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

**ANNOUNCEMENT  
UPDATE IN RELATION TO  
CONVERTIBLE BONDS ISSUED IN 2007**

The Company announces that redemption notices have been received from certain Bondholders for the exercise of the Put Right.

The Company refers to its announcement (“Announcement”) dated 31 July 2007 in relation to the issue of the Convertible Bonds in aggregate principal amount of HK\$385,000,000.

Capitalised terms used herein shall have the same meaning as in the Announcement.

Pursuant to the terms of the Convertible Bonds and as stated in the Announcement, Bondholders shall have the right (“Put Right”) to require the Company to redeem all of their Convertible Bonds on 3 August 2010 at 132.2076% of the principal amount together with interest accrued.

The Company announces that it has received notice from certain Bondholders for the exercise of their Put Right in relation to an aggregate amount of HK\$260,000,000 of face value of the Convertible Bonds. Accordingly, such Convertible Bonds shall be redeemed and the certificates cancelled upon redemption.

By order of the board  
**China Water Industry Group Limited**  
**Li Yu Gui**  
*Chairman*

Hong Kong, 10 June 2010

*As at the date of this announcement, the board of directors of the Company comprises Mr. Li Yu Gui, Mr. Yang Bin, Mr. Liu Bai Yue, Ms. Chu Yin Yin, Georgiana and Mr. Li Wen Jun, all being executive Directors, and Mr. Chang Kin Man, Mr. Wu Tak Lung and Mr. Gu Wen Xuan, all being independent non-executive Directors.*

\* *for identification purpose only*