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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)

**ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE
AND
APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**

AmCap
Ample Capital Limited
豐盛融資有限公司

Ample Capital Limited

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

The Company is pleased to announce that the Independent Board Committee, which comprises all non-executive Directors (other than Mr. Duan) and independent non-executive Directors, has been established in compliance with Rule 2.8 of the Takeovers Code to advise the Independent Shareholders as to whether the terms of the Underwriting Agreement, the Open Offer (including the absence of excess application arrangement under the Open Offer), the Whitewash Waiver, and the Set Off are fair and reasonable and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company is also pleased to announce that Ample Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Underwriting Agreement, the Open Offer (including the absence of excess application arrangement under the Open Offer), the Whitewash Waiver, and the Set Off are fair and reasonable and to advise the Independent Shareholders on how to vote. The appointment has been approved by the Independent Board Committee.

Reference is made to the announcement (the “**Announcement**”) of the Company dated 5 August 2011 in relation to, among other matters, the Share Consolidation, the Open Offer, the connected transaction in relation to the Set Off and the Whitewash Waiver. Unless otherwise stated, capitalised terms used herein shall bear the same meanings as defined in the Announcement.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

The Company is pleased to announce that the independent board committee (the “**Independent Board Committee**”), which comprises all non-executive Directors (other than Mr. Duan) and independent non-executive Directors, has been established in compliance with Rule 2.8 of the Takeovers Code to advise the Independent Shareholders as to whether the terms of the Underwriting Agreement, the Open Offer (including the absence of excess application arrangement under the Open Offer), the Whitewash Waiver, and the Set Off are fair and reasonable and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

As at the date of this announcement, given that Mr. Duan is (i) the chairman and executive director of China Water (being the Underwriter under the Open Offer); and (ii) the legal and beneficial owner of 322,874,301 shares of HK\$0.01 each in the share capital of China Water, representing approximately 20.30% of the issued share capital of China Water, Mr. Duan is considered to have an interest in the Open Offer and thus will not act as a member of the Independent Board Committee.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company is also pleased to announce that Ample Capital Limited has been appointed as the independent financial adviser (the “**Independent Financial Adviser**”) to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Underwriting Agreement, the Open Offer (including the absence of excess application arrangement under the Open Offer), the Whitewash Waiver, and the Set Off are fair and reasonable and to advise the Independent Shareholders on how to vote. The appointment has been approved by the Independent Board Committee.

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

Hong Kong, 12 August 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. Chan Pok Hiu, Mr. Wong Chi Ming and Mr. Wang Jian as independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.