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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)**

**POSITIVE PROFIT ALERT,  
DELAY IN DESPATCH OF THE CIRCULAR  
AND  
REVISED EXPECTED TIMETABLE**

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the shareholders and potential investors of the Company that the Group is expected to record a substantial growth in the financial results for the six months ended 30 June 2011 as compared to the same for the corresponding period for the six months ended 30 June 2010.

**Shareholders of the Company and potential investors should exercise caution in placing reliance on this announcement and the profit forecast contemplated hereunder when dealing in the shares of the Company.**

As additional time is required to finalise certain information to be included in the Circular, including but not limited to the interim results of the Group for the six months ended 30 June 2011, the despatch of the Circular is to be postponed to on or before 31 August 2011. An application has been made by the Company to the Executive for the consent such that the despatch of the Circular is to be postponed to on or before 31 August 2011.

The Board also announces that the expected time table for the Share Consolidation, the Open Offer and the Set Off will be revised as set out in this announcement.

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

**Positive Profit Alert**

This announcement is made by China Water Property Group Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Based on the information currently available to the Group, the board of directors (the “Board”) of the Company wishes to inform the shareholders and potential investors of the Company that the Group is expected to record a substantial growth in the financial results. The Group is expected to record an increase in both the revenue and net profit for the six months ended 30 June 2011 as compared to the same for the corresponding period for the six months ended 30 June 2010. The net profit is primarily driven by the Group’s property development segment, being the main contributor to the Group’s core earnings, with achieving sales for the residential properties developed by the Group in the People’s Republic of China (the “PRC”). The turnaround result is also attributable by the fair value gains on revaluation of investment properties of the Group in the PRC.

The information contained in this announcement is based on the preliminary review and assessment by the management according to the unaudited management accounts of the Group.

The Group’s interim results for the six months ended 30 June 2011 will be published by the end of August 2011 in accordance with the Listing Rules.

This announcement constitutes a profit forecast under Rule 10 of the Code on Takeovers and Mergers (the “Takeovers Code”) and would need to be reported on by both the Company’s financial advisers and its accountants or auditors in accordance with Rule 10.4 of the Takeovers Code. This announcement was made pursuant to Rule 13.09 of the Listing Rules as soon as the directors of the Company come into possession of the management accounts of the Group for the six months ended 30 June 2011. Given the time constraints on issuing the announcement in compliance with the Listing Rules and the requirements under Practice Note 2 of the Takeovers Code, the Company would like to draw the attention of the shareholders of the Company and potential investors that this announcement and the profit forecast contemplated hereunder do not meet the standard required by Rule 10 of the Takeovers Code.

In light of the fact that the interim results of the Group for the six months ended 30 June 2011 will be included in the circular (the “Circular”) to be issued by the Company in relation to, among others, the Open Offer, the Set Off and the Whitewash Waiver as set out in the Announcement, which is expected to be despatched on or before 31 August 2011, the positive profit alert will not be separately reported on.

**Shareholders of the Company and potential investors should note that this announcement and the profit forecast contemplated hereunder have not been reported on in accordance with the requirements under Rule 10 of the Takeovers Code. Shareholders of the Company and potential investors should therefore exercise caution in placing reliance on this announcement and the profit forecast contemplated hereunder when dealing in the shares of the Company.**

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

#### **Delay in despatch of circular**

As set out in the Announcement, the date of despatch of the Circular regarding, among other matters, the Open Offer, the Whitewash Waiver, the Set Off and the Share Consolidation under the original timetable is 26 August 2011. Pursuant to Rule 8.2 of the Takeovers Code, the Circular is required to be despatched by the Company to the Shareholders within 21 days of the date of the Announcement, i.e. on or before 26 August 2011.

As additional time is required to finalise certain information to be included in the Circular, including but not limited to the interim results of the Group for the six months ended 30 June 2011, the despatch of the Circular is to be postponed to on or before 31 August 2011. An application has been made by the Company to the Executive for the consent such that the despatch of the Circular is to be postponed to on or before 31 August 2011.

Unless further extension is granted by the Executive, the Company expects the despatch of the Circular will be on or before 31 August 2011.

### **Revised Expected Timetable**

The Board also announces that the expected time table for the Open Offer will be revised as follows. The expected timetable for the Open Offer as set out below is indicative only and has been prepared on the assumption that the Open Offer will be approved by the Independent Shareholders at the EGM. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

Despatch of Company's circular with notice of EGM . . . . .	31 August 2011
Latest time for lodging forms of proxy for the purpose of the EGM . . . . .	10:30 a.m. on 14 September 2011
EGM. . . . .	10:30 a.m. on 16 September 2011
Announcement of results of EGM to be published on the Stock Exchange website . . . . .	16 September 2011
Effective date of the Share Consolidation . . . . .	19 September 2011
Original counter for trading in Existing Shares in board lots of 4,000 Shares (in the form of existing share certificates in yellow brown) temporarily closes. . . . .	9:00 a.m. 19 September 2011
Temporary counter for trading in the Consolidated Shares in board lots of 400 Consolidated Shares (in the form of existing share certificates in yellow brown) opens . . . . .	9:00 a.m. 19 September 2011
First day of free exchange of existing share certificates. . . . .	19 September 2011
First day of operation of odd lot trading facility . . . . .	19 September 2011
Last day of dealings in Shares on a cum-entitlement basis. . . . .	19 September 2011
First day of dealings in Shares on an ex-entitlement basis. . . . .	20 September 2011
Latest time for lodging transfer of Shares in order to be qualified for the Open Offer. . . . .	4:30 p.m. on 21 September 2011

Register of members of the Company closed (both dates inclusive) . . . . .	22 September 2011 to 26 September 2011 (both dates inclusive)
Record Date . . . . .	26 September 2011
Register of members of the Company re-opens . . . . .	27 September 2011
Despatch of the Prospectus Documents (in case of the Prohibited Shareholders, the Prospectus only) . . . . .	27 September 2011
Original counter for trading in Consolidated Shares in board lots of 4,000 Consolidated Shares (in the form of new share certificates in golden yellow) re-opens . . . . .	9:00 a.m. 3 October 2011
Parallel trading in Consolidated Shares commences . . . . .	9:00 a.m. 3 October 2011
Latest time for acceptance of, and payment of Offer Shares. . . . .	4:00 p.m. on 13 October 2011
Latest time for the Open Offer to become unconditional (being the third Business Days following the Latest Acceptance Date). . . . .	4:00 p.m. on 18 October 2011
Announcement of results of acceptance of the Offer Shares to be published on the Stock Exchange . . . . .	.On or before 21 October 2011
Despatch of share certificates for Offer Shares. . . . .	.On or before 24 October 2011

Temporary counter for trading in the Consolidated Shares  
in board lots of 400 Consolidated Shares  
(in the form of existing share certificates  
in yellow brown) closes . . . . . 4:00 p.m.  
on 24 October 2011

Parallel trading ends . . . . . 4:00 p.m.  
on 24 October 2011

Last day of operation of odd lot trading facility . . . . . 24 October 2011

Dealings in Offer Shares commence . . . . . 9:00 a.m.  
on 26 October 2011

Latest time for free exchange of share certificates . . . . . 4:30 p.m.  
26 October 2011

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

Hong Kong, 18 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.*