

CHINA WATER AFFAIRS GROUP LIMITED

中國水務集團有限公司*

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock code: 855)

NOTICE OF THE SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of China Water Affairs Group Limited (the “Company”) will be held at 10:00 a.m. on 5 May 2008 at Suite 6408, 64/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed with or without amendments, as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT** the conditional sale and purchase agreement (“the Agreement”) dated 28th March 2008 made between 惠州市投資管理有限公司 (Huizhou Investment Management Company) (“the Vendor”) and 惠州中水水務發展有限公司 (Huizhou China Water Affairs Development Company Limited) (“the Purchaser”), a copy of which has been produced to the meeting marked “A” and has been initialed by the chairman of this meeting for the purpose of identification, pursuant to which, inter alia, the Vendor agreed to sell and the Purchaser agreed to purchase 70% equity interests of each of 惠州市大亞灣自來水總公司 (Huizhou Daya Bay Running Water General Company), 惠州市大亞灣清源環保有限公司 (Huizhou Daya Bay Qingyuan Environment Protection Co., Limited), and 惠州市大亞灣溢源淨水有限公司 (Huizhou Daya Bay Yiyuan Purified Water Co., Limited) for an aggregate consideration of RMB190,126,500, and the transaction contemplated thereunder, be and is hereby approved, confirmed and ratified and that the directors of the Company are hereby authorized to do all such further acts and things and execute such further documents which in their opinion may be necessary or expedient to give effect to the terms of the Agreement.”

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. Wu Jiesi, Mr. Chen Guo Ru, Mr. Zhao Hai Hu and Mr. Zhou Wen Zhi, and four independent non-executive Directors, being Ms. Huang Shao Yun, Ms. Liu Dong and Mr. Chau Kam Wing and Mr. Ong King Keung.

By Order of the Board
China Water Affairs Group Limited
Duan Chuan Liang
Executive Director

Hong Kong, 18 April 2008

* For identification purposes only

Notes:

1. A member of the Company entitled to attend and vote at the meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either an individual member or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised.
3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority shall be deposited to the Company's Share Registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for holding the meeting.
4. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened or upon the poll concerned and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint registered holders of any Shares, any one of such joint holders may vote either personally or by proxy in respect of such Shares as if he/she was solely entitled thereto; but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such Share shall alone be entitled to vote in respect thereof.