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)

POSITIVE PROFIT ALERT AND INSIDE INFORMATION

This announcement is made by China Water Industry Group Limited (the "**Company**", together with its subsidiaries as the "**Group**") in pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Future Ordinance (Chapter 571, Laws of Hong Kong) (the "**SFO**").

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform the shareholders (the "**Shareholders**") of the Company and potential investors that the Group is expected to record a net profit of not less than HK$60 million for the year ended 31 December 2016 (the "**FY2016**") as compared to a net loss of HK$70.60 million in 2015 (the "**FY2015**"). The Board considers that the aforesaid turnaround from loss to profit was principally attributable to: (i) a gross profit growth generated from renewable energy business and construction service business for water supply; (ii) the recent upturn in the financial market, resulting in a net gain on available-for-sale investments and financial assets at fair value through profit or loss recorded in FY2016; (iii) a realized gain on disposal of investment fund and listed equity securities; and (iv) increase in other operating income mainly arising from service income received from managed project, interest income and the government subsidy.

The Company is still in the process of finalising its annual results for the year ended 31 December 2016 (the "**Annual Results 2016**"). The information contained in this announcement is only a preliminary assessment by the management of the Company with reference to the unaudited consolidated management accounts of the Group for FY2016 which has neither been reviewed by the audit committee nor auditors of the Company and is subject to possible adjustments upon further review. Finalised Annual Results 2016 will be disclosed in the annual results announcement of the Group, which is expected to be published on 29 March 2017. Shareholders and potential investors are advised to read such results announcement carefully.

* *For identification purpose only*

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

By order of the Board
China Water Industry Group Limited
Wang De Yin
Chairman and Chief Executive Officer

Hong Kong, 9 March 2017

As at the date of this announcement, the Board comprises Mr. Wang De Yin, Mr. Lin Yue Hui, Mr. Liu Feng, Ms. Chu Yin Yin, Georgiana and Ms. Deng Xiao Ting, all being executive Directors, and Mr. Wong Siu Keung, Joe, Mr. Guo Chao Tian and Ms. Qiu Na, all being independent non-executive Directors.