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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 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 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 an approximately 80% to 90% decrease in net profit for the year ended 31 December 2017 (the "**FY2017**") as compared to a net profit of HK$84.90 million for the corresponding period of 2016 (the "**FY2016**").

Despite the Group recorded a gross profit growth generated from renewable energy business and an increase in other operating income mainly arising from upgrading landfill gas collection facilities project and refund of value added tax which made positive contributions to the Group's profit in 2017, the Group still recorded the decrease in net profit in FY2017 which was principally attributable to: (i) a realized loss on disposal of investment fund and listed equity securities; (ii) fair value loss on Group's financial assets; (iii) an increase in administrative expense and finance costs due to the acquisition and establishment new renewable energy companies; and (iv) a possible impairment loss provided on individual renewable energy projects.

The Company is still in the process of finalising its annual results for the FY2017. 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 the FY2017 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 of the Group for the FY2017 will be disclosed in the annual results announcement of the Group, which is expected to be published on 28 March 2018. 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
Deng Jun Jie
Chairman

Hong Kong, 13 March 2018

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. Qiu Na, all being independent non-executive Directors.