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(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1129)

CLARIFICATION ANNOUNCEMENT REGARDING ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

The Board wishes to clarify and amend an inadvertent error in the Annual Report as set out in this announcement.

Reference is made to the annual report 2009 of China Water Industry Group Limited (the “**Annual Report**”) despatched to shareholders of China Water Industry Group Limited (the “**Company**”) on 30 April 2010. The board of directors of the Company (the “**Board**”) wishes to bring to the shareholders’ attention that due to an inadvertent error, the sub-total figure under the column “2009” at the bottom of consolidated statement of financial position of the Company as at 31 December 2009 on page 38 of the Annual Report was wrongly stated. Correct figure should be read as “1,596,209” instead of “1,569,209”.

The amended page 38 of the Annual Report should be read as follows:

	<i>Notes</i>	2009 <i>HK\$’000</i>	2008 <i>HK\$’000</i>
Non-current assets			
Property, plant and equipment	<i>15</i>	103,164	129,947
Prepaid lease payments	<i>16</i>	42,854	76,443
Concession intangible assets	<i>17</i>	416,718	608,726
Intangible asset	<i>18</i>	915,301	–
Goodwill	<i>19</i>	250,995	383,347
Available-for-sale investments	<i>20</i>	65,040	59,519
Interest in an associate	<i>21</i>	57,853	55,783
Deposit paid for acquisition of subsidiaries	<i>22</i>	50,901	–
		<hr/> 1,902,826 <hr/>	<hr/> 1,313,765 <hr/>

	<i>Notes</i>	2009 HK\$'000	2008 HK\$'000
Current assets			
Inventories	23	13,304	12,882
Trade and other receivables	24	74,600	105,910
Amounts due from customers for contract works	28	10,884	–
Amount due from a minority shareholder of a subsidiary	25	–	1,952
Prepaid lease payments	16	1,181	1,794
Cash held at financial institutions	26	212,474	13,170
Bank balances and cash	26	65,383	135,472
		<u>377,826</u>	<u>271,180</u>
Current liabilities			
Trade and other payables	27	138,959	209,215
Amounts due to customers for contract works	28	657	–
Bank borrowings – repayable within one year	29	33,017	32,716
Other loans – repayable within one year	30	33,813	42,395
Amounts due to minority shareholders of subsidiaries	31	8,258	105,802
Convertible bonds	35	466,739	–
Tax payables		3,000	3,587
		<u>684,443</u>	<u>393,715</u>
Net current liabilities		<u>(306,617)</u>	<u>(122,535)</u>
		<u>1,596,209</u>	<u>1,191,230</u>

By Order of the Board
China Water Industry Group Limited
Li Yu Gui
Chairman

Hong Kong, 30 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*