the balance sheet date.

**9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES**

Included in prepayments, deposits and other receivables was an escrow deposit of approximately HK\$21,276,000 for the proposed acquisition of an investment in 江西省仙女湖國際鄉村俱樂部有限公司, which has the rights to develop and operate golf course, villas and resort. The deposit is refundable subject to the due diligence review on the investment to be completed by 20 May 2008. The deposit bears interest at prime rate plus 1% per annum. In the opinion of the directors, this deposit is fully recoverable.

**10. SHARE CAPITAL**

	Note	Unaudited 31 December 2007		Audited 30 June 2007	
		Number of shares	HK\$	Number of shares	HK\$
<b>Authorised:</b>					
At beginning of period/year					
Ordinary shares of HK\$0.01 each		2,000,000,000	20,000,000	2,000,000,000	20,000,000
Increase in authorised share capital	(a)	28,000,000,000	280,000,000	-	-
At end of period/year					
Ordinary shares of HK\$0.01 each		30,000,000,000	300,000,000	2,000,000,000	20,000,000
<b>Issued and fully paid:</b>					
At beginning of period/year					
Ordinary shares of HK\$0.01 each		395,151,037	3,951,510	48,000,000	480,000
Issuance of ordinary shares	(b)	1,975,755,185	19,757,552	347,151,037	3,471,510
At end of period/year					
Ordinary shares of HK\$0.01 each		2,370,906,222	23,709,062	395,151,037	3,951,510

**(a) Increase in authorised share capital**

On 5 September 2007, the Company's authorised share capital was increased to HK\$300,000,000 by the creation of an additional 28,000,000,000 ordinary shares of HK\$0.01 each, ranking pari passu with the then existing shares of the Company.

**(b) Subscription of new shares**

On 21 November 2007, the Company issued 1,975,755,185 ordinary shares of HK\$0.01 each at a price of HK\$0.101 per share pursuant to the open offer on the basis of five offer shares for every share held.

All the new ordinary shares issued during the period ranked pari passu in all respects with the then existing ordinary shares of the Company.

**11. NET ASSET VALUE PER SHARE**

The calculation of net asset value per share is based on the net assets attributable to the equity holders of the Company of HK\$270,038,994 (30 June 2007: HK\$58,591,111) and 2,370,906,222 (30 June 2007: 395,151,037) ordinary shares in issue as at 31 December 2007.

**12. OPERATING LEASE COMMITMENTS**

At the balance sheet date, the Group had total future outstanding minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	<b>Unaudited</b>	Audited
	<b>At</b>	At
	<b>31 December</b>	30 June
	<b>2007</b>	2007
	<b>HK\$</b>	<b>HK\$</b>
Within one year	<b>865,080</b>	50,322
In the second to fifth years, inclusive	<b>1,369,710</b>	–
	<b>2,234,790</b>	50,322

**13. RELATED PARTY TRANSACTIONS**

During the period, the Group entered into the following material related party transactions:

	<i>Note</i>	<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>31 December</b>	
		<b>2007</b>	2006
		<b>HK\$</b>	<i>HK\$</i>
Investment management fee paid to Pegasus Fund Managers Limited	(a)	<b>368,925</b>	150,000
Interest expenses paid to a director	(b)	<b>2,038</b>	12,098
Legal advisory fees paid	(c)	<b>748,823</b>	–

(a) Pursuant to an investment management agreement dated 21 February 2006 and subsequently amended on 1 August 2006, Pegasus Fund Managers Limited (“Pegasus”), whereby Pegasus has agreed to provide investment management services to the Company for a period of three years effective from 1 August 2006. Pegasus is entitled to a management fee from the Company calculated at the following rates:

- (i) 2.5% per annum of the net asset value of the Group as at the immediately preceding valuation date on the basis of the actual number of days in the relevant calendar month over a year of 365 days, subject to a monthly minimum fee of HK\$30,000; and
- (ii) 10% of the surplus in net asset value of the Group over a financial year or period, which the surplus in the net asset value should be greater than HK\$30,000,000.

Mr. Pong Po Lam, an executive director of the Company, has 92% equity interest in Pegasus.

- (b) The interest expenses paid to a director of the Company related to advances granted.
- (c) During the current period, Michael Li & Co, a company controlled by the company secretary of the Company, Mr Li Chi Chung provided various legal advisory services to the Company amounted to HK\$748,823.

**14. POST BALANCE SHEET EVENTS**

On 23 January 2008, the Company granted a total of 35,200,000 share options to directors, employees and a consultant at a subscription price of HK\$0.16 per share, which will become vested at the end of third year after the respective grant date.

On 4 March 2008 and 5 March 2008, the Company entered into subscription agreements with eight subscribers and one subscriber, respectively, pursuant to which the subscribers have conditionally agreed to subscribe for in aggregate 110,427,808 shares at a subscription price of HK\$0.187 per subscription share for cash of HK\$20,650,000.

**15. CONTINGENT LIABILITIES**

As at 31 December 2007 and 2006, the Group had no contingent liabilities.

**16. REVIEW OF THE PERIOD**

The profit of Prime Investments Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for six months ended 31 December 2007 was HK\$11,896,609 compared to the loss of HK\$1,671,899 for the same period of 2006. The profit is mainly attributable to substantial realized gains from IPO and trading of listed securities in Hong Kong.

For the period under review, the general investment environment has improved. The Group had made investments in IPO and the listed securities for short term and the unlisted equities for long term.

The Company raised funds of approximately HK\$262.6 million in 2007 from 2 subscriptions of approximately HK\$64.7 million and from Open Offer of approximately HK\$197.9 million. The proposed new subscription in March 2008 will raise another fund of approximately HK\$20.65 million, the Company has more finance and flexibility in the implementation of its investment strategy.

**17. FUTURE PROSPECT**

With a strengthened financial position in the year of 2007, a veteran and capable management team of the Group and the great support from the major shareholders, the Group will be able to explore more investment opportunities across various sectors to diversify its business. Benefited from the growing economic environment in the PRC and a successful capital platform in Hong Kong, the Group is confident in expanding its business in the future and making more contributions to the shareholders. The Group will continue to participate in the equity investment and equity market including IPO and pre-IPO opportunities in Hong Kong and the PRC, and explore opportunities in venture capital investments in emerging industries, infrastructures such as water affairs and hydroelectric station and its related industries in the PRC. With extensive network, experience and market knowledge, the management will carefully assess all potential investments which ensure the risk is under manageable level and at the same time maximize the Group's returns and ensure a stable return for the shareholders.

**18. LIQUIDITY AND FINANCIAL POSITION**

As at 31 December 2007, the Group had cash and bank balance of HK\$208,637,384 (30 June 2007: HK\$59,691,003). Most of the cash and bank balance were placed in Hong Kong dollar deposits with a bank in Hong Kong SAR. The current ratio (calculated as the current assets to the current liabilities) of the Group as at 31 December 2007 as approximately 29,847% (30 June 2007: 760%), gearing ratio (calculated as the long term loan to the total shareholders' equity of the Group as at 31 December 2007 was zero (30 June 2007: zero). The Group maintained a strong working capital position during the current period.

**19. FOREIGN CURRENCY FLUCTUATION**

Since the Group mainly uses Hong Kong dollars and Renminbi to carry out its business transactions, the Directors consider that the Group's exposure to fluctuation in exchange rates was insignificant. At 31 December 2007, the Group had no outstanding foreign exchange forward contract.

**20. DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

At 31 December 2007, the interest and short positions of the Directors and chief executive in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

**Long position in ordinary shares of the Company:**

Name of a director	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust	Total	Percentage of the Company's issued share capital
Mr. Chan Yan Ting, Gordon ( <i>note</i> )	-	-	191,997,142	-	191,997,142	8.10%

*Note:*

Mr. Chan Yan Ting, Gordon is a beneficiary shareholder of the entire issued share capital of Poly Good Group Limited, which directly holds 191,997,142 shares of the Company. Mr. Chan Yan Ting was retired as non-executive director by rotation on 10 December 2007.

Save as disclosed above, none of the directors and chief executives had registered an interest or short position in the shares or underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

**21. DIRECTORS' RIGHTS TO ACQUIRED SHARES**

At no time during the year were rights to acquire benefits by means of the acquisition of shares in the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.



**22. EMPLOYMENT AND REMUNERATION POLICIES**

As at 31 December 2007, the Group had 6 employees. The total staff cost of the Group for the period was HK\$876,683 (2006: HK\$855,300). The remuneration package of the employees is determined by various factors including the employees' experience and performance, the market condition, industry practice and applicable employment law.

**23. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARE AND UNDERLYING SHARES**

At 31 December 2007, the following interest of 5% or more of the issued share capital of the Company were recorded in the register of interest to be kept by the Company pursuant to Section 336 of the SFO:

**Long position**

Name	Note	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
China Water Investments Limited	(1)	Corporate	427,890,908	18.05%
Poly Good Group Limited	(2)	Corporate	191,997,142	8.10%
Fung Cheuk Nang Clement	(3)	beneficial owner	190,909,092	8.05%
Upkeep Properties Ltd.	(4)	Corporate	150,000,000	6.33%

*Notes:*

- China Water Investments Limited disposed 427,890,908 to Asset Full Resources Limited in February 2008. The entire issued capital of Asset Full Resources Limited is beneficially owned by Mr. Duan Chuan Liang. Mr. Duan Chuan Liang is also beneficially interested in 20,460,000 shares. Mr. Duan Chuan Liang is deemed to be interested in 448,350,908 shares
- The entire issued capital of Poly Good Group Limited is beneficially owned by Mr. Chan Yan Ting. Mr. Chan Yan Ting and his spouse Chung Kit Lai are deemed to be interested in 191,997,142 Shares.
- Mr. Fung Cheuk Nang Clement was appointed as non-executive director of the Company on 28 February 2008.
- The entire issued capital of Upkeeping Properties Ltd is beneficially owned by Mr. Tam Wo Quan. Mr. Tam is deemed to be interested in 150,000,000 Shares

Save as disclosed above, no person, other than the directors and chief executives of the Company, whose interests are set out in the section "Directors' and chief executive interests and short position in shares and underlying shares" above, had registered an interest in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

**24. AUDIT COMMITTEE**

The Company has formed 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. The audit committee has received the unaudited financial statements of the Company for the six months ended 31 December 2007.

**25. REMUNERATION COMMITTEE**

The Company has established a remuneration committee in accordance with Appendix 14(B) of the listing rules. The remuneration committee is responsible for reviewing and evaluating the remuneration policies of executive directors and making recommendations to the Board from time to time.

**26. COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES**

In the opinion of the Directors, 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 six months ended 31 December 2007.

**27. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code set out in Appendix 10 of 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 throughout the six months ended 31 December 2007.

**28. 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 six months ended 31 December 2007.

On behalf of the Board  
**Wang Wen Xia**  
*Executive Director/CEO*

Hong Kong SAR, 20 March 2008

**CCIF****CCIF CPA LIMITED**20/F Sunning Plaza  
10 Hysan Avenue  
Causeway Bay Hong Kong**To the Board of Directors of  
Prime Investments Holdings Limited**

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

**Introduction**

We have reviewed the interim financial statements set out on pages 3 to 13, which comprise the condensed balance sheet of Prime Investments Holdings Limited (the "Company") and its subsidiaries (together the "Group") as at 31 December 2007 and the related condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these interim financial statements in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

**Scope of Review**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

**CCIF CPA Limited***Certified Public Accountants*  
Hong Kong, 20 March 2008**Leung Chun Wa**

Practising Certificate Number P04963