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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)

ANNOUNCEMENT

This announcement is made pursuant to Rules 13.51B(2) and 13.51(2)(m)(ii) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

On 5 July 2012, Mr. Wu Jiesi (“**Mr Wu**”), a non-executive director of China Water Affairs Group Limited (the “**Company**”), was prosecuted at the Eastern Magistrates’ Court under Part XV of the Securities and Futures Ordinance for late filing of disclosures of his interests to The Stock Exchange of Hong Kong Limited of certain share transactions which took place on various occasions during the period from 4 March 2011 to 10 March 2011. He was fined a total sum of HK\$12,000 and ordered to pay investigation costs of HK\$20,260 to the Securities and Futures Commission in respect of eight summonses in relation to failure to perform a duty of disclosure within the specified period.

Mr Wu has confirmed to the board of directors of the Company that the late filing was solely caused by his inadvertent oversight. Based on the above, the Company considers that the ruling will not affect Mr. Wu’s competence in continuing to discharge his duties as a non-executive director of the Company.

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

Hong Kong, 5 July 2012

As at the date of this announcement, the Board comprises two executive Directors, being Mr. Duan Chuan Liang and Mr. Li Ji Sheng, four non-executive Directors, being Mr. Chen Guo Ru, Mr. Wu Jiesi, Mr. Zhao Hai Hu and Mr. Zhou Wen Zhi, 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*