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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)**

**ANNOUNCEMENT**

The Company would like to clarify the interest of Mr. Duan in the shares of the Company as disclosed herein.

Reference is made to the announcement of the Company dated 25 October 2010 in relation to, among others, the change of the Chairman of the Board (the “Announcement”). Unless the context otherwise required, capitalised terms used herein shall bear the same meanings as defined in the Announcement.

The Company would like to clarify that as at the date of this announcement, Mr. Duan holds the following interest in the shares of the Company (long position) within the meaning of Part XV of the SFO:

| <b>Name of Shareholder</b>           | <b>Capacity / Nature of interest</b>                      | <b>Number of Shares (Long Position)</b> | <b>Approximate percentage of the issued shares</b> |
|--------------------------------------|---|---|--|
| China Water Affairs<br><i>(Note)</i> | Beneficial owner and interests of controlled corporations | 3,518,039,504                           | 28.75%   |

*Note:* The 3,518,039,504 ordinary shares consist of 787,706,172 shares held by China Water Affairs, 1,197,000,000 shares held by Sharp Profit Investments Limited (“Sharp Profit”) and 1,533,333,332 shares held by Good Outlook Investments Limited (“Good Outlook”) which are wholly owned subsidiaries of China Water Affairs. Therefore, China Water Affairs was deemed to be beneficially interested in the shares of the Company held by Sharp Profit and Good Outlook for the purposes of the SFO. Mr. Duan and Asset Full Resources Limited (“Asset Full”) together held 231,100,301 Shares of China Water Affairs or approximately 17.07% of the entire issued share capital of China Water Affairs. Asset Full is a company incorporated in the British Virgin Islands and is wholly and beneficially owned by Mr. Duan.

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

Hong Kong, 26 October 2010

*As at the date of this announcement, the Board comprises Ms. Wang Wenxia (Vice Chairman) and Mr. Ren Qian as executive Directors, Mr. Duan Chuan Liang (Chairman) and Mr. Zhou Kun as non-executive Directors and Mr. Chen Ziqiang, Mr. Chan Pok Hiu and Mr. Wong Chi Ming as independent non-executive Directors.*