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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

KEY FINANCIAL HIGHLIGHTS

- Turnover was HK$991 million, a fifteen-fold increase from HK$66 million (restated) last year
- Gross profit was HK$476 million, a thirty-fold increase from HK$16 million (restated) last year
- Net profit attributable to owners of the Company (including fair value gains on investment properties after tax) amounted to HK$510 million (2009 (restated): net loss of HK$316 million)
- Net profit attributable to owners of the Company (excluding fair value gains on investment properties after tax) amounted to HK$151 million (2009 (restated): net loss of HK$316 million)
- Total assets of the Group increased to HK$2.8 billion (2009: HK$1.1 billion)
- Total net debt reduced to HK$254 million with a ratio of net debt to equity attributable to owners of the Company of 21% (2009: HK$384 million, 152%)
- Total equity attributable to owners of the Company was HK$1.2 billion (2009: HK$0.3 billion)

The board (the "Board") of directors (the "Directors") of China Water Property Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2010, together with the comparative figures for the previous year. These results principally relate to the business of the Group engaging in property development and investment in the PRC for the year ended 31 December 2010:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2010

	Notes	**2010** **HK$'000**	2009 HK$'000 (restated)
Continuing operations			
Turnover	*3*	**990,841**	65,612
Cost of sales		**(515,203)**	(49,311)
Gross profit		**475,638**	16,301
Fair value gain in respect of investment properties transferred from inventory of properties		**478,343**	—
Other operating income	*3*	**3,388**	3,734
Selling and distribution expenses		**(74,820)**	(17,447)
Administrative expenses		**(79,780)**	(47,741)
Finance costs	*5*	**(22,890)**	(34,803)
Operating profit (loss) before impairment charges		**779,879**	(79,956)
Impairment on property, plant and equipment		**—**	(39,888)
Impairment on trade receivables		**—**	(102,301)
Write-off of inventories		**—**	(6,589)
Profit (loss) before tax	*6*	**779,879**	(228,734)
Income tax (charge) credit	*7*	**(265,776)**	3,163
Profit (loss) for the year from continuing operations		**514,103**	(225,571)
Discontinued operation			
Loss for the year from discontinued operation	*8*	**(7,299)**	(106,460)
Profit (loss) for the year		**506,804**	(332,031)

	Notes	2010 HK$'000	2009 HK$'000 (restated)
Profit (loss) for the year attributable to:			
Owners of the Company			
Profit (loss) for the year from continuing operations		**510,631**	(225,217)
Loss for the year from discontinued operation		**(1,097)**	(91,077)
Profit (loss) for the year attributable to owners of the Company		**509,534**	(316,294)
Non-controlling interests			
Profit (loss) for the year from continuing operations		**3,472**	(354)
Loss for the year from discontinued operation		**(6,202)**	(15,383)
Loss for the year attributable to non-controlling interests		**(2,730)**	(15,737)
		506,804	(332,031)
Dividends	*9*	**—**	—
		HK Cents	*HK Cents*
Earnings (loss) per share	*10*		
From continuing and discontinued operations			
— Basic		**4.66**	(7.73)
— Diluted		**4.00**	N/A
From continuing operations			
— Basic		**4.67**	(5.50)
— Diluted		**4.01**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	2010	2009
	HK$'000	*HK$'000*
Profit (loss) for the year	**506,804**	(332,031)
Other comprehensive income:		
Exchange differences arising on translation	**10,319**	—
Total comprehensive income (expense) for the year (net of tax)	**517,123**	(332,031)
Total comprehensive income (expense) attributable to:		
Owners of the Company	**519,853**	(316,294)
Non-controlling interests	**(2,730)**	(15,737)
	517,123	(332,031)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
ASSETS			
Non-Current Assets			
Prepaid lease payments		**1,751**	2,877
Property, plant and equipment		**95,965**	157,467
Investment properties		**982,353**	—
Goodwill		**174,605**	174,605
Deposit paid on acquisition of a subsidiary		**58,824**	—
Biological assets		**—**	4,560
Intangible assets		**—**	962
Deferred tax assets		**—**	3,918
		1,313,498	344,389
Current Assets			
Inventories		**9,851**	33,048
Inventory of properties		**958,195**	412,168
Trade and other receivables	*11*	**225,730**	122,523
Prepaid tax		**200**	156
Derivative financial instruments		**—**	1,511
Pledged bank deposits		**9,978**	13,973
Bank balances and cash		**263,602**	164,646
		1,467,556	748,025
TOTAL ASSETS		**2,781,054**	1,092,414
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		**125,142**	84,800
Reserves		**1,070,059**	167,910
Equity attributable to owners of the Company		**1,195,201**	252,710
Non-controlling interests		**160,366**	36,710
TOTAL EQUITY		**1,355,567**	289,420

	Notes	2010 HK$'000	2009 HK$'000
Non-current Liabilities			
Deferred tax liabilities		**224,115**	—
Obligations under finance leases		**—**	377
Borrowings — due after one year		**294,118**	137,875
Convertible notes		**62,172**	107,975
		580,405	246,227
Current Liabilities			
Trade and other payables	*12*	**377,384**	204,543
Deposits received for sale and lease of properties		**77,837**	—
Obligations under finance leases		**169**	618
Tax payable		**122,168**	2,354
Amounts due to non-controlling shareholders of subsidiaries		**43,804**	13,357
Amount due to a shareholder		**52,246**	20,420
Borrowings — due within one year		**171,474**	241,575
Convertible notes		**—**	73,900
		845,082	556,767
TOTAL LIABILITIES		**1,425,487**	802,994
TOTAL EQUITY AND LIABILITIES		**2,781,054**	1,092,414
NET CURRENT ASSETS		**622,474**	191,258
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,935,972**	535,647

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2010

1. GENERAL

The consolidated financial statements have been prepared with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Financial Reporting Standards ("HKFRSs").

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

New and revised Standards and Interpretations applied in the current year

In the current year, the Group has applied the following new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HK — Interpretation ("Int") 5	Presentation of Financial Statements — Classification by the borrower of a Term Loan that Contains a Repayment on Demand Clause
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners

HKFRS 3 (as revised in 2008) Business Combination

HKFRS 3 (as revised in 2008) has been applied in the current year prospectively to business combinations of which the acquisition date is on or after 1 January 2010 in accordance with the relevant transitional provisions. Its application has affected the accounting for business combinations in the current year.

The impact of the application of HKFRS 3 (as revised in 2008) is as follows:

- HKFRS 3 (as revised in 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as "minority" interests) either at fair value or at the non-controlling interests share of recognised identifiable net assets of the acquiree. In the current year, in accounting for the acquisition of HK Mei Lai International (Canada) Limited, 杭州普天房地產開發有限公司 (Hangzhou Pu Tian Property Development Co., Ltd.), 武漢凱越房地產開發有限公司 (Wuhan Kai Yue Property Development Co., Ltd.), the Group has elected to measure the non-controlling interests at fair value at the date of acquisition.

- HKFRS 3 (as revised in 2008) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognized as an expense in profit or loss as incurred, whereas previously there were accounted for as part of the cost of the acquisition.

The application of HKFRS 3 (as revised in 2008) has no material impact on the Group's results for both years.

Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("HK Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. Hong Kong Interpretation 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such item loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities.

As a result, bank loans that contain a repayment on demand clause with the aggregate carrying amounts of HK$6,950,377 have been reclassified from non-current liabilities to current liabilities as at 31 December 2010. The application of HK Int 5 has had no impact on the reported profit or loss for the current and prior years.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities that reflects the remaining contractual maturities.

New and revised Standards and Interpretations in issue but not yet effective

The Group has not early applied the following new and revised Standards and Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 except for the amendments to HKFRS 7 and HKAS 1[2]
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 3 (Amendments)	Business Combination (2008) — Improvements to HKFRSs (2010)[3]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[5]
HKFRS 9 (Revised)	Financial Instruments[7]
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Asset[6]
HKAS 1 (Amendments)	Presentation of Financial Statements — Improvements to HKFRSs (2010)[4]
HKAS 24 (as revised in 2009)	Related Party Disclosures[4]
HKAS 32 (Amendments)	Classification of Rights Issues[1]
HK(IFRIC)-Int 14 (Amendments)	Prepayments of Minimum Funding Requirement[4]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

[1] Effective for annual periods beginning on or after 1 February 2010
[2] Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate
[3] Effective for annual periods beginning on or after 1 July 2010
[4] Effective for annual periods beginning on or after 1 January 2011
[5] Effective for annual periods beginning on or after 1 July 2011
[6] Effective for annual periods beginning on or after 1 January 2012
[7] Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost of fair value. Specifically, debt investments that are within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measurement at their fair values at the end of subsequent accounting period.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may have a significant impact on amounts reported in respect of the Group's financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

3. TURNOVER AND OTHER OPERATING INCOME

Turnover represents revenue arising from sale of properties, snack food and convenience frozen food products for the year. An analysis of the Group's turnover and other operating income for the year from continuing operations, excluding the gain on disposal of a subsidiary for the year ended 31 December 2010 as disclosed in note 8, is as follows:

	2010	2009
	HK$'000	*HK$'000*
		(restated)
Sales of properties	**926,688**	—
Sales of goods to outside customers	**64,153**	65,612
	990,841	65,612
Other operating income:		
Exchange gain	**99**	1,589
Gain on disposal of a subsidiary	**—**	37
Interest income from bank deposits	**1,624**	227
Sundry income	**1,665**	1,881
	3,388	3,734
Total income	**994,229**	69,346

4. SEGMENT INFORMATION

The accounting policies of the operating segments are the same as the Group's accounting policies in the preparation of the Group's annual financial statements.

The Group's operating segments are identified on the basic of annual reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. Specifically, segment information reported externally was analysed on the basis of the types of goods supplied provided by the Group's operating divisions, which is the same information reported to the chief operating decision maker.

The Group's operating segments are as follows:

— Property Investment Business Segment engages in leasing of investment properties in The People's Republic of China (the "PRC").

— Property Development Business Segment engages in development of property project in the PRC .

— Wah Yuen Foods Business Segment engages in production and distribution of snack food, convenient frozen food and other food products.

— Seabuckthorn Business Segment engages in cultivation of seabuckthorn, as well as manufacture, sales, research and development of seabuckthorn-related health products.

During the year, the Group disposed its equity interest in a subsidiary engaging in Seabuckthorn Business and the disposal was completed in September 2010. Seabuckthorn Business is classified as discontinued operation. The remaining three operating segments, namely Property Development Business, Property Investment Business and Wah Yuen Foods Business are classified as continuing operations of the Group for both years.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments.

For the year ended 31 December 2010

	Continuing Operations				Discontinued Operation	
	Property Investment *HK$'000*	Property Development HK$'000	Wah Yuen Foods HK$'000	Subtotal HK$'000	Seabuckthorn HK$'000	Total HK$'000
REVENUE						
External sales and total revenue	—	926,688	64,153	990,841	12,388	1,003,229
RESULT						
Segment operating results before impairment charges	(3,069)	381,551	(9,738)	368,744	(10,601)	358,143
Fair value gain in respect of investment properties transferred from inventories of properties	478,343	—	—	478,343	—	478,343
Gain on disposal of a subsidiary	—	—	—	—	3,548	3,548
Unallocated corporate income				152	—	152
Unallocated corporate expense				(44,470)	—	(44,470)
Profit (loss) from operations				802,769	(7,053)	795,716
Finance costs				(22,890)	(205)	(23,095)
Profit (loss) before tax				779,879	(7,258)	772,621
Income tax expenses				(265,776)	(41)	(265,817)
Profit (loss) for the year				514,103	(7,299)	506,804

For the year ended 31 December 2009

	Continuing Operations				Discontinued Operations	
	Property Investment *HK$'000*	Property Development *HK$'000*	Wah Yuen Foods *HK$'000*	Subtotal *HK$'000*	Seabuckthorn *HK$'000*	Total *HK$'000*
REVENUE						
External sales and total revenue	—	—	65,612	65,612	34,842	100,454
RESULT						
Segment operating results before impairment charges	—	(2,822)	(25,243)	(28,065)	(12,986)	(41,051)
Change in fair value of derivative financial instruments	—	—	(5,303)	(5,303)	—	(5,303)
Change in fair value of biological assets less estimated point-of-sales cost	—	—	—	—	(23,284)	(23,284)
Impairment on goodwill	—	—	—	—	(69,904)	(69,904)
Impairment on property, plant and equipment	—	—	(39,888)	(39,888)	—	(39,888)
Impairment on trade receivables	—	—	(102,301)	(102,301)	—	(102,301)
Write-off on inventories	—	—	(6,589)	(6,589)	(92)	(6,681)
Unallocated corporate income				3,734	—	3,734
Unallocated corporate expense				(15,519)	—	(15,519)
Loss from operations				(193,931)	(106,266)	(300,197)
Finance costs				(34,803)	(160)	(34,963)
Loss before tax				(228,734)	(106,426)	(335,160)
Income tax credit (expenses)				3,163	(34)	3,129
Loss for the year				(225,571)	(106,460)	(332,031)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

As at 31 December 2010 and 2009

	Property Investment		Property Development		Wah Yuen Foods		Seabuckthorn		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS										
Goodwill and intangible assets	**—**	—	**174,605**	174,605	**—**	—	**—**	962	**174,605**	175,567
Biological assets	**—**	—	**—**	—	**—**	—	**—**	4,560	**—**	4,560
Properties under development	**2,872**	—	**955,323**	412,168	**—**	—	**—**	—	**958,195**	412,168
Investment properties	**982,353**	—	**—**	—	**—**	—	**—**	—	**982,353**	—
Others	**8,895**	—	**485,238**	191,187	**147,509**	194,384	**—**	107,241	**641,642**	492,812
Segment assets	**994,120**	—	**1,615,166**	777,960	**147,509**	194,384	**—**	112,763	**2,756,795**	1,085,107
Unallocated corporate assets									**24,259**	7,307
Consolidated total assets									**2,781,054**	1,092,414
LIABILITIES										
Segment liabilities	**26,533**	—	**1,232,560**	502,070	**35,455**	74,374	**—**	49,908	**1,294,548**	626,352
Unallocated corporate liabilities									**130,939**	176,642
Consolidated total liabilities									**1,425,487**	802,994
OTHER INFORMATION										
Amortisation of prepaid lease payments	**—**	—	**—**	—	**179**	179	**17**	23	**196**	202
Additions to property, plant and equipment	**3,975**	—	**8,563**	355	**153**	1,027	**8,586**	10,826	**21,277**	12,208
Depreciation of property, plant and equipment	**383**	—	**1,238**	93	**6,458**	6,175	**3,068**	4,204	**11,147**	10,472
Additions to investment properties	**982,353**	—	**—**	—	**—**	—	**—**	—	**982,353**	—
Write-off of intangible assets	**—**	—	**—**	—	**—**	—	**—**	52	**—**	52

5. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
		(restated)
Interest expense on bank loans, overdrafts and other borrowings wholly repayable within five years	**49,427**	7,240
Interest expense on obligations under finance leases	**—**	102
Effective interest expense on convertible notes	**11,698**	27,461
	61,125	34,803
Less: amounts capitalised in the cost qualifying assets	**(38,235)**	—
	22,890	34,803

6. PROFIT (LOSS) BEFORE TAX

	2010	2009
	HK$'000	HK$'000
		(restated)
Profit (loss) before tax has been arrived at after charging (crediting):		
Staff costs, including directors' emoluments	**29,390**	21,649
Retirement benefits scheme contributions, including contributions for directors	**706**	483
Total staff costs	**30,096**	22,132
Auditors' remuneration	**950**	812
Amortisation of prepaid lease payments	**179**	179
Depreciation		
— owned assets	**7,948**	5,966
— assets held under finance leases	**131**	302
Share-based option expenses	**16,073**	1,859
Write off of inventories	**—**	6,589
Impairment on trade receivables	**—**	102,301
Impairment on goodwill	**—**	69,904
Impairment on properties, plant and equipment	**—**	39,888
Net change in fair value of derivative financial instrument	**—**	5,303
Loss on disposal of properties, plant and equipment	**7**	30
Operating lease rentals paid in respect of rented premises	**4,464**	2,769

7. INCOME TAX (CHARGE) CREDIT

	2010	2009
	HK$'000	*HK$'000*
		(restated)
The tax (charge) credit comprises:		
Current tax:		
Hong Kong Profits Tax		
Current year	**—**	—
Over provision in prior years	**—**	80
PRC Enterprise Income Tax		
Current year	**(81,960)**	(1)
Under provision in prior years	**—**	(174)
Land appreciation tax ("LAT") in the PRC	**(67,386)**	—
Current tax (charge) credit for the year	**(149,346)**	(95)
Deferred tax (charge) credit for the year	**(116,430)**	3,258
	(265,776)	3,163

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit arising in Hong Kong for both years.

The Group's PRC enterprise income tax is calculated based on the applicable tax rates on assessable profits, if applicable.

PRC land appreciation tax is levied at the applicable tax rate on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

8. DISCONTINUED OPERATION

Disposal of the Seabuckthorn Business

On 21 July 2010, the subsidiary of the Company entered into a sale agreement to dispose its 50% equity interest in Conseco Seabuckthorn Co., Ltd. ("Conseco Seabuckthorn"), which engaged in cultivation of seabuckthorn, as well as manufacture, sales, research and development of seabuckthorn-related health products, to an independent third party at RMB24,430,000. The disposal was completed on 17 September 2010, on which date control of Conseco Seabuckthorn was passed to the acquirer. The disposal is consistent with the Group's long-term policy to focus its activities in the property development business in the PRC. Due to the disposal of 50% equity interest in Conseco Seabuckthorn during the year ended 31 December 2010, the comparative figures have been re-presented to classify the Seabuckthorn Business as a discontinued operation for the year ended 31 December 2009.

The loss for the period/year from the discontinued operation is analysed as follows:

	1.1.2010 to 30.9.2010	1.1.2009 to 31.12.2009
	HK$'000	*HK$'000*
Loss of Seabuckthorn Business for the period/year	**(10,847)**	(106,460)
Gain on disposal of a subsidiary	**3,548**	—
	(7,299)	(106,460)

The results of the Seabuckthorn Business for the period, which have been included in the profit or loss, were as follows:

	1.1.2010 to 30.9.2010 *HK$'000*	1.1.2009 to 31.12.2009 *HK$'000*
Turnover	**12,388**	34,842
Cost of sales	**(13,158)**	(25,840)
Gross (loss) profit	**(770)**	9,002
Other operating income	**1,041**	—
Selling, distribution and administrative expenses	**(10,872)**	(22,080)
Finance costs	**(205)**	(160)
Impairment on goodwill	**—**	(69,904)
Change in fair value of biological assets less estimated point-of-sales costs	**—**	(23,284)
Loss before tax from discontinued operation	**(10,806)**	(106,426)
Income tax expenses	**(41)**	(34)
Loss for the period/year from discontinued operation	**(10,847)**	(106,460)
Attributable to:		
Owners of the Company	**(4,645)**	(91,077)
Non-controlling interests	**(6,202)**	(15,383)
	(10,847)	(106,460)
Loss for the year from discontinued operation has been arrived at after charging (crediting):		
Staff costs	**5,937**	10,548
Retirement benefits scheme contributions	**1,143**	1,147
	7,080	11,695
Auditor's remuneration	**174**	16
Depreciation of property, plant and equipment	**3,068**	4,204
Write-off of inventories	**—**	92
Amortisation of prepaid lease payment	**17**	23
Loss on disposal of property, plant and equipment	**—**	66
Interest income	**(13)**	—

9. DIVIDENDS

The Board does not recommend the payment of a dividend for the years ended 31 December 2010 (2009: Nil).

10. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share is based on the profit attributable to the equity holders of approximately HK$509,534,000 (2009: loss of HK$316,294,000) and on the weighted average ordinary share of 10,944,516,817 (2009: 4,091,644,726) deemed to be in issue during the year.

The calculation of diluted earnings (loss) per share is based on the following data:

From continuing and discontinued operation

	2010	2009
	HK$'000	*HK$'000*
Earnings (loss):		
Earnings (loss) for the purpose of basic earnings (loss) per share	**509,534**	(316,294)
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	**4,761**	9,333
Earnings (loss) for the purpose of diluted earnings (loss) per share	**514,295**	(306,961)

	2010	2009
	Share(s)	*Share(s)*
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	**10,944,516,817**	4,091,644,726
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**94,143,401**	6,183,084
Convertible notes	**1,812,222,222**	3,256,666,667
Weighted average number of ordinary shares for the purposes of diluted earnings (loss) per share	**12,850,882,440**	7,354,494,477

From continuing operations

	2010	2009
	HK$'000	*HK$'000*
Profit (loss) for the year attributable to owners of the Company:	**509,534**	(316,294)
Less:		
Profit (loss) for the year from discontinued operations	**(1,097)**	(91,077)
Earnings (loss) for the purpose of basic earnings (loss) per share	**508,437**	(407,371)
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	**4,761**	9,333
Earnings (loss) for the purpose of diluted earnings (loss) per share	**513,198**	(398,038)

11. TRADE AND OTHER RECEIVABLES

There is no concentration of credit risk with respect to trade receivables from the property development business, as the Group has a large number of customers.

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**24,953**	128,215
Less: Allowance for doubtful debts	**—**	(102,301)
	24,953	25,914
Prepayments for construction work	**85,930**	60,507
Receivable on disposal of subsidiaries	**15,599**	5,681
Other receivables, prepayments and other deposits	**99,248**	30,421
	225,730	122,523

An analysis of trade receivables (net of allowance for bad and doubtful debts) by age is as follows:

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Within 90 days	**10,303**	12,850
91 to 180 days	**1,437**	1,709
Over 180 days	**13,213**	11,355
Trade receivables	**24,953**	25,914

The Directors consider that the carrying amount of trade and other receivables approximate to their fair value.

For the property development business, the Group does not grant any credit terms to its customers and does not hold any collateral over these receivables.

The trading term with the food business segement is mainly on credit. The average credit period on sales of goods is 90 days. The Group normally provides fully for all receivables overdue 365 days based on the estimations on prior experiences and the assessment of payment performance under current economic environment. When the Group is satisfied that no recovery of the amount owing is possible, the amount considered irrecoverable is written off against the financial asset and recognised in the profit or loss accordingly. The balances of the allowance for doubtful debts are individually impaired trade receivables which had been overdue 365 days or/and have no material transactions with the Group during the year. The Group does not hold any collateral over these balances.

12. TRADE AND OTHER PAYABLES

An ageing analysis of trade payables is as follows:

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Within 90 days	**296,840**	99,174
91 to 180 days	**3,374**	723
Over 180 days	**7,469**	6,685
Trade payables	**307,683**	106,582
Consideration payables for acquisition of a subsidiary	**—**	48,864
Interest payables	**14,013**	22,074
Other payables	**55,688**	27,023
	377,384	204,543

Trade payables principally comprise amounts outstanding for purchase of construction materials and construction work of properties under development and investment properties.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a rapid growing property developer of quality integrated residential properties and premium commercial properties in prime location in the provincial cities and also the second-to-third tier cities along the Yangtze River. At present, the Group is predominately focused on Wuhan, Hangzhou and other fast-growing cities in the PRC. The Group is maintaining a well-diversified portfolio encompasses property projects in these regions at various stages of development with a variety of property types of residential apartment, office building, hotel, villa and commercial property.

Result Summary

The consolidated turnover of the Group from continuing operations increased more than fourteen-fold to HK$991 million for the year ended 31 December 2010 from HK$66 million for the year ended 31 December 2009. The revenue from sales of residential properties, which represented HK$927 million and principally derived from sales of Future City and Qiandao Lake Villa, have accounted for the substantial majority of turnover this year. The Group recorded sold GFA of 80,368 square meters in the year and an average selling price of HK$11,531.

The overall gross profit increased by 2,875% to HK$476 million in 2010 from HK$16 million in 2009, while the gross profit margin were well ahead of last year, increased from 25% to 48%. The Group also had fair value gains on investment properties of HK$478 million for the year ended 31 December 2010 which represented the fair value changes of Wuhan Future City shopping mall after its completion of the construction this year.

The revenue from other business segment decreased by 2.3% from HK$65.6 million in 2009 to HK$64.1 million this year. It contributed an operating loss of HK$9.7 million despite the continued focuses on aligning operations and resources to meet an increasingly competitive over the year. The result from discounted operation reflected the net loss of HK$10.8 million from the health products business operation along with the gain arising on the disposal of HK$3.5 million.

The profit attributable to the owners of the Company was HK$509.5 million for the year ended 31 December 2010 as compared with the loss of HK$316.3 million in 2009. Basic earnings per share attributable to the equity holders of the Company increased to HK4.66 cents compared with a loss per share of HK 7.73 cents in 2009. The Board does not propose any final dividend for the year ended 31 December 2010.

Business Review

The PRC Property Development Business

The Central Government has exerted different influence on the growth and development of the PRC property market by means of industry policies and other administrative measures so as to achieve property price corrections and even out the factors that sustainable economic growth entails. Although the introduced measures and corrections were taking place during the year, the GDP of the PRC was impressively well ahead of last year and the overall property prices surged. The corrections at the first tier cities are more pronounced than the second-to-third tier cities in terms of volumes and prices.

During the year, the Group acquired its second property project in Wuhan City and also two premium projects in Hangzhou City. In early of 2011, the Group also secured another predominate property project in Wuhan Economic & Technological Development Zone ("WEDZ") and applied for urban-renewal project in Guangzhou City by transforming the Group's existing industrial factories into residential properties. With these latest acquisitions and development, the Group has expanded the land bank in strategic locations in provincial cities along the Yangtze River and Pearl River Delta.

Wuhan City, Hubei

Future City:

Future City is a large-scale integrated composite development located at Luo Shi Road South within close proximity to the Luoyu Road shopping belt and the upcoming stations of metro line No.2 and 7. Future City is situated in the heart of business and commercial centre of Hongshan District in Wuhan City, convenient to East Lake, Wuhan University and other landmarks in the neighborhood. Future City covers a total site area of 22,313 square meters with a total GFA of approximately 145,273 square meters and comprises of five high-rise residential towers, a four-story premier shopping centre and parking spaces.

Future Mansion:

Future Mansion is located at a prime location at Wuluo Road in Hongshan District in Wuhan City, just 600 meters from Future City project. It has a total site area of 5,852 square meters and will be developed for a composite building of residential apartments and retail shops with a GFA of approximately 44,537 square meters. Of the total planned GFA, approximately 29,676 square meters will be residential units, approximately 11,888 square meters will be retail space and approximately 2,973 will be parking spaces.

WEDZ Future City:

WEDZ Future City is strategically situated in the prime location between the Wangjiawan business area and national level Wuhan Economic & Technological Development Zone, delineated in the western Wuhan Middle Ring Road, next to the Hanyang bus terminal and adjacent to Longyang Avenue. The project has a site area of 30,625 square meters is atop the Longyang Station of metro line No.3 which is currently under construction. This integrated complex will be developed for splendorous shopping mall and luxurious office apartments with planned GFA of approximately 91,872 square meters.

Hangzhou City, Zhejiang

Mei Lai International Centre:

Mei Lai International Centre is strategically located in Yuhang District, which is designated as part of the new Central Business Centre of Hangzhou City, delineated in the southern of intersection of Yingbin Road, Wengmei Road and Nanyuan Street. The integrated complex occupies a total site area of 16,448 square meters and is adjacent to the south station of Shanghai-Hangzhou High-speed Railway and also the terminal of Hangzhou metro line No.1. Of the total planned GFA of approximately 116,222 square meters, the development comprises of grade-A office block with work loft setting and two high-rise premium apartment towers and a comprehensive commercial complex.

Qiandao Lake Villa:

This development occupies a site area of approximately 33,493 square meters in Qiandao Lake in Hangzhou City. It is a low-density lakefront precinct with 26 detached villas featuring luxurious settings, inclusive of lift, garage, swimming pool, yards and complemented by a full-facility clubhouse. The location enjoys spectacular unobstructed lake view and conveniently accessible to Hangzhou City, Shanghai and Mount Huang by either High-speed Railway or expressway. The project will be completed in three phases.

Guangzhou, Guangdong

Huadu Project:

This will be an urban-renewal project in Huadu in Guangzhou City by transforming the Group's existing industrial factories into residential properties. The location abuts to local government office and prime administration centre of Huadu, enjoying supreme transportation network. The site occupies an area of approximately 28,478 square meters with total planned GFA of approximately 110,000 square meters. It will be developed into high-rise residential units and low-density townhouse. The Group will proceed to take part in government-organized action process following the approval from local land bureau.

During the year under review, the property development business segment presold 86,248 square meters of properties with a total contracted sales amount of approximately HK$1,081 million at an overall average selling price of HK$12,536. The details of contracted sales by project were as follows:

Project	Location	Property type	Contracted sales GFA	Contracted sales amount	Interest attributable to the Group
			Square meters	*HK$'000*	*%*
Future City	Wuhan	Residential	83,401	948,367	100%
Qiandao Lake Villa — Phase I	Hangzhou	Villa	2,847	132,875	60%
Total			86,248	1,081,242	

The development of Future City and Qiandao Lake Villa Phase I has been completed during this year with a total GFA of around 150,706 square meters. The Group had inventories of properties of HK$958 million as at 31 December 2010.

Across all fast-growing cities in which the Group has close rapport with these local governments there are a range of infrastructure programs associated with urban housing plans that may provide for the strategic cooperation at every opportunity. The Group had planned on developing of housing project with the respective local governments of Nanchang City and Changsha City since last year. As the current urban infrastructure strategies in respective regions were programmed for changing and reforming, the Group has taken the decision not to commence during the year. However, the Group has continued to advance the cooperative strategies on these development opportunities in order to be in a position to realize when the viable and visible propositions exist.

Other Business

Packaged Food and Convenience Frozen Food Products

The food products segment offers a wide variety of quality snack products in unique asian flavours under the brand of "Wah Yuen" with which has over 50 years of brand building in Hong Kong and also "Rocco" and "采楓" brands in the PRC. The segment operates three production plants, which are located in Hong Kong and Huadu district of Guangzhou City.

Total revenue of food products segment was HK$64.1 million which had been maintained at level close to last year. The gross profit margin remained under pressure at a rate of 26%, though the Group had continued to align operations and resources to meet an increasingly competitive in its food products business environment during the year. Despite these continued focuses, the visibility in terms of capability for turnaround and competency for growth of food products business segment in the near future remains poor with a segment loss of HK$8.8 million in this year. The Group will continue to take cautious view with its negative results and may consider critically the advantages in restructuring.

Seabuckthorn and Related Healthcare Products

Given the consistent efforts to return the seabuckthorn-related business to profitability in vain, the Group had concluded that it is not easy to improve its performance or reduce the operating loss in the foreseeable future. The Group had taken place the restructuring to dispose of the seabuckthorn-related business during the year. The disposal was completed in September 2010 and therefore its operating results has been classified as discontinued for both the current and prior period. The gain on disposal of the business of HK$3.5 million and the operating results of that business segment prior to disposal has resulted in a loss from discontinued operations in the income statement of HK$10.8 million.

Financial Review

Turnover

The Group's turnover increased by fourteen-fold from HK$66 million in 2009 to HK$991 million in 2010. The growth in sales was primarily due to an increase in revenue from sales of residential properties of HK$927 million. The total saleable GFA sold and recognized was 80,368 square meters which is attributable primarily to Future City and Qiandao Lake Villa. The revenue of other business segment was HK$64.1 million which had been maintained at level close to last year.

Cost of Sales

The cost of sales increased to HK$515 million in 2010 from HK$49 million in 2009, primarily due to an increase in total saleable GFA sold and recognized in 2010. The cost of properties sold included development costs, land costs and borrowing costs. The cost of sales of other business segment was HK$47.4 million which had been maintained at level close to the previous year.

Gross Profit and Gross Profit Margin

The gross profit increased by HK$460 million from HK$16 million in 2009 to HK$476 million in 2010. The Group has a gross profit margin of 48% in 2010, as compared with 25% in the previous year. The increase in the gross profit margin was primarily a result of the sales of residential properties in this year being largely from projects with high profit margins.

Other Operating Income

Other operating income decreased by 9.3% to HK$3.4 million in 2010 from HK$3.7 million in 2009. This decrease was primarily due to an decrease in exchange gain during 2010.

Fair Value Gain in respect of Investment Properties transferred from Inventories of Properties

There was a gain of HK$478 million in 2010 arising from change in fair value of completed investment properties of Future City.

Selling and Distribution Expenses

The selling and distribution expenses increased by 330% to HK$74.8 million in 2010 from HK$17.4 million in 2009, primarily due to a significant increase in promotion expenses and sales commissions arising from Future City and Qiandao Lake Villa projects.

Administrative Expenses

The administrative expenses increased by 67% to HK$79.8 million in 2010 from HK$47.7 million in 2009, primarily due to higher staff costs and office expenses as a result of the increased number of projects under development during the year.

Finance Costs

The finance costs decreased by 34% to HK$22.9 million in 2010 from HK$34.8 million in 2009. This was mainly due to the decrease of interest on convertible notes as a result of the redemptions. As the Group embarked on the development of Future City and Qiandao Lake Villa during the year, the Group attributed the finance costs of HK$38.2 million from relevant bank borrowings taken for these projects as capitalized costs, which formed a part of costs of properties under development.

Impairment Charges

There was no charges for the year ended 31 December 2010 after the comprehensive review of carrying values of assets towards the Group's other business segment.

Income Tax

The Group had an income tax expense of HK$265.8 million in 2010, as compared with an income tax credit of HK$3.2 million in 2009. The increase was primarily attributable to increases in our sales of residential properties, profit from the properties sold and fair value gain in investment properties, which contributed to an increase in our provision for enterprise income tax, land appreciation tax and deferred tax expenses.

Discontinued Operation

The Group had disposed of its health products business operation this year. The result from discounted operation reflected the net loss of HK$10.8 million from the health products business operation along with the gain arising on the disposal of HK$3.5 million.

Profit (Loss) Attributable to Owners of the Company

The profit attributable to owners of the Company for the year was HK$509.5 million, as compared with a loss of HK$316.3 million of the previous year.

Financial Position

The Group has strengthened its financial position by completing the placement to raise about HK$202 million during the year.

Total bank deposits and cash of the Group amounted to HK$273.6 million as at 31 December 2010. The Group's net debt was decreased by HK$130 million to HK$254 million, which was made up of HK$528 million in debts and HK$274 million in bank deposits and cash. The total debts as at 31 December 2010 included short-term borrowings of HK$172 million, long-term borrowings of HK$294 million and liability component of convertible notes of HK$62 million. The Group's bank borrowings bear floating rate and were primarily denominated in Hong Kong dollar and Renminbi. The Renminbi borrowings were principally used to fund the Group's property development in the PRC.

The total assets of the Group increased by HK$1.7 billion, or 155%, from HK$1.1 billion in 2009 to HK$2.8 billion in 2010. The Group had net current assets of HK$622.4 million, consisting of HK$1,467.5 million of current assets and HK$845.1 million of current liabilities. The net current assets increased by HK$431.2 million from the net current assets of HK$191.3 million as at 31 December 2009.

As at 31 December 2010, the Group's shareholders' equity increased by 373% from HK$252.7 million to HK$1,195.2 million and the ratio of net debt to total equity was 21%, against 152% in prior year.

Future Plans and Prospects

The stable property prices and sustainable economic growth will be determining factors in the choice of the extent to which the Central Government adopts administrative measures or incentives, in turn, lead to influence how urbanization playing out in the years ahead. The Group is confident about the Central Government can ensure its stature as a balanced growing and developing economic power that is following a sustainable path toward long term prosperity.

With the scale and pace of urbanizations, especially in the second-to-third tier cities continued at an unprecedented rate, the underlying demand for housing will be very strong for many years to come. These urbanizing regions, coupled with their robust patterns of population and economic outcomes, will offer compelling upside over the next few years and are expected to be strongest growth market of the Group.

The Group possessed a portfolio of predominately integrated commercial properties development projects in prime locations in these urbanizing regions, in particular in the provinces such as Hubei and Zhejiang. The Group will design and make better use of locations of these premium integrated commercial properties so as to further enhance their value and become the focal point for the local community. These strategies will make to put the Group in a stronger position to deliver on the business objective.

The Group is forging ahead with its plans for expansion and focusing its quest to continuously grow the business and provide respectable returns for shareholders over the long term.

EXPOSURE TO FLUCTUATION IN FOREIGN EXCHANGE AND INTEREST RATE

The Group principally operates the property development business in the PRC and most of the transactions are settled in Renminbi. The conversion of Renminbi into foreign currencies or Hong Kong dollars is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The usual treasury policy of the Group is to manage significant currency exposure and minimize currency risk whenever it may have material impact on the Group. The Group did not engage in hedging activities designed or intended to manage currency risk during the year ended 31 December 2010.

The Group is exposed to interest rate risks, primarily related to the bank borrowings with floating interest rates as at 31 December 2010. The Group undertook primarily debt obligations to support its property development and general working capital needs. The fluctuations in interest rates affect the cost of financing and may lead to fluctuations in the fair value of the debt obligations of the Group. The results of the Group are also affected by changes in interest rates due to the impact such changes have on interest income from the bank deposits.

ACQUISITION OF SUBSIDIARIES

(i) On 1 April 2010, China Water Real Property Limited, a wholly owned subsidiary of the Company, entered into the agreement to acquire 60% of the entire equity interest of 杭州普天房地產開發有限公司 (Hangzhou Pu Tian Property Development Co., Ltd.), a PRC company principally engaging in a property development project in Hangzhou City, the PRC. The transaction had been completed in June 2010. The total consideration for the transaction was approximately HK$170.5 million (equivalent to RMB150 million) being settled by way of cash of HK$85.2 million (equivalent to RMB75 million) and issue of 437,811,333 new shares of the Company at an issue price of HK$0.146 upon the completion and issue of 145,937,111 new shares of the Company to be settled six months after the completion. The aggregate consideration has been settled during the year.

(ii) On 15 May 2010, 水務地產湖北有限公司, a wholly owned subsidiary of the Group, entered into the agreement to acquire 100% of the entire equity interest of 武漢凱越房地產開發有限公司 (Wuhan Kai Yue Property Development Co., Ltd.), a PRC company principally engaging in a property development project in Wuhan City, the PRC. The transaction had been completed in July 2010. The total consideration for the transaction was approximately HK$56.8 million (equivalent to RMB50 million) being fully settled by way of cash.

(iii) On 21 May 2010, China Water Property (Hong Kong) Development Limited, a wholly owned subsidiary of the Group, entered into the agreement to acquire 60% of the entire issued share capital of HK Mei Lai International (Canada) Limited, a Hong Kong incorporated company principally engaging in investment holding of a project company in Hangzhou City, the PRC. The transaction has been completed in June 2010. The total consideration for the transaction was approximately HK$98.9 million (equivalent to RMB87 million) being settled by way of cash of HK$20.5 million (equivalent to RMB18 million) and issue of 392,045,454 new shares of the

Company at an issue price of HK$0.15 upon the completion and issue of 130,681,818 new shares of the Company to be settled six months after the completion. The aggregate consideration has been settled during the year.

PLEDGE OF ASSETS

As at 31 December 2010, certain bank deposits, property, plant and equipment and prepaid lease payments with an aggregate carrying amount of approximately HK$352 million were pledged as security for certain banking facilities granted to the Group.

CONTINGENT LIABILITIES AND COMMITMENTS

As at 31 December 2010, the Group had capital commitments in connection with the property development activities amounted to HK$161 million, primarily related to construction costs on projects under development and expenditures related to future property developments and investments.

As at 31 December 2010, the Group had provided guarantees to banks for loans of approximately HK$392 million in respect of the mortgage loans provided by the banks to purchasers of the properties the Group developed and sold. The guarantees are issued from the dates of grant of the relevant mortgage loans and released upon issuance of property ownership certificates.

EVENTS AFTER THE END OF REPORTING YEAR

On 6 January 2011, 水務地產湖北有限公司, a wholly owned subsidiary of the Company, entered into the agreement to acquire 100% of the entire equity interest of 武漢市中南汽車配件配套有限責任公司, a PRC company principally holding the land use right in Wuhan Economic and Technological Development Zone, the PRC, at the consideration of RMB105 million. The legal procedure of the equity transfer is in progress and therefore the consideration paid by the Group during the year classified as deposit paid for acquisition of a subsidiary in the consolidated statement of financial position at 31 December 2010.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2010, the total number of employees stood at approximately 344. Total staff costs for the year under review were approximately HK$53 million. The Group offers its workforce comprehensive remuneration and employees' benefits packages.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SHARES

Except for the share placement by the Company in April 2010, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's ordinary shares during the financial year ended 31 December 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules (as amended from time to time by the Stock Exchange) as its own code of conduct for regulating securities transactions by Directors of the Company. Having made specific enquiry of all the Directors of the Company, all the Directors confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2010.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules for the year ended 31 December 2010, except for the Rules 3.10(1) and 3.21 of the Listing Rules.

Reference is made to the announcement of the Company dated 28 June 2010 in relation to the retirement of Mr. Tam Pei Qiang, an independent non-executive Director and a member of the audit committee of the Company. Following Mr. Tam's retirement, the Company had only two independent non-executive Directors and two audit committee members, the number of which falls below the minimum number required under the Rules 3.10(1) and 3.21 of the Listing Rules.

On 16 August 2010, Ms. Li Ling, an independent non-executive Director, has resigned from her office and Mr. Chan Pok Hiu and Mr. Wong Chi Ming have been appointed as independent non-executive Directors and members of the audit committee of the Company. With the appointment of Mr. Chan Pok Hiu and Mr. Wong Chi Ming, the Company have complied with the requirements under Rules 3.10(1) and 3.21 of the Listing Rules again.

AUDIT COMMITTEE

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The audit committee is accountable to the Board and the primary duties of the audit committee include the review and supervision of the Group's financial reporting process and internal controls. The audit committee currently comprises Mr. Chen Ziqiang, Mr. Chan Pok Hiu and Mr. Wong Chi Ming, who are the independent non-executive Directors of the Company.

The audit committee has reviewed the audited consolidated results of the Group for the year ended 31 December 2010.

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

Hong Kong, 28 March 2011

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. Chen Ziqiang, Mr. Chan Pok Hiu and Mr. Wong Chi Ming as independent non-executive Directors.