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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)

**THE GROUP ENTERS INTO A MOU FOR
PROPOSED ACQUISITION OF A MAJORITY INTEREST IN
A REAL ESTATE PROJECT IN HANGZHOU, THE PRC**

The Board is pleased to announce that on 3 May 2010, the Purchaser, a wholly-owned subsidiary of the Company, has entered into the MOU with the Vendor in relation to the Possible Acquisition.

If the Formal Agreement(s) are entered into, it is expected that the Possible Acquisition will constitute a notifiable transaction on the part of the Company pursuant to the Listing Rules. In this regard, the Company will comply with the reporting, disclosure and/or Shareholders' approval requirements under the Listing Rules.

Shareholders of the Company and/or investors should note that the Possible Acquisition may or may not materialise, as no formally binding documentation has been executed between the parties and discussions are still in progress.

Accordingly, Shareholders and/or investors are advised to exercise caution when dealing in the Company's securities.

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

The Board is pleased to announce that on 3 May 2010, the Purchaser, a wholly owned subsidiary of the Company has entered into the MOU with the Vendor in relation to the Possible Acquisition.

THE MOU

Date: 3 May 2010

Parties: (i) the Purchaser, a company incorporated in Hong Kong and a wholly owned subsidiary of the Company; and
(ii) the Vendor, a PRC citizen and the beneficial owner of the entire equity interests of the Target

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor is a third party independent of and not connected with the Company and its connected persons (as defined under the Listing Rules).

Major terms of the MOU

Under the MOU, it is proposed that the Purchaser will acquire 60% issued share capital of the Target, representing 60% equity interests of the Target, from the Vendor. Upon completion of the Possible Acquisition, the Purchaser shall beneficially own 60% equity interests of the Target and the Target will become a non-wholly owned subsidiary of the Company and its results will be consolidated with the financial results of the Group.

Under the MOU, both the Purchaser and the Vendor will proceed to negotiate for legally-binding Formal Agreement(s) within 90 days from the date of the MOU (or such later date to be agreed by the parties thereto).

It is also agreed that the Vendor will not, within 90 days from the date of the MOU, negotiate with any third party for the Possible Acquisition.

The aggregate consideration payable by the Purchaser for the Possible Acquisition shall be subject to further negotiation between the Purchaser and the Vendor. It is contemplated that such consideration will not be more than RMB87,000,000 (equivalent to approximately HK\$98,864,000).

Information on the Target and reasons for the Possible Acquisition

The Target, a company incorporated in Hong Kong with limited liability, is principally engaged in investment holdings. To the best of the Directors' knowledge and information, the only significant investment of the Target is its interests in the PRC WOFE and the Target is the ultimate beneficial owner of the entire equity of the PRC WOFE. The PRC WOFE is a company established in Hangzhou City, the PRC and is principally engaged in property development and construction in the PRC. The PRC WOFE is currently holding the Property located in southern side of intersection of Yingbin Road and Wengmei Road, Nanyuan Street, Yuhang District, Hangzhou City, Zhejiang Province, the PRC.

The location of Property is situated on the masterplanned Central Business District in Yuhang district with a total site area of 16,448 square metres and will be adjacent to the south station of Shanghai-Hangzhou High-Speed Railway and also the terminal of Hangzhou Metro Line 1. The Property will comprise of three high-rise towers including office and hotel service apartment built on a four-storey high retail podium, offering a total gross floor area of 108,000 square metres.

The principal activities of the Group comprise property development and property investment in the PRC. In order to strengthen the Group's position in property development in the PRC, the Group believes that the Possible Acquisition is in the interest of the Shareholders as it would provide a good opportunity for the Company to further participate in property development in Zhejiang Province.

The Purchaser will conduct further due diligence review on the Target, the PRC WOFE and the Property in accordance with the terms of the MOU.

General

The MOU, excluding, among others, the 90-day exclusivity period agreed by the Vendor, does not constitute legally-binding commitment in respect of the Possible Acquisition. The Possible Acquisition will be subject to the execution and completion of the Formal Agreement(s).

If the Formal Agreement(s) are entered into, it is expected that the Possible Acquisition will constitute a notifiable transaction on the part of the Company pursuant to the Listing Rules. In this regard, the Company will comply with the reporting, disclosure and/or Shareholders' approval requirements under the Listing Rules.

Shareholders of the Company and/or investors should note that the Possible Acquisition may or may not materialise, as no formally binding documentation has been executed between the parties and discussions are still in progress.

Accordingly, Shareholders and/or investors are advised to exercise caution when dealing in the Company's securities.

DEFINITIONS

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

“associates”	has the meaning ascribed to this term under the Listing Rules
“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 person(s)”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	director(s) of the Company
“Formal Agreement(s)”	the formal agreement(s) as contemplated under the MOU
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 3 May 2010 entered into between the Purchaser and the Vendor in relation to the Possible Acquisition
“Possible Acquisition”	the possible acquisition of 60% equity interests in the Target as contemplated under the MOU
“PRC”	People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“PRC WOFE”	杭州尼加拉置業有限公司(Hangzhou Niagara Real Estates Co., Ltd.#), a company established in the PRC and is wholly owned by the Target
“Property”	the property located in southern side of intersection of Yingbin Road and Wengmei Road, Nanyuan Street, Yuhang District, Hangzhou City, Zhejiang Province, the PRC held by the PRC WOFE
“Purchaser”	China Water Property (Hong Kong) Development Limited, a company incorporated in Hong Kong and is a wholly owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.01 in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	香港美來國際(加拿大)有限公司(HK Mei Lai International (Canada) Limited), a company incorporated in Hong Kong and is owned as to 100% by the Vendor
“Vendor”	鄭廷玉(Zheng Tingyu#), a PRC citizen and the beneficial owner of 100% equity interests of the Target

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 3 May 2010

As at the date of this announcement, the Board comprises Mr. But Ka Wai (Chairman), Ms. Wang Wenxia (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 calculation of the consideration for the Possible Acquisition, the exchange rate shall be calculated on the basis that HK\$1.00 for RMB0.88.

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