



**CHINA WATER INDUSTRY GROUP'S TURNOVER
FOR 2007 SURGED BY 87.82% TO HK\$74.29 MILLION**

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**CAPTURE PROMISING OPPORTUNITIES
IN THE WATER INDUSTRY MARKET IN THE PRC**

(Hong Kong, 24 April 2008) – China Water Industry Group Limited (“China Water Industry” or the “Group”) (stock code: 1129) today announced its 2007 annual results.

For the year ended 31 December 2007, China Water Industry recorded turnover amounted to HK\$74.29 million, an increase of 87.82% against HK\$39.55 million in 2006. Gross profit for the year under review was HK\$20.65 million, 47.78% more than that of last year. Net loss of the year decreased significantly to HK\$15.67 million for the year, due to i) water and sewage treatment operations acquired are contributing positively to the Group’s overall financial results; ii) decrease in loss from discontinued operation; iii) net positive effect arising from fair value adjustment in derivative component and recognition of interest expense on the liability component of the convertible notes by the Group during the year; iv) increase in share based payment expenses for the granting of share options by the Group during the year. The Board of Directors did not recommend any final dividend payment for the year ended 31 December 2007 in order to reserve resources for future development.

Mr. Li Yugui, Chairman of China Water Industry, said, “2007 was a remarkable year for us because of the vital steps taken pushed forward our core business in water supply and sewage treatment businesses in the PRC. The Group sought opportunities to acquire water-related projects, and we are happy to see them contributing to our result.”

Mr. Li continued, “In order to focus the Group’s resources in the development of its core business in the water industry, the Group disposed 100% of its interest in the non-performing computer peripherals branch and closed the “TechnoMarine” branded watches image shop. The core business of the Group has been shifted completely to water related investment.”

Total revenue contributed from water related business reached HK\$59.69 million, already taken up 80.35% of the Group’s turnover in 2007. At present, the Group has already acquired 7 water supply plants and 4 sewage treatment facilities in the PRC. The aggregate water supply capacity is expected to reach 2.3 million tonnes per day, and the aggregate sewage treatment capacity is expected to be 100,000 tonnes per day. Meanwhile, the Group also signed MOU with total daily water supply capacity and sewage treatment capacity reached 2.4 million tonnes and 740,000 tonnes respectively. The Group’s footprints in water supply and sewage treatment industries is extended to cover Yichun City of Jiangxi Province, Yingtan City of Jiangxi Province, Jinan City of Shandong Province, Linyi City of Shandong Province, Jinxiang County and Liangshan County in Jining City of Shandong Province, Shangqiu City of Henan Province, Danzhou City of Hainan Province and Dangshan County of Anhui Province.

For providing an investment platform to fuel future acquisition in China Water Industry, the Group, through its wholly-owned subsidiary, entered into an agreement to acquire approximately 67.32% equity interest of iMerchants Limited (“iMerchant”), which is a specialist in securities and financial investment. iMerchant’s working capital is expected to generate promising investment opportunities that would have synergy effect with the Group’s existing investment.

Mr. Li continued, “The Chinese Government is pushing the need for water prices to be raised to a reasonable level to aid conservation and efficient use of supply. We believe that water-related industries, including urban water supply and sewage treatment industries, being regional monopoly public utilities with sufficient cash flow and less economic cycle fluctuation, will bring substantial and steady investment returns for the Group in the future.”

Looking ahead, with the strong support of the relevant authorities and local governments, the Group will continue to follow the investment strategy of acquiring well-developed water supply enterprises in large and medium-sized cities, as well as developing sewage treatment business in urban areas in the coming year. It is expected that the scale of the Group’s water business will achieve multiple growth on the existing foundation and bring substantial streams of revenue for the Group.

Mr. Zhong concluded, “Concentrated investment will enable the Group to expand its scale of business in the water industry, and sound operation will empower the Group to obtain long term and stable return. In the future, we will continue to explore water-related investment opportunities, look for merger and acquisition opportunities to generate better returns for our equity holders. Our ultimate aim is to become a star enterprise in the water industry of the PRC.”

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About China Water Industry Group Limited (stock code: 1129)

China Water Industry Group Limited is set to become a leader in China’s water investment and operation and management industry. The Group has been actively tapping the water industry in China during this year. Recently, the Group has progressively acquired all or part of the interests in the water supply and/or sewage treatment projects in Yichun County of Jiangxi Province, Yingtan City of Jiangxi Province, Dangshan County of Anhui Province, Jinan City of Shandong Province, Jinxiang County in Jining city of Shandong Province, Linyi City of Shandong Province, Shangqiu City of Henan Province and Danzhou City of Hainan Province. With a wealth of professional management team comprising experts of city construction and water infrastructure investment, operation and management, the Group has also forged close cooperative relationship with many leading water facilities construction and design enterprises in China.

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