



*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1129)**

## **PROFIT WARNING**

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the shareholders of the Company and the investors that it is expected that the consolidated losses of the Group for the year ended 31 December 2007 may substantially decrease from its results of previous corresponding year of audited consolidated losses of approximately HK\$95.7 million.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

This announcement is made by China Water Industry Group Limited (the “Company”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

After preliminary review by the Company’s management based on the management accounts of the Company, the board (the “Board”) of directors (the “Directors”) of the Company wishes to inform the shareholders of the Company and the investors that it is expected that the consolidated losses of the Group for the year ended 31 December 2007 may substantially decrease from its results of previous corresponding year of audited consolidated losses of approximately HK\$95.7 million, principally due to a combination of the following: (i) decrease in loss from discontinued operation and recognition of a gain as a result of the disposal of a subsidiary group of the Company principally engaged in the production and sales of computer peripherals with loss-making operating results in November 2007; (ii) net positive effect arising from fair value adjustment in derivative component and recognition of interest expense on the liability component of the convertible notes with principal amount of HK\$385 million issued by the Company on 3 August 2007; (iii) increase in other operating income; and (iv) increase in share based payment expenses for the granting of share options by the Company during the year.

The information as contained in this announcement is only based on the preliminary assessment by the Company’s management according to the management accounts of the Company. Shareholders of the Company and the investors should read the Company’s annual results announcement for the year ended 31 December 2007 carefully, which is expected to be published on 23 April 2008.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

By Order of the Board  
**China Water Industry Group Limited**  
**Zhong Wen Sheng**  
*Managing Director*

Hong Kong, 22 April 2008

*As at the date of this announcement, the Board comprises Mr. Wang Chia Chin, Mr. Sze Chun Ning, Vincent, Mr. Shi De Mao, Ms. Chu Yin Yin, Georgiana, Mr. Zhong Wen Sheng, Mr. Liu Bai Yue, Mr. Liu Peng Cheng and Mr. Li Yu Gui, all being the executive Directors, Mr. Huang Yuan Wen and Mr. Pan Shi Ying, all being the non-executive Directors and Mr. Chang Kin Man, Mr. Wu Tak Lung and Mr. Gu Wen Xuan, all being the independent non-executive Directors.*

*\* for identification only*