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*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1129)**

## **COMPLETION OF TOP-UP PLACING AND TOP-UP SUBSCRIPTION**

The Board is pleased to announce that all conditions set out in the Top-up Placing and Subscription Agreement have been fulfilled and the Top-up Subscription was completed on 12 August 2010 in accordance with the terms and conditions of the Top-up Placing and Subscription Agreement. An aggregate of 265,476,000 Top-up Subscription Shares, representing approximately 8.93 % of the issued share capital of the Company as at the date of this announcement, were issued to the Vendor.

Reference is made to the announcement of the Company dated 9 August 2010 (the “**Announcement**”) in relation to the Top-up Placing, Top-up Subscription and New Placing under the General Mandate. Capitalised terms used in this announcement shall have the same meanings as defined in the Announcement unless otherwise stated.

The Board is pleased to announce that all conditions set out in the Top-up Placing and Subscription Agreement have been fulfilled and the Top-up Subscription was completed on 12 August 2010 in accordance with the terms and conditions of the Top-up Placing and Subscription Agreement. An aggregate of 265,476,000 Top-up Placing Shares have been successfully placed to not fewer than six Placees, who and whose ultimate beneficial owners are not connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules), at the Top-up Placing Price of HK\$0.108 per Top-up Placing Share and an aggregate of 265,476,000 Top-up Subscription Shares, representing approximately 8.93% of the issued share capital of the Company as at the date of this announcement, have been issued and allotted to the Vendor at the Top-up Subscription Price of HK\$0.108 per Top-up Subscription Share.

As at the date of this announcement and after completion of the Top-up Subscription, there are 2,971,855,000 Shares in issue and the Vendor is interested in 265,479,000 issued Shares, representing approximately 8.93% of the issued share capital of the Company.

The table below set out the changes to the shareholding structure of the Company as a result of completion of the Top-up Subscription:

	Immediately before the Top-up Placing and the Top-up Subscription		Immediately after the Top-up Placing but before the Top-up Subscription		Immediately after the Top-up Placing and the Top-up Subscription	
	Shares	Approximate %	Shares	Approximate %	Shares	Approximate %
The Vendor	265,479,000	9.81	3,000	0.00	265,479,000	8.93
Favor Jumbo (Note 1)	130,000,000	4.80	130,000,000	4.80	130,000,000	4.37
Sure Ability (Note 1)	55,000,000	2.03	55,000,000	2.03	55,000,000	1.85
Ms. Chu Yin Yin, Georgiana (Note 2)	5,432,000	0.20	5,432,000	0.20	5,432,000	0.18
Public: Placees of the Top-up Placing	–	0.00	265,476,000	9.81	265,476,000	8.93
Other public Shareholders	<u>2,250,468,000</u>	<u>83.16</u>	<u>2,250,468,000</u>	<u>83.16</u>	<u>2,250,468,000</u>	<u>75.74</u>
Total	<u><u>2,706,379,000</u></u>	<u><u>100.00</u></u>	<u><u>2,706,379,000</u></u>	<u><u>100.00</u></u>	<u><u>2,971,855,000</u></u>	<u><u>100.00</u></u>

Notes:

1. Favor Jumbo Investment Limited (“Favor Jumbo”) and Sure Ability Limited (“Sure Ability”) are wholly owned subsidiaries of the Vendor.
2. An executive Director of the Company.

By Order of the Board  
**China Water Industry Group Limited**  
**Li Yu Gui**  
*Chairman*

Hong Kong, 12 August 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