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

**(Stock Code: 1129)**

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Extraordinary General Meeting of China Water Industry Group Limited (the “**Company**”) will be held at Boardroom 5, Ground Floor, Renaissance Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong on Monday, 20 September 2010 at 9:30 a.m. to consider and, if thought fit, pass with or without modification the following ordinary resolution of the Company:

### **ORDINARY RESOLUTION**

“**THAT** subject to, and in accordance with, the terms of the definitive agreements (the “**Definitive Agreements**”) dated 13 August 2010 between the Company and the majority investors (a copy of each Definitive Agreement and a copy of the terms and conditions of the New Bonds are produced to the meeting for the purpose of identification), (1) the issue of the new HK Dollar Convertible Bonds due 2012 in the aggregate principal amount of HK\$337 million (the “**New Bonds**”) and the conversion rights attached thereto and (2) the issue and allotment of shares of the Company (the “**Shares**”) upon the exercise of the conversion rights attaching to the New Bonds at the then prevailing conversion price (subject to adjustment), which at the initial conversion price of HK\$0.15 per Share will result in 2,246,666,666 Shares to be issued upon full conversion of the New Bonds shall be and is hereby unconditionally approved and a specific mandate granted in respect thereof and (3) any of the directors of the Company (“**Director**”) or the secretary of the Company be and is hereby authorised on behalf of the Company:

- (A) to issue the New Bonds and the conversion rights attached thereto;
- (B) to issue and allot such number of Shares as required upon exercise of the conversion rights attaching to the New Bonds at the then prevailing conversion price (subject to adjustment) in accordance with the terms and conditions of the New Bonds; and

\* *for identification purpose only*

- (C) to sign, seal, execute and/or deliver all such documents and do all such deeds, acts, matters and things as any of the Directors may in his discretion consider necessary or desirable for the purpose of or in connection with the issue of the New Bonds and/or allotment and issue of the Shares upon conversion of the New Bonds and/or all transactions contemplated thereunder.”

By Order of the Board  
**China Water Industry Group Limited**  
**Li Yu Gui**  
*Chairman*

*Registered office:*

Butterfield House  
68 Fort Street  
P.O. Box 609  
Grand Cayman KY1-1167  
Cayman Islands

*Head office and principal place of  
business in Hong Kong:*

Room 1207, 12th Floor  
West Tower, Shun Tak Centre  
No. 168-200 Connaught Road Central  
Hong Kong

Hong Kong, 3 September 2010

*Notes:*

- (1) A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company. In order to be valid, the form of proxy must be deposited at branch share registrar of the Company in Hong Kong, Union Registrars Limited at 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.
- (2) In the case of joint holders of shares in the Company, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holders, seniority being determined by the order in which names stand in the register of members.
- (3) Completion and return of the form of proxy will not preclude members from attending and voting in person at the extraordinary general meeting or any adjournment.
- (4) As at the date of this announcement, the board of directors of the Company comprises Mr. Li Yu Gui, Mr. Yang Bin, Mr. Liu Bai Yue, Ms. Chu Yin Yin, Georgiana and Mr. Li Wen Jun, all being executive directors, and Mr. Chang Kin Man, Mr. Wu Tak Lung and Mr. Gu Wen Xuan, all being independent non-executive directors.