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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 FRAMEWORK COOPERATION AGREEMENT

This is a voluntary announcement made by the Company.

On 14 March 2014, the Company entered into the Framework Agreement with Hegang Government in relation to water related projects in Hegang, Heilongjiang province, PRC.

Pursuant to the Framework Agreement, the projects for cooperation will include water resources, water supply and sewage infrastructure construction within the water supply area of municipal water authority in Hegang.

The Company and Hegang Government will establish a joint venture company to carry out the projects. The initial registered capital of the joint venture company will be RMB110 million. Hegang Government's designated entity will contribute RMB10 million in cash and hold 9.09% of the equity interest in the joint venture company. The Company through its subsidiary and associates will contribute RMB100 million in cash and hold 90.91% of the equity interest in the joint venture company. It is expected that Hegang Government will subsequently further contribute to the registered capital of the joint venture company by way of injection of existing municipal water assets and will ultimately hold approximately 45% of the equity interest in the joint venture company. Further announcement will be made as and when appropriate in accordance with the Listing Rules.

Hegang Government will grant a concession for water supply to the joint venture company for 30 years.

To the best of the Directors' information and belief, Hegang Government is a third party independent of the Company and its connected persons and is not a connected person 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
“Directors”	the directors of the Company
“Framework Agreement”	the framework cooperation agreement dated 14 March 2014 made between the Company and Hegang Government
“Group”	the Company and its subsidiaries
“Hegang Government”	鶴崗市人民政府 (Hegang Municipal People’s Government), Heilongjiang province, PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan

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

Hong Kong, 14 March 2014

As at the date of this announcement, the Board comprises two executive Directors, being Mr. Duan Chuan Liang and Ms. Ding Bin, four non-executive Directors, being Mr. Chen Guo Ru, Mr. Zhao Hai Hu, Mr. Zhou Wen Zhi and Mr. Makoto Inoue, 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*