
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 your licensed securities dealer, 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 and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**(1) PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES;
(2) PROPOSED RE-ELECTION OF DIRECTORS;
(3) PROPOSED AMENDMENTS TO THE ARTICLES OF
ASSOCIATION AND ADOPTION OF AMENDED AND RESTATED
ARTICLES OF ASSOCIATION; AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of the Company to be held at Suite 6208, 62nd Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Tuesday, 26 June 2012 at 11:00 a.m. is set out on pages 14 to 23 of this circular. A form of proxy for use at the annual general meeting is enclosed with this circular. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk.

Whether or not you are able to attend the annual general meeting, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar of the Company, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

26 April 2012

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened and held on Tuesday, 26 June 2012 at 11:00 a.m. to consider and, if thought fit, approve, among other things, the proposed grant of the General Mandate (including the extended General Mandate) and the Repurchase Mandate; the proposed re-election of Directors and the proposed Amendments to the Articles Association
“Article(s)” or “Articles of Association”	the articles of association of the Company
“Amendments to the Articles Association”	the proposed amendments to the Articles of Association and adoption of amended and restated Articles of Association
“Associate(s)”	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 main board of the Stock Exchange
“Directors”	the directors of the Company
“General Mandate”	the general mandate proposed to be granted to the Directors at the AGM to issue further new Shares not exceeding 20% of the issued share capital of the Company as at the date of granting of the General Mandate
“Group”	the Company and all of its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	23 April 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)

DEFINITIONS

“Repurchase Mandate”	the repurchase mandate proposed to be granted to the Directors at the AGM to repurchase up to 10% of the issued share capital of the Company as at the date of granting of the Repurchase Mandate
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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:

Ms. Wang Wenxia

(Vice Chairman and Chief Executive Officer)

Mr. Ren Qian

Non-executive Directors:

Mr. Duan Chuan Liang *(Chairman)*

Mr. Zhou Kun

Independent non-executive Directors:

Mr. Chan Pok Hiu

Mr. Wong Chi Ming

Mr. Wang Jian

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:

Suite 6208, 62nd Floor

Central Plaza

18 Harbour Road

Wanchai

Hong Kong

26 April 2012

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES;
(2) PROPOSED RE-ELECTION OF DIRECTORS;
(3) PROPOSED AMENDMENTS TO THE ARTICLES OF
ASSOCIATION AND ADOPTION OF AMENDED AND RESTATED
ARTICLES OF ASSOCIATION; AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

At the forthcoming AGM, resolutions will be proposed to seek the Shareholders' approval for, among other things, (i) the granting of the General Mandate (including the extended General Mandate) and the Repurchase Mandate to the Directors; (ii) the re-election of Directors; and (iii) the proposed Amendments to the Articles of Association.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information relating to the resolutions to be proposed at the AGM for (i) the proposed grant of the General Mandate (including the extended General Mandate) and the Repurchase Mandate; (ii) the proposed re-election of Directors; (iii) the proposed Amendments to the Articles of Association; and (iv) the notice of AGM.

GENERAL MANDATE AND REPURCHASE MANDATE

At the AGM, the Directors propose to seek the approval of the Shareholders to grant to the Directors the General Mandate (including the extended General Mandate) and the Repurchase Mandate.

General Mandate

At the AGM, an ordinary resolution will be proposed such that the Directors be given an unconditional general mandate (i.e. the General Mandate) to allot, issue and deal with unissued Shares or underlying Shares (other than by way of rights or pursuant to a share option scheme for employees of the Company or Directors and/or any of its subsidiaries or pursuant to any scrip dividend scheme or similar arrangements providing for the allotment and issue of Shares in lieu of whole or part of the dividend on Shares in accordance with the Articles) or make or grant offers, agreements, options and warrants which might require the exercise of such power, of an aggregate amount of up to 20% of the issued Shares as at the date of granting of the General Mandate.

In addition, a separate ordinary resolution will further be proposed for extending the General Mandate authorising the Directors to allot, issue and deal with Shares to the extent of the Shares repurchased pursuant to the Repurchase Mandate. Details on the Repurchase Mandate are further elaborated below.

As at the Latest Practicable Date, the Company has an aggregate of 1,758,722,861 Shares in issue. Subject to the passing of the resolutions for the approval of the General Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the General Mandate to allot, issue and deal with a maximum of 351,744,572 Shares.

Repurchase Mandate

At the AGM, an ordinary resolution will also be proposed such that the Directors be given an unconditional general mandate to repurchase Shares (i.e. the Repurchase Mandate) on the Stock Exchange of an aggregate amount of up to 10% of the issued Shares as at the date of granting of the Repurchase Mandate.

Subject to the passing of the resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 175,872,286 Shares.

LETTER FROM THE BOARD

The General Mandate (including the extended General Mandate) and the Repurchase Mandate shall continue to be in force during the period from the date of passing of the resolutions for the approval of the General Mandate (including the extended General Mandate) and the Repurchase Mandate up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association, the Companies Law (Law 3 of 1961, as consolidated and revised) or any applicable laws of the Cayman Islands to be held; or (iii) the revocation or variation of the General Mandate (including the extended General Mandate) or the Repurchase Mandate (as the case may be) by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

An explanatory statement in connection with the Repurchase Mandate is set out in Appendix I to this circular. The explanatory statement contains all the requisite information required under the Listing Rules to be given to the Shareholders to enable them to make an informed decision on whether to vote for or against the resolution approving the Repurchase Mandate.

RE-ELECTION OF DIRECTORS

According to Article 108, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation at every annual general meeting. A retiring Director shall be eligible for re-election.

In accordance with Article 108, Ms. Wang Wenxia, Mr. Ren Qian and Mr. Zhou Kun shall retire from office by rotation at the AGM. Being eligible, each of Ms. Wang Wenxia and Mr. Ren Qian will offer herself/himself for re-election as executive Director; and Mr. Zhou Kun will offer himself for re-election as non-executive Director.

At the AGM, ordinary resolutions will be proposed to re-elect each of Ms. Wang Wenxia, Mr. Ren Qian and Mr. Zhou Kun as executive/non-executive Director (as the case may be).

Particulars relating to each of Ms. Wang Wenxia, Mr. Ren Qian and Mr. Zhou Kun are set out in Appendix II to this circular pursuant to the Listing Rules.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Stock Exchange has amended the Listing Rules relating to, among other things, the Articles or equivalent constitutional documents of listed issuers. The amendments to the Listing Rules become effective on 1 January 2012 and 1 April 2012 respectively. Accordingly, the Directors propose to seek the approval of the Shareholders by way of special resolutions for the amendments to the existing Articles of Association and the adoption of the amended and restated articles by consolidating all previous amendments made to the Articles at general meetings of the Company as well as the proposed amendments to be approved at the AGM, so as to bring the constitution of the Company in line with current amendments made to the Listing Rules.

LETTER FROM THE BOARD

The major proposed amendments include the following:

- to require a physical board meeting in lieu of written resolutions where a Director or substantial shareholder has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material;
- to no longer permit a Director to disregard 5% interests when considering whether the Director has a material interest which would prevent him from forming part of the quorum or voting at board meeting; and
- to require all resolutions proposed at a general meeting to be voted by way of a poll but to allow the chairman at a general meeting to exempt procedural and administrative matters from voting by poll.

Details of the Amendments to the Articles of Association are set out in the notice of AGM.

The legal advisers to the Company as to Hong Kong laws and Cayman Islands laws have respectively confirmed that the proposed amendments comply with the requirements of the Listing Rules and do not violate the applicable laws of the Cayman Islands. The Company confirms that there is nothing unusual about the proposed amendments for a Cayman Islands company listed on the Stock Exchange.

Shareholders are advised that the Articles of Association are available only in English and the Chinese translation of the Amendments to the Articles of Association provided in the notice of AGM in Chinese is for reference only. In case of any inconsistency, the English version shall prevail.

AGM

A notice convening the AGM to be held at Suite 6208, 62nd Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Tuesday, 26 June 2012 at 11:00 a.m. is set out on pages 14 to 23 of this circular. Ordinary resolutions will be proposed at the AGM to approve, among other things, the granting of the General Mandate (including the extended General Mandate) and the Repurchase Mandate; and the re-election of Directors; and special resolutions will be proposed in respect of the proposed Amendments to the Articles of Association.

A form of proxy for use at the AGM is enclosed with this circular and such form of proxy is also published at the website of the Stock Exchange at www.hkex.com.hk. Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar of the Company, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

All the resolutions proposed to be approved at the AGM will be taken by poll and an announcement will be made by the Company after the AGM on the results of the AGM.

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 respect and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Directors consider the proposed grant of the General Mandate (including the extended General Mandate) and the Repurchase Mandate; the proposed re-election of Directors; and the proposed Amendments to the Articles of Association are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

GENERAL

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on any resolutions to be proposed at the AGM.

Yours faithfully,
For and behalf of the Board
China Water Property Group Limited
Duan Chuan Liang
Chairman

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate.

1. REPURCHASE OF SECURITIES FROM CONNECTED PARTIES

The Listing Rules prohibit the Company from knowingly purchasing its securities on the Stock Exchange from a “**connected person**”, that is, a director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective Associates and a connected person is prohibited from knowingly selling to the Company his/her/its securities of the Company.

No connected person of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company nor has any such connected person undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Repurchase Mandate is passed.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,758,722,861 fully paid Shares.

Subject to the passing of the proposed resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the AGM date, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 175,872,286 fully paid Shares, representing approximately 10% of the issued share capital of the Company as at the date of passing of the resolution.

3. REASONS FOR THE REPURCHASE

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its Shareholders as a whole. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets per Share and/or earnings per Share and will only be made when the Directors believe that a repurchase will benefit the Company and its Shareholders as a whole.

4. FUNDING OF REPURCHASES

Repurchases would be funded entirely from the Company’s available cash flow or working capital facilities which will be funds legally available under the Cayman Islands law and the memorandum of association of the Company and the Articles of Association and for such purpose.

An exercise of the Repurchase Mandate in full may have a material adverse impact on the working capital and gearing position of the Company compared with those as at 31 December 2011, being the date of its latest published audited consolidated accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

5. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the previous twelve calendar months immediately prior to the Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2011		
April	0.929	0.857
May	0.921	0.807
June	1.064	0.786
July	1.043	0.914
August	0.893	0.614
September	0.657	0.470
October	0.550	0.450
November	0.500	0.400
December	0.550	0.435
2012		
January	0.500	0.395
February	0.600	0.450
March	0.620	0.460
April (<i>up to the Latest Practicable Date</i>)	0.690	0.570

6. DISCLOSURE OF INTERESTS AND MINIMUM PUBLIC HOLDING

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, their Associates, have any present intention to sell to the Company or its subsidiaries any of the Shares in the Company if the Repurchase Mandate is approved at the AGM.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and applicable laws of the Cayman Islands.

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, the following Shareholders are interested in more than 10% of the Shares then in issue:

Name of Shareholder	Number of Shares	Approximate percentage holding
China Water Affairs Group Limited	393,647,830 <i>(Long Position)</i>	22.38%
Good Outlook Investments Limited	225,863,306 <i>(Long Position)</i>	12.84%
Sharp Profit Investments Limited	167,580,000 <i>(Long Position)</i>	9.53%

Note: Good Outlook Investments Limited and Sharp Profit Investments Limited are wholly-owned subsidiaries of China Water Affairs Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange (Stock Code: 855).

In the event that the Directors exercise in full the power to repurchase Shares in accordance with the Repurchase Mandate, the total interests of the above Shareholders in the Shares would be increased to:

Name of Shareholder	Approximate percentage holding
China Water Affairs Group Limited	24.87%
Good Outlook Investments Limited	14.27%
Sharp Profit Investments Limited	10.59%

On the basis of the current shareholdings of the above Shareholders, an exercise of the Repurchase Mandate in full will not result in any of them becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

At as the Latest Practicable Date, the Directors have no intention to exercise any of the Repurchase Mandate.

The Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in a requirement of the above Shareholders, or any other persons to make a general offer under the Takeovers Code or the number of Shares in the hands of the public falling below the prescribed minimum percentage of 25%.

7. SHARES REPURCHASE MADE BY THE COMPANY

The Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) during the previous six months immediately prior to the Latest Practicable Date.

Details of the Directors who will retire from office at the AGM and being eligible, will offer themselves for re-election at the AGM, are set out below:

(1) MS. WANG WENXIA (“MS. WANG”) — VICE CHAIRMAN, EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Ms. Wang, aged 52, was appointed as the vice chairman, executive Director and chief executive officer (the “CEO”) of the Company. Ms. Wang was responsible for the overall strategic development, making decisions for investment projects and determining the direction of development of the Group. Ms. Wang holds a master degree in finance from Dongbei University of Finance and Economics. Ms. Wang currently holds senior management positions in various unlisted companies incorporated in the PRC. Ms. Wang has active experience at the management level in structured finance for over 20 years, including investment, merger and acquisition, asset management services. Ms. Wang also has management experience spanning various industries including real estate, mining, mineral processing, import and export etc.

Ms. Wang was the chairman, the executive director and the chief executive officer of China Financial International Investments Limited (Stock Code: 721), a company listed on the main board of the Stock Exchange during the past three years until her resignation on 17 January 2011.

Ms. Wang is not connected with any Directors, senior management or substantial or controlling Shareholders. As at the Latest Practicable Date, Ms. Wang is interested in 12,795,263 share options granted by the Company on 3 November 2010 which entitled Ms. Wang to exercise the share options at the exercise price of HK\$0.9602 for the period between 3 November 2010 to 2 November 2020. Ms. Wang is also holding 1,231,440 Shares as beneficial owner within the meaning of Part XV of the SFO.

Save as disclosed, Ms. Wang did not hold any positions in the Company or any of its subsidiaries and did not hold any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

As at the Latest Practicable Date, there is a three years term of service contract entered into between Ms. Wang and the Company and she will be subject to retirement by rotation in accordance with the Articles and the Listing Rules. Ms. Wang’s remuneration is fixed at HK\$300,000 per month, with housing allowance of not more than HK\$50,000 per month, together with discretionary management bonus, during the year ended 31 December 2011, the remuneration of Ms. Wang was HK\$10,660,000 in total, which is determined by the Board with reference to her duties and responsibilities within the Company, the Company’s remuneration policy and the prevailing market conditions, and is subject to approval by the remuneration committee of the Company.

There is no information relating to Ms. Wang that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules. Save as disclosed herein, there is no other matter relating to Ms. Wang that needs to be brought to the attention of the Shareholders and the Stock Exchange.

(2) MR. REN QIAN (“MR. REN”) — EXECUTIVE DIRECTOR

Mr. Ren, aged 51, was appointed as the executive Director on 30 July 2009. He was responsible for strategic development and properties management of the Group. Mr. Ren graduated from the North China University of Water Conservancy And Electronic Power majoring in Agricultural Water in 1983 and obtained a Master of Business Administration from the Beijing Normal University in 2001. He has over 30 years of experience in the water resources management industry, the housing and urban-rural development industry and the real estate industry in the PRC. Mr. Ren was the secretary of the office minister of The Ministry of Water Resources of the PRC and The Ministry of Housing and Urban-Rural Development of the PRC respectively. Mr. Ren was also the deputy mayor of The People’s Government of Hebei Province, Langfang City and the deputy general manager of The Housing and Urban-Rural Development Huatong Real Estate Limited[#] (建設部華通置業有限公司). Prior to joining the Group, Mr. Ren was the senior advisor of the board chairman of Beijing Yinghe Real Property Company[#] (北京盈和房地產公司).

Mr. Ren is not connected with any Directors, senior management or substantial or controlling Shareholders. As at the Latest Practicable Date, Mr. Ren is holding 680,400 Shares as beneficial owner within the meaning of Part XV of the SFO.

Save as disclosed, Mr. Ren did not hold any positions in the Company or any of its subsidiaries and did not hold any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

There is no service contract entered into between Mr. Ren and the Company. Mr. Ren does not have a fixed term of service with the Company and he will be subject to retirement by rotation in accordance with the Articles and the Listing Rules. Mr. Ren’s remuneration is fixed at HK\$10,000 per month, during the year ended 31 December 2011, the total remuneration of Mr. Ren was HK\$120,000, which is determined by the Board with reference to his duties and responsibilities within the Company, the Company’s remuneration policy and the prevailing market conditions, and is subject to approval by the remuneration committee of the Company.

There is no information relating to Mr. Ren that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules. Save as disclosed herein, there is no other matter relating to Mr. Ren that needs to be brought to the attention of the Shareholders and the Stock Exchange.

(3) MR. ZHOU KUN (“MR. ZHOU”) — NON-EXECUTIVE DIRECTOR

Mr. Zhou, aged 44, was appointed as the non-executive Director on 30 July 2009. He graduated from the Xian Institute of Industry[#] (西安輕工學院) majoring in fine arts technology in 1987. He has over 20 years of experience in media, advertising and real estate industry in Shenzhen of the PRC. Mr. Zhou was the art director of Shenzhen Legal System Newspaper[#] (深圳法制報) and the general manager of Shenzhen Xinli Chuanren Advertising Limited[#] (深圳市信立傳人廣告有限公司).

Mr. Zhou is not connected with any Directors, senior management or substantial or controlling Shareholders. As at the Latest Practicable Date, Mr. Zhou does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed, Mr. Zhou did not hold any positions in the Company or any of its subsidiaries and did not hold any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

There is no service contract entered into between Mr. Zhou and the Company. Mr. Zhou does not have a fixed term of service with the Company and he will be subject to retirement by rotation in accordance with the Articles and the Listing Rules. Mr. Zhou's remuneration is fixed at HK\$5,000 per month, during the year ended 31 December 2011, the total remuneration of Mr. Zhou was HK\$446,995.09 in total which including the salary per annum, which is determined by the Board with reference to his duties and responsibilities within the Company, the Company's remuneration policy and the prevailing market conditions, and is subject to approval by the remuneration committee of the Company.

There is no information relating to Mr. Zhou that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules. Save as disclosed herein, there is no other matter relating to Mr. Zhou that needs to be brought to the attention of the Shareholders and the Stock Exchange.

[#] *The English translation of Chinese names or words in this explanation is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

NOTICE OF AGM



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 OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting of China Water Property Group Limited (the “**Company**”) will be held at Suite 6208, 62nd Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Tuesday, 26 June 2012 at 11:00 a.m., to transact the following ordinary business:

1. to receive and approve the audited consolidated financial statements and the reports of the directors (the “**Directors**”) and auditors of the Company for the year ended 31 December 2011;
2. (a) to re-elect Ms. Wang Wenxia as executive Director;
(b) to re-elect Mr. Ren Qian as executive Director;
(c) to re-elect Mr. Zhou Kun as non-executive Director; and
(d) to authorise the board of Directors to fix the Directors’ remuneration;
3. to re-appoint auditors of the Company and to authorise the board of Directors to fix their remuneration;

and, as special business, consider and, if thought fit, passing the following resolutions as ordinary resolutions:

4. “**THAT:**
 - (a) subject to paragraph (c) below, pursuant to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with unissued shares of the Company (the “**Shares**”) and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period (as defined below);

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(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the existing share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company (the “**Articles of Association**” or “**Article(s)**”) in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:

(aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and

(bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of resolution no. 5),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

(d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association, Companies Law (Law 3 of 1961, as consolidated and revised) (the “**Companies Law**”) or any other applicable laws of the Cayman Islands to be held; or

(iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion

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or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognized regulatory body or any stock exchange outside Hong Kong).”

5. **“THAT:**

- (a) the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to purchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognized by the Securities and Futures Commission and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange, the Companies Law and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution, **“Relevant Period”** means the period from the date of the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association, Companies Law or any other applicable laws of the Cayman Islands to be held; or
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”

6. **“THAT** the Directors be and are hereby authorised to exercise the authority referred to in paragraph (a) of resolution no. 4 above in respect of the share capital of the Company referred to in sub-paragraph (bb) of paragraph (c) of such resolution.”

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and, as special business, consider and, if thought fit, passing the following resolution as special resolution:

7. (A) **“THAT** the Articles of Association be amended in the following manner:
- (a) By adding the following new definition of “business day” in the existing Article 2(1) after the definition of “the Board” or “the Directors”:
- ““business day”** a day on which the stock exchange in the Relevant Territory generally is open for the business of dealing in securities in Hong Kong. For the avoidance of doubt, where the stock exchange in the Relevant Territory is closed for any trading session for the business of dealing in securities in the Relevant Territory on a business day by reason of a number 8 or higher typhoon signal, black rainstorm warning or other similar event, such day shall for the purposes of these Articles be counted as a business day;”
- (b) By adding the following new definition of “substantial shareholder” in the existing Article 2(1) after the definition of “Statutes”:
- ““substantial shareholder”** the meaning attributed to it in the Listing Rules from time to time;”
- (c) by deleting the words “and that any holder of shares of the class present in person or by proxy may demand a poll” at the end of the existing Article 5(A);
- (d) (i) by deleting the semi-colon and the word “and” at the end of the existing Article 13(vii) and replacing therewith a full stop; (ii) by deleting the existing Article 13(viii) in its entirety;
- (e) by inserting the following paragraph at the end of existing Article 14:
- “The Company may apply the share premium account in any manner permitted by the Statutes. The Company shall at all times comply with the provisions of the Statutes in relation to its share premium account.”
- (f) By deleting the existing Article 72 in its entirety and substituting with the following:
- “72. (1) Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Articles, at any general meeting on a poll every shareholder present in person or by proxy or, in the case of a shareholder being a corporation, by its duly authorised

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representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A resolution put to the vote of a meeting shall be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every shareholder present in person (or being a corporation, is present by a duly authorised representative) or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a shareholder which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. For purposes of this Article, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to its members; and (ii) relate to the chairman's duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all members a reasonable opportunity to express their views.

- (2) Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded:
 - (i) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
 - (ii) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or

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(iii) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a Shareholder or in the case of a Shareholder being a corporation by its duly authorised representative shall be deemed to be the same as a demand by the Shareholder.”

(g) By deleting the existing Articles 73 and 73A in its entirety and substituting with the following:

“73. Where a resolution is voted on by a show of hands, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution.”

(h) By deleting the existing Article 74 in its entirety and substituting with the following:

“74. The result of the poll shall be deemed to be the resolution of the meeting. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the stock exchange in the Relevant Territory.”

(i) by deleting the existing Article 75 in its entirety and substituting therefor the words “Intentionally Deleted”;

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- (j) by deleting the existing Article 76 in its entirety and substituting therefor the following:

“76. In the case of an equality of votes, the Chairman of the meeting shall be entitled to a second or casting vote. In case of any dispute as to the admission or rejection of any vote the Chairman shall determine the same, and such determination shall be final and conclusive.”

- (k) by deleting the existing Article 77 in its entirety and substituting therefor the words “Intentionally Deleted”;

- (l) by deleting the existing Article 79 in its entirety and substituting therefor the following:

“79. Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every shareholder present in person (or, in the case of a shareholder being a corporation, by its duly authorised representative) or by proxy, shall have one vote for every share of which he is the holder which is fully paid or credited as fully paid (but so that no amount paid or credited as paid on a share in advance of calls or instalments shall be treated for the purposes of this Article as paid on the share). On a poll a shareholder entitled to more than one vote need not use all his votes or cast all his votes in the same way.”

- (m) by deleting the words “, whether on a show of hands or” in the second line of the existing Article 82;

- (n) by deleting the words “or a show of hands” from the third sentence in the existing Article 85;

- (o) by deleting the words “or demand for a poll” from the second sentence in the existing Article 86;

- (p) by deleting the existing Article 88 in its entirety and substituting therefor the following:

“88. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at such place or one of such places (if any) as is specified in the notice of meeting or in the instrument of proxy issued by the Company (or, if no place is specified, at the Registration Office) not less than forty-eight hours before the time for holding the meeting or adjourned meeting (as the case may be) at which the person named in such instrument proposes to vote, and in default the instrument of proxy

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shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution, except at an adjourned meeting in a case where the meeting was originally held within twelve months from such date. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.”

- (q) by deleting the words “to demand or join in demanding a poll and” from the existing Article 90;
- (r) by inserting the words “, where a show of hands is allowed,” immediately following the word “including” in the last sentence of the existing Article 92(B);
- (s) by deleting the words “or poll” from the existing Article 93(B);
- (t) by deleting the words “and/or reject his vote or demand for a poll” from the existing Article 94;
- (u) by deleting paragraph (vi) of Article 107(H) in its entirety and replaced with the words “Intentionally Deleted”;
- (v) by deleting Article 107(I) in its entirety and replaced with the words “Intentionally Deleted”;
- (w) by deleting Article 107(J) in its entirety and replaced with the words “Intentionally Deleted”;
- (x) by adding a new sentence “Notwithstanding the foregoing and Article 142(A), a resolution in writing shall not be passed in lieu of a meeting of the Board for the purposes of considering any matter or business in which a substantial shareholder of the Company or a Director has a conflict of interest and the Board has determined that such conflict of interest to be material.” at the end of the existing Article 142(B).”

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- (B) “**THAT** the amended and restated Articles of the Company in the form of the document marked “A” and produced to this meeting and for the purpose of identification signed by the chairman of this meeting, which consolidates all of the proposed amendments referred to in Resolution 7(A) above and all previous amendments made pursuant to resolutions passed by the members of the Company at general meetings (if any) be approved and adopted as the amended and restated Articles of the Company in substitution for and to the exclusion of the existing Articles of the Company with immediate effect.”

By Order of the Board
China Water Property Group Limited
Duan Chuan Liang
Chairman

Hong Kong, 26 April 2012

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:*

Suite 6208, 62nd Floor
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Notes:

1. A member entitled to attend and vote at the annual general meeting convened by the above notice is entitled to appoint one, or if he is holder of more than one share, more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the annual general meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority, at the offices of the Hong Kong branch share registrar of the Company, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the annual general meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a shareholder of the Company from attending in person and voting at the annual general meeting or any adjournment thereof should he/she/it so wish and in such event, the form of proxy shall be deemed to be revoked.

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3. Concerning ordinary resolution no. 2 above, Ms. Wang Wenxia, Mr. Ren Qian and Mr. Zhou Kun will hold office until the annual general meeting and, being eligible, offer themselves for re-election at the annual general meeting. Details of these Directors are set out in Appendix II to the circular dated 26 April 2012, of which this notice forms part (the “**Circular**”).
4. In relation to proposed resolutions nos. 4 and 6 above, approval is being sought from the shareholders for the grant to the Directors of a general mandate to authorise the allotment and issue of shares of the Company under the Listing Rules. The Directors have no immediate plans to issue any new shares of the Company other than Shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme which may be approved by shareholders.
5. In relation to proposed resolution no. 5 above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase Shares in circumstances which they deem appropriate for the benefit of the shareholders of the Company. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on the proposed resolution as required by the Listing Rules is set out in Appendix I to this Circular.