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中國水業集團有限公司*
CHINA WATER INDUSTRY GROUP LIMITED

(Incorporated in Cayman Islands with limited liability)

(Stock code: 1129)

ANNOUNCEMENT PURSUANT TO RULE 13.09 OF THE LISTING RULES

TERMINATION AGREEMENT

Reference is made to the Announcement.

On 10 February 2012, Super Sino (an indirect wholly-owned subsidiary of the Company) and Dang Shan County Water Bureau entered into the Agreement in relation to the Capital Injection by Dang Shan County Water Bureau.

Since the signing of the Agreement, certain negotiations in relation to further investment in and development of Dang Shan have been made between the parties. As no conclusion could be mutually agreed upon by both parties, Super Sino and Dang Shan County Water Bureau entered into a termination agreement to terminate the Agreement on 22 September 2014 with immediate effect.

THE DISPOSAL

Reference is made to the Super Sino Disposal Announcement.

As mentioned in the Super Sino Disposal Announcement, disposal of the entire equity interest of Dang Shan is one of the conditions precedents for disposal of Super Sino. Accordingly, the Company announces that Super Sino, as the vendor, and Dang Shan Construction Investment Limited Co., as the Purchaser, entered into the Sale Agreement on 22 September 2014 in relation to the Disposal for a consideration of RMB1. Upon completion of the Disposal, Dang Shan will cease to be a wholly-owned foreign enterprise of Super Sino and a subsidiary of the Company.

INTRODUCTION

This announcement is made by China Water Industry Group Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) in pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

* For identification purpose only

Reference is made to the announcement of the Company dated 10 February 2012 (the “**Announcement**”). Unless otherwise stated, terms defined in the Announcement shall have the same meanings when used in this announcement.

TERMINATION AGREEMENT

As set out in the Announcement, on 10 February 2012, Super Sino (an indirect wholly-owned subsidiary of the Company) and Dang Shan County Water Bureau entered into the Agreement in relation to the Capital Injection by Dang Shan County Water Bureau.

Since the signing of the Agreement, certain negotiations in relation to further investment in and development of Dang Shan have been made between the parties. As no conclusion could be mutually agreed upon by both parties, Super Sino and Dang Shan County Water Bureau entered into a termination agreement to terminate the Agreement on 22 September 2014 with immediate effect.

THE DISPOSAL

Reference is made to the announcement of the Company dated 15 September 2014 in relation to, among others, major disposal of 70% equity interest in Super Sino (the “**Super Sino Disposal Announcement**”).

As mentioned in the Super Sino Disposal Announcement, disposal of the entire equity interest of Dang Shan is one of the conditions precedents for disposal of Super Sino. Accordingly, the Company announces that Super Sino, as the vendor, and Dang Shan Construction Investment Limited Co.* (礪山縣建設投資有限公司), as the purchaser (the “**Purchaser**”), entered into an agreement (the “**Sale Agreement**”) on 22 September 2014 pursuant to which Super Sino agreed to sell and the Purchaser has agreed to purchase the entire issued share capital of Dang Shan (the “**Disposal**”) for a consideration of RMB1. Upon completion of the Disposal, Dang Shan will cease to be a wholly-owned foreign enterprise of Super Sino and a subsidiary of the Company.

Information of the Group and Dang Shan

The Group is principally engaged in (i) provision of water supply and sewage treatments; and (ii) construction of water supply and sewage treatment infrastructure.

Dang Shan, a wholly-owned foreign enterprise of Super Sino, is a limited company incorporated in the PRC. Dang Shan is principally engaged in provision of water supply by supplying drinkable water to the residents and enterprises in downtown area of Dang Shan Country, Anhui Province, the PRC. Dang Shan has been granted a water supply license for 30 years starting from 2004 till 2034 to supply drinkable water in the district.

Information of the Purchaser

The Purchaser is a state-owned enterprise and is principally engaged in (i) construction and operation of urban infrastructure and public utilities; and (ii) management and development of land and properties. The Purchaser has also been franchised by the PRC government to operate in public resources.

To the best of the knowledge, information and belief of the Board after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of and not connected with any directors, chief executive or substantial shareholders of the Company under the Listing Rules.

REASONS FOR THE DISPOSAL

The Board considers that the recent financial performance of Dang Shan has not been satisfactory as a net loss after tax of approximately HK\$1.72 million was recorded for the year ended 31 December 2013 and consecutive losses were recorded since the financial year ended 31 December 2011. The Board considers the Disposal can facilitate the Company to direct its focus to concentrate more on its other more profitable businesses.

The consideration of RMB1 is determined on arm's length basis between the Company and the Purchaser with reference to the adjusted book value of net liabilities of approximately RMB0.9 million (the "**Adjusted Net Liabilities**") of Dang Shan as at the year ended 31 December 2013 according to the valuation report prepared by an asset appraiser, a third party independent to the Group, appointed by Dang Shan People's Government* (礪山縣人民政府) on the basis of cost approach which is a method of assessing the value of an asset by emphasizing the cost of replacement or reinstatement of it under current conditions.

Taking into account of the unsatisfactory performances and the Adjusted Net Liabilities of Dang Shan, the Board considered that the terms and conditions of the Disposal are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Upon completion of the Disposal, Dang Shan will cease to be a subsidiary of the Company and the financial results of which will no longer be consolidated into the Group's financial statement.

By order of the Board
China Water Industry Group Limited
Wang De Yin
Chairman and Chief Executive Officer

Hong Kong, 22 September 2014

As at the date of this announcement, the Board comprises Mr. Wang De Yin, Mr. Lin Yue Hui, Mr. Liu Feng, Ms. Chu Yin Yin, Georgiana and Ms. Deng Xiao Ting, all being executive Directors, and Mr. Guo Chao Tian, Mr. Li Jian Jun and Mr. Wong Siu Keung, Joe, all being independent non-executive Directors.

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