

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim 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)

**SUPPLEMENTAL BOT AGREEMENT
IN RELATION TO
FURTHER INVESTMENT IN SEWAGE TREATMENT PLANT BY
JINING CITY HAIYUAN WATER TREATMENT COMPANY LIMITED***

References are made to the announcement of China Water Industry Group Limited (“**Company**”) dated 4 December 2006 and the circular of the Company dated 22 December 2006 in relation to the acquisition of 70% of Jining City Haiyuan Water Treatment Company Limited* (濟寧市海源水務有限公司) (“**Jining Haiyuan**”). Jining Haiyuan is a 70% owned subsidiary of the Company and is engaged in the investment of a sewage treatment plant (“**Plant**”) with a daily sewage treatment volume of 30,000 tonnes in Jinxiang county, Jining city.

Jinxiang county is famous of being the home of garlic in the People’s Republic of China (“**PRC**”), the volume of sewage treatment and standards of discharged water quality have been increasing with the economic growth in the region. Therefore, on 31 August 2010, Jining Haiyuan entered into a supplemental build operate transfer agreement with the government of Jinxiang county, Jining city (“**Supplemental BOT Agreement**”). Pursuant to the Supplemental BOT Agreement, Jining Haiyuan shall further invest in the expansion and upgrades of the Plant (“**Project**”) such that the discharged water quality shall improve from grade 1B standard to grade 1A standard in the PRC and the sewage charges shall increase from Reminbi 0.80 to Reminbi 1.19 per tonne, Jinxiang county government has also agreed to grant exemptions from various administrative charges. The Project is expected to be completed and the Plant to commence operation on or before 31 December 2010. The directors of the Company consider the Project beneficial to the Company.

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

Hong Kong, 1 September 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*