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 of directors of the Company (the "**Board**") is pleased to inform shareholders of the Company (the "**Shareholders**") and potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2018 (the "**First Half of 2018**") and the information currently available to the Board, it is expected that the Group may record a net profit of not less than HK$45 million for the First Half of 2018 as compared to the net loss of HK$41.50 million for the six months ended 30 June 2017 (the "**First Half of 2017**"). Comparing with the First Half of 2017, the Board considers that the turnaround from loss to profit are principally attributable to: (i) the revenue and gross profit growth generated from renewable energy business as certain renewable energy projects commenced operation in the First Half of 2018; (ii) an increase in other operating income arising from interest income and service income received from renewable energy project management; (iii) absence of impairment loss on available-for-sale financial assets which was recorded in the First Half of 2017; (iv) the gain in fair value change of financial assets held for trading in the First Half of 2018 as compared with a loss recorded in the First Half of 2017; and (v) sharing profit results from associates in the First Half of 2018 as compared to share a loss in the First Half of 2017. The effects of the aforesaid facts is expected to be partially offset by an increase in administrative expense and finance costs due to the acquisition and establishment new renewable energy companies.

The Company is still in the process of finalising its unaudited consolidated financial statements for the First Half of 2018. 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 First Half of 2018, which are expected to be published before the end of August 2018.

* *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, 7 August 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. Qui Na, all being independent non-executive Directors.