

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



*(Incorporated in the Cayman Islands with limited liability)  
(Stock code: 1129)*

## **ANNOUNCEMENT AND RESUMPTION OF TRADING**

The Board has noted today's increases in the price and trading volume of the shares of the Company and wishes to state that it is not aware of any reasons for such increases save for the Proposed Acquisition.

This announcement is made at the request of The Stock Exchange of Hong Kong Limited pursuant to Rule 13.10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The Board has noted the increase in the price and trading volume of the shares of the Company today and wish to state that it is not aware of any reasons for such an increase in price and trading volume save that the Company is currently in discussions with Boost Skill Investments Limited, a connected person of the Company as being a substantial shareholder of the Company, in respect of the proposed acquisition of a controlling interest in Onfar International Limited (the "Proposed Acquisition") and other potential investment projects in water supply and water-related industries in the People's Republic of China. Discussions on the Proposed Acquisition commenced after Chinese New Year, the Company currently owns a 40% equity interest in Onfar International Limited following the completion of the acquisition as disclosed in the Company's announcement dated 5th October, 2006 and its circular dated 27th October, 2006. However, up to the date of this announcement, no document has been signed by the parties in respect of the Proposed Acquisition and other potential investment projects. The Proposed Acquisition, if materialises, may constitute a notifiable transaction for the Company under the Listing Rules. The Company will comply with the relevant requirements under the Listing Rules as and when appropriate. Further announcement will be also made by the Company regarding the development of the Proposed Acquisition and other potential investment projects as and when appropriate.

Save as disclosed above, the Board also confirms that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

**Shareholders and/or investors should note that the Proposed Acquisition and other potential investment projects may or may not proceed and that no formally binding document has been executed. Accordingly, shareholders of the Company are therefore advised to exercise caution when trading in the Company's shares.**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 2:30 p.m. on Monday, 26th February, 2007 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on Tuesday, 27th February, 2007.

By Order of the Board  
**China Water Industry Group Limited**  
**Chu Yin Yin, Georgiana**  
*Executive Director*

Hong Kong, 26th February, 2007

\* for identification purpose only

*As at the date of this announcement, the board of directors of the Company comprises Mr. Wang Chia Chin, Mr. Sze Chun Ning, Vincent, Mr. Shi De Mao, Ms. Chu Yin Yin, Georgiana, Mr. Zhong Wen Sheng, Mr. Wang Xiao Bo and Mr. Liu Bai Yue, all being the executive directors, Mr. Huang Yuan Wen and Mr. Pan Shi Ying, all being the non-executive directors and Mr. Chang Kin Man, Mr. Wu Tak Lung and Mr. Gu Wen Xuan, all being the independent non-executive directors.*