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

**(Stock Code: 1129)**

## **POSITIVE PROFIT ALERT**

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

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company and potential investors that based on preliminary review on the unaudited annual consolidated management accounts of the Company and its subsidiaries (collectively, the “Group”), the Group is expected to have a substantial improvement in its performance and record a profit for the year ended 31 December 2008 as compared to the loss of approximately HK\$11.43 million and loss attributable to shareholders of the Company of approximately HK\$22.16 million for the year ended 31 December 2007. Such improvement is mainly attributable to (i) increased contribution from the provision of water supply and sewage treatment business in the People’s Republic of China; (ii) increase in fair value of convertible bonds; (iii) no expense incurred from issue of convertible bonds and share-based payment; (iv) discount on acquisition of subsidiaries; and (v) no loss incurred from discontinued operations.

This positive profit alert announcement is made by the Company with reference to preliminary assessment of the Group’s annual unaudited consolidated management accounts for the year ended 31 December 2008, which is subject to the audit by the Company’s auditor and adjustments to the accounts may be made in the course of the audit. Therefore, shareholders and potential investors of the Company are advised to review in detail the Company’s annual results announcement for the year ended 31 December 2008 and the related 2008 annual report which will be published subsequently.

**Shareholders and potential investors of the Company are advised to exercise caution in dealing in shares of the Company.**

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

Hong Kong, 24 April 2009

*As at the date of this announcement, the board of directors of the Company comprises Mr. Shi De Mao, Ms. Chu Yin Yin, Georgiana, Mr. Zhong Wen Sheng, Mr. Liu Bai Yue, Mr. Liu Peng Cheng, Mr. Li Yu Gui and Mr. Yang Bin, all being executive directors, Mr. Huang Yuan Wen and Mr. Pan Shi Ying, all being non-executive directors and Mr. Chang Kin Man, Mr. Wu Tak Lung and Mr. Gu Wen Xuan, all being independent non-executive directors.*

\* for identification purpose only