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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)

## **CO-OPERATION LETTER OF INTENT FOR THE DEVELOPMENT OF CHINA CULTURE AND ARTS VALLEY PROJECT WITH XINJIAN GOVERNMENT, JIANGXI, THE PRC**

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Board is pleased to announce that on 25 January 2010, CWPR entered into the Letter of Intent with Xinjian Government and JFLAC in relation to the CCAV Project. The CCAV Project will be included in a designated region of Lake Jiulonghu in Xinjian County, which is part of prefecture of Nanchang City, Jiangxi Province, the PRC. The Project is adjacent to Honggutun New District and expected to occupy a total site area of approximately 3,000 Chinese mu (approximately 2,001,000 sq.m.).

**As there is no assurance of the consummation of any co-operation under the Letter of Intent, shareholders of the Company and/or investors are advised to exercise caution when dealing in the Company's securities.**

**In case any actual co-operation takes place pursuant to the Letter of Intent constitutes a notifiable and/or connected transaction for the Company under the Listing Rules, the Company will comply with the Listing Rules requirements by disclosure and/or seeking approval from shareholders, as and when appropriate.**

This announcement is made pursuant to Rule 13.09 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

### **THE CO-OPERATION LETTER OF INTENT**

The boards (the “**Board**”) of directors of China Water Property Group Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) is pleased to announce that China Water Property Research Limited, a company incorporated in Hong Kong with limited liability and is wholly owned subsidiary of the Company (“**CWPR**”) has on 25 January 2010 entered into a co-operation letter of intent (the “**Letter of Intent**”) with 江西省南昌市新建縣人民政府 Jiangxi Nanchang Xinjian Municipal Government# (“**Xinjian Government**”) and 江西省文學藝術聯合會 Jiangxi Federation of Literary and

Art Circles<sup>#</sup> (“**JFLAC**”), pursuant to which CWPR, Xinjian Government and JFLAC have agreed to set out the Letter of Intent for a property development project for cultural and arts industries, namely 華夏藝術谷 China Culture & Arts Valley<sup>#</sup> (the “**CCAV Project**”) in Xinjian County, Nanchang City, Jiangxi Province, the People’s Republic of China (the “**PRC**”).

## **INFORMATION OF XINJIAN COUNTY AND CCAV PROJECT**

The CCAV Project will be included in a designated region of Lake Jiulonghu in Xinjian County, which is part of prefecture of Nanchang City, Jiangxi Province, the PRC. The Project is adjacent to Honggutan New District and expected to occupy a total site area of approximately 3,000 Chinese mu (approximately 2,001,000 sq.m.) where a property project of cultural and arts industries will be developed in accordance with the guidelines set out by the government planning. The Honggutan New District is set up for widening the urban development space and implementing the urban development strategy of “One River and Two Banks” in Nanchang City. The New District also covering a planned area of about 78 square km including Honggutan Central Area, Fenghuangzhou Area, Hongjiaozhou Area and Jiulonghu Area.

The implementation of the CCAV Project will strive to establish it as a new cultural landmark and a new international arts exchange centre as well as a major arts tourism venue. It is expected that the cultural facilities will comprises painter villages, musician villages, artwork training and grading centre, artworks and art material trading centre, restaurants and leisure recreation centre, international festival figurative arts and relevant facilities as well as property development project etc.

Pursuant to the Letter of Intent, Xinjian Government will be responsible for the planning of the CCAV Project and provide necessary supports for the CCAV Project; CWPR and JFLAC will be responsible for the overall strategic planning and financing arrangement for CCAV Project by their joint venture company, Jiangxi Huaxia-Arts-Valley Culture Development Company Limited (“**JV Company**”), in which CWPR holds 80% equity interest and JFLAC holds 20% equity interest through its wholly owned subsidiary Jiangxi Canvas Arts Academe. Once the detailed terms of CCAV Project are identified and the actual co-operation takes place, the Group will enter into further binding agreements and other necessary ancillary documents to implement the investment plans and strategies as envisaged under the Letter of Intent. Further announcement will be made by the Company as and when required under the Listing Rules.

## **REASONS FOR ENTERING INTO THE LETTER OF INTENT**

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. The Company eyes on the potential of this thriving district and intends to extend its business to Nanchang City, Jianxing Province. The CCAV Project will enlarge the Company’s land reserve of the Group and realise the financial benefit from project development. The Company is optimistic on the prospect of the CCAV Project. The Directors considers that the terms of the Letter of Intent are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

**As there is no assurance of the consummation of any co-operation under the Letter of Intent, shareholders of the Company and/or investors are advised to exercise caution when dealing in the Company's securities.**

**In case any actual co-operation takes place pursuant to the Letter of Intent constitutes a notifiable and/or connected transaction for the Company under the Listing Rules, the Company will comply with the Listing Rules requirements by disclosure and/or seeking approval from shareholders, as and when appropriate.**

By order of the Board  
**China Water Property Group Limited**  
**Wang Wen Xia**  
*Vice Chairman*

Hong Kong, 25 January 2010

*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.*

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