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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)

GRANT OF SHARE OPTIONS

The Board announces that on 23 April 2013, the Board resolved to grant 54,262,000 Share Options under the Share Option Scheme to Mr. Duan, a non-executive Director and the Chairman of the Company.

The grant of the 54,262,000 Share Options to Mr. Duan is subject to the approval of the Independent Shareholders in the EGM in accordance with the requirements of the Listing Rules.

A circular containing, among other things, further details in respect of the grant of the Share Options to Mr. Duan together with a notice of the EGM will be despatched to the Shareholders as soon as possible in accordance with the requirements of the Listing Rules.

This announcement is made pursuant to Rule 17.06A of the Listing Rules.

On 23 April 2013, the Board resolved to grant 54,262,000 Share Options to Mr. Duan, a non-executive Director and the Chairman of the Company, under the Share Option Scheme. Mr. Duan is also the chairman and an executive director of China Water Affairs Group Limited, a company with its issued shares listed on the Main Board of the Stock Exchange (Stock Code: 855). Based on the notifications given by the shareholders under the SFO, China Water Affairs Group Limited together with its wholly owned subsidiaries holds 787,091,136 Shares as at the date of this announcement, representing approximately 43.52% of issued share capital of the Company. As at the date of this announcement, Mr. Duan is interested in (i) 4,207,928 Shares; and (ii) 12,795,263 Share Options (other than the 54,262,000 Share Options to be granted to Mr. Duan as disclosed in this announcement). Mr. Duan is also a substantial shareholder of China Water Affairs Group Limited.

As at the date of this announcement, the proposed grant of 54,262,000 Share Options to Mr. Duan would result in the securities issued and to be issued upon exercise of all Share Options already granted and to be granted to him in the 12-month period representing in

aggregate over 1% of the relevant class of securities in issue. The grant of the Share Options has been approved by all the independent non-executive Directors on 23 April 2013, subject to the approval of the Independent Shareholders at the EGM in accordance with Chapter 17 of the Listing Rules.

TERMS OF THE SHARE OPTIONS

Subject to the Independent Shareholders' approval to be obtained by the Company, the Share Options will be granted in accordance with the terms of the Share Option Scheme and summary of the principal terms of the Share Options are set out below:

(a) Duration and the condition

The Share Options have a life of ten years from 23 April 2013. Being the date of the grant of the Share Options to Mr. Duan, and exercisable upon obtaining Independent Shareholders' approval. There is no special condition or specific performance target to be fulfilled before the Share Options can be exercised.

(b) Subscription Price

The Share Options are exercisable at the Subscription Price of HK\$0.598 per Share, which is the highest of (i) HK\$0.10, being the nominal value of a Share; (ii) HK\$0.59, being the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of the grant of Share Options, and (iii) HK\$0.598. Being the average of the closing prices of the Shares as stated in the daily quotations sheets on the Stock Exchange from 16 April 2013 to 22 April 2013, both dates inclusive (being the five trading days immediately preceding the date of the grant of Shares Options).

(c) Reasons and consideration for the grant of the Share Options

Mr. Duan is a non-executive Director and the chairman of the Company since 25 October 2010 and the 54,262,000 Share Options are proposed to be granted to him in recognition of his contribution to the growth of the Group in the past and as an incentive for his continuing commitment and contribution to the Group in the future. The consideration payable on acceptance of the 54,262,000 Share Options is HK\$1.00, which has been paid by Mr. Duan in accordance with the terms of the Share Option Scheme.

The details of the terms of the Share Options granted to Mr. Duan will be further set out in the circular to be despatched to the Shareholders shortly.

INFORMATION ON SHARE OPTIONS GRANTED UNDER THE SHARE OPTION SCHEME

Assuming that the grant of the Share Options to Mr. Duan is approved by the Independent Shareholders at the EGM and that no Share Options granted under the Share Option Scheme are exercised from the date of this announcement up to the date of the EGM, the Company will have 79,852,526 Share Options outstanding immediately after the EGM, representing approximately 4.41% of the total issued share capital of the Company.

For illustration purpose only, the following table shows the changes in the shareholdings of Mr. Duan and his associates in the issued share capital of the Company upon exercise in full of all the Share Options and the Existing Options:

	As at the date of this announcement		Upon exercise of the Share Options in full		Upon exercise of the Share Options and the Existing Share Options in full	
	<i>Number of Shares held</i>	<i>Approximate shareholding percentage</i>	<i>Number of Shares held</i>	<i>Approximate shareholding percentage</i>	<i>Number of Shares held</i>	<i>Approximate shareholding percentage</i>
Mr. Duan (<i>Note 1</i>)	4,207,928	0.23%	58,469,928	3.14%	71,265,191	3.77%
China Water Affairs and its subsidiaries (<i>Note 2</i>)	<u>787,091,136</u>	<u>43.52%</u>	<u>787,091,136</u>	<u>42.25%</u>	<u>787,091,136</u>	<u>41.68%</u>
Total Shareholding of Mr. Duan, China Water Affairs and their associates	791,299,064	43.75%	845,561,064	45.39%	858,356,327	45.45%
Other Shareholders	<u>1,017,423,797</u>	<u>56.25%</u>	<u>1,017,423,797</u>	<u>54.61%</u>	<u>1,030,219,060</u>	<u>54.55%</u>
Total	<u><u>1,808,722,861</u></u>	<u>100%</u>	<u><u>1,862,984,861</u></u>	<u>100%</u>	<u><u>1,888,575,387</u></u>	<u>100%</u>

Notes:

1. Mr. Duan Chuan Liang is the Chairman and non-executive Director of the Company.
2. These Shares of the Company held by Sharp Profit Investments Limited (“Sharp Profit”) and Good Outlook Investments Limited (“Good Outlook”) which are wholly owned subsidiaries of China Water Affairs Group Limited (“China Water Affairs”). Therefore, China Water Affairs was deemed to be beneficially interested in the said Shares held by Sharp Profit and Good Outlook for the purposes of the SFO.

IMPLICATION UNDER THE LISTING RULES

The 54,262,000 Shares to be issued upon exercise in full of the 54,262,000 Shares Options granted to Mr. Duan as disclosed in this announcement represent approximately 3% of the total issued share capital of the Company as at the date of this announcement and approximately 2.91% of the total issued share capital of the Company as enlarged by the exercised of such 54,262,000 Share Options (assuming no Existing Options have been exercised). The Shares falling to be issued upon exercise of the Existing Options and the Share Options will not exceed 30% of the issued share capital of the Company.

Pursuant to Rule 17.03(4) of the Listing Rules, as the total number of Shares issued and to be issued upon exercise of the Share Options to be granted to Mr. Duan (including both exercised and outstanding Share Options) in 12-month period exceed 1% of the Shares in

issue, such grant must be approved by Independent Shareholders in the general meeting with Mr. Duan and his associates (including China Water Affairs Group Limited and its subsidiaries) abstaining from voting.

In this regard, China Water Affairs Group Limited, Mr. Duan and their respective associates holding 791,299,064 Shares in total, or approximately 43.75% of the total issued Shares as at the date of this announcement, will abstain from voting at the EGM to be convened to approve the grant of the Share Options to Mr. Duan.

GENERAL

The Directors (including the independent non-executive Directors) consider that the terms of the Share Options are fair and reasonable. A circular containing, among other things, further details and terms in respect of the grant of the Share Options together with a notice of EGM will be despatched to the Shareholders as soon as possible.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	board of Directors
“Company”	China Water Property Group Limited, a company incorporated in the Cayman Islands with limited liability and issued Shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed to this term under the Listing Rules
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting to be convened and held by the Company to approve, inter alia, the grant of Share Options
“Existing Options”	the Share Options granted under the Share Options Scheme and remain outstanding and subsisting as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than Mr. Duan, China Water Affairs Group Limited and their respective associates

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Duan”	Mr. Duan Chuan Liang, a non-executive Director and the Chairman of the Company
“Shareholders”	holders of the Shares
“Share Options”	the 54,262,000 share options proposed to be granted to Mr. Duan under the Share Option Scheme
“Share Option Scheme”	the share option scheme of the Company adopted by resolution of all the Shareholders on 3 June 2003 and amended by the Company on 24 June 2010
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a grantee may subscribe for Shares on exercise of an option under the Share Option Scheme
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“%”	per cent.

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

Hong Kong, 23 April 2013

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.