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中國水務集團有限公司*
China Water Affairs Group Limited

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)

EXTENSION OF LONG STOP DATE

DISCLOSEABLE TRANSACTION

**POSSIBLE APPLICATION FOR
WHITEWASH WAIVER**

**EXTENSION OF LONG STOP DATE
AND**

**DELAY IN DESPATCH OF CIRCULAR
IN RELATION TO
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



KINGSTON CORPORATE FINANCE LTD

On 28 December 2012, the Investor and MEK entered into the third supplemental Subscription Agreement pursuant to which (amongst others) the Investor agreed to extend the Long Stop Date to 30 June 2013, failing which the Investor shall have the right at its own discretion to extend the Long Stop Date to a date not later than 31 December 2013 (or any other date so may be agreed in writing by the parties thereto).

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 2013.

References are made to (1) the joint announcements of CWA and MEK dated 1 December 2010, 7 March 2011, 31 March 2011, 30 June 2011, 7 December 2011, 29 December 2011 and 29 June 2012 respectively; and (2) the announcement of MEK dated 3 January 2011; and (3) the announcement of CWA dated 1 November 2012, all in relation to, among other matters, 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.

THE THIRD SUPPLEMENTAL SUBSCRIPTION AGREEMENT

On 28 December 2012, the Investor and MEK entered into the third supplemental Subscription Agreement pursuant to which (amongst others) the Investor agreed to extend the Long Stop Date to 30 June 2013, failing which the Investor shall have the right at its own discretion to extend the Long Stop Date to a date not later than 31 December 2013 (or any other date so may be agreed in writing by the parties thereto).

THE FIFTH SUPPLEMENTAL LETTER OF INTENT

On 28 December 2012, MEK and the Possible Underwriters entered into the non-legally binding fifth supplemental Letter of Intent pursuant to which the Letter of Intent may be terminated if any of the relevant conditions are not satisfied or waived (as the case may be) or by mutual written consent of the parties to the Letter of Intent, on or before 30 June 2013 (or any other date so may be agreed in writing by the parties to the Letter of Intent).

THE UNDERWRITING LETTER

On 28 December 2012, the Investor has exercised its own discretion that the Investor’s underwriting obligations under the Underwriting Letter will be subject to, inter alia, the fulfilment (or waiver in writing by the Investor to the extent permitted by all applicable laws or rules) of the conditions that (amongst others) the Possible Underwriters failing to enter into the Underwriting Agreement with MEK in relation to the Open Offer prior to or upon the Subscription Agreement becoming unconditional which is extended to be 30 June 2013.

Other than the above, there are no amendments to the Subscription Agreement, the Letter of Intent and the Underwriting Letter.

DELAY IN DESPATCH OF CIRCULAR

Separate application was made on each of 17 December 2010, 29 March 2011, 28 June 2011, 16 December 2011 and 25 June 2012 respectively 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, 30 June 2011, 31 December 2011, 30 June 2012 and 31 December 2012 respectively. In response, each of the consent letters dated 22 December 2010, 1 April 2011, 6 July 2011, 6 January 2012 and 3 July 2012 was received from the Executive extending the latest time for despatch of the Circular to 31 March 2011, 30 June 2011, 31 December 2011, 30 June 2012 and 31 December 2012 respectively.

As disclosed in the announcement of MEK dated 5 December 2012, the Listing Division of the Stock Exchange issued a letter to MEK on 23 November 2012, stating that the resumption proposal submitted by MEK on 31 October 2012 at the second stage of delisting will involve transactions that would constitute a reverse takeover under the Listing Rules, and accordingly will be subject to the Stock Exchange's new listing requirements. However, MEK has not submitted a new listing application. Therefore, the Stock Exchange has decided to place MEK in the third stage of delisting on 5 December 2012 under Practice Note 17 to the Listing Rules. The third stage of delisting will expire on 4 June 2013.

The Stock Exchange requested MEK to submit a viable resumption proposal to address the following issues at least ten business days before the aforesaid expiry date of the third stage of delisting:

- (1) comply with all applicable Listing Rules' requirements, in particular Rule 13.24 of the Listing Rules on sufficiency of operations or assets;
- (2) address the issue on material dilution to existing shareholders of MEK's interests by, for example, providing an equitable pre-emptive offer to these shareholders;
- (3) demonstrate sufficient working capital for at least 12 months from resumption date; and
- (4) demonstrate an adequate and effective internal control system to meet MEK's obligations under the Listing Rules.

As additional time is required by MEK to address the issues raised by the Stock Exchange, the Circular will not be able to be despatched to the MEK Shareholders on or before 30 June 2013.

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 2013. 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
Siu Chi Ming
Executive Director

Hong Kong, 28 December 2012

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. Siu Chi Ming and Mr. Tang Chin Wan; and three independent non-executive Directors, namely Ms. Au Shui Ming, 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, five non-executive Directors, being Mr. Wu Jiesi, 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 purpose only