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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)

HK\$600,000,000 12.5% SENIOR NOTES DUE 2016

(Stock Code: 5998)

**CONSENT SOLICITATION IN RELATION TO
THE HK\$600,000,000 12.5% SENIOR NOTES DUE 2016**

This announcement is made by the Company pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Listing Rules.

The Company is soliciting consent from the Holders, through electronic means, to amend the Trust Deed and the Terms and Conditions of the Notes in the manner more fully described in the Consent Solicitation Statement sent to Holders as at the Record Date, which is summarised under the section headed “Consent Solicitation” in this announcement.

The proposed amendments include amendments to certain covenants provided under provisions of the Trust Deed and Terms and Conditions of the Notes, which include among others: “Limitation on Indebtedness and Preferred Stock”, “Limitation on Restricted Payments”, “Limitations on Liens”, “Limitation on the Company’s Business Activities”, “Use of Proceeds” and the relevant definitions under the section entitled “Definitions”.

This announcement is made by the Company pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Listing Rules.

INTRODUCTION

Reference is made to (i) the announcements of the Company dated 14 May 2014, 7 May 2014, 5 May 2014, 28 November 2013 and 20 November 2013 and the formal notices of the Company dated 14 May 2014 and 28 November 2013 in relation to the issue of the Notes; and (ii) the announcement of the Company dated 12 November 2014 in relation to a non-binding framework agreement relating to a proposed cooperation in the Natural Gas Projects.

The Company is soliciting consent from the Holders, through electronic means, to amend the Trust Deed and the Terms and Conditions of the Notes in the manner more fully described in the Consent Solicitation Statement sent to Holders as at the Record Date, which is summarised under the section headed “Consent Solicitation” in this announcement.

The background of the Consent Solicitation is summarised as follows:

On 12 November 2014, Zhongshui Property entered into a non-binding framework agreement with Mr. Yu Zeming (“**Mr. Yu**”) in relation to a proposed cooperation between Zhongshui Property and Mr. Yu with respect to the Natural Gas Projects.

The purposes of the proposed amendments to the Trust Deed and the Terms and Conditions of the Notes are to provide the Group with the flexibility to develop its infrastructure business (including to proceed with the potential operation of the Natural Gas Projects) and to ensure that its pursuit of the Natural Gas Projects is not inconsistent with the Trust Deed and the Terms and Conditions of the Notes.

CONSENT SOLICITATION

The principal purposes of the Consent Solicitation are to seek the consent of the Holders to, among other things, modify the covenants provided under provisions of the Trust Deed and Terms and Conditions of the Notes, which include among others: “Limitation on Indebtedness and Preferred Stock”, “Limitation on Restricted Payments”, “Limitations on Liens”, “Limitation on the Company’s Business Activities”, “Use of Proceeds” and the relevant definitions under the section entitled “Definitions”.

The proposed amendments to the Trust Deed and the Terms and Conditions of the Notes will permit the Company to develop the Natural Gas Projects and other similar, related or ancillary new infrastructure businesses (“**New Permitted Businesses**”). The Natural Gas

Projects and any New Permitted Businesses would allow the Company to leverage on the Company's existing strengths, operating experience, favorable market factors and support from China Water Affairs Group Limited, its listed parent company, which will enable the Company to diversify its revenue sources and expand its overall operations. The Company may then explore potential strategic business cooperation and development opportunities with other potential business partners.

The said proposed amendments will also provide the Company with additional operational flexibility, which will support the development of the Natural Gas Projects and New Permitted Businesses, and properly reflect the expanded scope of its operations, through:

- (i) amending certain financial covenants such as deleting existing and adding in new benchmark financial ratio which the Company must meet so long as the Notes are outstanding;
- (ii) permitting the Company to make separate use of an exception to the Limitation on Restricted Payments (as defined in the Terms and Conditions of the Notes) below a set amount;
- (iii) permitting the Company to incur certain additional Permitted Indebtedness (as defined in the Terms and Conditions of the Notes) with respect to certain intangible assets, inventories or receivables, and incur additional Permitted Liens (as defined in the Terms and Conditions of the Notes) with respect to liens for certain intangible assets, inventories and receivables; and
- (iv) permitting the Company to allocate the use of proceeds from the offering of the Notes to projects other than existing and new property projects and general corporate purposes, namely the Natural Gas Projects and New Permitted Businesses.

These proposed amendments together constitute a single proposal and a consenting Holder must consent to the proposed amendments in their entirety and is not permitted to selectively consent to certain proposed amendments.

Subject to the Consent Solicitation Statement, the Company will make a cash payment of the Consent Fee of HK\$250 to each Holder for each HK\$100,000 in principal amount of Notes in respect of which such Holder has validly delivered (and not validly revoked) a consent on or prior to the Expiration Date. Any Consent Fee due will be paid on the Payment Date (as defined in the Consent Solicitation Statement) to such Holders.

The obligation of the Company to accept consents and pay the Consent Fee is conditioned on, among other things, there being validly delivered unrevoked consents from the Holders of not less than a majority in aggregate principal amount of the outstanding Notes pursuant to the terms of the Consent Solicitation Statement.

If the Requisite Consents are not received within the applicable time periods, (i) none of the proposed amendments will be effected; (ii) no Consent Fee will be paid to any Holder; and (iii) absent other measures to seek Consent, the Natural Gas Projects will not be undertaken by the Company. However, the Company may consider other alternatives as it believes appropriate.

If the Requisite Consents for the Notes remaining outstanding are received on or prior to the Expiration Date, the proposed amendments will be binding on all Holders. However, non-consenting Holders will not receive any Consent Fee.

The Company takes the view that the Consent Solicitation, if and when carried out in the manner as described in the Consent Solicitation Statement, is not inconsistent with the terms of the Trust Deed.

The results of the Consent Solicitation will be published on the website of the Company at www.waterpropertygroup.com and the Stock Exchange at www.hkexnews.hk.

FURTHER DETAILS

For a detailed statement of the terms and conditions of the Consent Solicitation, Holders should refer to the Consent Solicitation Statement.

The Consent Solicitation Statement will be distributed in electronic format to the Holders. Any questions concerning the terms of the Consent Solicitation should be directed to the Solicitation Agent (address: 22/F Cheung Kong Centre, 2 Queen's Road Central, Hong Kong; email: Asia.DCM@jefferies.com).

For the Holders, any requests for assistance should be directed to the Tabulation and Information Agent (email: chinawater@dfking.com; telephone: +44 207 920 9700 or +1 (212) 269-5550; website: www.king-worldwide.com/chinawater).

INFORMATION ABOUT THE COMPANY

The Group is principally engaged in the businesses of property investment, property development, hotel business and property management. In order to further develop and expand the business scope of the Group, and as a natural diversification of its existing businesses, the Group intends to develop its infrastructure business.

GENERAL

This announcement is not a solicitation of consent with respect to the Notes. The Consent Solicitation is being made solely pursuant to the Consent Solicitation Statement and related documents dated 24 November 2014, which set forth in detail the terms of the Consent Solicitation. Holders should not contact the Company with respect to the Consent Solicitation and should not rely solely on this announcement. All statements herein are qualified by the Consent Solicitation Statement.

The distribution of this announcement in certain jurisdictions may be restricted by law. Persons into whose possession this announcement comes are required to inform themselves about, and to observe, any such restrictions. Forward-looking statements in this announcement, including, among others, those statements relating to the Consent Solicitation are based on current expectations. These statements are not guarantees of future events or results. Future events and results involve risks, uncertainties and assumptions and are difficult to predict with any precision. Actual events and results could vary materially from the description contained herein due to many factors including changes in the market

and price for the Notes, changes in the business and financial condition of the Group, changes in the real estate or infrastructure industries, and changes in the financial and capital markets in general.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	means the board of directors of the Company;
“CET”	means the Central European Time;
“Company”	means 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;
“Consent Fee”	means a cash payment of HK\$250 to each Holder for each HK\$100,000 in principal amount of Notes in respect of which such Holder has validly delivered (and not validly revoked) a consent on or prior to the Expiration Date;
“Consent Solicitation”	means soliciting consents from Holders to certain proposed amendments to the Trust Deed and the Terms and Conditions of the Notes;
“Consent Solicitation Statement”	means the consent solicitation statement dated 24 November 2014 sent by electronic means to the Holders in relation to the approval of certain amendments to Trust Deed and the Terms and Conditions of the Notes;
“Directors”	means the directors of the Company;
“Expiration Date”	means 5:00 p.m., CET on 8 December 2014, unless terminated or extended by the Company from time to time in its sole discretion;
“Group”	means the Company and its subsidiaries;
“Holders”	means the registered holders of the Notes;
“JV Subsidiary Guarantor”	existing limited-recourse subsidiary of the Company that is incorporated outside of the PRC and will guarantee the Company’s obligations under the Notes;
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“Natural Gas Projects”	means two exclusive natural gas pipeline distribution network construction rights and natural gas pipeline network and piped-gas sales and distribution operating rights projects for an exclusive period of 30 years in Yongxing and Rucheng counties of Chenzhou City, Hunan Province, the People’s Republic of China, details of which are set out in the announcement of the Company dated 12 November 2014;
“Notes”	means an aggregate of HK\$600,000,000 12.5% senior notes due 2016 issued by the Company, which are listed on the Stock Exchange by way of debt issues to professional investors only;
“Record Date”	means 5:00 p.m., CET on 21 November 2014;
“Requisite Consents”	means there being validly delivered unrevoked consents from the Holders of not less than a majority in aggregate principal amount of the outstanding Notes pursuant to the terms set out in the Consent Solicitation Statement;
“Share(s)”	means the ordinary share(s) of HK\$0.1 each in the share capital of the Company;
“Solicitation Agent”	means Jefferies Hong Kong Limited;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Subsidiary Guarantors”	existing subsidiaries of the Company that are incorporated outside of the PRC and will guarantee the Company’s obligations under the Notes;
“Tabulation and Information Agent”	means D.F. King & Co. Inc.;
“Terms and Conditions of the Notes”	means the terms and conditions of the Notes set forth in the Trust Deed;
“Trust Deed”	means the trust deed dated 28 November 2013 (as supplemented or amended to the date hereof) between the Company as the issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantor as guarantors, and The Bank of New York Mellon, London Branch as trustee and security trustee, pursuant to which the Notes were issued; and

“Zhongshui Property” means Shenzhen Zhongshui Property Company Limited* (深圳中水置業有限公司), an indirect wholly owned subsidiary of the Company.

* The English translation of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

By order of the Board
China Water Property Group Limited
Wang Wenxia
Vice Chairman and Chief Executive Officer

Hong Kong, 24 November 2014

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.