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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)

CHANGE OF AUDITORS

The Board announces that GTHK shall resign as auditor of the Group with effect from 6 December 2010. The Board proposes to appoint BDO Limited as auditor of the Group to fill the casual vacancy occasioned by the resignation of GTHK. A SGM will be convened for approving BDO Limited's appointment.

A circular containing details of the change of auditors and notice for the SGM will be despatched to shareholders as soon as practicable.

The board of directors (the "**Board**") of China Water Affairs Group Limited (the "**Company**") announces that Grant Thornton ("**GTHK**") shall resign as auditor of the Company and its subsidiaries (collectively the "**Group**") with effect from 6 December 2010.

The Board proposes to appoint BDO Limited as auditor of the Group to fill the casual vacancy occasioned by the resignation of GTHK. Pursuant to the bye-laws of the Company, the Board shall convene a special general meeting ("**SGM**") for approving BDO Limited's appointment. BDO Limited shall hold office until the conclusion of the next annual general meeting of the Company.

The reason for the change of auditor is due to a merger of the practices of GTHK with that of BDO Limited, the Hong Kong member firm of the global BDO network.

GTHK has confirmed that there were no circumstances connected with its resignation which it considers should be brought to the attention of the shareholders or creditors of the Company.

Both the Board and its Audit Committee confirm that there is no disagreement between the Company and GTHK and there are no circumstances in respect of the change of auditors which they consider should be brought to the attention of the shareholders of the Company.

A circular containing details of the change of auditors and the notice for the SGM will be despatched to shareholders of the Company as soon as practicable.

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

Hong Kong, 1 December 2010

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*