中國水業集團有限公司*
CHINA WATER INDUSTRY GROUP LIMITED

(Incorporated in the 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 "**SFO**").

The board (the "**Board**") of directors (the "**Directors**") of the Company 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 year ended 31 December 2020 (the "**FY2020**") and the information currently available to the Board, it is expected that the Group may record an unaudited consolidated net profit of about HK$110.00 million to HK$130.00 million for the FY2020 as compared to the audited consolidated net profit of approximately HK$178.73 million for the year ended 31 December 2019 (the "**FY2019**"), and accordingly there may be a slight loss to HK$20.00 million profit attributable to owners of the Company as compared to that of approximately HK$115.62 million in the FY2019.

Comparing with the FY2019, the Board considers that such decrease in profit in FY2020 was principally attributable to: (i) the absence of gain on disposal of associates of which the disposals were completed in 2019; (ii) the increase in finance cost for the expansion of property development and renewable energy business; (iii) the increase in provision of impairment loss on assets of certain renewable energy projects. The effects of the aforesaid facts are expected to be partially offset by an increase in other operating income arising from the provision of management service to building construction projects, the refund of value added tax, a decrease in both of the net loss on equity investments and administrative expenses.

* *For identification purpose only*

The Company is still in the process of finalising its annual results for the FY2020. 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 FY2020 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 FY2020 will be disclosed in the annual results announcement of the Group, which is expected to be published on 30 March 2021. Shareholders and potential investors are advised to read such results announcement carefully.

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
Mr. Zhu Yongjun
Chairman and Executive Director

Hong Kong, 19 March 2021

As at the date of this announcement, the Board comprises Mr. Zhu Yongjun (Chairman), Mr. Zhang Wei Guang (COO), Mr. Lin Yue Hui, Ms. Chu Yin Yin, Georgiana and Ms. Deng Xiao Ting, all being executive Directors, Mr. Ho Chi Ho being a non-executive Director and Mr. Wong Siu Keung, Joe, Mr. Lam Cheung Shing, Richard and Ms. Qiu Na all being independent non-executive Directors.