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**中國水務地產集團有限公司**  
**CHINA WATER PROPERTY GROUP LIMITED**

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

(Stock Code: 2349)

### **DISCLOSEABLE TRANSACTION: FORMATION OF JOINT VENTURE**

The Board is pleased to announce that on 25 November 2009 (after trading hours), the JV Documents are entered into between the Company, Ningxiang Construction and Ningxiang Zhongshui Hongda, pursuant to which the Ningxiang JV will be established in Ningxiang County, Changsha City, Hunan Province, the PRC.

It is intended that the Ningxiang JV will be engaged principally in investments in property projects, development of properties, trading of building materials, management and leasing of properties and construction works. The Ningxiang JV will be owned as to 30% by Ningxiang Construction, as to 15% by Ningxiang Zhongshui Hongda and as to 55% by the Company. Upon establishment, the Ningxiang JV will become a non-wholly owned subsidiary of the Company.

Pursuant to the terms of the JV Document, the registered capital of the Ningxiang JV will be RMB100,000,000. Ningxiang Construction, Ningxiang Zhongshui Hongda and the Company will be responsible to contribute RMB30,000,000, RMB15,000,000 and RMB55,000,000 to the registered capital of the Ningxiang JV.

As support for the Ningxiang JV, the local government of Ningxiang County, the ultimate beneficial owner of Ningxiang Construction, has entered into the MOU with the Company in which the local government of Ningxiang County has indicated that it will provide various kinds of financial concessions to Ningxiang JV in its real property development projects on the land adjacent to the Yutan Park Project with an area of approximately 266,800 square metres. As at the date of this announcement, no land has been granted or assigned to Ningxiang JV for real property development purpose. The Company will make further announcement in the event the said real property development projects materialize.

The JV Documents constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 25 November 2009 (after trading hours), the JV Documents are entered into between Ningxiang Construction, Ningxiang Zhongshui Hongda and the Company with details as follows:

## **THE JV DOCUMENTS**

**Date** : 25 November 2009

**Parties** : (i) Ningxiang Construction;  
(ii) Ningxiang Zhongshui Hongda; and  
(iii) the Company

Ningxiang Construction and Ningxiang Zhongshui Hongda and their respective ultimate beneficial owners, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined under the Listing Rules) and are not connected persons (as defined under the Listing Rules) of the Company. Ningxiang Construction is wholly owned by the local government of Ningxiang County.

Prior to the entering into of the JV Documents, each of Ningxiang Construction and Ningxiang Zhongshui Hongda has no past relationship with the Group and has not engaged in any other transactions with the Group.

### **Formation of the Ningxiang JV**

Under the JV Documents, the parties to the JV Documents agreed that Ningxiang JV will be established in Ningxiang County, Changsha City, Hunan Province, the PRC.

It is intended that the Ningxiang JV will be engaged principally in investments in property projects, development of properties, trading of building materials, management and leasing of properties and construction works. The Ningxiang JV will be owned as to 30% by Ningxiang Construction, as to 15% by Ningxiang Zhongshui Hongda and as to 55% by the Company. Upon establishment, the Ningxiang JV will become a non-wholly owned subsidiary of the Company.

In particular, the Ningxiang JV will undertake the Yutan Park Project.

### **Registered capital**

The registered capital of Ningxiang JV will be RMB100,000,000 (equivalent to about HK\$113,636,364). Pursuant to the terms of the JV Document, the registered capital of the Ningxiang JV will be RMB100,000,000. Ningxiang Construction, Ningxiang Zhongshui Hongda and the Company will be responsible for contributing RMB30,000,000, RMB15,000,000 and RMB55,000,000 to the registered capital of the Ningxiang JV respectively.

Each of Ningxiang Zhongshui Hongda and the Company will make its contributions to the registered capital of the Ningxiang JV by cash injection. Ningxiang Construction will contribute to the registered capital of the Ningxiang JV in the following manner: (i) RMB21,000,000 will be contributed by cash injection; and (ii) the balance of RMB9,000,000 will be satisfied by injection of realisable assets.

The contributions to the registered capital of the Ningxiang JV shall be paid/satisfied by the joint venture partners of Ningxiang JV in two instalments; (i) the first instalment of not less than 20% of their respective contributions to the registered capital shall be paid/satisfied by the joint venture partners to Ningxiang JV within three months from the date of issue of the business licence of the Ningxiang JV; and (ii) the balance of the contributions to the registered capital shall be paid/satisfied by the joint venture partners of the Ningxiang JV within two years from the date of issue of the business licence of the Ningxiang JV.

Upon establishment, the Ningxiang JV will become a non-wholly owned subsidiary of the Company and its accounts will be consolidated into the financial statements of the Group.

The Group intends to finance its contribution to the registered capital of the Ningxiang JV by its internal financial resources.

The total investment of Ningxiang JV is RMB150,000,000. Apart from the contributions to the registered capital set out above, there are no further capital commitments that are required to be contributed by the joint venture partners of the Ningxiang JV at this stage. If there are any further capital commitments to be put up by the joint venture partners to the Ningxiang JV, further announcement will be made as and when appropriate to comply with the requirements under the Listing Rules.

### **Profit and loss sharing**

The profit and loss of the Ningxiang JV will be shared by the joint venture partners of the Ningxiang JV in proportion to their respective contributions to the registered capital of the Ningxiang JV.

### **Term**

The Ningxiang JV shall have a term of operation of 50 years.

### **Board of directors of the Ningxiang JV**

The board of directors of the Ningxiang JV will comprise seven directors, of which four will be appointed by the Company (and one of which shall be the chairman of the Ningxiang JV), two will be appointed by Ningxiang Construction and one will be appointed by Ningxiang Zhongshui Hongda.

## **INFORMATION ON NINGXIANG CONSTRUCTION AND NINGXIANG ZHONGSHUI HONGDA**

Ningxiang Construction is a limited liability company established in the PRC with a registered capital of RMB12,000,000.

Ningxiang Zhongshui Hongda is a limited liability company established in the PRC with a registered capital of RMB2,000,000.

## **INFORMATION ON NINGXIANG COUNTY AND YUTAN PARK PROJECT**

Ningxiang County, which is located in Changsha City, the provincial capital of the Hunan Province, is the west gate of Changsha City. Ningxiang County ranked third in the Hunan Province with a gross domestic product of about RMB25.1 billion in 2009 and second in the Hunan Province with a total industrial output of about RMB41 billion in 2008.

The Yutan Park Project will be the first ecological leisure park in the Ningxiang County and is located in the southwest of Ningxiang County with a forest area of about 51.42 hectares. It is surrounded by First Ring Road, 319 National Highway, Yuxing Road and Southern Second Ring Road as well as Baima Road in Yutan Town. The land-use planning of the Yutan Park Project comprises about 7.22 hectares of pool and lake environment, about 3.93 hectares of green leisure facilities, about 32.47 hectares of conservation woodland and about 7.8 hectares of public recreational area.

As support for the Ningxiang JV, the local government of Ningxiang County, the ultimate beneficial owner of Ningxiang Construction, has entered into the MOU with the Company in which the local government of Ningxiang County has indicated that it will provide various kinds of financial concessions to Ningxiang JV in its real property development projects on the land adjacent to the Yutan Park Project with an area of approximately 266,800 square metres. As at the date of this announcement, no land has been granted or assigned to Ningxiang JV for real property development purpose. The Company will make further announcement in the event the said real property development projects materialize.

## **REASONS FOR THE JV DOCUMENTS**

The Group is principally engaged in property development and investment in the PRC as well as packaged food and healthcare products business. The Group is pursuing a strategy to expand its exposure in the property development markets in the PRC.

In pursuit of the above business strategy, the Directors have been active in exploring suitable business opportunities to broaden the revenue base and to diversify its business scope of the Company. The Directors consider that the formation of the Ningxiang JV represents an opportunity to the Group in investing in the property market in the PRC.

The Directors, including the non-executive Directors, consider that the terms of the JV Documents are entered into upon normal commercial terms following arm's length negotiations among the parties and that the terms of the JV Documents are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **GENERAL**

The JV Documents constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Articles of Association”	the article of association dated 25 November 2009 and made between the Company, Ningxiang Construction and Ningxiang Zhongshui Hongda in relation to the formation of Ningxiang JV
“Board”	the board of Directors
“Company”	China Water Property Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors (including the independent non-executive directors) of the Company from time to time
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“JV Agreement”	the joint venture agreement dated 25 November 2009 and made between the Company, Ningxiang Construction and Ningxiang Zhongshui Hongda in relation to the formation of the Ningxiang JV
“JV Documents”	together, the JV Agreement and the Articles of Association
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the non-legally binding memorandum of understanding dated 25 November 2009 entered into between local government of Ningxiang County and the Company in relation to development of real property projects up to an area of 266,800 square metres adjacent to the Yutan Park Project
“Ningxiang Construction”	寧鄉縣建設經營投資有限公司 (Ningxiang County Construction and Investment Company Limited) <sup>#</sup> , a limited liability company incorporated in Ningxiang County, Changsha City, Hunan Province, the PRC and one of the joint venture partner of the Ningxiang JV
“Ningxiang JV”	長沙中水建經房地產開發有限公司 (Changsha China Water Construction Realty Development Company Limited) <sup>#</sup> , a joint venture to be established pursuant to the JV Documents in Ningxiang County, Changsha City, Hunan Province, the PRC
“Ningxiang Zhongshui Hongda”	寧鄉中水宏達建設開發有限公司 (Ningxiang Zhongshui Hongda Construction and Development Company Limited) <sup>#</sup> , a limited liability company incorporated in Ningxiang County, Changsha City, Hunan Province, the PRC and one of the joint venture partner of the Ningxiang JV
“PRC”	the People’s Republic of China
“Shareholders”	holders of the issued Shares
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Yutan Park Project”	the development project located in Ningxiang County, Changsha City, Hunan Province, the PRC to be undertaken by the Ningxiang JV which comprises: (i) the construction of an ecological leisure park and its infrastructure facilities; (ii) the relevant investment and development projects in the leisure park; and (iii) the investment and development of the real properties in the vicinity of the leisure park
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

# *the English translations of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words*

By order of the Board  
**China Water Property Group Limited**  
**But Ka Wai**  
*Chairman*

Hong Kong, 25 November 2009

*As at the date of this announcement, the Board comprises Mr. But Ka Wai (Chairman), Ms. Wang Wen Xia (Vice Chairman), Mr. But Chai Tong (Vice Chairman), Mr. Sun Zhen Yu and Mr. Ren Qian as executive Directors, Mr. Zhou Kun as non-executive Director and Mr. Chen Ziqiang, Mr. Tam Pei Qiang and Ms. Li Ling as independent non-executive Directors.*

*For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of HK\$1.00 to RMB0.88. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.*