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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1129)

PROFIT WARNING

This announcement is made by China Water Industry Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors (the “**Board**”) of the Company wishes to inform shareholders of the Company and potential investors that the Group is expected to record a significant loss for the six months ended 30 June 2009.

Such expected loss is mainly primarily attributable to the change in fair value of convertible bonds and loss on disposal of debt securities. As the Company is still in the process of compiling and finalizing the unaudited interim results of the Group for the six months ended 30 June 2009, the information contained in this announcement is derived from preliminary assessment by the Company’s management based on the preliminary management accounts of the Group which have not been audited or reviewed by the Company’s auditors.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 25 September 2009

As at the date of this announcement, the Board comprises Ms. Chu Yin Yin, Georgiana, Mr. Zhong Wen Sheng, Mr. Liu Bai Yue, Mr. Li Yu Gui, Mr. Yang Bin and Mr. Li Wen Jun, all being 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*