

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;
AND
(3) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting (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, 10 June 2014 at 11:00 a.m. is set out on pages 15 to 18 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 Level 22, Hopewell Centre, 183 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.

30 April 2014

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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 at Suite 6208, 62nd Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Tuesday, 10 June 2014 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; and the proposed re-election of Directors
“Article(s)” or “Articles of Association”	the articles of association of the Company
“Associate(s)”	as 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
“Director(s)”	the director(s) 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”	22 April 2014, 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\$0.10 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

30 April 2014

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES;
(2) PROPOSED RE-ELECTION OF DIRECTORS;
AND
(3) 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; and (ii) the re-election of Directors.

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; and (ii) the proposed re-election of Directors and the notice of AGM.

LETTER FROM THE BOARD

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 approved 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 1,858,722,861 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 371,744,572 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 185,872,286 Shares.

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

LETTER FROM THE BOARD

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.

AGM

A notice convening the AGM to be held at Suite 6208, 62nd Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Tuesday, 10 June 2014 at 11:00 a.m. is set out on pages 15 to 18 of this circular. Ordinary resolutions will be proposed at the AGM to approve, among other things, (i) the granting of the General Mandate (including the extended General Mandate) and the Repurchase Mandate; and (ii) the re-election of Directors.

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 Level 22, Hopewell Centre, 183 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 (i) the proposed grant of the General Mandate (including the extended General Mandate) and the Repurchase Mandate; and (ii) the proposed re-election of Directors 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 1,858,722,861 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 185,872,286 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 2013, 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>
2013		
April	0.65	0.52
May	0.80	0.50
June	0.81	0.57
July	0.74	0.61
August	0.67	0.53
September	0.81	0.49
October	0.86	0.67
November	0.72	0.62
December	0.68	0.57
2014		
January	0.63	0.54
February	0.62	0.54
March	0.64	0.48
April (<i>up to the Latest Practicable Date</i>)	0.63	0.52

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	469,519,829 <i>(Long Position)</i>	25.26%
Good Outlook Investments Limited	225,863,306 <i>(Long Position)</i>	12.15%
Sharp Profit Investments Limited	167,580,000 <i>(Long Position)</i>	9.02%

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	28.07%
Good Outlook Investments Limited	13.50%
Sharp Profit Investments Limited	10.02%

On the basis of the current shareholdings of the above Shareholders, an exercise of the Repurchase Mandate in full will it becoming obliged to make a mandatory offer under Rule 26 or 32 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.

Detail 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 54, was appointed as Vice Chairman, an executive Director and chief executive officer of the Company. Ms. Wang is 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, and has active experience at the management level in structured finance and real estate for over 20 years, including investment, mergers and acquisitions and asset management services. Ms. Wang also has management experience spanning various industries including finance, real estate, mining, mineral processing and import and export.

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 (i) 12,795,263 and (ii) 18,087,228 share options granted by the Company on 3 November 2010 and 29 May 2013 respectively. Ms. Wang is entitled to exercise the share options at the exercise price of (i) HK\$0.9602 for the period between 3 November 2010 to 2 November 2020 in relation to the share options granted on 3 November 2010; and (ii) HK\$0.64 for the period between 29 May 2013 and 28 May 2023 in relation to the share options granted on 29 May 2013. Ms. Wang holds 1,231,440 Shares as beneficial owner. Save as disclosed herein, Ms. Wang does not have any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed, Ms. Wang does not hold any positions in the Company or any of its subsidiaries and does 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 and does not have any relationship with any other directors, senior management or substantial or controlling shareholder(s) of the Company.

As at the Latest Practicable Date, there is a three years term of service contract entered into between Ms. Wang and the Company with effected from 17 January 2014 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 2013, the remuneration of

Ms. Wang was HK\$6,435,000 including fees, salaries, allowances, discretionary bonuses and retirement benefit scheme contributions, and 18,087,228 share options granted on 29 May 2013, 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 53, was appointed as executive Director on 30 July 2009. He is 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 his Master of Business Administration degree from Beijing Normal University in 2001. He has over 30 years experience in the water resources management, housing and urban-rural development and the real estate industries 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[#]. Prior to joining the Group, Mr. Ren was the senior adviser of the chairman of the board of Beijing Yinghe Real Property Company[#].

Mr. Ren is not connected with any Directors, senior management or substantial or controlling Shareholders. As at the Latest Practicable Date, Mr. Ren is interested in 1,500,000 share options granted by the Company on 29 May 2013. Mr. Ren is entitled to exercise the share options at the exercise price of HK\$0.64 for the period between 29 May 2013 and 28 May 2023. Mr. Ren holds 680,400 Shares as beneficial owner. Save as disclosed herein, Mr. Ren does not have any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed, Mr. Ren does not hold any positions in the Company or any of its subsidiaries and does 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 and does not have any relationship with any other directors, senior management or substantial or controlling shareholder(s) of the Company.

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 Listing Rules. Mr. Ren's

remuneration is fixed at HK\$15,000 per month, during the year ended 31 December 2013, the remuneration of Mr. Ren was HK\$180,000 of director fees and 1,500,000 share options granted on 29 May 2013, 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 Kun, aged 46, was appointed as non-executive Director on 30 July 2009. He graduated from the Xian Institute of Industry[#] majoring in fine arts technology in 1987. He has over 20 years experience in media, advertising and real estate industries in Shenzhen. Mr. Zhou was the art director of Shenzhen Legal System Newspaper[#] and the general manager of Shenzhen Xinli Chuanren Advertising Limited[#].

Mr. Zhou is not connected with any Directors, senior management or substantial or controlling Shareholders. As at the Latest Practicable Date, Mr. Zhou is interested in 1,500,000 share options granted by the Company on 29 May 2013 which entitled Mr. Zhou to exercise the share options at the exercise price of HK\$0.64 for the period between 29 May 2013 and 28 May 2023. Save as disclosed herein, Mr. Zhou does not have any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed, Mr. Zhou does not hold any positions in the Company or any of its subsidiaries and does 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 and does not have any relationship with any other directors, senior management or substantial or controlling shareholder(s) of the Company.

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 Listing Rules. Mr. Zhou's remuneration is fixed at HK\$100,000 per annum, during the year ended 31 December 2013, the remuneration of Mr. Zhou was HK\$661,470 including the salaries and allowances and retirement benefit scheme contribution and 1,500,000 share options granted on 29 May 2013, 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.



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 (the “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, 10 June 2014 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 auditor of the Company for the year ended 31 December 2013;
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 HLM CPA Limited as the auditor of the Company and its subsidiaries (the “**Group**”) and to authorise the board of Directors to fix their remuneration of the Group’s auditor;

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);

NOTICE OF AGM

(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 “**Articles(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 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

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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 recognised 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 recognised 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 they 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.”

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

Hong Kong, 30 April 2014

NOTICE OF AGM

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 or authority, at the offices of the Hong Kong branch share registrar of the Company, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 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.
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 30 April 2014, 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.