

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in China Water Property Group Limited (the “**Company**”), you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



**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:  
ACQUISITION OF 60% EQUITY INTEREST OF  
A REAL ESTATE PROJECT COMPANY IN HANGZHOU, THE PRC  
INVOLVING ISSUE OF CONSIDERATION SHARES**

---

A notice convening an extraordinary general meeting (the “**EGM**”) of the Company to be held on Monday, 10 May 2010 at 10:30 a.m. at Room 1816-17, 18/F., Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong is set out on pages 15 to 16 of this circular. A form of proxy for the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the EGM. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment meeting should you so wish.

20 April 2010

---

## CONTENTS

---

	<i>page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	4
<b>Notice of EGM</b> .....	15

---

## DEFINITIONS

---

*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Agreement”	the formal agreement for the Possible Acquisition dated 1 April 2010 entered into between the Purchaser and the Vendors
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (not being Saturdays, Sunday or public holidays) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“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 Main Board of the Stock Exchange
“Completion”	completion of the Possible Acquisition pursuant to the terms and conditions of the Agreement
“connected persons”	has the meaning ascribed to this term under the Listing Rules
“Consideration Shares”	collectively the Consideration Shares (First Tranche) and the Consideration Shares (Second Tranche)
“Consideration Shares (First Tranche)”	the 437,811,333 new Shares to be allotted and issued by the Company at the Issue Price (First Tranche) to the Vendors (or their respective nominee(s)) in accordance with the terms of the Agreement as part of the consideration for the Possible Acquisition
“Consideration Shares (Second Tranche)”	the 145,937,111 new Shares to be allotted and issued by the Company at the Issue Price (Second Tranche) to the Vendors (or their respective nominee(s)) in accordance with the terms of the Agreement as part of the consideration for the Possible Acquisition
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held and convened for the purpose of approving the Possible Acquisition and the transactions contemplated thereunder, including but not limited to the issue and allotment of the Consideration Shares

---

## DEFINITIONS

---

“First Vendor”	金成房地產集團有限公司 (Jin Cheng Property Group Co., Ltd.#), a company established in the PRC principally engaged in property development and the beneficial owner of 40% equity interests of the Target
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, 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 of the Company in accordance with the Listing Rules
“Issue Price (First Tranche)”	HK\$0.146 per Consideration Share (First Tranche)
“Issue Price (Second Tranche)”	HK\$0.146 per Consideration Share (Second Tranche)
“Latest Practicable Date”	19 April 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Possible Acquisition”	the acquisition of the Sale Capital and the transactions contemplated thereunder
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“Property”	the property in the course of developed by the Target in the Qiandao Lake, Hangzhou City, Zhejiang Province, the PRC under the land use right certificate number 淳安國用2002字第352號 (Chun An Guo Yong 2002-352#)
“Purchaser”	China Water Real Property Limited (previously known as Head Fame Properties Limited), being a wholly owned subsidiary of the Company

---

## DEFINITIONS

---

“Reorganisation”	the reorganisation to be conducted by the Target in relation to the transformation of the Target from a PRC domestic enterprise to a sin-foreign joint venture
“Sale Capital”	RMB18,000,000 in the registered and paid-up capital of the Target, representing 60% of the registered and paid-up capital of the Target
“Second Vendor”	周秋羊 (Zhou Qiuyang <sup>#</sup> ), a PRC citizen and the beneficial owner of 33% equity interests of the Target
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq m”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	杭州普天房地產開發有限公司 (Hangzhou Pu Tian Property Development Co., Ltd. <sup>#</sup> ), a company established in the PRC and is owned as to 40% by the First Vendor, as to 33% by the Second Vendor and as to 27% by the Third Vendor
“Third Vendor”	倪國明 (Ni Guoming <sup>#</sup> ), a PRC citizen and the beneficial owner of 27% equity interests of the Target
“Vendors”	together the First Vendor, the Second Vendor and the Third Vendor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

<sup>#</sup> *The English translation of Chinese names or words in this circular, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

*Amounts denominated in RMB in this circular has been converted into HK\$ at the rate of HK\$1 = RMB0.88 for illustration purposes.*

---

## LETTER FROM THE BOARD

---



**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)

*Executive Directors:*

Mr. But Ka Wai  
Ms. Wang Wenxia  
Mr. But Chai Tong  
Mr. Sun Zhen Yu  
Mr. Ren Qian

*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

*Non-executive Director:*

Mr. Zhou Kun

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

Room 1816-17, 18/F  
Sun Hung Kai Centre  
30 Harbour Road  
Wanchai, Hong Kong

*Independent non-executive Directors:*

Mr. Chen Ziqiang  
Mr. Tam Pei Qiang  
Ms. Li Ling

20 April 2010

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION:  
ACQUISITION OF 60% EQUITY INTEREST OF  
A REAL ESTATE PROJECT COMPANY IN HANGZHOU, THE PRC  
INVOLVING ISSUE OF CONSIDERATION SHARES**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 1 April 2010 in which the Board announced that on 1 April 2010 (after trading hour), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendors pursuant to which the Purchaser has agreed to acquire and the Vendors have agreed to dispose the Sale Capital for a total consideration of RMB150,000,000.

The purpose of this circular is to provide details of the Possible Acquisition and a notice of EGM and to seek approval from the Shareholders for the Possible Acquisition and the transactions contemplated thereunder including but not limited to the issue and allotment of the Consideration Shares.

---

## LETTER FROM THE BOARD

---

### THE AGREEMENT

**Date:**

1 April 2010 (after trading hour)

**Parties:**

- (i) the Purchaser, a company incorporated in Hong Kong and a wholly owned subsidiary of the Company, as the purchaser of the Sale Capital;
- (ii) the First Vendor, a company established in the PRC and principally engaged in property development and the beneficial owner of 40% equity interests of the Target and the vendor of 24% equity interests of the Target;
- (iii) the Second Vendor, a PRC citizen and the beneficial owner of 33% equity interests of the Target and the vendor of 19.8% equity interests of the Target; and
- (iv) the Third Vendor, a PRC citizen and the beneficial owner of 27% equity interests of the Target and the vendor of 16.2% equity interests of the Target.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Vendors and, if applicable, their ultimate beneficial owner(s), are Independent Third Parties and as at the Latest Practicable Date, each of the Vendors and their respective associates do not hold any Shares or other securities in the Company.

The Purchaser, being a wholly owned subsidiary of the Company, is an investment holding company incorporated in Hong Kong.

The Vendors intend to hold the Consideration Shares for investment purpose and has no intention to nominate or appoint Directors to the Board. The Agreement does not confer any rights to any of the Vendors to nominate or appoint Directors to the Board.

**Assets to be acquired**

Pursuant to the Agreement, it was agreed that the Purchaser shall acquire and the Vendors shall sell the Sale Capital in the proportion (i) as to 24% equity interests of the Target by the First Vendor; (ii) as to 19.8% equity interests of the Target by the Second Vendor; and (iii) as to 16.2% equity interests of the Target by the Third Vendor. The Sale Capital in aggregate represents 60% of the entire registered and paid-up capital of the Target.

The Vendors warrant and undertake in the Agreement that there will be no shareholders' loan owed by the Target Company to the Vendors upon Completion.

---

## LETTER FROM THE BOARD

---

It was agreed after arm's length negotiations between the parties to the Agreement that the Possible Acquisition shall be conducted by way of purchase of the Sale Capital.

After the Completion, the Purchaser shall be interested in 60% of the entire registered and paid-up capital of the Target.

### Consideration

The total consideration for the Possible Acquisition is RMB150,000,000 (equivalent to approximately HK\$170,455,000) and shall be settled by the Purchaser in the following manner (or such other manner as the parties thereto may agree):

- (i) as to the initial deposit (the “**Initial Deposit**”) of a total of RMB30,000,000 (equivalent to approximately HK\$34,091,000) has been paid in cash by the Purchaser to the Vendors in the proportion of RMB10,000,000 to each of the Vendors within five Business Days following signing of the Agreement;
- (ii) as to RMB45,000,000 (equivalent to approximately HK\$51,136,000) shall be payable by way of cash by the Purchaser to the Vendors (as to RMB20,000,000 (equivalent to approximately HK\$22,727,000) to the First Vendor, as to RMB14,750,000 (equivalent to approximately HK\$16,761,000) to the Second Vendor and as to RMB10,250,000 (equivalent to approximately HK\$11,648,000) to the Third Vendor) within ten Business Days after the Completion;
- (iii) as to RMB56,250,000 (equivalent to approximately HK\$63,920,000) shall be payable by the Purchaser by way of procuring the Company to issue and allot the Consideration Shares (First Tranche) at the Issue Price (First Tranche) to the Vendors (or their respective nominee(s)) (as to 175,124,533 Consideration Shares (First Tranche) to the First Vendor, as to 144,477,740 Consideration Shares (First Tranche) to the Second Vendor and as to 118,209,060 Consideration Shares (First Tranche) to the Third Vendor) at the Completion; and
- (iv) the remaining balance of RMB18,750,000 (equivalent to approximately HK\$21,307,000) shall be payable at the discretion of the Purchaser by procuring the Company to issue and allot the Consideration Shares (Second Tranche) at the Issue Price (Second Tranche) to the Vendors (or their respective nominee(s)) (as to 58,374,844 Consideration Shares (Second Tranche) to the First Vendor, as to 48,159,247 Consideration Shares (Second Tranche) to the Second Vendor and as to 39,403,020 Consideration Shares (Second Tranche) to the Third Vendor) on the date falling six months after the Completion (the “**Second Tranche Date**”).

For the purpose of calculation of the consideration for the Possible Acquisition only, the exchange rate shall be calculated on the basis that HK\$1.00 for RMB0.88.

---

## LETTER FROM THE BOARD

---

The consideration for the Sale Capital was determined after arm's length negotiations between the Vendors and the Purchaser after considering various factors, including (i) the valuation of the Property by an independent professional valuer; (ii) the estimated amount of proceeds from the sale of properties developed on the Property; and (iii) the expected costs and expenses for the Possible Acquisition. The valuation of the Property by the independent professional valuer amounts to RMB263,000,000. The funding for the cash consideration will be from the internal resources of the Group.

In the event that the Completion does not take place as stipulated or the conditions precedent cannot be fulfilled, the Vendors shall refund the Initial Deposit to the Purchaser and neither party shall have any obligations and liabilities under the Agreement.

### **Conditions precedent**

Completion is subject to the following conditions having been fulfilled or waived (as the case may be):

1. all necessary consents and approvals required to be obtained on the part of the Vendors and the Purchaser in respect of the Agreement and the transactions contemplated thereunder having been obtained;
2. no event, fact or situation that will cause the breaches or the possible breaches of warranties or terms of the Agreement by the Vendors;
3. the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares;
4. if necessary, the passing by the Shareholders of ordinary resolution(s) approving the transactions contemplated under the Agreement, including but not limited to the allotment and issue of the Consideration Shares;
5. the obtaining of a PRC legal opinion (in form and substance satisfactory to the Purchaser) from a PRC legal adviser appointed by the Purchaser in relation to the legality and the validity in respect to the establishment and subsistence of the Target and the transactions contemplated under the Agreement;
6. the completion of the Reorganisation; and
7. the Purchaser being satisfied with the results of the due diligence to be conducted on the assets, liabilities, operations and affairs of the Target.

None of the above conditions can be waived by the parties to the Agreement. If the conditions are not fulfilled on or before 30 June 2010 (or such later date as the parties to the Agreement may agree), the Agreement shall cease and terminate and thereafter neither party to the Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches thereof. As at the date of this circular, none of the above conditions has been fulfilled.

---

## LETTER FROM THE BOARD

---

### **Completion**

Completion shall take place on the date falling the second Business Day after all the conditions of the Agreement have been fulfilled or waived or such later date as may be agreed between the parties thereto.

### **The Reorganisation**

The Reorganisation shall involve the transformation of the Target from a PRC domestic enterprise to become a Sino-foreign joint venture enterprise.

Pursuant to the Agreement, the Reorganisation shall be conducted in such a manner as the Purchaser may approve.

### **Profit Guarantee**

The Vendors have guaranteed and warranted to the Purchaser that the audited profit before taxation of the Target for the period from Completion ending 31 December 2012 or the date of the sale of all units of the Property, whichever is earlier (or such longer period as may be agreed between the parties to the Agreement) (the “**Guaranteed Period**”), shall not be less than RMB400,000,000 (the “**Guaranteed Profit**”). In the event the Guaranteed Profit is not achieved, the Vendors shall indemnify the Purchaser in cash (or such other method as the parties to the Agreement may agree) an amount equivalent to the shortfall which will be equal to the difference between the actual profit before taxation of the Target for the Guaranteed Period and the Guaranteed Profit.

Further announcement will be made by the Company in the event that the Guaranteed Profit is not achieved.

### **THE CONSIDERATION SHARES**

The 583,748,444 Consideration Shares will be issued at an Issue Price of HK\$0.146 per Consideration Share, credited as fully paid.

The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue.

---

## LETTER FROM THE BOARD

---

The Issue Price represents:

- (i) a discount of approximately 12% to the closing price of HK\$0.165 per Share as quoted on the Stock Exchange on 31 March 2010, being the last trading day immediately prior to the date of the Agreement;
- (ii) a discount of approximately 12% to the average closing price of approximately HK\$0.165 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 31 March 2010, being the last trading day immediately prior to the date of the Agreement;
- (iii) a discount of approximately 5% to the average closing price of approximately HK\$0.154 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 31 March 2010, being the last trading day immediately prior to the date of the Agreement; and
- (iv) a premium of approximately 2.8% to the closing price of HK\$0.142 per Share as quoted on the Latest Practicable Date.

The Consideration Shares will be allotted and issued pursuant to the specific mandate to be sought at the EGM and will be allotted and issued on the date of the Completion and the Second Tranche Date respectively for the Consideration Shares (First Tranche) and the Consideration Shares (Second Tranche) respectively.

The Consideration Shares represent (i) approximately 6.88% of the issued share capital of the Company as at the date of the announcement of the Company dated 1 April 2010; (ii) approximately 5.91% of the issued share capital of the Company as at the Latest Practicable Date but before the issue and allotment of the Consideration Shares; and (iii) approximately 5.58% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

Each of the Vendors undertakes to the Purchaser that it will not, within the period commencing on the date of the Completion and ending on the date falling 3 months after the Completion, transfer or otherwise dispose of or create any encumbrance or other rights in respect of 50% of the Consideration Shares issued or any interests therein or grant any options or rights in respect of 50% of the Consideration Shares issued without prior approval from the Purchaser. Each of the Vendors undertakes to the Purchaser that it will not, within the period commencing on the date of the Completion and ending on the date falling 6 months after the Completion, transfer or otherwise dispose of or create any encumbrance or other rights in respect of the other 50% of the Consideration Shares issued or any interests therein or grant any options or rights in respect of the other 50% of the Consideration Shares issued without prior approval from the Purchaser.

---

## LETTER FROM THE BOARD

---

The Issue Price was determined by the Board with reference to, among other things, the prevailing market price of the Shares prior to entering into of the Agreement. As disclosed above, the Issue Price of HK\$0.146 only represented a discount of approximately 12% to the closing price of HK\$0.165 per Share as quoted on the Stock Exchange on 31 March 2010, being the last trading day immediate prior to the date of the Agreement and a discount of approximately 5% to the average closing price of HK\$0.154 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 31 March 2010, being the last trading day immediate prior to the date of the Agreement. In light of the growing potential of the Target and the considerable revenue and financial benefit expected to be generated to the Group from the Possible Acquisition as disclosed in the paragraph headed “Reasons for the Possible Acquisition” below, the Directors (including the independent non-executive Directors) consider that the Issue Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Application for listing**

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares.

## LETTER FROM THE BOARD

### CHANGE IN SHAREHOLDINGS

The changes in the shareholding structure of the Company as a result of the allotment and issue of the Consideration Shares are as follows:

Shareholders	Issued share capital as at the Latest Practicable Date		Issued share capital immediately after allotment and issue of the Consideration Shares (First Tranche) but before the allotment and issue of the Consideration Shares (Second Tranche)		Issued share capital immediately after allotment and issue of the Consideration Shares (First Tranche) and the Consideration Shares (Second Tranche)	
	No. of Shares	Approximate	No. of Shares	Approximate	No. of Shares	Approximate
		Percentage		Percentage		Percentage
China Water Affairs Group Limited and its associates	1,984,706,172	20.10%	1,984,706,172	19.24%	1,984,706,172	18.97%
Highest Growth Holdings Limited	846,228,234	8.57%	846,228,234	8.20%	846,228,234	8.09%
Sunshine Capital Investments Group Limited (Note 1)	593,951,105	6.01%	593,951,105	5.76%	593,951,105	5.68%
The First Vendor	-	-	175,124,533	1.70%	233,499,377	2.23%
The Second Vendor	-	-	144,477,740	1.40%	192,636,987	1.84%
The Third Vendor	-	-	118,209,060	1.15%	157,612,080	1.51%
<b>Total of the Vendors</b>	<b>-</b>	<b>-</b>	<b>437,811,333</b>	<b>4.25%</b>	<b>583,748,444</b>	<b>5.58%</b>
Mr. But Ka Wai and his associates (Note 2)	16,664,000	0.17%	16,664,000	0.16%	16,664,000	0.16%
Public Shareholders	6,434,470,834	65.15%	6,434,470,834	62.39%	6,434,470,834	61.52%
<b>Total</b>	<b>9,876,020,345</b>	<b>100.00%</b>	<b>10,313,831,678</b>	<b>100.00%</b>	<b>10,459,768,789</b>	<b>100.00%</b>

*Notes:*

- Ms. Wang Wenxia, the Vice Chairman and an executive Director of the Company, is also the chairman and an executive director of Sunshine Capital Investments Group Limited, a listed company in Hong Kong.
- Mr. But Ka Wai is the Chairman and an executive Director of the Company.

---

## LETTER FROM THE BOARD

---

### INFORMATION OF THE TARGET COMPANY AND THE PROPERTY

The Target is a company established in the PRC with a registered capital of RMB30,000,000 and is principally engaged in property development business. After the Completion, the Purchaser shall be interested in 60% of the entire registered and paid-in capital of the Target.

The Target is currently holding the Property located at Qiandao Lake, Hangzhou City, Zhejiang Province, the PRC. The project is occupying a total site area of approximately 44,016 sq m and will primarily consist of low-density luxury lakefront villas with the private docking facility with gross floor area of approximately 23,510 sq m.

The project developing costs of completing the Property will be funded by internal resources of the Target, customer deposits on pre-sales as well as the bank loan.

Set below is the financial information of the Target as prepared under the general accepted accounting principles in the PRC:

	<b>For the year ended 31 December 2008</b>	<b>For the year ended 31 December 2009</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Loss before taxation	3,216	4,457
Loss after taxation	3,216	4,457
Net asset value	(7,879)	(12,336)

After Completion, the Target will be treated as a subsidiary of the Group and its results will be consolidated in the consolidated financial statements of the Group.

### REASONS FOR THE POSSIBLE ACQUISITION

The principal activities of the Group comprise of property development and property investment in the PRC and its subsidiaries also engaged in packaged food and healthcare product business.

The principal business of the Target is the development and construction of the Property in Hangzhou City. The Company is of the view that future development on the Property will generate considerable revenue and realize the financial benefit to the Group. The Possible Acquisition is also in line with the Group's business strategy and strengthens the strategic co-operation between the Group and the Vendors in the Zhejiang property development market.

---

## LETTER FROM THE BOARD

---

In light of the growing potential of the Target, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Possible Acquisition are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) consider the issue of Consideration Shares as Consideration for the Possible Acquisition is fair and reasonable and in the best interest of the Shareholders as a whole as it is the best financing method for the Company given that the Company would not need to use a substantial amount of its existing cash resources to fund the Possible Acquisition.

### LISTING RULES IMPLICATION

The Possible Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

The issue and allotment of the Consideration Shares will require the specific mandate from the Shareholders to be sought at the EGM. To the best of the Directors' knowledge, information and belief having made reasonable enquiries, no Shareholders have a material interest in the Possible Acquisition and are required to abstain from voting at the EGM. The Company will seek Shareholders' approval for the Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Consideration Shares at the EGM.

### EGM

A notice convening the EGM to be held at Room 1816-17, 18/F., Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Monday, 10 May 2010 at 10:30 a.m. is set out on pages 15 to 16 of this circular.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend and vote at such meeting, you are requested to complete and return the enclosed form of proxy to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

---

## LETTER FROM THE BOARD

---

### RECOMMENDATION

The Board considers that the terms of the Possible Acquisition is fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution as set out in the notice of the EGM.

### RESPONSIBILITY STATEMENT

This document includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

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

---

## NOTICE OF EGM

---



### 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)

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**Meeting**”) of China Water Property Group Limited (the “**Company**”) will be held at Room 1816-17, 18/F., Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Monday, 10 May 2010 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions with or without amendments as an ordinary resolutions:

### ORDINARY RESOLUTIONS

“**THAT**

- (a) the conditional agreement (the “**Agreement**”, details of which are disclosed in the circular of the Company dated 20 April 2010 (the “**Circular**”) dated 1 April 2010 entered into between China Water Real Property Limited, a wholly-owned subsidiary of the Company, as purchaser (the “**Purchaser**”) and 金成房地產集團有限公司 (Jin Cheng Property Group Co., Ltd.#), 周秋羊 (Zhou Qiuyang#) and 倪國明 (Ni Guoming#) as vendors (the “**Vendors**”) in relation to, among other matters, the sale and purchase of 60% registered paid up capital of 杭州普天房地產開發有限公司 (Hangzhou Pu Tian Property Development Co., Ltd.#) (the “**Target**”) for a total consideration of RMB150,000,000 (equivalent to approximately HK\$170,455,000) (a copy of the Agreement is marked “A” and produced to the Meeting and signed by the chairman of the Meeting for identification purpose) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved;
- (b) any one or more of the directors (the “**Directors**”) of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents which he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Agreement and the transactions contemplated thereunder;
- (c) the allotment and issue of the Consideration Shares (as defined in the Circular) credited as fully paid at the Issue Price (as defined in the Circular) to the Vendors in accordance with the terms and conditions of the Agreement and the transactions contemplated thereunder be and is hereby approved.”

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

Hong Kong, 20 April 2010

---

## NOTICE OF EGM

---

*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

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

Room 1816-17, 18/F  
Sun Hung Kai Centre  
30 Harbour Road  
Wanchai, Hong Kong

*Notes:*

1. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies (if the member is a holder of two or more shares) to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy must be duly lodged at the Company's branch registrar in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is duly signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the meeting or any adjourned meeting.
3. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he so wish, and in such event, the form of proxy shall be deemed to be revoked.
4. Amounts denominated in RMB in this notice has been converted into HK\$ at the rate of HK\$1 = RMB0.88 for illustration purpose.