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中國水務集團有限公司*

China Water Affairs Group Limited

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 855)

VOLUNTARY ANNOUNCEMENT YUNCHENG CITY WATER PROJECT

This is a voluntary announcement made by the Company.

The Company is pleased to announce that on 29 July 2015 the Company entered into the Cooperation Agreement with the Yuncheng Management Committee and Xiaxian Company relating to the water supply project in the Airport Area of Yuncheng City, Shanxi Province, PRC.

Pursuant to the Cooperation Agreement, the Project will involve the reorganization of the JV Company to the effect that its registered capital will be increased to RMB100,000,000, of which the Company's subsidiaries will contribute approximately RMB64.5 million and hold approximately 64.5% thereof, Xiaxian Company will contribute RMB30 million and hold 30% thereof and Yuncheng Management Committee's designated entity will contribute approximately RMB5.5 million and hold approximately 5.5% thereof. The Company's subsidiaries will make the contribution in cash. Xiaxian Company will make the contribution by injecting water assets including the waterworks and water pipe network at Xiaxian, Shanxi Province. Yuncheng Management Committee's designated entity will make the contribution by injecting assets including water pipe network and equipment.

The Group is currently a water supply operator in Yuncheng City, which has a designed daily water supply capacity of 60,000 tonnes.

Xiaxian Company is the investor in the Xiaxian Wen Yu Water Induction Project which has been confirmed by the Government of the Shanxi Province to be a key project for new water resources. The Project will increase the Group's water resources in Yuncheng City, improve the quality of general water resources and expand the water pipe network and the waterworks water supply capacity through connecting the water pipes leading to the waterworks, thus creating synergy in operation. The waterworks of the JV

Company has a designed daily water supply capacity of 55,000 tonnes. The Yuncheng Management Committee will grant a concession to the JV Company regarding the Project for 30 years.

To the best of the Directors' knowledge, information and belief, and after making all reasonable enquiries, the Yuncheng Management Committee and Xiaxian Company are third parties independent of the Company and its connected persons and are not connected persons of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“Board”	the Board of directors of the Company
“Company”	China Water Affairs Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Cooperation Agreement”	the cooperation agreement dated 29 July 2015 made between the Company, the Yuncheng Management Committee and Xiaxian Company relating to the Project
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Company”	運城市空港開發區弘益供水有限公司 (Yuncheng Airport Development Zone Hongyi Water Supply Co. Ltd.), an enterprise established in the PRC.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan

“Project”	the water supply project for the Airport Area of Yuncheng City, Shanxi Province, PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xiaxian Company”	夏縣溫澤鑫供水有限責任公司 (Xiaxian Wenzexin Water Supply Co. Ltd.), an enterprise established in the PRC
“Yuncheng Management Committee”	山西省運城空港經濟開發區管理委員會 (The Airport Economic Development Zone Management Committee of Yuncheng, Shanxi Province, PRC)

By order of the Board
China Water Affairs Group Limited
Duan Chuan Liang
Chairman

Hong Kong, 29 July 2015

As at the date of this announcement, the Board comprises four executive Directors, being Mr. Duan Chuan Liang, Ms. Ding Bin, Ms. Liu Yu Jie and Mr. Li Zhong, four non-executive Directors, being Mr. Zhao Hai Hu, Mr. Zhou Wen Zhi, Mr. Makoto Inoue and Ms. Wang Xiaoqin, and four independent non-executive Directors, being Ms. Huang Shao Yun, Ms. Liu Dong, Mr. Chau Kam Wing and Mr. Ong King Keung.

* *For identification purposes only*