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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)

**ADJUSTMENTS TO CONVERTIBLE BONDS AND
OUTSTANDING SHARE OPTIONS**

**ADJUSTMENTS TO CONVERSION PRICE OF CONVERTIBLE BONDS AND
EXERCISE PRICE OF SHARE OPTIONS**

Pursuant to the terms of the Convertible Bonds, the conversion price of the Convertible Bonds and the number of Shares to be allotted and issued upon exercise of all the conversion rights thereunder will be adjusted in the manner as disclosed herein as a result of the Open Offer.

Pursuant to the terms of the Share Option Scheme, the exercise price of the Share Options and the number of Shares to be allotted and issued upon full exercise of the subscription rights attaching to the outstanding Share Options will be adjusted in the manner as disclosed herein.

The auditors of the Company has reviewed and confirmed in writing the CB Adjustments and the Share Options Adjustments.

Reference is made to the prospectus of the Company (the “**Prospectus**”) dated 27 September 2011 and the announcement of the Company dated 21 October 2011 (the “**Announcement**”) in relation to, among others, the Open Offer of 502,492,246 Offer Shares on the basis of two Offer Shares for every five Consolidated Shares. Unless otherwise defined herein, terms used in this announcement shall have the same meanings as those defined in the Prospectus and the Announcement.

(1) Adjustment to the conversion price of the Convertible Bonds

Pursuant to the terms of the Convertible Bonds issued by the Company, the conversion price of the Convertible Bonds and the total number of the Shares to be allotted and issued upon exercise of all the conversion rights under each of the Convertible Bonds shall be adjusted (the “**CB Adjustments**”) in the following manner:

	Conversion Price before the CB Adjustments	Adjusted Conversion Price according to terms of the Convertible Bonds
Convertible Bonds	HK\$0.045 per Pre-Consolidated Share	HK\$0.3781 per Consolidated Share

Based on the outstanding principal amount of HK\$81,550,000, an aggregate of approximately 215,683,681 Consolidated Shares will be issued and allotted upon full conversion of the Convertible Bonds.

The auditors of the Company has reviewed and confirmed in writing the CB Adjustments.

(2) Adjustment to the exercise price of the Share Options

Pursuant to the terms of the Share Option Scheme, the exercise price of the Share Options and the number of Shares to be allotted and issued upon full exercise of the subscription rights attaching to the outstanding Share Options will be adjusted (the “**Share Options Adjustments**”) as a result of the completion of the Open Offer in the following manner:

Date of grant	Expire date	Before the Share Options Adjustments		After the Share Option Adjustments	
		Number of Share Options outstanding	Exercise price per Share in respect of the outstanding Share Options (HK\$)	Adjusted number of outstanding Share Options	Adjusted exercise price per Share in respect of the outstanding Share Options (HK\$)
3 November 2010	2 November 2020	244,752,000	0.1004	25,590,526	0.9602

The auditors of the Company has reviewed and confirmed in writing the Share Option Adjustments.

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

Hong Kong, 24 October 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.