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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)

**MOU IN RESPECT OF
PROPOSED ACQUISITION OF A MAJORITY INTEREST IN
A REAL ESTATE PROJECT IN WUHAN EAST LAKE**

The Board is pleased to announce that on 28 June 2010, the Purchaser, a wholly-owned subsidiary of the Company, has entered into the MOU with the Vendor in relation to the Possible Acquisition.

If the Formal Agreement(s) are entered into, it is expected that the Possible Acquisition will constitute a notifiable transaction on the part of the Company pursuant to the Listing Rules. In this regard, the Company will comply with the reporting, disclosure and/or Shareholders' approval requirements under the Listing Rules.

Shareholders of the Company and/or investors should note that the Possible Acquisition may or may not materialise, as no formally binding documentation has been executed between the parties to the MOU and discussions are still in progress.

Accordingly, Shareholders and/or investors are advised to exercise caution when dealing in the Company's securities.

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Board is pleased to announce that on 28 June 2010, the Purchaser, a wholly owned subsidiary of the Company has entered into the MOU with the Vendor in relation to the Possible Acquisition.

THE MOU

Date: 28 June 2010

- Parties: (i) the Purchaser, a company established in the PRC and a wholly owned subsidiary of the Company; and
- (ii) the Vendor, a company established in the PRC and the beneficial owner of the entire equity interests of the Target

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons (as defined under the Listing Rules).

Major terms of the MOU

Under the MOU, it is proposed that the Purchaser will acquire 60% issued registered capital of the Target, representing 60% equity interests of the Target, from the Vendor. Upon completion of the Possible Acquisition, the Purchaser shall beneficially own 60% equity interests of the Target and the Target will become a non-wholly owned subsidiary of the Company and its results will be consolidated with the financial results of the Group.

Under the MOU, both the Purchaser and the Vendor will proceed to negotiate for legally-binding Formal Agreement(s) within 90 days from the date of the MOU (or such later date to be agreed by the parties thereto).

It is also agreed that the Vendor will not, within 90 days from the date of the MOU, negotiate with any third party for the Possible Acquisition.

The consideration payable by the Purchaser for the Possible Acquisition shall be subject to further negotiation between the Purchaser and the Vendor. It is contemplated that such consideration will not be more than RMB66,000,000 (equivalent to approximately HK\$75,000,000).

Information on the Target and reasons for the Possible Acquisition

The Target is established in Wuhan City, the PRC. Its business scope includes property development and property sales as well as tourism development and marketing. To the best of the Directors' knowledge and information, the only significant investment of the Target is its interests in the Property and the Target is the beneficial owner of the Property. The Property, comprising two plots of land and occupying a total site area of approximately 59,480 square metres, is situated in the predominate area of Wuhan East Lake astride the gateway of the East Lake Park. The Property will be developed into a luxurious and low-density residential compound with a total planned gross floor area of approximately 61,264 square metres. The location of the Property is adjacent to the intersection between Huang Li Road and East Lake Road and also enjoys picturesque scenery of the East Lake.

In order to seek for more business opportunities and to maximize return to the Company and its Shareholders in the long run, the Group has decided to further enlarge its land reserve and also strengthen the strategic co-operation between the Group and the Vendor in the Wuhan real estate market. Reference is also made to the circular of the Company dated 30 November 2009 in relation to the acquisition of another property project in Wuhan City, the PRC. It is expected that the Possible Acquisition will create synergy effect with the existing property project of the Group in Wuhan City.

The Purchaser will conduct further due diligence review on the Target and the Property in accordance with the terms of the MOU.

General

The MOU, excluding, among others, the 90-day exclusivity period agreed by the Vendor, does not constitute legally-binding commitment in respect of the Possible Acquisition. The Possible Acquisition will be subject to the execution and completion of the Formal Agreement(s).

If the Formal Agreement(s) are entered into, it is expected that the Possible Acquisition will constitute a notifiable transaction on the part of the Company pursuant to the Listing Rules. In this regard, the Company will comply with the reporting, disclosure and/or Shareholders' approval requirements under the Listing Rules.

Shareholders of the Company and/or investors should note that the Possible Acquisition may or may not materialise, as no formally binding documentation has been executed between the parties to the MOU and discussions are still in progress.

Accordingly, Shareholders and/or investors are advised to exercise caution when dealing in the Company's securities.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“associates”	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 Stock Exchange
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	director(s) of the Company

“Formal Agreement(s)”	the formal agreement(s) as contemplated under the MOU
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 28 June 2010 entered into between the Purchaser and the Vendor in relation to the Possible Acquisition
“Possible Acquisition”	the possible acquisition of 60% equity interests in the Target as contemplated under the MOU
“PRC”	People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“Property”	the property located in Wuhan City, the PRC held by the Target
“Purchaser”	湖北阜城房地產開發有限公司 (Hubei Fucheng Property Development Limited [#]), a company established in the PRC and is a wholly owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.01 in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	武漢東湖旅遊接待有限公司 (Wuhan Donghu Tour Operation Co., Ltd. [#]), a company established in the PRC and is owned as to 100% by the Vendor
“Vendor ”	湖北天時公路橋樑投資有限公司 (Hubei Tianshi Toll Roads And Bridges Investment Limited [#]), a company established in the PRC and the vendor to the MOU

“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

Hong Kong, 28 June 2010

As at the date of this announcement, the Board comprises Mr. But Ka Wai (Chairman), Ms. Wang Wenxia (Vice Chairman) and Mr. Ren Qian as executive Directors, Mr. Zhou Kun as non-executive Director and Mr. Chen Ziqiang and Ms. Li Ling as independent non-executive Directors.

For the purpose of calculation of the consideration for the Possible Acquisition, the exchange rate shall be calculated on the basis that HK\$1.00 for RMB0.88.

the English translations 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