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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 final results of the Group for the year ended 31 March 2010 will record a significant increase in profit as compared to the corresponding period in 2009.

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) the fair value gain on the financial assets consisting mainly of listed equity investments and convertible bonds as compared to the significant fair value and impairment losses which adversely affected the corresponding annual 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 final results for the year ended 31 March 2010.

**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, 7 April 2010

\* *For identification purposes only*