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中國水務集團有限公司*
China Water Affairs Group Limited

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 855)

POSITIVE PROFIT ALERT

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

The Board is pleased to inform the shareholders and potential investors of the Company that after a preliminary review of the management accounts of the Group, it is expected that the unaudited interim results of the Group for the six months ended 30 September 2009 will record a profit as compared to a loss with the corresponding period in 2008.

Based on the information currently available, the Board believes that such profit would be mainly attributable to (i) the stable growth of the Group's core businesses and (ii) a net unrealized gain on the fair value changes on the financial assets consisting mainly of listed equity investments and convertible bonds as compared to a significant net unrealized loss which adversely affected the corresponding interim results of the Group last year.

The information in this announcement are estimates based on the Board's preliminary assessment of the unaudited management accounts of the Group and such information has not been audited by the Company's auditors. The Company is still in the course of preparing the Group's interim results for the six months ended 30 September 2009.

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

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“Board”	the Board of directors of the Company
“Company”	China Water Affairs Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

As at the date of this announcement, the Board comprises two executive Directors, being Mr. Duan Chuan Liang and Mr. Li Ji Sheng, four non-executive Directors, being Mr. Wu Jiesi, Mr. Chen Guo Ru, Mr. Zhao Hai Hu and Mr. Zhou Wen Zhi, and four independent non-executive Directors, being Ms. Huang Shao Yun, Ms. Liu Dong, Mr. Chau Kam Wing and Mr. Ong King Keung.

By order of the Board
China Water Affairs Group Limited
Duan Chuan Liang
Chairman

Hong Kong, 6 October 2009

* *For identification purposes only*