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

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**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.

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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)**

## **PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT**

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A notice convening an extraordinary general meeting (the “**EGM**”) of the Company to be held at Room 1816–17, 18/F., Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Friday, 6 August 2010 at 11:00 a.m. is set out on pages 5 to 6 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.

21 July 2010

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## DEFINITIONS

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

“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 Main Board of the Stock Exchange
“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 proposed refreshment of the Scheme Mandate Limit
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	19 July 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Option(s)”	Option(s) granted and to be granted by the Company to eligible participants to subscribe for Shares pursuant to the terms and conditions of the Share Option Scheme
“Scheme Mandate Limit”	the maximum number of Shares which may be allotted and issued upon the exercise of all Options which shall not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the Share Option Scheme and thereafter, if refreshed shall not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit by the Shareholders
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 3 June 2003 (as amended by the resolution on 24 June 2010)
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. But Ka Wai  
Ms. Wang Wenxia  
Mr. Ren Qian

*Non-executive Director:*

Mr. Zhou Kun

*Independent non-executive Directors:*

Mr. Chen Ziqiang  
Ms. Li Ling

*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

21 July 2010

*To the Shareholders*

Dear Sir or Madam,

## **PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT**

### **INTRODUCTION**

The Board proposes to refresh the Scheme Mandate Limit so that the total number of Shares which may be allotted and issued upon the exercise of all Options to be granted under the Share Option Scheme or any other share option schemes of the Company on or after the date of the EGM will not exceed 10% of the issued share capital of the Company as at the date of passing of the resolution approving the refreshment of Scheme Mandate Limit.

The purpose of this circular is to provide details of the refreshment of Scheme Mandate Limit and a notice of EGM and to seek approval from the Shareholders for the refreshment of Scheme Mandate Limit and the transactions contemplated thereunder.

### **PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT**

Under the Listing Rules, the maximum number of Shares which may be allotted and issued upon the exercise of all Options which initially shall not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the Share Option Scheme and thereafter, if refreshed shall not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit by the Shareholders.

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## LETTER FROM THE BOARD

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At the annual general meeting of the Company held on 18 June 2008, the Scheme Mandate Limit was refreshed so that the total number of Shares which may fall to be issued upon exercise of all Options to be granted under the Share Option Scheme or other schemes shall not exceed 69,193,750 Shares, being 10% of the issued share capital of the Company as at 18 June 2008. Adjustments have been made to 31,000,000 Options granted under the Share Option Scheme and entitling the holders thereof to subscribe for 310,585,223 Shares. For further details of the adjustments, please refer to the announcement of the Company dated 27 October 2009.

As at the Latest Practicable Date, 190,358,682 Options granted under the Share Option Scheme remain outstanding, representing approximately 1.56% of the existing issued share capital of the Company.

As at the Latest Practicable Date, there were 12,237,606,047 Shares in issue. Pursuant to the terms of the Share Option Scheme and in compliance with the Listing Rules, the maximum number of Shares which may be issued upon the exercise of all the options to be granted under the Share Option Scheme under the Scheme Mandate Limit as refreshed should be 1,223,760,604 Shares, being 10% of the Shares in issue and assuming no further issue or repurchase of Shares during the period between the Latest Practicable Date up to and including the date of the EGM.

The proposed refreshment of the Scheme Mandate Limit is conditional upon:

- (1) the passing of an ordinary resolution by the Shareholders at the EGM to approve the proposed refreshment; and
- (2) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Shares to be issued pursuant to the exercise of the Options granted under the refreshed Scheme Mandate Limit.

Application will be made to the Stock Exchange for the listing of, and permission to deal in the Shares, representing 10% of the Shares in issue at the EGM, which may fall to be issued upon the exercise of the options that may be granted under the refreshed Scheme Mandate Limit.

The Directors consider that the refreshment of the Scheme Mandate Limit is in the best interests of the Company and the Shareholders as a whole because it enables the Company to reward and motivate its employees and other selected participants under the Share Option Scheme. The renewal of the Scheme Mandate Limit is in line with the purpose of the Share Option Scheme.

### LISTING RULES IMPLICATION

Pursuant to Rule 17.03(3) of the Listing Rules, the refreshment of the Scheme Mandate Limit shall be subject to the Shareholders' approval requirements under the Listing Rules. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the refreshment of Scheme Mandate Limit and are required to abstain from voting at the EGM.

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## LETTER FROM THE BOARD

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### 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 Friday, 6 August 2010 at 11:00 a.m. is set out on pages 5 to 6 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.

### RECOMMENDATION

The Board also considers that the refreshment of the Scheme Mandate Limit is fair and reasonable and in the interests of the Company and the Shareholders as a whole and accordingly, the Directors also recommend the Shareholders to vote in favour of the resolution in respect of the refreshment of the Scheme Mandate Limit as set out in the notice of EGM.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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

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## NOTICE OF EGM

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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)**

**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 Friday, 6 August 2010 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as an ordinary resolution:

#### **ORDINARY RESOLUTION**

“**THAT** subject to and conditional upon the granting by the Listing Committee of The Stock Exchange of Hong Kong Limited of, the listing of and permission to deal in, the shares of HK\$0.01 each in the capital of the Company to be issued pursuant to the exercise of options granted under the refreshed scheme mandate limit (the “**Scheme Mandate Limit**”) under the share option scheme approved and adopted by the Company on 3 June 2003 (as amended by the resolution on 24 June 2010) in the manner as set out in paragraph (a) of this resolution below,

- (a) the refreshment of the Scheme Mandate Limit of up to 10% of the Shares of the Company in issue as at the date of passing of this resolution be and is hereby approved; and
- (b) the directors of the Company be and are hereby authorised do all such acts and things and execute all such documents, including under seal where applicable, as they consider necessary or expedient to give effect to the foregoing arrangement.”

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

Hong Kong, 21 July 2010

*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

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## NOTICE OF EGM

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*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.