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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)**

**(Stock Code: 5998)**

**NON-BINDING FRAMEWORK AGREEMENT  
RELATING TO A PROPOSED COOPERATION IN A NATURAL GAS PROJECT  
IN JIANGXI**

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and as a supplemental notice to the Consent Solicitation Statement referred to in the announcement of the Company dated 24 November 2014.

The Board is pleased to announce that on 27 November 2014, Zhongshui Property, an indirect wholly owned subsidiary of the Company, entered into the Framework Agreement with Beijing Zhongshiyuan, an independent third party, in relation to a proposed cooperation between Zhongshui Property and Beijing Zhongshiyuan in the Jiangxi Natural Gas Project in Shangli county of Jiangxi Province, the PRC.

**The proposed cooperation in the Jiangxi Natural Gas Project is subject to the execution of certain legally binding agreement(s) by the Parties, the receipt of consents, waivers and/or completion of related exercises (if applicable) from/with third parties in respect of the Company's existing financing arrangements (including the Consent Solicitation) and receiving relevant regulatory approvals (if applicable). There can be no assurance that the proposed cooperation in the Jiangxi Natural Gas Project will proceed. As such, holders of securities of the Company and public investors are advised to exercise caution when dealing in the securities of the Company.**

This announcement is made by China Water Property Group Limited (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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors (the “**Board**”) of the Company is pleased to announce that on 27 November 2014, Shenzhen Zhongshui Property Company Limited\* (深圳中水置業有限公司) (“**Zhongshui Property**”) entered into a framework agreement (the “**Framework Agreement**”) with Beijing Zhongshiyuan Pipeline Technology Company Limited\* (北京中石源源管道技術有限公司) (“**Beijing Zhongshiyuan**”), an independent third party, in relation to a proposed cooperation between Zhongshui Property and Beijing Zhongshiyuan with respect to an exclusive twenty-years natural gas operating rights project in Shangli county of Jiangxi Province (where West-East Gas Pipeline Project\* (西氣東輸) passes through), People’s Republic of China (“**PRC**”), including its industrial and urban areas (the “**Jiangxi Natural Gas Project**”).

To the best knowledge of the directors of the Company, having made all reasonable enquiries, Beijing Zhongshiyuan is a third party that is independent from the Company and from the connected persons of the Company.

It is the intention of the parties to the Framework Agreement (the “**Parties**”) that:

- (1) Zhongshui Property will hold 51% interest in, and thus will become the controlling shareholder of, the project company that will operate the Jiangxi Natural Gas Project (the “**Project Company**”);
- (2) Zhongshui Property will appoint the director(s), the chairman and the financial controller of the Project Company and nominate the general manager of the Project Company; while Beijing Zhongshiyuan will nominate the executive general manager of the Project Company; and
- (3) the Parties will enter into binding and definitive agreement(s) to set out the specific details in respect of the cooperation as soon as possible but within 90 days from the date of the Framework Agreement or any other day as agreed by the Parties.

The Framework Agreement is intended to record the direction of the proposed cooperation in the Jiangxi Natural Gas Project and provide a framework for negotiations between the Parties. Except for the provisions regarding exclusivity and confidentiality relating to the proposed cooperation in the Jiangxi Natural Gas Project, the provisions of the Framework Agreement are not legally binding nor do they oblige either Party to proceed with a definitive agreement with respect to the proposed cooperation. Further, as the terms and conditions of the definitive agreement(s) (if any) will be subject to further negotiations between the Parties, they may differ from the terms and conditions of the Framework Agreement.

As at the date of this announcement, no binding agreements in relation to the proposed cooperation in the Jiangxi Natural Gas Project have been entered into and no transaction has yet taken place on the part of the Company upon signing of the Framework Agreement. The Company will comply with the relevant requirements of the Listing Rules when it proceeds with or enters into a binding agreement in relation to the proposed cooperation in the Jiangxi Natural Gas Project.

## **REASON FOR ENTERING INTO THE FRAMEWORK AGREEMENT**

As a part of the Group's continuing development strategy of its infrastructure business, the proposed cooperation in the Jiangxi Natural Gas Project will provide the Group with further opportunity to access the natural gas market in the PRC. The Board considers that the proposed cooperation in the Jiangxi Natural Gas Project is consistent with the strategy of the Group to develop its infrastructure business, which is related to and complementary with the existing businesses of the Group.

## **OTHER MATTERS AND CONDITIONS RELATED TO THE PROPOSED COOPERATION**

As stated in the Company's previous announcements, the Company has undertaken various forms of financing, which include the issuance of an aggregate of HK\$600,000,000 12.5% senior notes due 2016 on 28 November 2013 and 14 May 2014, which are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") by way of debt issues to professional investors only (the "**Notes**"), as well as other forms of financing, including loan facilities and other forms of bank financing (collectively, the "**existing financing arrangements**"). The terms, conditions and undertakings of such existing financing arrangements include certain standard financial and operational covenants and undertakings that are customarily included in similar financing arrangements, and may restrict the Company from engaging in the proposed cooperation in the Jiangxi Natural Gas Project.

Reference is made to the announcement of the Company dated 24 November 2014 in relation to the consent solicitation in relation to the Notes. A consent solicitation statement and related documents dated 24 November 2014 were sent to the relevant holders of the Notes (the "**Consent Solicitation Statement**"). The Company is soliciting consent from the holders of the Notes with respect to their consents, among other things, to provide the Group with the flexibility to develop its infrastructure business (the "**Consent Solicitation**"). Accordingly, the proposed cooperation in the Jiangxi Natural Gas Project will be conditional upon completion of the Consent Solicitation or any other steps to the Company's satisfaction which may include receipt of consents, waivers, and/or other approvals as may be considered necessary or appropriate in connection with such existing financing arrangements. The Company will issue to the holders of the Notes a supplemental notice to the Consent Solicitation Statement in relation to the Jiangxi Natural Gas Project. Such notice is dated 27 November 2014 and will be sent by electronic means.

**The proposed cooperation in the Jiangxi Natural Gas Project is subject to the execution of certain legally binding agreement(s) by the Parties, the receipt of consents, waivers and/or completion of related exercises (if applicable) from/with third parties in respect of the Company's existing financing arrangements (including the Consent Solicitation) and receiving relevant regulatory approvals (if applicable). There can be no assurance that the proposed cooperation in the Jiangxi Natural Gas Project will proceed. As such, holders of securities of the Company and public investors are advised to exercise caution when dealing in the securities 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, 27 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.*