


Monthly Return of Equity Issuer on Movements in Securities
For the month ended (dd/mm/yyyy): 31/8/2010

To: Hong Kong Exchanges and Clearing Limited

 Name of Issuer 1129 China Water Industry Group Limited

 Date Submitted 7/9/2010

I. Movements in Authorised Share Capital

1. Ordinary Shares

(1) Stock code: <u>1129</u>	Description: <u>Ordinary Shares</u>		
		No. of ordinary shares	Par value (State currency)
			Authorised share capital (State currency)
Balance at close of preceding month		<u>8,000,000,000</u>	<u>HK\$0.10</u>
Increase/(decrease)		<u>N/A</u>	<u>N/A</u>
Balance at close of the month		<u>8,000,000,000</u>	<u>HK\$0.10</u>
(2) Stock code: <u>N/A</u>	Description: _____		
		No. of ordinary shares	Par value (State currency)
			Authorised share capital (State currency)
Balance at close of preceding month		_____	_____
Increase/(decrease)		_____	_____
Balance at close of the month		_____	_____

2. Preference Shares

Stock code:	1129	Description:	Convertible Preference Shares		
			No. of preference shares	Par value (<i>State currency</i>)	Authorised share capital (<i>State currency</i>)
Balance at close of preceding month			2,000,000,000	HK\$0.10	HK\$200,000,000
Increase/(decrease)			-		-
Balance at close of the month			2,000,000,000	HK\$0.10	HK\$200,000,000

3. Other Classes of Shares

Stock code:	N/A	Description:			
			No. of other classes of shares	Par value (<i>State currency</i>)	Authorised share capital (<i>State currency</i>)
Balance at close of preceding month					
Increase/(decrease)					
Balance at close of the month					

Total authorised share capital at the end of the month (*State currency*):**HK\$1,000,000,000**

Warrants to Issue Shares of the Issuer which are to be Listed

Description of warrants (Date of expiry – dd/mm/yyyy)	Currency of nominal value	Nominal value at close of preceding month	Exercised during the month	Nominal value at close of the month	No. of new shares of issuer issued during the month pursuant thereto	No. of new shares of issuer which may be issued pursuant thereto as at close of the month
1. N/A						
(/ /)						
Stock code (if listed)						
Class of shares issuable (Note 1)						
Subscription price						
EGM approval date (if applicable) (dd/mm/yyyy)		(/ /)				
2. N/A						
(/ /)						
Stock code (if listed)						
Class of shares issuable (Note 1)						
Subscription price						
EGM approval date (if applicable) (dd/mm/yyyy)		(/ /)				
3. N/A						
(/ /)						
Stock code (if listed)						
Class of shares issuable (Note 1)						
Subscription price						
EGM approval date (if applicable) (dd/mm/yyyy)		(/ /)				
4. N/A						
(/ /)						
Stock code (if listed)						
Class of shares issuable (Note 1)						
Subscription price						
EGM approval date (if applicable) (dd/mm/yyyy)		(/ /)				
Total B. (Ordinary shares)					N/A	
(Preference shares)					N/A	
(Other class)					N/A	

Any other Agreements or Arrangements to Issue Shares of the Issuer which are to be Listed, including Options (other than under Share Option Schemes)

Full particulars including EGM approval date (dd/mm/yyyy), if applicable, and class of shares issuable:	No. of new shares of issuer issued during the month pursuant thereto	No. of new shares of issuer which may be issued pursuant thereto as at close of the month
1. N/A <hr/> <hr/> <div style="text-align: right;">(/ /)</div> shares (<i>Note 1</i>)		
2. N/A <hr/> <hr/> <div style="text-align: right;">(/ /)</div> shares (<i>Note 1</i>)		
3. N/A <hr/> <hr/> <div style="text-align: right;">(/ /)</div> shares (<i>Note 1</i>)		
<hr/>		
Total D. (Ordinary shares)		
(Preference shares)		
(Other class)		

Other Movements in Issued Share Capital

Type of Issue				No. of new shares of issuer issued during the month pursuant thereto	No. of new shares of issuer which may be issued pursuant thereto as at close of the month	
1. Rights issue	At price:	State currency	Class of shares issuable <i>(Note 1)</i> Issue and allotment date: (/ /) (dd/mm/yyyy) EGM approval date: (/ /) (dd/mm/yyyy)	N/A	N/A	
2. Open offer	At price:	State currency	Class of shares issuable <i>(Note 1)</i> Issue and allotment date: (/ /) (dd/mm/yyyy) EGM approval date: (/ /) (dd/mm/yyyy)	N/A	N/A	
3. Placing	At price:	State currency	Class of shares issuable <i>(Note 1)</i> HK\$ 0.108	Ordinary Shares Issue and allotment date: (12/8/2010) (dd/mm/yyyy) AGM approval date: (3/6/2010) (dd/mm/yyyy)	265,476,000	265,476,000
4. Bonus issue			Class of shares issuable <i>(Note 1)</i> Issue and allotment date: (/ /) (dd/mm/yyyy) EGM approval date: (/ /) (dd/mm/yyyy)	N/A	N/A	

Type of Issue				No. of new shares of issuer issued during the month pursuant thereto	No. of new shares of issuer which may be issued pursuant thereto as at close of the month
5. Scrip dividend	At price:	State currency	Class of shares issuable <i>(Note 1)</i> Issue and allotment date: (/ /) (dd/mm/yyyy) EGM approval date: (/ /) (dd/mm/yyyy)	N/A	N/A
6. Repurchase of shares			Class of shares repurchased <i>(Note 1)</i> Cancellation date: (/ /) (dd/mm/yyyy) EGM approval date: (/ /) (dd/mm/yyyy)	N/A	N/A
7. Redemption of shares			Class of shares redeemed <i>(Note 1)</i> Redemption date: (/ /) (dd/mm/yyyy) EGM approval date: (/ /) (dd/mm/yyyy)	N/A	N/A
8. Consideration issue	At price:	State currency	Class of shares issuable <i>(Note 1)</i> Issue and allotment date: (/ /) (dd/mm/yyyy) EGM approval date: (/ /) (dd/mm/yyyy)	N/A	N/A

Type of Issue		No. of new shares of issuer issued during the month pursuant thereto	No. of new shares of issuer which may be issued pursuant thereto as at close of the month
9. Capital reorganisation	Class of shares issuable _____ <i>(Note 1)</i> Issue and allotment date: (/ /) (dd/mm/yyyy) EGM approval date: (/ /) (dd/mm/yyyy)	N/A	N/A
10. Other (Please specify)	At price: _____ State currency _____ Class of shares issuable _____ <i>(Note 1)</i> Issue and allotment date: (/ /) (dd/mm/yyyy) EGM approval date: (/ /) (dd/mm/yyyy)	N/A	N/A
Total E. (Ordinary shares)		265,476,000	
(Preference shares)		N/A	
(Other class)		N/A	

Total increase/(decrease) in ordinary shares during the month (i.e. Total of A to E):	(1)	265,476,000
	(2)	N/A
Total increase/(decrease) in preference shares during the month (i.e. Total of A to E):		N/A
Total increase/(decrease) in other classes of shares during the month (i.e. Total of A to E):		N/A
<i>(These figures should be the same as the relevant figures under II above (“Movements in Issued Share Capital”).)</i>		

Remarks (if any):

Note 1: The aggregate principal amount of HK\$40,000,000 of Convertible Bonds had been redeemed by the Company in cash.

Note 2: According to the announcement dated 9 August 2010, the Company entered into New Placing Agreement (“Agreement”) with the Placing Agent to place up to 275,796,000 New Placing Shares at HK\$0.108 per new share on a best effort basis. The New Placing Shares will be issued under the General Mandate which was granted by the Shareholders passed at the Annual General Meeting. Up to the date of Monthly Return, the New Placing has not been completed. Pursuant to the Agreement, the completion of New Placing should not be later than 30 September 2010 or such other date which may be agreed between the Company and the Placing Agent.

Note 3: According to the announcement dated 13 August 2010, the total consideration payable by the Company in respect of the Existing Bonds held by the Majority investors is approximately HK\$403 million comprising of HK\$66 million in cash payable in installments and New Bonds of HK\$337 million (including HK\$175 million of Repurchase Bonds). The New Bonds of HK\$337 million will be issued in exchange for the Existing Bonds held by the Majority Investors subject to the Specific Mandate having been duly approved by the shareholders of the Company on 20 September, 2010. Assuming full conversion of the New Bonds (including the Repurchase Bonds) at the initial conversion price of HK\$0.15 per Share, the New Bonds will be convertible into 2,246,666,666 Shares (including Repurchase Bonds of 1,166,666,666 Shares), representing 75.6% of the issued share capital of the Company as at the date of this Monthly Return. The Company has obligation to repurchase HK\$175 million of New Bonds in cash from the Majority Investors. The relevant Repurchase Bonds will be cancelled following settlement of each repurchase by the Company. The conversion period is after 15 October 2010 up to the maturity date on 16 August 2012.

Submitted by: Chu Yin Yin, Georgiana

Title: Executive Director
(Director, Secretary or other duly authorised officer)

Notes:

1. *State the class of shares (e.g. ordinary, preference or other).*
2. *If there is insufficient space, please append the prescribed continuation sheet.*