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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)

**VOLUNTARY ANNOUNCEMENT
INCREASE IN WATER TARIFFS**

This is a voluntary announcement made by China Water Industry Group Limited (the “**Company**”).

The board of directors of the Company announces that on 19 October 2017, the Company has received the notice regarding the People’s Government of Yichun City, Jiangxi Province, the People’s Republic of China (“**PRC**”) approved the increase in water tariffs and the implementation of multi-step water tariff system for household usage of Yichun City with effect from 1 January 2018. The water tariff: (a) for household usage will be increased from RMB1.04 to RMB1.40 per tonne; (b) for non-household usage will be charged at RMB1.96 per tonne; and (c) for special industrial usage will be charged at RMB7.00 per tonne. The multi-step water tariff system is set into three-level according to the household water consumption. Each household is limited by five persons. For Level 1, monthly water consumption per household is below 30 tonnes. For Level 2, monthly water consumption per household is between 31 tonnes to 40 tonnes. For Level 3, monthly water consumption per household is over 40 tonnes.

The increase in water tariff and the multi-step water tariff system to be adopted by Yichun Water Industry Co., Ltd (宜春市供水有限公司) (“**Yichun Water**”) are illustrated as below:

Categories of water consumption (Before water tariff adjustment)		Before water tariff adjustment (RMB/tonne)			Categories of water consumption (After water tariff adjustment)			After water tariff adjustment (RMB/tonne)		
		Water tariff	Sewage treatment rates	Total				Water tariff	Sewage treatment rates	Total
I	Household	1.04	0.80	1.84	I	Household	Level 1	1.40	0.80	2.20
							Level 2	2.10	0.80	2.90
							Level 3	4.20	0.80	5.00
							Combined households	1.42	0.80	2.22
II	Administrative Institution	1.15	0.80	1.95	II	Non-household	Administrative Institution	1.96	0.80	2.76
III	Industry	1.27	0.80	2.07			Industry	1.96	0.80	2.76
IV	Operational and Infrastructure	1.86	1.20	3.06			Operational and Infrastructure	1.96	1.20	3.16
V	Special Industrial	5.50	2.60	8.10	III	Special Industrial		7.00	2.60	9.6

* For identification purpose only

Yichun Water is currently engaged in the water supply industry by supplying drinkable water to the residents in Yichun City, Jiangxi Province, PRC. As at the date of this announcement, Onfar International Limited, an indirect wholly-owned subsidiary of the Company, holds 51% of equity interest in Yichun Water.

The impact of the said increase in water tariffs on the financial position of the Group is subject to audit and it may or may not have a material impact on the financial position of the Group. Shareholders of the Company and investors should exercise caution when dealing in the shares of the Company.

By Order of the Board
China Water Industry Group Limited
Deng Jun Jie
Chairman and Executive Director

Hong Kong, 20 October 2017

As at the date of this announcement, the Board comprises Mr. Deng Jun Jie (Chairman), Mr. Lin Yue Hui (CEO), Mr. Liu Feng, Ms. Chu Yin Yin, Georgiana and Ms. Deng Xiao Ting, all being executive Directors, and Mr. Wong Siu Keung, Joe, Mr. Guo Chao Tian and Ms. Qui Na, all being independent non-executive Directors.