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

**(Stock Code: 1129)**

## **ANNOUNCEMENT**

### **PROFIT WARNING**

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

The Board hereby informs shareholders and potential investors of the Company that it is expected that the unaudited profit attributable to equity holders of the Company for the six months ended 30 June 2008 will increase substantially compared to the corresponding period of 2007. Such increase is due to (a) the profit growth resulting from the business of provision of water supply and sewage treatment and investment in financial and investment products; (b) a discount on acquisition of a subsidiary as at 21 February 2008; (c) the disposal of loss-making business of production and sales of computer peripherals in last year; (d) the share of profits from associates; and (e) no share based payment expenses being recognized as no shares options were granted by the Company during the six months ended 30 June 2008.

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

This announcement is made 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**”).

The board of directors (the “**Board**”) of China Water Industry Group Limited (the “**Company**”) hereby informs shareholders and potential investors of the Company that it is expected that the unaudited profit attributable to equity holders of the Company for the six months ended 30 June 2008 will increase substantially compared to the corresponding period of 2007. Such increase is due to (a) the profit growth resulting from the business of provision of water supply and sewage treatment and investment in financial and investment products; (b) a discount on acquisition of a subsidiary as at 21 February 2008; (c) the disposal of loss-making business of production and sales of computer peripherals in last year; (d) the share of profits from associates; and (e) no share based payment expenses being recognized as no shares options were granted by the Company during the six months ended 30 June 2008.

This announcement is made only on the basis of the management accounts of the Company which have not been confirmed or audited by the Company’s auditors. The Company is in the process of preparing the interim results of the Group for the six months ended 30 June 2008. Shareholders and potential advisers are advised to read the forthcoming interim results announcement and the interim report of the Company for details of the financial information of the Company.

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

By Order of the Board  
**China Water Industry Group Limited**  
**Li Yu Gui**  
*Chairman*

Hong Kong, 23 September 2008

\* *for identification purpose only*

*As at the date of this announcement, the board of directors of the Company comprises 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.*