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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)**

**Mitsumaru East Kit (Holdings) Limited**  
**三丸東傑(控股)有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2358)**

**DISCLOSEABLE TRANSACTION**

**POSSIBLE APPLICATION FOR  
WHITEWASH WAIVER**

**DELAY IN DESPATCH OF CIRCULAR  
THE LOAN AGREEMENT,  
THE DEBENTURE,  
THE SUBSCRIPTION AGREEMENT,  
THE LETTER OF INTENT IN RELATION  
TO THE PROPOSED OPEN OFFER  
AND  
THE UNDERWRITING LETTER**

**Joint financial advisers to MEK**



**博大資本國際有限公司**  
**Partners Capital International Limited**



**KINGSTON CORPORATE FINANCE LTD**

Further application has been made for the consent of the Executive to waive the requirement of Rule 8.2 of the Takeovers Code and to further extend the deadline for the despatch of the Circular to the MEK Shareholders to 30 June 2011.

References are made to (1) the joint announcements of CWA and MEK dated 1 December 2010 and 7 March 2011; and (2) the announcement of MEK dated 3 January 2011, all in relation to the captioned transactions (the “Announcements”). Unless otherwise defined in this announcement, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

Pursuant to Rule 8.2 of the Takeovers Code, a circular (the “Circular”) from MEK containing, among other matters, further information on (i) the Loan Agreement; (ii) the Debenture; (iii) the Subscription and the transactions contemplated under the Subscription Agreement (including the grant of the Specific Mandate, the allotment and issue of the Subscription Shares and the application for Whitewash Waiver); (iv) a letter from the independent financial adviser containing its advice to the MEK Independent Board Committee and the MEK Independent Shareholders in respect of the Subscription and the Whitewash Waiver; (v) the

recommendation of the MEK Independent Board Committee to the MEK Independent Shareholders in respect of the Subscription and the Whitewash Waiver; and (vi) a notice of the EGM should be despatched to the MEK Shareholders within 21 days from the date of the joint announcement of CWA and MEK dated 1 December 2010 in accordance with the Listing Rules and the Takeovers Code.

Application was made on 17 December 2010 for the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the Circular as soon as practicable but in any event on or before 31 March 2011. In response, a consent letter dated 22 December 2010 was received from the Executive extending the latest time for despatch of the Circular to 31 March 2011.

On 25 March 2011, MEK announced its audited results of MEK for the year ended 31 December 2010, details of which were subsequently incorporated into the Resumption Proposal. On 31 March 2011, MEK submitted its Resumption Proposal, which will be subject to the approval by the Stock Exchange. Accordingly, the Circular will not be able to be despatched to the MEK Shareholders on or before 31 March 2011.

Further application has been made for the consent of the Executive to waive the requirement of Rule 8.2 of the Takeovers Code and to further extend the deadline for the despatch of the Circular to the MEK Shareholders to 30 June 2011. The Executive has indicated that it is minded to grant the consent.

At the direction of the Stock Exchange, trading in the MEK Shares was suspended from 9:30 a.m. on 14 February 2008 and will remain suspended until further notice. **Until satisfaction of all the resumption conditions set by the Stock Exchange, trading in the MEK Shares will continue to be suspended. The release of this announcement does not indicate that trading in the MEK Shares will be resumed.**

By order of the board of directors of  
**China Water Affairs Group Limited**  
**Duan Chuan Liang**  
*Chairman*

By order of the board of directors of  
**Mitsumaru East Kit (Holdings) Limited**  
**Leung Koon Sing**  
*Executive Director*

Hong Kong, 31 March 2011

*The MEK Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those relating to the CWA Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed (other than those expressed by CWA Group) in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*The CWA Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those relating to the MEK Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed (other than those expressed by the MEK Group) in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*As at the date of this announcement, the board of directors of MEK comprises two executive Directors, namely Mr. Leung Koon Sing and Mr. Tang Chin Wan; and three independent non-executive Directors, namely Mr. Kwong Ping Man, Mr. Martin He and Mr. Mu Xiangming.*

*As at the date of this announcement, the board of directors of CWA 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.*