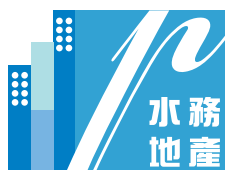


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中國水務地產集團有限公司
CHINA WATER PROPERTY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2349)

PROFIT WARNING

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

The Board wishes to inform holders of the Company's shares and securities and potential investors that it is expected that the interim results of the Group for the financial period ended 30 June 2012 will show a decrease in turnover and a significant decrease in net profits in comparison with the corresponding financial period ended 30 June 2011.

As the results of the Group for the period ended 30 June 2012 have not been finalised, the Board is not in a position to quantify the exact financial effects as at the date of this announcement.

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

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

The board (the "**Board**") of directors ("**Directors**") of the Company wishes to inform holders of the Company's shares and securities and potential investors that based on the latest unaudited management financial statements of the Group, it is expected that the results of the Group for the financial period ended 30 June 2012 will show a decrease in turnover and a significant decrease in net profits in comparison with the corresponding financial period ended 30 June 2011, which is mainly because there are no new property projects completed and delivered by the Group to the buyers during the period ended 30 June 2012 as compared to the corresponding financial period. Further, the administrative expenses increase during the period ended 30 June 2012 as compared to the corresponding financial period due to more employees hired by the Group, increased development projects and diversified operating teams. Finance costs increase during the period as the Group completed the development of Future City in second half of 2011, finance costs from relevant bank borrowings taken as capitalised costs decrease as compared to the corresponding financial period.

As the results of the Group for the period ended 30 June 2012 have not been finalised, the Board is not in a position to quantify the exact financial effects as at the date of this announcement. Further details of the results of the Group will be disclosed in the Company's announcement of the interim results which is expected to be published in late August 2012.

Further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules.

The Board would also like to inform the Shareholders that despite the decrease in turnover and significant decrease in net profits for the financial period ended 30 June 2012, the Directors consider the overall operation as a whole remain sound and intact, and the financial position of the Group remains solid.

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

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

Hong Kong, 9 August 2012

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.