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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 Group is expected to record a significant loss for the year ended 31 December 2009.

Such expected loss was mainly attributable to the change in fair value of convertible bonds, loss on deemed partial disposal of a subsidiary, net loss on disposal of available-for-sale investments and impairment loss recognized in respect of goodwill. As the Company is still in the process of compiling and finalizing the audited results of the Group for the year ended 31 December 2009, 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**  
**Li Yu Gui**  
*Chairman*

Hong Kong, 15 April 2010

*As at the date of this announcement, the board of directors of the Company comprises Mr. Li Yu Gui, Mr. Yang Bin, Mr. Liu Bai Yue, Ms. Chu Yin Yin, Georgiana and Mr. Li Wen Jun, 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*