



(formerly known as Sky Hawk Computer Group Holdings Limited)
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1129)

(1) PLACING AND SUBSCRIPTION OF SHARES AND (2) RESUMPTION OF TRADING

PLACING AGENT



FIRST SHANGHAI SECURITIES LIMITED

Placing and Subscription of Shares

On 31st January 2007, the Company and the Vendors entered into the Placing and Subscription Agreement with the Placing Agent pursuant to which the Placing Agent agreed on a best effort basis to place up to 230,000,000 existing Shares at the Placing Price of HK\$0.49 per Placing Share on behalf of the Vendors to placees who will be third parties independent of the Group and its connected persons. A further announcement will be made once the final numbers placed have been finalised.

Under the Placing and Subscription Agreement, the Vendors have agreed to subscribe for up to 230,000,000 Subscription Shares (or a pro rated amount in the event that the Placing is not fully placed), which are equal to the number of Placing Shares that is placed under the Placing. The Subscription is conditional upon (i) the granting of approval for the listing of, and permission to deal in, the Subscription Shares by the Listing Committee of the Stock Exchange; (ii) the completion of the Placing; and (iii) if necessary, the Cayman Islands Monetary Authority granting the consent to the allotment and issue of the Subscription Shares. An application will be made to the Listing Committee of the Stock Exchange for granting approval for the listing of, and permission to deal in, the Subscription Shares.

The Placing Price represents (i) a discount of 7.55% to the closing price of HK\$0.530 per Share as quoted on the Stock Exchange on 30th January 2007, being the last trading day immediately before the date of the Placing and Subscription Agreement and the last trading day before the terms of the Placing and the Subscription were fixed; (ii) a discount of approximately 9.59% to the average of the closing prices of approximately HK\$0.542 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 31st January 2007; and (iii) a premium of approximately 358.13% over net asset value per Share of approximately HK\$0.107 as at 31st December 2005 as shown in the audited consolidated balance sheet of the Group made up to 31st December 2005.

The Placing Price was arrived at after arm's length negotiations among the Company, the Vendors and the Placing Agent with reference to the closing price as shown above. The Directors consider that the Placing Price and the terms of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Placing Shares represent 19.76% of the existing issued share capital of the Company. The Subscription Shares represent approximately 16.49% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Shares are to be issued under the General Mandate.

Assuming full placing of the Placing Shares, the net proceeds of the Subscription of approximately HK\$109,300,000 will be applied as to HK\$95,000,000 by the Group for further expansion of its business in water supply and water-related industries in Mainland China and the balance for general working capital of the Group.

Resumption of trading

At the request of the Company, trading in the Shares has been suspended with effect from 2:30 p.m. on 31st January 2007 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 2nd February 2007.

PLACING AND SUBSCRIPTION AGREEMENT

Pursuant to the Placing and Subscription Agreement, the Placing Agent has on a best efforts basis agreed to place up to 230,000,000 existing Shares at the Placing Price on behalf of Vendors. On the business day next following the fulfillment of all the conditions of the Subscription, the Company will allot and issue up to 230,000,000 new Shares to the Vendors, which is equal to the number of Placing Shares that they placed under the Placing, at the Subscription Price. Details of the Placing and the Subscription are set out below.

I. Placing

The Vendors

Boost Skill, Favor Jumbo and Sure Ability currently hold 180,000,000, 130,150,000 and 55,000,000 Shares or approximately 15.46%, 11.18% and 4.72% of the existing issued share capital of the Company respectively.

The Placing Agent

First Shanghai Securities Limited has been appointed to place the Placing Shares on a best efforts basis and will receive a placing commission of 3% of the aggregate Placing Price of the number of Placing Shares actually placed. The placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent. The Placing Agent and its ultimate beneficial owner(s) are third parties independent of the Group and its connected persons.

The Placees

The Placing Shares shall be placed to not less than 6 individual placees. The placees and their ultimate beneficial owners shall not be connected persons of the Company and shall be third parties independent of the Group and its connected persons. The placees and their ultimate beneficial owners shall also be third parties independent of the Vendors and their associates. The placees and their ultimate beneficial owners shall be independent of and not connected with other placees and their ultimate beneficial owners. No placees will become substantial Shareholders as a result of the Placing.

Number of Placing Shares

The number of Placing Shares shall be up to 230,000,000 Shares. The Placing Shares represent 19.76% of the existing issued share capital of the Company and approximately 16.49% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Placing Price

The Placing Price of HK\$0.49 per Placing Share represents:

- (i) a discount of 7.55% to the closing price of HK\$0.530 per Share as quoted on the Stock Exchange on 30th January 2007, being the last trading day immediately before the date of the Placing and Subscription Agreement and being the last trading day before the terms of the Placing and the Subscription were fixed;
- (ii) a discount of approximately 9.59% to the average of the closing prices of approximately HK\$0.542 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 31st January 2007; and
- (iii) a premium of approximately 358.13% over net asset value per Share of approximately HK\$0.107 as at 31st December 2005 as shown in the audited consolidated balance sheet of the Group made up to 31st December 2005.

The Placing Price was arrived at after arm's length negotiations among the Company, the Vendors and the Placing Agent with reference to the closing prices as at 30th January 2007 and 31st January 2007 as shown in (i) and (ii) above. The Directors consider that the Placing Price and the terms of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Rights

The Placing Shares will be sold free of any liens, charges, encumbrances and other third party rights.

Completion of the Placing

The Placing is unconditional. Completion of the Placing is expected to take place on the Business Day immediately after the date of the Placing and Subscription Agreement, or such other time as the Vendors and the Placing Agent shall agree. Under the Placing and Subscription Agreement, the Placing Shares will be placed by the Placing Agent to not less than 6 placees who will be third parties independent of the Group and its connected persons on a best efforts basis.

II. Subscription

The Issuer

The Company

The Subscribers

Boost Skill is, as at the date of this announcement, interested in approximately 15.46% of the existing issued share capital of the Company. Of the total number of Placing Shares to be placed under the Placing, 45,000,000 Shares will be from Boost Skill. Following the completion of the Placing, the Subscription will increase the total number of Shares held by Boost Skill to 180,000,000 representing 12.91% of the enlarged issued share capital of the Company.

Favor Jumbo is, as at the date of this announcement, interested in approximately 11.18% of the existing issued share capital of the Company. Of the total number of Placing Shares to be placed under the Placing, 130,000,000 Shares will be from Favor Jumbo. Following the completion of the Placing, the Subscription will increase the total number of Shares held by Favor Jumbo to 130,150,000 representing 9.33% of the enlarged issued share capital of the Company.

Sure Ability is, as at the date of this announcement, interested in approximately 4.72% of the existing issued share capital of the Company. Of the total number of Placing Shares to be placed under the Placing, 55,000,000 Shares will be from Sure Ability. Following the completion of the Placing, the Subscription will increase the total number of Shares held by Sure Ability to 55,000,000 representing 3.94% of the enlarged issued share capital of the Company.

None of the Vendors has priority over the other if less than 230,000,000 Shares are placed pursuant to the Placing with the number of Shares actually placed to be pro rated between the Vendors.

Number of Subscription Shares

The number of Subscription Shares shall be equivalent to the number of Shares placed pursuant to the Placing. Assuming all the 230,000,000 Placing Shares has been placed, the Subscription Shares represent 19.76% of the existing issued share capital of the Company and approximately 16.49% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Subscription Price

The subscription price is HK\$0.49 per Subscription Share, which is equivalent to the Placing Price. In line with the market practice, the Company will bear all costs and expenses of the Subscription and will reimburse the Vendors all costs and expenses incurred by them in respect of the Placing because it is the fund raising conducted by the Company. Based on the estimated expenses for the Placing and the Subscription, the net subscription price is approximately HK\$0.475 per Share.

Rights

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Mandate to issue the Subscription Shares

The Subscription Shares are to be issued under the General Mandate. Under the General Mandate, up to 232,900,000 Shares, representing 20% of the issued Shares as at the date of the extraordinary general meeting of the Company held on 18th December 2006, may be issued by the Company. As at 18th December 2006, the date of the passing of the resolution to grant the General Mandate, the issued share capital of the Company was 1,164,500,000 Shares. As at the date of this announcement, no Shares have been issued under the General Mandate and the issued share capital of the Company is 1,164,500,000 Shares.

Conditions of the Subscription

The Subscription is conditional upon the following conditions having been fulfilled on or before 28th February 2007 (or such other date as may be agreed between the Company and the Vendors):

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant approval for the listing of, and permission to deal in, the Subscription Shares;
- (ii) the completion of the Placing pursuant to the Placing and Subscription Agreement; and
- (iii) if necessary, the Cayman Islands Monetary Authority granting the consent to the allotment and issue of the Subscription Shares.

In the event that the conditions of the Subscription are not fulfilled in full by the date stipulated, neither the Company nor the Vendors shall have any obligations and liabilities under the Subscription.

Completion of the Subscription

Completion of the Subscription will take place on the business day next following the fulfillment of the conditions of the Subscription. The Subscription must be completed and the Subscription Shares must be issued on or before 14 February 2007, being 14 days from the date of the Placing and Subscription Agreement or such other time as the Company and the Vendors shall agree. If Shares are allotted and issued to the Vendors after 14th February 2007, the Company is required to comply with the requirements of Chapter 14A of the Listing Rules including, but not limited, to the issue of a separate announcement and obtaining approval of the independent Shareholders.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

CHANGES OF SHAREHOLDING STRUCTURE

The changes of the shareholding structure of the Company as a result of the Placing and the Subscription, assuming all the Placing Shares are sold in full, are as follows:

Shareholder	Shareholding at the date of this announcement and immediately before completion of the Placing and the Subscription		Shareholding immediately after completion of the Placing but before completion of the Subscription		Shareholding immediately after completion of the Placing and the Subscription	
		%		%		%
Boost Skill Investments Limited	180,000,000	15.46	135,000,000	11.59	180,000,000	12.91
Favor Jumbo Investments Limited	130,150,000	11.18	150,000	0.01	130,150,000	9.33
Sure Ability Limited	55,000,000	4.72	-	0	55,000,000	3.94
Wang Chia Chin* and his associate	20,544,000	1.76	20,544,000	1.76	20,544,000	1.47
Public Shareholders						
Places	-	0	230,000,000	19.76	230,000,000	16.49
Other Shareholders	778,806,000	66.88	778,806,000	66.88	778,806,000	55.86
	<u>1,164,500,000</u>	<u>100.00</u>	<u>1,164,500,000</u>	<u>100.00</u>	<u>1,394,500,000</u>	<u>100.00</u>

* a Director

REASONS FOR THE PLACING AND SUBSCRIPTION

The Group is principally engaged in the manufacture and sale of high-end aluminum chassis as well as certain middle-to-low-end computer related products, such as iron computer chassis and power supply and trading of watches and accessories. The Group currently focuses on its business in water supply and other water-related industries in Mainland China.

The Board considers that it is beneficial to the Company and the Shareholders as a whole to raise capital by way of the Placing and the Subscription as it will broaden the capital and shareholder base of the Company and thereby increasing the liquidity of the Shares.

The net proceeds of the Subscription of approximately HK\$109,300,000 will be applied as to HK\$95,000,000 for further expansion of the Group's business in water supply and water-related industries in Mainland China by way of new acquisition(s) and the balance for general working capital of the Group. Currently, the Group has not targeted any such new projects.

With respect to the acquisition of 安徽省颯山水業有限公司 (Anhui Dang Shan Water Industry Company Limited*) as announced by the Company on 20th October 2006, completion took place on 29th December 2006 with the financing of that transaction coming from Mr. Su Li Xiang and Mr. Liu Yun Chang, the vendors to that transaction.

With respect to the acquisition of 濟寧市海源水務有限公司 (Jining City Haiyuan Water Treatment Company Limited*) as announced by the Company on 4th December 2006, completion took place on 29th December 2006 with the financing of that transaction coming from Mr. Zhang Zheng Gang, the vendor to that transaction.

The Directors consider that the Placing and Subscription Agreement are entered into upon normal commercial terms following arm's length negotiations among the Company, the Vendors and the Placing Agent and that the terms of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Group has not conducted any fund raising activities during the 12 months immediately preceding the date of this announcement.

STATUS ON CHANGE OF COMPANY NAME

On 18th December 2006, a Certificate of Incorporation on Change of Company Name was issued by the Registrar of Companies in the Cayman Islands and the change of company name became effective on that date. The Company is currently carrying out the necessary filing procedures with the Registrar of Companies in Hong Kong, and expects that the administrative matters will be completed within 1 month from the date of this announcement. A further announcement will be made once the administrative filings have been completed and the new short stock trading name changed.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended with effect from 2:30 pm. on 31st January 2007 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 2nd February 2007.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

"Board"	the board of Directors
"Boost Skill"	Boost Skill Investments Limited, a Shareholder of the Company and is not a connected person of the Company or related to any connected person(s) of the Company
"Company"	China Water Industry Group Limited (formerly known as Sky Hawk Computer Group Holdings Limited), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange
"connected person(s)"	has the meaning ascribed to this term under the Listing Rules
"Directors"	directors of the Company
"Favor Jumbo"	Favor Jumbo Investments Limited, a company beneficially wholly-owned by Mr. Wang Xiao Bo, an Executive Director
"General Mandate"	the general mandate to allot, issue and deal with Shares granted to the Directors by the Shareholders by a resolution passed at the extraordinary general meeting of the Company held on 18th December 2006
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Placing"	the placing of the Placing Shares by the Placing Agent on behalf of the Vendors pursuant to the Placing and Subscription Agreement
"Placing Agent"	First Shanghai Securities Limited
"Placing and Subscription Agreement"	the conditional placing and subscription agreement dated 31st January 2007 and entered into among the Vendors, the Company and the Placing Agent in respect of the Placing and the Subscription
"Placing Price"	the placing price of HK\$0.49 per Placing Share
"Placing Shares"	up to 230,000,000 Shares beneficially owned by the Vendors and which will be placed by the Placing Agent on behalf of the Vendors pursuant to the Placing and Subscription Agreement
"Share(s)"	ordinary share(s) of HK\$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Subscription"	the subscription for the Subscription Shares by the Vendors pursuant to the Placing and Subscription Agreement
"Subscription Shares"	up to 230,000,000 Shares for which the Vendors have conditionally agreed to subscribe up to 230,000,000 Shares pursuant to the Placing and Subscription Agreement
"Sure Ability"	Sure Ability Limited, a company beneficially wholly-owned by Mr. Sze Chun Ning, Vincent, an Executive Director
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendors"	collectively Boost Skill, Favor Jumbo and Sure Ability
"HK\$"	Hong Kong dollars, the lawful currency for the time being of Hong Kong
"%"	per cent.

By Order Of The Board
Chu Yin Yin, Georgiana
Executive Director

Hong Kong, 1st 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.