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**中國水業集團有限公司**  
**CHINA WATER INDUSTRY GROUP LIMITED**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock code: 1129)**

## **UNUSUAL PRICE MOVEMENT AND 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 (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and at the request of the Stock Exchange.

### **UNUSUAL PRICE MOVEMENT**

The board of directors (the “**Board**”) of the Company noted decrease in the trading price of the shares of the Company (the “**Shares**”) today. The Board is not aware of any reasons for such decrease in the trading price of the Shares. The Board confirms that, there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under rule 13.23 of the Listing Rules. The Board further confirms that, save as disclosed below in this announcement, the Board is not aware of any matter discloseable under the general obligation imposed by rule 13.09 of the Listing Rules, which is or may be of a price sensitive nature.

### **PROFIT WARNING**

The Board also wishes to inform shareholders and potential investors of the Company that the estimated loss of the Group attributable to the owners of the Company for the year ended 31 December 2011 might be substantially increased which is mainly contributed by finance costs, loss on deemed partial disposal of an associate of the Group, loss on reclassification from associate to available-for-sale investments, impairment loss recognized on trade and other receivables and on goodwill and share of results of associates of the Group.

As the Company is still in the process of compiling and finalizing the audited annual results of the Group for the year ended 31 December 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.**

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

Hong Kong, 16 March 2012

*As at the date of this announcement, the Board 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.*