

The board of directors (the "Board") of China Water Affairs Group Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2006, together with the comparative figures for the corresponding period in 2005, as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Six months ended 30 September	
		2006 (unaudited) HK\$'000	2005 (unaudited) HK\$'000
	<i>Notes</i>		
Revenue	3	61,702	16,677
Cost of sales		(28,087)	(11,160)
Gross profit		33,615	5,517
Other income		22,014	5,560
Gains arising on initial recognition of biological assets at fair value less estimated point-of-sale costs		6,164	–
Selling and distribution costs		(4,605)	(52)
Administrative expenses		(19,025)	(8,718)
Net unrealised loss on financial assets at fair value through profit or loss		(3,221)	–
PROFIT FROM OPERATING ACTIVITIES	4	34,942	2,307
Finance costs	5	(7,780)	(1,486)
PROFIT BEFORE TAXATION		27,162	821
Taxation	6	(1,180)	2,264
PROFIT FOR THE PERIOD		25,982	3,085
Attributable to:			
Equity holders of the Company		15,006	373
Minority interests		10,976	2,712
		25,982	3,085
EARNING PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY DURING THE PERIOD	7		
Basic		HK1.75 cents	HK0.07 cents
Diluted		HK2.01 cents	N/A