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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 and potential investors of the Company that the estimated loss of the Group for the six months ended 30 June 2011 might be substantially increased mainly contributed by loss on deemed partial disposal of an associate, share of results of associates and impairment loss recognised in respect of trade and other receivables.

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 2011, 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 shares of the Company.

By order of the Board
China Water Industry Group Limited
Wang De Yin
Chairman

Hong Kong, 23 August 2011

As at the date of this announcement, the board of directors of the Company comprises Mr. Wang De Yin, Mr. Yang Bin, Mr. Liu Feng, Mr. Lin Yue Hui, Mr. Tang Hui Ping and Ms. Chu Yin Yin, Georgiana, 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*