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PRIME INVESTMENTS HOLDINGS LIMITED

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

(Stock Code: 721)

ANNOUNCEMENT

FRAMEWORK AGREEMENT

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Board is pleased to announce that after trading hour on 26 May 2008, the People's Government of Wannian Xian, Jiangxi Province, China Water and the Company entered into the Framework Agreement for the acquisition of equity interest of the Target Company and the cooperation among parties thereto in relation to the exploration, development and operation of state owned resources and assets in Wannian Xian, Jiangxi Province. Pursuant to the Framework Agreement the Company will acquire 20% equity interest of the Target Company for a consideration of RMB100 million.

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FRAMEWORK AGREEMENT

Date: 26 May 2008

Parties: (i) the People's Government of Wannian Xian, Jiangxi Province;
(ii) China Water; and
(iii) the Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the People's Government of Wannian Xian, Jiangxi Province is a third party independent of the Company and its connected persons and is not a connected person of the Company. Save and except that Mr. Duan Chuan Liang, a director and a substantial shareholder of China Water, who presently holds approximately 18.06% of the entire issued share capital of the Company and holds 16.44% of the entire issued share capital of China Water, China Water is a third party independent of the Company and its connected persons and is not a connected person of the Company.

Pursuant to the Framework Agreement, the Target Company shall increase its registered capital. The Company, China Water and the People's Government of Wannian Xian, Jiangxi Province shall acquire 20%, 31% and 49% of the enlarged issued share capital of the Target Company respectively. The total capital commitment for the acquisition of new equity interests in the Target Company will be RMB500 million of which the Company shall contribute RMB100 million, China Water shall contribute RMB155 million and the People's Government of Wannian Xian, Jiangxi Province shall contribute RMB245 million. The Framework Agreement also provides that the Target Company shall participate in the exploration, development and operation of state owned resources and assets in Wannian Xian, Jiangxi Province.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC and wholly owned by the People's Government of Wannian Xian, Jiangxi Province. It is a vehicle of the People's Government of Wannian Xian, Jiangxi Province to explore, develop and operate state owned resources and assets Wannian Xian such as lands, mineral resources, tourism, agricultural resources, forest and timber, water resources, transportation, city resources, cultural resources, sanitary resources and education resources in Wannian Xian, Jiangxi Province.

REASONS FOR THE FRAMEWORK AGREEMENT

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. As the PRC economy continues to grow, demand for natural resources such as lands, minerals and water affairs will be increasing. The fast growth economy in the PRC also provides good opportunities in the development and operation of state owned resources and assets. Given that state owned resources and assets are usually highly regulated and controlled in the state owned enterprises, the Directors consider that the entering into of the Framework Agreement represents a good opportunity for the Company to expand its investment in the state owned resources and assets. The tri-partite cooperation in the Target Company can achieve synergistic effect by leveraging the government support as well as the corporate management from China Water and the Company. The Directors believe that the investment in the Target Company will provide good return to the Group in future.

DEFINITIONS

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

“Board”	the board of Directors
“China Water”	China Water Affairs Group 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
“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
“Framework Agreement”	a non-legally binding agreement dated 26 May 2008 entered into among the People’s Government of Wannian Xian, Jiangxi Province, China Water and the Company in relation to the acquisition of equity interest in the Target Company and the cooperation among parties thereto in relation to the exploration, development and operation of state owned resources and assets in Wannian Xian, Jiangxi Province
“Group”	the Company and all its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“RMB”	Renminbi, the lawful currency of the PRC

“Target Company”

江西萬年國有資源投資發展股份有限公司(Jiangxi Wannian Xian State Owned Resources Investment Development Company Limited), a company established in the PRC and wholly owned by the People’s Government of Wannian Xian, Jiangxi Province.

“%”

per cent.

By order of the Board
Prime Investments Holdings Limited
Wang Wen Xia
Executive Director/CEO

Hong Kong, 26 May 2008

As at the date of this announcement, the Board comprises Ms. Wang Wen Xia and Mr. Pong Po Lam, Paul 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.

The English translation of Chinese name is included for information purpose only and should not be regarded as their official English translation.