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)

PROFIT WARNING

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 board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform the shareholders (the "**Shareholders**") of the Company and potential investors that based on the preliminary review of the unaudited management accounts for the six months ended 30 June 2017 (the "**2017 Interim Period**"), the Group expects to record a substantial net loss of not more than HK$50 million as compared to the net loss of HK$1.86 million recorded for the corresponding period in 2016 (the "**2016 Interim Period**"). Comparing with the 2016 Interim Period, the Board considers that the increase in net loss in the 2017 Interim Period was principally attributable to: (i) the unrealized fair value loss on equity investments at fair value through profit or loss; (ii) impairment loss recognized on available-for-sale financial assets ("**AFS**"); and (iii) a substantial decrease in gain on disposal of AFS.

The Company is still in the process of finalising its unaudited consolidated financial statements for the 2017 Interim Period. The information contained in this announcement is only based on preliminary assessment made by the Board with reference to the information currently available, which has not been reviewed or audited by the auditors of the Company and may be subject to change. Shareholders and potential investors are advised to refer to the details of the Group's financial results for the 2017 Interim Period, which are expected to be published before the end of August 2017.

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
Deng Jun Jie
Chairman

Hong Kong, 24 July 2017

As at the date of this announcement, the Board comprises Mr. Deng Jun Jie (Chairman), Mr. Lin Yue Hui (CEO), 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. Qui Na, all being independent non-executive Directors.

* *For identification purpose only*