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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 by China Water Affairs Group Limited (“**Company**” and together with its subsidiaries, “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Future Ordinance, Chapter 571, the Laws of Hong Kong.

Based on the preliminary unaudited consolidated management accounts of the Group for the six months ended 30 September 2014 (“**FP2014**”), the board of directors of the Company (“**Board**”) wishes to inform shareholders of the Company (“**Shareholders**”) and potential investors that the Group is expected to record a significant increase in the consolidated profit attributable to the owners of the Company for the FP2014, as compared to the consolidated profit attributable to the owners of the Company for the six months ended 30 September 2013 (“**FP2013**”) (being approximately HK\$156,711,000). The estimated increase in the Group’s consolidated profit for FP2014 (by approximately 50% over FP2013) is primarily attributable to continuous growth in revenue and profit generated by the Group’s water supply and sewage treatment operation and construction; and a significant increase in the fair value of the investment properties held by the Group.

The information contained in this announcement is only a preliminary assessment by the management of the Company based on currently available information and such information has not been audited or reviewed by the Company’s auditor. The Company is in the process of finalising the interim results of the Group for the FP2014 which are expected to be announced on 28 November 2014.

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

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

Hong Kong, 18 November 2014

As at the date of this announcement, the Board comprises three executive Directors, being Mr. Duan Chuan Liang, Ms. Ding Bin and Ms. Liu Yu Jie, four non-executive Directors, being Mr. Chen Guo Ru, Mr. Zhao Hai Hu, Mr. Zhou Wen Zhi and Mr. Makoto Inoue, and four independent non-executive Directors, being Ms. Huang Shao Yun, Ms. Liu Dong, Mr. Chau Kam Wing and Mr. Ong King Keung.

* *For identification purpose only*