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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)

## **TOP-UP PLACING**

**Placing Agent**



**KINGSTON SECURITIES LIMITED**

### **TOP-UP PLACING**

On 31 March 2010 (after trading hours), the Vendors, the Company and the Placing Agent entered into the Top-up Placing and Subscription Agreement pursuant to which the Vendors agreed to place through the Placing Agent on a best effort basis, up to 1,386,000,000 existing Shares to not fewer than six Placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons at a price of HK\$0.146 per Placing Share. Pursuant to the Top-up Placing and Subscription Agreement, the Vendors have conditionally agreed to subscribe for such number of Subscription Shares, equal to the number of Placing Shares which will actually be placed under the Placing, at a price of HK\$0.146 per Subscription Share.

The Placing Price (or the Subscription Price) of HK\$0.146 represents a discount of approximately 11.52% to the benchmarked closing price of HK\$0.165 per Share, which is the higher of (i) the closing price of HK\$0.165 as quoted on the Stock Exchange on the date of the Top-up Placing and Subscription Agreement; and (ii) the average closing price of approximately HK\$0.162 as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Top-up Placing and Subscription Agreement.

The maximum number of 1,386,000,000 Placing Shares (or the maximum number of 1,386,000,000 Subscription Shares) represent (i) approximately 16.33% of the existing issued share capital of the Company of 8,490,020,345 Shares as at the date of this announcement; and (ii) approximately 14.03% of the issued share capital of the Company of 9,876,020,345 Shares as enlarged by the Subscription.

The Subscription is conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares; and (ii) completion of the Placing.

The maximum gross proceeds from the Subscription will be approximately HK\$202.36 million. The maximum net proceeds of approximately HK\$196.79 million from the Subscription are intended to be used for its core property development and investment business in the PRC and for general working capital of the Group.

## **TOP-UP PLACING AND SUBSCRIPTION AGREEMENT**

### **Date**

31 March 2010 (after trading hours)

### **Parties involved**

The Vendors, the Company and the Placing Agent

## **THE PLACING**

### **Parties involved**

The Vendors and the Placing Agent

### **Placing Agent**

The Placing Agent will receive a placing commission of 2.5% on the gross proceeds of the Placing Shares being placed, which was arrived at after arm's length negotiations between the Company and the Placing Agent. The Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

## **Placees**

The Placing Agent has agreed to place the Placing Shares, on a best effort basis, to not fewer than six Placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons. No individual Placee is expected to become a substantial Shareholder (as defined under the Listing Rules) immediately after completion of the Placing.

## **Placing Price**

The Placing Price (or the Subscription Price) of HK\$0.146 represents a discount of approximately 11.52% to the benchmarked closing price of HK\$0.165 per Share, which is the higher of (i) the closing price of HK\$0.165 as quoted on the Stock Exchange on the date of the Top-up Placing and Subscription Agreement; and (ii) the average closing price of approximately HK\$0.162 as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Top-up Placing and Subscription Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent on the date of the Top-up Placing and Subscription Agreement. The Directors consider that the terms of the Top-up Placing are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Number of the Placing Shares**

The maximum number of 1,386,000,000 Placing Shares (or the maximum number of 1,386,000,000 Subscription Shares) represent (i) approximately 16.33% of the existing issued share capital of the Company of 8,490,020,345 Shares as at the date of this announcement; and (ii) approximately 14.03% of the issued share capital of the Company of 9,876,020,345 Shares as enlarged by the Subscription.

## **Ranking of Placing Shares**

The Placing Shares rank, *pari passu* among themselves and with Shares in issue as at the date of this announcement.

## **Conditions of the Placing**

The Placing is unconditional.

## **Completion**

The Placing is expected to be completed on or before 9 April 2010.

## **THE SUBSCRIPTION**

### **Parties involved**

The Company and the Vendors

### **The Subscription Price**

HK\$0.146 per Subscription Share. The Subscription Price is the same as the Placing Price and was determined after arm's length negotiation between the Company and the Vendors with reference to the Placing Price.

### **Number of Subscription Shares**

The number of Subscription Shares is equivalent to the number of Placing Shares, being a maximum of 1,386,000,000 Subscription Shares. The aggregate maximum nominal value of the Subscription Shares will be HK\$13,860,000.

### **Ranking of Subscription Shares**

The Subscription Shares, when allotted and issued, will rank *pari passu* among themselves and with Shares in issue on the date of allotment and issue of the Subscription Shares.

### **The Subscription Shares**

The Subscription Shares are to be allotted and issued under the General Mandate. The total number of issued Shares as at the date of the EGM was 7,043,548,605 Shares. Pursuant to the General Mandate, the total number of new Shares that the Company is authorised to allot and issue are 1,408,709,721 Shares (up to 20% of the then issued share capital of the Company). Since the date of the EGM and up to the date of this announcement, no new Share has been allotted and issued by the Company under the General Mandate.

### **Conditions of the Subscription**

The Subscription is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares; and
- (ii) completion of the Placing.

## **Completion**

Under Rule 14A.31(3)(d) of the Listing Rules, the Subscription must be completed within 14 days after the date of the Top-up Placing and Subscription Agreement, that is, on or before 14 April 2010.

In the event that the conditions to the Top-up Placing and Subscription Agreement are not fulfilled by 13 April 2010, or such later date as may be agreed between the Company and the Vendors, the Company and the Vendors may elect, subject to compliance with all requirements in relation to connected transactions under the Listing Rules (including the independent Shareholder's approval), to postpone completion of the Subscription to a later date to be agreed between the Company and the Vendors.

## **REASON FOR THE TOP-UP PLACING AND USE OF PROCEEDS**

The Group is principally engaged in property development and investment in the PRC as well as packaged food and healthcare products business.

The Directors considered various ways of raising funds and believe that the Top-up Placing represents an opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company. Accordingly, the Directors consider the Top-up Placing and Subscription Agreement is in the interest of the Company and the Shareholders as a whole.

The maximum gross proceeds from the Subscription will be approximately HK\$202.36 million. The maximum net proceeds of approximately HK\$196.79 million from the Subscription are intended to be used for its core property development and investment business in the PRC and for general working capital of the Group.

The net price raised per Share upon completion of the Subscription will be approximately HK\$0.142 per Share.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Set out below is the equity fund-raising activity of the Company in the past 12 months immediately preceding the date of this announcement.

Date of initial announcement	Nature of transaction	Net proceeds	Intended use of net proceeds announced	Actual use of net proceeds
16 November 2009	Top-up placing	HK\$28.8 million	As general working capital	used as intended
10 August 2009	Open Offer of 5,777,031,245 new Shares	HK\$279 million	financing possible diversified investments of the Group including but not limited to purchase and development of properties located in the PRC from China Water Affairs and/or other Independent Third Parties	the remaining proceeds of approximately HK\$89 million has not been utilised yet after the acquisition and formation of joint venture enterprises of property development business in the PRC

## EFFECTS ON SHAREHOLDING STRUCTURE

	As at the date of this announcement		Immediately after the Placing but before the Subscription		Immediately after the Placing and the Subscription	
	Shares	%	Shares	%	Shares	%
Mr. But Ka Wai and his associates ( <i>Note 1</i> )	16,664,000	0.20%	16,664,000	0.20%	16,664,000	0.17%
Highest Growth Holdings Limited	846,228,234	9.97%	846,228,234	9.97%	846,228,234	8.57%
Sunshine Capital Investments Group Limited ( <i>Note 2</i> )	593,951,105	6.99%	593,951,105	6.99%	593,951,105	6.01%
<i>Vendors:</i>						
Sharp Profit	1,197,000,000	14.10%	133,000,000	1.57%	1,197,000,000	12.12%
China Water Affairs and its associates (excluding Sharp Profit)	787,706,172	9.28%	465,706,172	5.48%	787,706,172	7.98%
<i>Public Shareholders:</i>						
The Placees	–	–	1,386,000,000	16.33%	1,386,000,000	14.03%
Other public Shareholders	5,048,470,834	59.46%	5,048,470,834	59.46%	5,048,470,834	51.12%
	<u>8,490,020,345</u>	<u>100.00%</u>	<u>8,490,020,345</u>	<u>100.00%</u>	<u>9,876,020,345</u>	<u>100.00%</u>

*Notes:*

- Mr. But Ka Wai is the Chairman and an executive Director of the Company.
- Ms. Wang Wenxia, the Vice Chairman and an executive Director of the Company, is also the chairman and an executive director of Sunshine Capital Investments Group Limited (previously known as “Prime Investments Holdings Limited”), a listed company in Hong Kong.

## GENERAL

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Subscription Shares.

### Terms and definitions

“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“China Water Affairs”	China Water Affairs Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Company”	China Water Property Group Limited, a company incorporated in the Cayman Islands and the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	director(s) of the board of the Company
“EGM”	the extraordinary general meeting of the Company held on 18 November 2009
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the EGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the EGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the Listing Rules
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Top-up Placing and Subscription Agreement
“Placing”	the placing of the Placing Shares by the Placing Agent pursuant to the terms of the Top-up Placing and Subscription Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Price”	HK\$0.146 per Placing Share
“Placing Share(s)”	a maximum of 1,386,000,000 existing Shares beneficially owned by China Water Affairs and Sharp Profit as to 322,000,000 Shares and 1,064,000,000 Shares respectively and to be placed pursuant to the Top-up Placing and Subscription Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“Shareholder(s)”	the holder(s) of the Share(s)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Sharp Profit”	Sharp Profit Investments Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of China Water Affairs
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Vendors pursuant to the terms of the Top-up Placing and Subscription Agreement
“Subscription Price”	HK\$0.146 per Subscription Share



“Subscription Share(s)”	a number of new Shares equivalent to the number of Placing Shares (but not exceeding 1,386,000,000 in number) to be subscribed by China Water Affairs for up to 322,000,000 new Shares and by Sharp Profit for up to 1,064,000,000 new Shares pursuant to the Top-up Placing and Subscription Agreement
“Top-up Placing”	the placing of the Placing Shares by the Placing Agent to the Places and subscription of the Subscription Shares by the Vendors pursuant to the terms of the Top-up Placing and Subscription Agreement
“Top-up Placing and Subscription Agreement”	the agreement dated 31 March 2010 entered into between the Vendors, the Company and the Placing Agent in relation to the Top-up Placing
“Vendors”	collectively China Water Affairs and Sharp Profit
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**China Water Property Group Limited**  
**Wang Wenxia**  
*Vice Chairman*

Hong Kong, 31 March 2010

*As at the date of this announcement, the Board comprises Mr. But Ka Wai (Chairman), Ms. Wang Wenxia (Vice Chairman), Mr. But Chai Tong (Vice Chairman), Mr. Sun Zhen Yu and Mr. Ren Qian as executive Directors, Mr. Zhou Kun as non-executive Director and Mr. Chen Ziqiang, Mr. Tam Pei Qiang and Ms. Li Ling as independent non-executive Directors.*