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PRIME INVESTMENTS HOLDINGS LIMITED

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

(Stock Code: 721)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2007

RESULTS

The board of directors (the “**Board**”) of Prime Investments Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated income statement of the Company and its subsidiary companies (the “**Group**”) for the year ended 30 June 2007 and the audited consolidated balance sheet of the Group as at 30 June 2007 together with comparative figures for the year ended 30 June 2006, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2007

	<i>Notes</i>	2007 HK\$	2006 HK\$
Turnover	4	–	–
Other income	4	76,000	2,570
Administrative expenses		(3,456,740)	(3,945,029)
Impairment of available-for-sale financial assets		–	(2,500,000)
Operating loss		(3,380,740)	(6,442,459)
Finance costs	5	(147,651)	(114,675)
Loss before taxation	6	(3,528,391)	(6,557,134)
Taxation	7	–	–
Loss attributable to the equity holders of the Company		<u>(3,528,391)</u>	<u>(6,557,134)</u>
Loss per share	8		
Basic		<u>(6.11 cents)</u>	<u>(13.7 cents)</u>
Diluted		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED BALANCE SHEET

As at 30 June 2007

	2007 HK\$	2006 HK\$
Non-current assets		
Property, plant and equipment	45,465	75,837
Available-for-sale financial assets	<u>6,500,000</u>	<u>6,500,000</u>
	<u>6,545,465</u>	<u>6,575,837</u>
Current assets		
Amount due from a shareholder	19,110	–
Prepayments, deposits and other receivables	224,276	129,481
Cash and bank balances	<u>59,691,003</u>	<u>273,821</u>
	<u>59,934,389</u>	<u>403,302</u>
Current liabilities		
Other loans	1,920,000	4,300,000
Other payables and accruals	2,050,747	2,116,139
Amounts due to directors	3,587,996	3,205,298
Amount due to a related company	<u>330,000</u>	<u>–</u>
	<u>7,888,743</u>	<u>9,621,437</u>
Net current assets/(liabilities)	<u>52,045,646</u>	<u>(9,218,135)</u>
Net assets/(liabilities)	<u><u>58,591,111</u></u>	<u><u>(2,642,298)</u></u>
Capital and reserves		
Share capital	3,951,510	480,000
Reserves	<u>54,639,601</u>	<u>(3,122,298)</u>
	<u>58,591,111</u>	<u>(2,642,298)</u>
Net asset/(liability) value per share	<u>14.8 cents</u>	<u>(5.5 cents)</u>

NOTES

1. Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), which also included Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

2. Adoption of new/revised HKFRSs

In the current year, the Group has applied, for the first time a number of new standards, amendments and interpretations (“new HKFRSs”) issued by the HKICPA that are effective for the Group’s financial year beginning on 1 July 2006. The adoption of the new HKFRSs had no material effect on the Group’s results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior year adjustment has been required.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity.

The Group has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not effective. The directors of the Group anticipate that the application of these standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Presentation of Financial Statements – Capital Disclosures ¹
HKAS 23 (Revised)	Borrowing Costs ²
HKFRS 7	Financial Instruments: Disclosures ¹
HKFRS 8	Operating Segments ²
HK (IFRIC) – Int 10	Interim Financial Reporting and Impairment ³
HK (IFRIC) – Int 11	Group and Treasury Share Transactions ⁴
HK (IFRIC) – Int 12	Service Concession Arrangements ⁵
HK(IFRIC) – Int 13	Customer Loyalty Programmes ⁶
HK(IFRIC) – Int 14	HKAS 19 – The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ⁵

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

² Effective for annual periods beginning on or after 1 January 2009

³ Effective for annual periods beginning on or after 1 November 2006

⁴ Effective for annual periods beginning on or after 1 March 2007

⁵ Effective for annual periods beginning on or after 1 January 2008

⁶ Effective for annual periods beginning on or after 1 July 2008

3. SEGMENT INFORMATION

The Group is principally engaged in the investment in listed and unlisted companies. Accordingly, no analysis of segmental information by principal activity is presented. 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 (including Hong Kong).

4. TURNOVER AND OTHER INCOME

The Group is principally engaged in the investment in listed and unlisted companies.

	2007 HK\$	2006 HK\$
Turnover	–	–
Other income		
Interest income	–	2,570
Sundry income	76,000	–
	<u>76,000</u>	<u>2,570</u>

5. FINANCE COSTS

	2007 HK\$	2006 HK\$
Interest expense on borrowings wholly repayable within five years:		
Other loans	74,382	57,495
Advances from directors	73,269	23,999
Advance from a shareholder	–	31,438
Other payables	–	1,743
	<u>147,651</u>	<u>114,675</u>

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2007 HK\$	2006 HK\$
Auditors' remuneration	150,000	130,000
Custodian fee (<i>note</i>)	5,205	–
Depreciation	30,372	30,371
Investment management fee	330,000	–
Operating leases charges for premises	220,380	243,772
Staff costs (including directors' remuneration)		
Salaries and allowances	1,728,489	1,687,871
Contributions to retirement benefits schemes	33,125	34,890
	<u>1,761,614</u>	<u>1,722,761</u>

Note:

On 12 June 2007, the Company entered into a custodian agreement with Bank of Communications Trustee Limited. The Company paid custodian fee of HK\$5,205 during the year.

7. TAXATION

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group incurred tax losses for both years.

The taxation charge for the year can be reconciled to the loss before taxation in the consolidated income statement as follows:

	2007 <i>HK\$</i>	2006 <i>HK\$</i>
Loss before taxation	<u>(3,528,391)</u>	<u>(6,557,134)</u>
Calculated at an income tax rate of 17.5% (2006: 17.5%)	(617,468)	(1,147,499)
Tax effect of non-deductible expenses	–	542,716
Tax effect of temporary differences not recognised	4,264	4,108
Tax effect of tax losses not recognised	<u>613,204</u>	<u>600,675</u>
Taxation for the year	<u>–</u>	<u>–</u>

There was no material unprovided deferred taxation for both years.

8. LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to equity holders of the Company of HK\$3,528,391 (2006: loss of HK\$6,557,134) and the weighted average number of 57,755,214 (2006: 48,000,000) ordinary shares in issue during the year.

Diluted loss per share for the years ended 30 June 2007 and 2006 were not presented as there were no potential dilutive ordinary shares for both years.

9. DIVIDENDS

No dividend was paid or declared by the Company for both years.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Business Review

For the year ended 30 June 2007, the Company recorded a subscription by Poly Good in cash of HK\$8,000,000 for a total of 89,142,857 Shares which represented the subscription price of approximately HK\$0.09 per Share and new subscriptions by different subscribers including China Water Investments Limited in cash of HK\$56,761,800 for a total of 258,008,180 shares representing the subscription price of approximately HK\$0.22 per share.

Future Prospects of the Group

With a strengthened financial situation and strong support from the investors through subscription and new subscriptions, the Company will actively explore investment opportunities across various sectors. Taking the advantage from the optimistic and continually improving economic environment in the PRC and a successful capital platform for the Chinese enterprises to raise fund in Hong Kong, the Group will actively participate in investing in high growth opportunities including the initial public offer and pre-IPO opportunities in Hong Kong and PRC. Also 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 shareholder on a medium to long term basis such as infrastructures such as water related projects and hydroelectric power station.

FINANCIAL RESULTS

For the year ended 30 June 2007, the Group recorded no turnover which is in the same position as that for the year ended 30 June 2006.

The Company raised net proceeds of approximately HK\$64,700,000.00 by way of subscription and new subscriptions by issuing 347,151,037 new shares at a price of approximately HK\$0.09 per share and approximately HK\$0.22 per share on 20 June 2007. The net proceeds of HK\$15,000,000. – have been used to invest in listed companies in Hong Kong managed by the Group's investment manager Mr. Pong Po Lam, Paul, managing director of Pegasus Fund Manager Limited. The remaining proceeds were to be used to repay the liabilities of the Company and for the Company's working capital and future investments.

Contingent liabilities

As at 30 June 2007, the Group did not have any material contingent liabilities.

Capital commitment

As at 30 June 2007, the Group did not have any material capital commitment.

Charge on Groups' assets

As at 30 June 2007, the Group did not have any charge against its assets.

Employment remuneration policy

As at 30 June 2007, the Group had a total of 5 employees in Hong Kong. The staff costs for the year amounted to HK\$1,761,614 (2006: HK\$1,722,761). To maintain competitive remuneration packages, the salary and bonus paid to staff are based on the individual performance.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 21 November 2007 to 23 November 2007, both days inclusive, for the purpose of establishing entitlements of the shareholders to vote at the Annual General Meeting. During the period no transfer will be registered.

SUBSEQUENT SHEET EVENTS

(a) Proposed increase in authorised share capital

Subsequent to the balance sheet date, the Company proposed to seek the approval by way of ordinary resolution at the special general meeting by shareholders to increase in its authorised share capital from HK\$20,000,000 to HK\$300,000,000 by the creation of an additional 28,000,000,000 ordinary shares of HK\$0.01 each.

(b) Proposed open offer

On 29 August 2007, the Company and China Water Investments Limited, a wholly-owned subsidiary of China Water Affairs Group Limited, a public limited company with its shares listed on The Stock Exchange of Hong Kong Limited, entered into an underwriting agreement in relation to the proposed open offer by the Company. Pursuant to the proposed open offer, China Water Investments Limited agreed to subscribe undertaken offer shares in the proportion of five offer shares for every one share held on the record date, up to its commitment of 1,975,755,185 offer shares at a subscription price of HK\$0.101 per offer share. On the same date, the Company executed an undertaking with China Water Investments Limited that China Water Investments Limited would take up its entitlement of 1,634,846,095 offer shares under the proposed open offer in full.

PURCHASES, SALE OF REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 30 June 2007, the Company has applied the principles of, and complied with, the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

AUDIT COMMITTEE REVIEW

The Audit Committee was established in accordance with requirements of the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee has reviewed the systems of internal control and the financial statements for the year ended 30 June 2007.

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 year.

PUBLICATION OF FINAL RESULTS ON THE WEBSITES

This results announcement is published on the websites of the Company (www.finance.thestandard.com.hk/en/comp_announcement.asp?code=0721) and the Stock Exchange (www.hkex.com.hk). The annual report will be dispatched to the shareholders of the Company and made available on the above websites as soon as practicable.

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

Hong Kong, 22 October 2007

As at the date of this announcement, the Board comprises Ms. Wang Wen Xia and Mr. Pong Po Lam, Paul and Mr. Wong Kwong Chi, Simon being the executive Directors, Mr. Lan Ning, Mr. Chan Yan Ting, Gordon, Dr. Chan Po Fun, Peter, Mr. Ding Xiaobin and Mr. Chan Wing Chung, Eric being the non-executive Directors and Dr. Cheung Wai Bun, Charles, Mr. Zhang Yong and Mr. Gu Qiu Rong being the Independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.