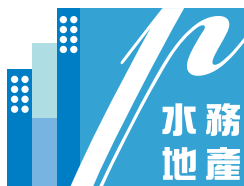


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中國水務地產集團有限公司
CHINA WATER PROPERTY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2349)

**MAJOR TRANSACTION:
DISPOSAL OF THE LAND**

The Board announces that in accordance with the results of Tendering published by the relevant PRC authorities dated 15 September 2013, the Land was successfully bided by Guangzhou Greenland at a consideration of RMB478,000,000 (equivalent to approximately HK\$597,500,000). Based on the final bid price of RMB478,000,000, the compensation amount to be received by the Group would be approximately RMB334,600,000 (equivalent to approximately HK\$418,250,000).

The Disposal of the Land constitutes a major transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. In lieu of holding a general meeting to approve the Disposal, written approvals on the Disposal have been obtained from various Shareholders holding more than 50% of the issued share capital of the Company. The Company will not hold a general meeting to approve the Disposal.

A circular containing, among others, details of the Disposal, will be despatched to the Shareholders for information only as soon as practicable in accordance with the Listing Rules.

BACKGROUND OF THE DISPOSAL

Reference is made to the announcements of the Company dated 18 September 2009 and 7 February 2013 in relation to, among others, the Application to the relevant PRC authorities to amend the use of the Land from industrial uses to residential-commercial uses. Reference is also made to the announcement of the Company dated 13 September 2013 in relation to, among others, the Tendering of the Land. As disclosed in the announcement of the Company dated 13 September 2013, in the event if there would be any successful bids, the Group would be deemed to have disposed the Land which would constitute a notifiable transaction on the part of the Company.

The Board announces that in accordance with the results of Tendering published by the relevant PRC authorities dated 15 September 2013, the Land was successfully bided by Gunagzhou Greenland at a consideration of RMB478,000,000 (equivalent to approximately HK\$597,500,000). Details of the Disposal are set out below.

THE TENDER NOTICE AND THE TENDERING RESULTS

Date of publication: 15 August 2013

Date of publication of results of Tendering: 15 September 2013

The Tender Notice was published by the relevant PRC authorities in accordance with the relevant PRC laws and regulations to invite interested parties to bid for, among others, the Land. To the best of the Directors' knowledge, information and belief, the PRC authorities are Independent Third Parties.

According to the Tendering results published by Guangzhou Municipal Land Resources and Housing Administrative Bureau on 15 September 2013, the Land was successfully bided by Guangzhou Greenland at a consideration of RMB478,000,000 (equivalent to approximately HK\$597,500,000). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Guangzhou Greenland and its ultimate beneficial owner(s) are Independent Third Parties.

Assets to be disposed

The Land is a piece of land located in Huadu District of Guangzhou in Guangdong Province, the PRC, with gross area of approximately 28,183 sq. m. and total construction area of not more than 77,971 sq. m.

Based on the audited financial statements of the Group for the year ended 31 December 2012, the book value of the Land as at 31 December 2012 was approximately HK\$230,863,000. Based on the unaudited financial statements of the Group as at 30 June 2013, the book value of the Land as at 30 June 2013 amounts to HK\$293,750,000.

Compensation Amount

The aggregate compensation amount for the Disposal to be received by the Group as a result of the loss of the Land will be equivalent to 70% of the bidding price of the successful bid in the Tendering. Based on the final bid price of RMB478,000,000, the compensation amount to be received by the Group would be RMB334,600,000 (equivalent to approximately HK\$418,250,000).

To the best of the Directors' knowledge, information and belief, the consideration for the Disposal was determined by the relevant PRC authorities during the Tendering process in accordance with the relevant PRC laws and regulations. The Directors consider the terms and conditions of the Disposal (including the compensation amount) be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Completion of Tendering

With the successful bid under the Tendering, the Land is deemed to have been disposed by the Group with the publication of the Tendering results. Completion of the transfer shall be subject to the payment of the bidding price by Guangzhou Greenland. Upon completion of the Disposal, the Group ceases to have any interests in the Land.

Use of proceeds and expected financial effects of the Disposal

The Board estimates that the gross proceeds from the Disposal (before deduction of relevant costs and expenses) will amount to approximately RMB334,600,000 (equivalent to approximately HK\$418,250,000), before any relevant costs or tax imposed by the relevant PRC authorities, if any. It is intended that the proceeds from the Disposal will be applied towards general working capital and business development of the Group.

Based on the audited accounts of the Group as at 31 December 2012 and the aforesaid estimated proceeds from the Disposal, it is expected that the Group will record a gain of approximately HK\$254,625,000 attributable to the Disposal for the financial year during which the Disposal is completed and a corresponding increase in the net assets of the Group, before any relevant costs and tax imposed by the relevant PRC authorities, if any. In any event, the Board does not envisage that the Disposal will create any significant adverse impact on the Group's financial position.

REASONS FOR THE DISPOSAL

The Group is principally engaged in property investment, property development, hotel business and property management.

The Tendering process is one of the processes of the Application for the change of uses of the Land. In light of the gain from the Disposal, the Board considers that the Disposal represents a good opportunity for realisation of the Group's investment in the Land. Further, the proceeds from the Disposal can further strengthen the cash flow of the Group and will allow the Group to reallocate its resources for future development.

The Board has also considered the alternative to bid the Land under the Tender Notice. However, in light of the relatively high Bottom Price and also the future development costs of the Land, the Board considers that it would be in the interests of the Company and its Shareholders as a whole not to participate the Tendering.

Taking into consideration of the aforesaid, the Directors, including the independent non-executive Directors, consider that the terms and conditions of the Disposal are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

GENERAL INFORMATION

With reference to the compensation amount, the Disposal constitutes a major transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the announcement and Shareholders' approval requirements under Chapter 14 of 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 Disposal and no Shareholder would be required to abstain from voting if the Company has convened a general meeting for the approval of the Disposal.

In lieu of holding a general meeting to approve the Disposal, written approvals on the Disposal have been obtained from various Shareholders respectively, namely China Water Affairs Group Limited and its subsidiaries, together with China Financial International Investments Limited which are in aggregate interested in 1,028,270,564 Shares, representing approximately 55.32% of the issued share capital of the Company pursuant to Rule 14.44 of the Listing Rules. The Company will not hold a general meeting to approve the Disposal.

A circular containing, among others, details of the Disposal, will be despatched to the Shareholders for information only as soon as practicable within 15 business days of this announcement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Application”	the application made by the Group to the relevant PRC authorities in relation to the change of use of the Land from industrial uses to residential-commercial uses
“Board”	the board of Directors
“Bottom Price”	the bottom bid price for the Tendering, which amounts to RMB374,270,000 (equivalent to approximately HK\$467,838,000)
“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
“Directors”	directors of the Company
“Disposal”	the disposal of the Land under the Tendering
“Group”	the Company and its subsidiaries
“Guangzhou Greenland”	廣州綠地房地產開發有限公司 (Guangzhou Greenland Property Development Company Limited*), an Independent Third Party
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

* For identification purposes only

“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s) which, 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 (as defined in the Listing Rules)
“Land”	the piece of land which was used as production facilities by the Group located in Huadu District of Guangzhou in Guangdong Province, the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Shareholder(s)”	holder(s) of the share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tender Notice”	the public announcement dated 15 August 2013 and made by Guangzhou Municipal Land Resources and Housing Administrative Bureau in relation to the Tendering
“Tendering”	the tendering of the Land as specified under the Tender Notice
“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 and Chief Executive Officer

Hong Kong, 16 September 2013

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of RMB1.00 to HK\$1.25. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

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