

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

HOI MING MICHAEL HO, et al., Individually and on
Behalf of All Others Similarly Situated,

Plaintiffs,

DUOYUAN GLOBAL WATER, INC., et al.,

Defendants.

Case No. 10-cv-07233 GBD

ECF Case

**NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION, MOTION FOR
ATTORNEYS' FEES AND EXPENSES, AND SETTLEMENT FAIRNESS HEARING**

IF YOU PURCHASED OR ACQUIRED DUOYUAN GLOBAL WATER, INC.'S AMERICAN DEPOSITORY SHARES BETWEEN JUNE 24, 2009, AND APRIL 5, 2011, INCLUSIVE, YOU COULD RECEIVE A PAYMENT FROM A CLASS ACTION SETTLEMENT.

A federal court authorized this Notice. This is not a solicitation from a lawyer.

**Your legal rights are affected whether you act, or do not act.
Please read this Notice carefully.**

Security and Time Period: American Depository Shares ("ADSs") (stock symbol: DGW) of Duoyuan Global Water, Inc. ("DGW" or the "Company") purchased or acquired between June 24, 2009, and April 5, 2011, inclusive (the "Settlement Class Period").

Settlement Fund: \$5,150,000 in cash. Your recovery will depend on: the number of DGW ADSs you, and other Settlement Class Members who file claims, purchased and sold during the Settlement Class Period; and the dates on, and prices at which, you, and the other Settlement Class Members who file claims, purchased and sold those shares. The estimated average recovery per ADS of DGW will be approximately \$0.163 per share before deduction of Court-approved fees and expenses and costs of notice and claims administration.

Reasons for Settlement: The case, which has been prosecuted since September 2010, alleges that investors paid too much for DGW's ADSs because DGW's financial results were overstated in various filings with the Securities and Exchange Commission and in public statements issued by DGW during the Settlement Class Period. The Lead Plaintiffs and Lead Counsel believe that the Settlement provides the Settlement Class with a benefit now, instead of after years of further uncertain litigation, including disposition of summary judgment motions, a contested trial and likely appeals, with the possibility of no recovery at all. In this case, a further bar to recovery is the fact that, currently, it is highly unlikely that a United States judgment will be enforceable in the People's Republic of China.

The Settling Defendants have denied and continue to deny each and all of the allegations made and claims brought by Plaintiffs, maintain that they have meritorious defenses, and contend that many of the factual allegations are materially inaccurate. The Settling Defendants also have denied and continue to deny, *inter alia*, the allegations that Plaintiffs or the Settlement Class have suffered damages, that the price of DGW's ADSs were artificially inflated by reason of alleged misrepresentations, non-disclosures, or otherwise, or that Plaintiffs or the Settlement Class were harmed by the conduct alleged in the operative complaint.

Nonetheless, the Settling Defendants have concluded that further conduct of the Litigation would be protracted and expensive, and that it is desirable that the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation. The Settling Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like this Litigation. The Settlement shall in no event be construed as, or deemed to be evidence of, an admission or concession by any of the Defendants with respect to any claim of any fault or liability or wrongdoing or damage to the Settlement Class Members in this Litigation or any admission by Lead Plaintiffs and the Settlement Class that they could not have recovered more than the Settlement Amount at trial.

If the Case Had Not Settled: The Settlement must be compared to the risk of no recovery after contested dispositive motions, trial and likely appeals. A trial is a risky proposition. The claims in the Litigation involve numerous complex legal and factual issues, many of which would require expert testimony. The Settling Parties disagree on both liability and damages and do not agree on the average amount of damages per share, if any, that would be recoverable if Plaintiffs were to have prevailed on each claim alleged. Among the many key issues about which Plaintiffs and the Settling Defendants do not agree are: (1) whether the Defendants violated the securities laws or otherwise engaged in any wrongdoing; (2) whether the misstatements, misrepresentations and omissions alleged by the Plaintiffs were material, false, misleading or otherwise actionable under the securities laws; (3) the extent (if any) that the alleged misrepresentations and omissions influenced the trading price of DGW's ADSs during the Settlement Class Period; and (4) the method for determining whether, and the extent to which, purchasers of DGW's ADSs suffered injury and damages that could be recovered at trial.

Attorneys' Fees and Expenses: Lead Counsel have not received any payment for their work or expenses incurred in investigating the facts, conducting this Litigation and negotiating the Settlement on behalf of the Plaintiffs and the Settlement Class. Lead Counsel will ask the Court for attorneys' fees not to exceed thirty-three percent (1/3 or 33%) of the Settlement Fund and expenses not to exceed \$150,000 to be paid from the Settlement Fund.

If the above amounts are requested and approved by the Court, the average cost per share of DGW's ADSs will be approximately \$0.059 per share, making the estimated recovery per share after fees and expenses approximately \$0.104.

Dismissal and Releases: If the proposed Settlement is approved, the Court will enter a Final Judgment. The Final Judgment will dismiss the Released Claims with prejudice as to the Released Persons, which include the Defendants (including, but not limited to, their parents, subsidiaries and affiliates, and all of their employees, directors and officers). The Final Judgment will provide that all Settlement Class Members shall be deemed to have released and forever discharged all Released Claims (to the extent Members of the Settlement Class have such claims) against all Released Persons. The terms of the releases, including the meaning of the term "Released Claims," are set forth in the Proof of Claim and Release form that is enclosed. In exchange for payment of the Settlement Amount and the receipt of releases from Lead Plaintiffs and the Settlement Class, the Settlement also provides for releases by the Settling Defendants of Lead Plaintiffs and Settlement Class members and their Released Persons ("Released Defendants' Claims").

Deadlines:

Submit Claim:	February 1, 2014
File Objection:	January 15, 2014
Request Exclusion	January 15, 2014

Court Hearing on Fairness of Settlement: February 5, 2014

More Information: www.gcginc.com/cases/DuoyuanGlobalWater

Claims Administrator:

Duoyuan Global Water Settlement
 c/o GCG
 PO Box 9349
 Dublin, OH 43017-4249
 (800) 231-1815

Lead Counsel:

Lionel Z. Glancy, Esq.
 Glancy Binkow & Goldberg LLP
 1925 Century Park East, Suite 2100
 Los Angeles, California 90067
 1-888-773-9224
 settlements@glancylaw.com

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
SUBMIT A CLAIM	The only way to receive a payment.
OBJECT	You may object to the Court if you do not like this Settlement.
EXCLUDE YOURSELF	Receive no payment. This is the only option that allows you to participate in another lawsuit against the Defendants relating to the class claims being released in this case.
DO NOTHING	Receive no payment.

You may submit a claim or object, or do both, or do nothing. However, if you timely exclude yourself that is the only thing you can do: you may not object in writing, you may not appear at the Court Hearing on Fairness of Settlement to state any objections, and you may not submit a claim.

If you object and do not request exclusion, you will remain a member of the Settlement Class, and if the Court approves the Settlement, you will be bound by the terms of the Settlement in the same way as Settlement Class Members who do not object.

Unless you timely request exclusion from the Settlement Class, or unless the Court rejects the proposed Settlement, you are bound by the Stipulation of Settlement and its releases, whether or not you submit a claim or object.

These rights and options — **and the deadlines to exercise them** — are explained in this Notice.

The Court presiding over this case must decide whether to approve the Settlement. Payments will be made only if the Court approves the Settlement and, if there are any appeals, after appeals are resolved. Please be patient.

The Court has authorized this Notice, but no money will be paid to anyone until the Court holds the Settlement Hearing on February 5, 2014. The Court has not decided the merits of this case.

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BASIC INFORMATION

1. Why Did I Receive This Notice Package?

You or someone in your family may have purchased or acquired DGW's ADSs between June 24, 2009, and April 5, 2011, inclusive. This Notice was sent because you have a right to know about a proposed settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement and after any objections or appeals are resolved, the Claims Administrator appointed by the Court will make the payments to those persons who timely submit claims in the manner described below.

This package explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the Southern District of New York, and the case is known as *Ho, et al. v. Duoyuan Global Water, Inc., et al.*, Case No. 1:10-cv-07233 (GBD). Hoi Ming Michael Ho and Joseph E. Sciarro are called Lead Plaintiffs, and the Lead Plaintiffs, together with Mingli Li and Huaying Jin are collectively referred to as Plaintiffs. The companies and persons they have sued (and which remained in the Litigation after certain preliminary motions), including DGW, are collectively called the Settling Defendants. The Settling Parties include Plaintiffs and the Settling Defendants.

2. What Is This Lawsuit About?

This Litigation alleges violations of the Federal Securities Laws (specifically, Sections 11 and 15 of the Securities Act (15 U.S.C. §77k and 77(o)) and Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §78j(b) and 78(t)(a)), and Rule 10b-5 promulgated thereunder (17 C.F.R. §240.10b-5)) against Defendants.

DGW is a publicly traded British Virgin Island corporation with its principal executive offices located in the People's Republic of China. DGW is a China-based domestic water treatment equipment supplier. The Company claims to develop advanced water treatment technologies and products and to provide products and water treatment solutions for municipal, industrial, residential, and agricultural water treatment. During the Settlement Class Period, DGW's ADSs traded on the New York Stock Exchange ("NYSE") under the ticker symbol "DGW."

Plaintiffs alleged that the price of DGW's ADSs was artificially inflated as a result of a series of untrue or materially misleading statements concerning the Company's financial results. Plaintiffs alleged that certain of these material misstatements were contained in the registration statement and prospectus filed and disseminated with respect to both DGW's initial public offering ("IPO") and its secondary public offering ("SPO"), giving rise to the liability of those Settling Defendants who bear legal responsibility for these offering documents to compensate investors who paid more for their ADSs than they were worth. As to the material misstatements and omissions alleged to have been made other than in the materials filed and disseminated in connection with the two stock offerings, Plaintiffs further contend that certain of the Settling Defendants made these statements knowing them to be false or misleading, or recklessly disregarding their false or misleading natures, and that investors suffered injury as a result of their acquisition of DGW's ADSs at an artificially-inflated price, when the price declined as the true facts were released during and at the end of the Settlement Class Period.

3. Why Is This A Class Action?

Class actions are generally used in lawsuits that affect a large number of individuals; in effect, the class action operates to consolidate into a single action all of the claims of individuals allegedly harmed by the same conduct or course of conduct, thus alleviating the need for members of the class to file their own individual lawsuits to recover for the harm alleged. Once the class is certified, a court is empowered to resolve all issues on behalf of members of the class, except for those members of the class, if any, who specifically choose to exclude themselves from the class.

As part of both the preliminary and final approval process, Plaintiffs ask the Court to certify the Settlement Class for settlement purposes only. The proposed Settlement Class that was preliminarily certified (for the purpose of providing this Notice to you and other proposed Settlement Class Members), consists of all persons or entities who purchased or otherwise acquired the publicly-traded ADSs of DGW between June 24, 2009, and April 5, 2011, inclusive, and were allegedly damaged thereby. All Settlement Class Period purchasers of DGW's ADSs are members of the Settlement Class, except those persons who timely file a request for exclusion by January 15, 2014. All persons who do not timely exclude themselves from the Settlement Class will be bound by the proposed Settlement and its accompanying release.

4. Why Is There a Settlement?

The Court did not decide in favor of the Plaintiffs or the Settling Defendants. Instead, both sides agreed to a Settlement. This permits them to avoid the cost and uncertainty of a trial, and permits eligible Settlement Class Members who submit valid claims to receive some compensation now, rather than wait for the result of trial and possible appeals. Additionally, currently, it is highly unlikely that a United States judgment will be enforceable in the People's Republic of China. The Plaintiffs and their attorneys believe the Settlement is best for all Settlement Class Members. The Settling Defendants have concluded that further defense of the Litigation would be protracted and expensive, and that it is desirable that the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation. The Settling Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases such as the Litigation.

WHO IS IN THE SETTLEMENT CLASS

To see if you will receive money from this Settlement, you first have to determine if you are a Settlement Class Member.

5. How Do I Know if I Am Part of the Settlement?

The Settlement Class includes **all persons or entities who purchased or otherwise acquired the publicly traded ADSs of DGW between June 24, 2009, and April 5, 2011, inclusive, and were allegedly damaged thereby.**

6. What Are the Exceptions to Being Included?

You are not a Settlement Class Member if you are a Defendant, members of the immediate family of any such Defendant, any parent or subsidiary of any such Defendant, any person, firm, trust, corporation, officer, director, or other individual or entity in which any Defendant has or had a controlling interest during the Settlement Class Period, the partners, officers and directors of any Defendant during the Settlement Class Period, and legal representatives, agents, executors, heirs, successors, or assigns of any such excluded Person.

The Defendants or any entity in which any of the Defendants has or had a controlling interest (together a "Defendant-Controlled Entity") are excluded from the Settlement Class only to the extent that such Defendant-Controlled Entity itself purchased a proprietary (i.e., for its own account) interest in DGW ADSs. To the extent that a Defendant-Controlled Entity purchased any DGW ADSs in a fiduciary capacity or otherwise on behalf of any third-party client, account, fund, trust, or employee benefit plan that otherwise falls within the Settlement Class, neither such Defendant-Controlled Entity nor the third-party client, account, fund, trust, or employee benefit plan shall be excluded from the Settlement Class with respect to such fiduciary purchases.

7. I'm Still Not Sure if I Am Included.

If you are still not sure whether you are included, you can ask for free help. You can call Lionel Z. Glancy of Glancy Binkow & Goldberg LLP at 1-888-773-9224 for more information. Or you can fill out and return the claim form described in question 10, to see if you qualify.

THE SETTLEMENT BENEFITS — WHAT YOU GET

8. What Does the Settlement Provide?

The Settlement will result in a fund of \$5,150,000 in cash. The balance of this fund after payment of Court-approved attorneys' fees and expenses, Lead Plaintiffs' expenses, if any, and the costs of claims administration, including the costs of printing and mailing this Notice and the cost of publishing the newspaper notice (the "Net Settlement Fund"), will be divided among all eligible Settlement Class Members who send in valid claim forms.

9. How Much Will My Payment Be?

Your share of the Net Settlement Fund will depend on the number of valid claim forms that Settlement Class Members send in, the number of DGW ADSs you purchased or acquired during the relevant period, and the timing of your purchases and sales. You will not receive a payment, however, if your proportionate share of the Net Settlement Fund is less than \$10.00.

You can calculate your Recognized Claim in accordance with the formula shown below in the Plan of Allocation. After all Settlement Class Members have sent in their Proof of Claim and Release forms, the payment you receive will reflect your Recognized Claim in relation to the Recognized Claims of all persons submitting Claim Forms. The Recognized Claim is not the amount of the payment that you can expect, but is used to determine how the Net Settlement Fund is allocated among all persons submitting claims.

HOW YOU OBTAIN A PAYMENT — SUBMITTING A CLAIM FORM

10. How Will I Obtain a Payment?

To qualify for payment, you must be an eligible Settlement Class Member, send in a valid Proof of Claim and Release form, and properly document your claim as requested in the Claim Form. A Proof of Claim and Release form is enclosed with this Notice. You may also get a Proof of Claim and Release form on the Internet at www.gcginc.com/cases/DuoyuanGlobalWater. Read the instructions carefully, fill out the Proof of Claim and Release form, include the documents the form asks for, sign it, and mail it such that it is postmarked no later than February 1, 2014.

11. When Will I Receive My Payment?

The Court will hold a hearing on February 5, 2014, to decide whether to approve the Settlement. If the Court approves the Settlement, there may be appeals. It is always uncertain when these appeals will be resolved, and resolving them can take time, perhaps more than a year. Even if no appeals are filed, it will take additional time for the Claims Administrator to process all of the Proof of Claim and Release forms, determine the ultimate distribution amounts, and apply for a Court Order for distribution.

12. What Am I Giving Up to Receive a Payment?

As a Settlement Class Member, you will be giving up certain rights that you currently have if the Court approves the Settlement. Unless you timely exclude yourself from the Settlement Class by the January 15, 2014 deadline, you are a Member of the Settlement Class and will be bound by the release of claims against the Defendants and their Related Persons. That means that you cannot sue, continue to sue, or be part of any other lawsuit against the Defendants about the Released Claims in this case. It also means that all of the Court's orders will apply to you and legally bind you and you will release your claims in this case against the Defendants. The terms of the release are included in the claim form that is enclosed. Note: If you object, but the Court approves the Settlement, you will be bound by the terms of the Settlement in the same way as Members of the Settlement Class who do not object.

EXCLUDING YOURSELF FROM THE SETTLEMENT CLASS

If you do not want a payment from the class action Settlement, but you want to keep the right to sue or continue to sue the Defendants on your own for the Released Claims in the class action then you must take steps to get out of the Settlement Class. This is called excluding yourself or is sometimes referred to as "opting out" of the Settling Class.

13. How Do I Get Out of the Settlement Class?

To exclude yourself from the Settlement Class, you must send a letter by mail stating that you want to be excluded from the class in *Ho, et al. v. Duoyuan Global Water, Inc., et al.*, Case No. 1:10-cv-07233 (GBD). You must include your name, address, telephone number, your signature, information about DGW ADSs you purchased or acquired between June 24, 2009, and April 5, 2011, inclusive (including date, price, and amount), and information about DGW ADSs you sold during this time period, if any (including date, price, and amount). You must mail your exclusion request postmarked no later than January 15, 2014 to:

Duoyuan Global Water Settlement
c/o GCG
Attn: Exclusions Department
PO Box 9349
Dublin, OH 43017-4249

You cannot exclude yourself on the phone or by e-mail. If you ask to be excluded, you are not eligible to receive any settlement payment, you cannot object to the Settlement, and you will not be legally bound by the Settlement.

14. If I Do Not Exclude Myself, Can I Sue the Settling Defendants for the Same Thing Later?

No. Unless you exclude yourself from the Settlement Class, you give up any right to sue the Defendants or Defendants' Related Persons for the Released Claims. If you have a pending lawsuit against any of the Defendants, speak to your lawyer in that case immediately. Remember, the exclusion deadline is January 15, 2014.

15. If I Exclude Myself, Can I Receive Money from the Settlement?

No. If you exclude yourself, do not send in a Claim Form.

THE LAWYERS REPRESENTING YOU

16. Do I Have a Lawyer in This Case?

The Court appointed the law firm of Glancy Binkow & Goldberg LLP to represent you and other Settlement Class Members. These lawyers are called Lead Counsel. You will not be personally liable for the fees and expenses incurred by these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How Will the Lawyers Be Paid?

Lead Counsel will ask the Court for attorneys' fees of up to one-third (33 1/3%) of the Settlement Fund and for expenses up to \$150,000, which were advanced in connection with the Litigation. Such sums as may be approved by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses.

The attorneys' fees and expenses requested will be the only payment to Lead Counsel for their efforts in achieving this Settlement and for their risk in undertaking this representation on a wholly contingent basis. Since the case began in 2010, Lead Counsel conducted an initial investigation of the claims alleged (including an investigation in the People's Republic of China), prepared an extensive amended complaint, filed briefs on numerous motions, prepared to conduct discovery in the United States and China, consulted experts regarding calculation of damages, and negotiated an arms'-length settlement with the Settling Defendants (with the assistance of an experienced, private mediator). To date, Lead Counsel has not been paid for their services in conducting this Litigation on behalf of the Plaintiffs and the Settlement Class, nor for their expenses. Lead Counsel have expended to date in excess of 2500 hours of attorney time in prosecuting the Settlement Class's claims and will ask the Court for actual expenses not to exceed \$150,000 in prosecuting the Litigation. The fee requested will compensate Lead Counsel for their work in achieving the Settlement Fund.

Lead Counsel shall file formal motions with the District Court, for approval of the Settlement and the Plan of Allocation, and to request payment of attorneys' fees and reimbursement of expenses, not later than 35 days prior to the Settlement Hearing. The attorneys' fees motion will argue that Lead Counsel's requested fees are well within the range of fees awarded to class counsel under similar circumstances in other cases of this type. The Court determines what counsel should receive from the Settlement Fund for fees and expenses, and may award less than this amount.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the Settlement or some part of it.

18. How Do I Tell the Court that I Do Not Like the Settlement?

If you are a Settlement Class Member, you can object to the Settlement if you do not like any part of it, including the Plan of Allocation and the request for attorneys' fees. You can state the reasons why you think the Court should not approve it, and the Court will consider your views. To object, you must send a letter saying that you object to the Settlement in *Ho, et al. v. Duoyuan Global Water, Inc., et al.*, Case No. 1:10-cv-07233 (GBD). Be sure to include your name, address, telephone number, signature, and the number of DGW's ADSs you purchased and/or acquired between June 24, 2009, and April 5, 2011, inclusive. You must also state the reasons you object, whether you intend to appear at the Settlement Hearing, and identify any evidence you intend to present at the Settlement Hearing. The motions in support of the Settlement and the request for attorneys' fees will be filed no later than, December 31, 2013, and they will be available from Lead Counsel, the Claims Administrator or the Court. Their contact information is listed in Section 23, below. Any objection must be mailed or delivered such that it is received by **each** of the following no later than January 15, 2014:

<i>Court:</i>	<i>Lead Counsel Designee:</i>	<i>Settling Defendants' Counsel Designee:</i>
Clerk of the Court United States District Court Southern District of New York Daniel Patrick Moynihan United States Courthouse 500 Pearl Street New York, NY 10007-1312	Lionel Z. Glancy, Esq. Glancy Binkow & Goldberg LLP 1925 Century Park East, Suite 2100 Los Angeles, California 90067	Harry A. Woods, Jr. Crowe & Dunlevy, P.C. 20 North Broadway Avenue, Suite 1800 Oklahoma City, OK 73102-8273

THE COURT'S SETTLEMENT HEARING

The Court will hold a hearing to decide whether to approve the Settlement. You may attend and you may ask to speak, but you do not have to.

19. When and Where Will the Court Decide Whether to Approve the Settlement?

The Court will hold a Settlement Hearing on February 5, 2014, at 10:00 a.m., before The Honorable George B. Daniels, at the Daniel Patrick Moynihan United States Courthouse, Courtroom 11A, 500 Pearl Street, New York, NY 10007-1312. At this hearing the Court will consider whether both the Settlement and the Plan of Allocation are fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will also consider how much to pay to Lead Counsel as fees and expenses reimbursement and whether to reimburse the Lead Plaintiffs for any of their expenses. The Court may decide these issues at the hearing or take them under consideration for a later decision.

20. Do I Have to Come to the Hearing?

No, unless you object to the proposed Settlement or any part of it, including the Plan of Allocation and the request for attorneys' fees. If you do not object, you do not need to attend, but you are welcome to do so at your own expense. You may also pay your own lawyer to attend, but it is not necessary. If you send an objection, you or your lawyer will be given an opportunity to be heard regarding your objection. If you object, but do not appear at the Settlement Hearing, either in person or through counsel, the Court may or may not consider your objection.

21. May I Speak at the Hearing?

You may ask the Court for permission to speak at the Settlement Hearing. To do so, you must send a letter saying that it is your intention to appear in as *Ho, et al. v. Duoyuan Global Water, Inc., et al.*, Case No. 1:10-cv-07233 (GBD). Be sure to include your name, address, telephone number, your signature, the number of DGW ADSs purchased and/or acquired between June 24, 2009, and April 5, 2011, inclusive. Your notice of intention to appear must be received no later than January 15, 2014, by the Clerk of the Court, Lead Counsel Designee and the Settling Defendants' Counsel Designee, at the three addresses listed in question 18.

IF YOU DO NOTHING

22. What Happens if I Do Nothing at All?

If you do nothing, all of your claims against the Settling Defendants will be released, but you will not receive any money from this Settlement because it is necessary to submit a Proof of Claim and Release form.

GETTING MORE INFORMATION

23. Are There More Details About the Settlement?

This Notice summarizes the proposed Settlement. More details are in the Stipulation and Agreement of Settlement dated as of September 10, 2013. You can obtain a copy of the Stipulation and Agreement of Settlement or more information about the Settlement by contacting:

Lead Counsel:	Claims Administrator:	You can also obtain a copy from the Clerk's office during regular business hours:
Lionel Z. Glancy, Esq. Glancy Binkow & Goldberg LLP 1925 Century Park East, Suite 2100 Los Angeles, California 90067 1-888-773-9224 settlements@glancylaw.com	<i>Duoyuan Global Water Settlement</i> c/o GCG PO Box 9349 Dublin, OH 43017-4249 (800) 231-1815 or by visiting www.gcginc.com/cases/DuoyuanGlobalWater	Clerk of the Court United States District Court Southern District of New York Daniel Patrick Moynihan United States Courthouse 500 Pearl Street New York, NY 10007-1312

UNDERSTANDING YOUR PAYMENT

The Net Settlement Fund shall be distributed to Settlement Class Members who submit acceptable Proofs of Claim ("Authorized Claimants") in the following manner:

- a. The Claims Administrator shall determine each Authorized Claimant's share of the Net Settlement Fund based upon the recognized loss formula (the "Recognized Loss") described below. The Recognized Loss formula is intended to equitably apportion the Net Settlement Fund among Settlement Class Members. The Recognized Loss formula, which is also known as the Plan of Allocation, is not an estimate of what a Settlement Class Member would have recovered after trial; nor is it the amount that the Authorized Claimant will be paid pursuant to the Settlement.
- b. A Settlement Class Member's actual share of the Net Settlement Fund will be determined by the ratio of the Settlement Class Member's Recognized Loss divided by the aggregate of the Recognized Loss of all Settlement Class Members.
- c. This Plan of Allocation is based on the following general principles applicable to Settlement Class Members if the Litigation had gone to trial:
 - i. Plaintiffs asserted claims pursuant to Section 10(b) of the Securities Exchange Act of 1934 ("Section 10(b)"). Damages under Section 10(b) are calculated, among other things, by determining the ADS price drop caused by the disclosure of information correcting prior materially false and misleading statements or reflecting materializations of risks which were a foreseeable consequence of the alleged concealment.
 - ii. Plaintiffs asserted claims pursuant to Section 11 of the Securities Act of 1933 ("Section 11"). Damages under Section 11 are calculated, among other things, by determining the difference between the price paid for the ADS (not exceeding the IPO price) and: (i) the price at which it was sold prior to the filing of the Litigation or (ii) the value at the time the Litigation was filed.
- d. Plan of Allocation details:

For shares of DGW's ADSs purchased or otherwise acquired between June 24, 2009 and April 5, 2011:

- A. For shares held at the end of trading on April 5, 2011, the Recognized Loss shall be that number of shares multiplied by the lesser of:
 - 1) the applicable purchase date artificial inflation per share figure, as found in Table A; or
 - 2) the difference between the purchase price per share and \$3.21.
- B. For shares sold between June 24, 2009 and April 5, 2011, the Recognized Loss shall be that number of shares multiplied by the lesser of:

- 1) the applicable purchase date artificial inflation per share figure less the applicable sales date artificial inflation per share figure, as found in Table A; or
- 2) the difference between the purchase price per share and the sales price per share.

Table A	
<u>Purchase or Sale Date Range</u>	<u>Artificial Inflation Per Share</u>
06/24/2009 – 09/10/2010	\$12.57
09/13/2010 – 10/22/2010	\$ 3.97
10/25/2010 – 03/22/2011	\$ 3.24
03/23/2011 – 04/01/2011	\$ 2.28
04/04/2011	\$ 0.78
04/05/2011	\$ 0.00

For purchasers between June 24, 2009 and January 27, 2010, the Recognized Loss as calculated above shall be multiplied by 1.05. This adjustment is in recognition of the fact that the Court upheld claims asserted by these purchasers under both Section 10(b) of the Securities Exchange Act of 1934 and Section 11 of the Securities Act of 1933. Purchasers could not collect damages under both claims even if proven at trial. However, Section 11 claims, as opposed to Section 10(b) claims, do not require evidence of fraudulent or reckless intent, and accordingly would likely be easier to prove at trial.

- e. A purchase or sale of DGW's ADSs shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date.
- f. The receipt or grant by gift, devise or operation of law of DGW's ADSs during the Settlement Class Period shall not be deemed a purchase or sale of DGW's ADSs for the calculation of an Authorized Claimant's Recognized Loss nor shall it be deemed an assignment of any claim relating to the purchase of such securities. The grantor of the gift or devise, who purchased DGW's ADSs during the Settlement Class Period, shall retain the right to file a claim in this Litigation unless that right to file a claim was specifically transferred in the instrument of gift or assignment.
- g. The receipt of DGW's ADSs during the Settlement Class Period in exchange for securities of any other corporation or entity shall not be deemed a purchase or sale of DGW's ADSs.
- h. Any gains on sales of DGW's ADSs shall be offset against losses in calculating the Recognized Loss. To the extent a Claimant had an overall gain from transactions in DGW's ADSs during the Settlement Class Period, the value of the Recognized Loss will be zero.
- i. No Authorized Claimant whose proportionate share of the Net Settlement Fund is less than \$10.00 shall receive a distribution from the Net Settlement Fund. Rather, that Claimant's proportionate share of the Net Settlement Fund shall be redistributed among all remaining Authorized Claimants.
- j. Settlement Class Members who do not submit a timely request for exclusion and do not submit an acceptable Proof of Claim by the deadline for submitting claims, will not share in the recovery, but nevertheless will be bound by the Settlement and the Order and Final Judgment of the Court dismissing this Litigation.
- k. Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the Settlement.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

SPECIAL NOTICE TO NOMINEES

The Court has ordered that if you held any ADSs of DGW purchased or acquired between June 24, 2009, and April 5, 2011, inclusive, as nominee for a beneficial owner, then, within fourteen (14) days after you receive this Notice, you must either: (1) forward a copy of this Notice to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator, at the following address:

Duoyuan Global Water Settlement
 c/o GCG
 PO Box 9349
 Dublin, OH 43017-4249
 (800) 231-1815

If you choose to mail the Notice and Proof of Claim and Release yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for administrative costs actually incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Claims Administrator.