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GREAT WATER
GREAT WATER HOLDINGS LIMITED
建禹集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8196)

VOLUNTARY ANNOUNCEMENT
MEMORANDUM OF UNDERSTANDING
IN RELATION TO A POSSIBLE SET UP OF A JOINT VENTURE

This is a voluntary announcement made by Great Water Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for keeping the shareholders of the Company (the “**Shareholders**”) and potential investors informed of the latest business development of the Group.

The board of the Company (the “**Board**”) is pleased to announce that on 26 August 2016 (after trading hours), the Company and Best Well Ventures Limited (“**Best Well**”) entered into a non-binding memorandum of understanding (the “**MOU**”). Pursuant to the MOU, a wholly-owned subsidiary of the Company (to be set up in the British Virgin Islands (“**BVI**”)) and Best Well will, among other things, establish a joint venture company (“**Proposed JV**”) for the purpose of providing operation and technical services to 上海天漢環境資源有限公司 (Shanghai Tianhan Environmental Resources Co., Ltd. (“**Shanghai Tianhan**”)), a wholly-owned subsidiary of Best Well.

Pursuant to the MOU, Best Well has agreed to give exclusive right of negotiation to the Company in respect of the establishment of the Proposed JV for a period of 30 days from the date of the MOU, or such longer period as the parties may agree (the “**Exclusivity Period**”).

The MOU was intended to record the preliminary mutual understanding between the parties and to serve as a platform for further negotiations, and no binding agreement in relation to the Proposed JV (other than the Exclusivity Period, confidentiality and governing law) or the provision of operation and technical service has been entered into by the relevant parties as at the date of this announcement.

REASONS FOR THE ESTABLISHMENT OF THE PROPOSED JV

The Group is principally engaged in the environmental protection business, including wastewater treatment and soil remediation, through the provision of design, construction, operation and maintenance service for related facilities and the trading of related equipment. The Board believes that the Group can leverage its experience in liquefied waste treatment and related patents to provide valuable operational and technical service to Shanghai Tianhan through the Proposed JV, and the establishment of Proposed JV can (i) expand and strengthen the Group's presence in the PRC's environmental protection industry; and (ii) enhance the Group's overall competitiveness in the environmental protection industry in the PRC, in particular the hazardous waste treatment field, which the Board considers would be beneficial to and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON BEST WELL AND SHANGHAI TIANHAN

Best well is a limited liability company incorporated in the BVI for investment holding purposes.

Shanghai Tianhan is an indirect wholly-owned subsidiary of Best Well incorporated in the PRC, the principal business of which includes hazardous waste treatment and related environmental protection related business.

To the best of the knowledge, information and belief of the directors of the Company (the "**Directors**"), having made all reasonable enquiries, Best Well, Shanghai Tianhan and their ultimate beneficial owners are independent third parties who are not connected persons (as defined under the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "**GEM Listing Rules**") of the Company.

Shareholders and potential investors should note that the MOU may or may not lead to the entering into of a definitive agreement and transactions contemplated thereunder may or may not proceed. The Directors wish to emphasize that there is no binding agreement entered into between the parties in relation to the Proposed JV as at the date of this announcement. The formation of the Proposed JV may constitute a notifiable transaction of the Company under the GEM Listing Rules. Further announcement in respect of the above mentioned transactions will be made by the Company as and when required by the GEM Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company as the above mentioned transaction may or may not proceed.

By order of the Board
Great Water Holdings Limited
XIE YANG
Chairman

Guangzhou, the PRC, 26 August 2016

As at the date of this announcement, the executive Directors are Mr. XIE Yang and Mr. HE Xuan Xi; the non-executive Directors are Ms. GONG Lan Lan and Mr. SONG Xiao Xing and the independent non-executive Directors are Ms. BAI Shuang, Mr. HA Cheng Yong and Mr. TSE Chi Wai.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the date of its posting and be posted on the website of the Company at www.greatwater.com.cn.