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中國城市基礎設施集團有限公司
China City Infrastructure Group Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2349)

**DISCLOSEABLE TRANSACTION:
ACQUISITION OF 90% EQUITY INTERESTS IN
A PRC NATURAL GAS COMPANY IN TONGGU COUNTY,
JIANGXI PROVINCE, THE PRC**

On 6 February 2015, the Purchaser entered into the Acquisition Agreement with the Vendors to acquire the Sale Capital for a consideration of RMB49,500,000.

The Target Company is a company established in Tonggu County, Jiangxi Province, the PRC. The principal activities of the Target Company include an exclusive thirty-years natural gas pipeline network construction and operating rights projects for urban residential use (including industrial and commercial use) in Tonggu County, Jiangxi Province, the PRC.

As the applicable percentage ratios as calculated under Rule 14.06 of the Listing Rules in respect of the Acquisition and the transactions contemplated thereunder are more than 5% but less than 25%, the transactions contemplated under the Acquisition Agreement constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

The Company is pleased to announce that after arm's length negotiations, on 6 February 2015, the Purchaser, an indirect wholly owned subsidiary of the Company, entered into the Agreement with the Vendors in relation to the Acquisition.

**ACQUISITION OF 90% EQUITY INTERESTS IN A PRC NATURAL GAS
COMPANY**

The Board is pleased to announce that on 6 February 2015, the Purchaser, an indirect wholly owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendors to acquire the Sale Capital, representing an aggregate of 90% registered capital of the Target Company, for a consideration of RMB49,500,000. The principal terms of the Acquisition Agreement are set out below.

THE ACQUISITION AGREEMENT

Date : 6 February 2015

Parties : (i) the Purchaser, an indirect wholly owned subsidiary of the Company; and

(ii) the Vendors, both are Independent Third Parties.

The Vendors are PRC citizens and are merchants. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendors is Independent Third Party.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Purchaser agreed to purchase and the Vendors agreed to sell the Sale Capital subject to and upon the terms of the Acquisition Agreement.

The Sale Capital comprises an aggregate 90% registered capital of the Target Company. As at the date of this announcement and prior to the entering into of the Acquisition Agreement, the First Vendor is the legal and beneficial owner of 70% of the registered capital of the Target Company and the Second Vendor is the legal and beneficial owner of 30% of the registered capital of the Target Company. Pursuant to the Acquisition Agreement, the First Vendor and the Second Vendor shall dispose of 60% and 30% registered capital of the Target Company respectively to the Purchaser.

Consideration

The parties to the Acquisition Agreement agree that the value of all assets of the Target Company with the premium over the registered capital of the Target Company shall be RMB55,000,000. Accordingly, the consideration payable by the Purchaser to the Vendors shall be RMB49,500,000.

The consideration for the Acquisition is RMB49,500,000 (subject to adjustments) which shall be satisfied by the Purchaser in the following manner:

- (a) within one week after the signing and effective date of the Acquisition Agreement, the Purchaser shall pay the Vendors a sum of RMB9,900,000 as deposit (the "**Deposit**");
- (b) RMB19,800,000 of the consideration shall be settled within one week after completion of the relevant registration of the transfer of the Sale Capital;
- (c) RMB14,850,000 shall be payable by the Purchaser to the Vendors within one week after completion of the remaining construction works of the natural gas projects and the obtaining relevant government documents as undertaken by the Vendors under the Acquisition Agreement; and
- (d) subject to the fulfillment of the condition for payment of RMB14,850,000 as mentioned in (c) above, the remaining balance of the consideration of RMB4,950,000 shall be settled on the first anniversary of the effective date of the Acquisition Agreement.

The Vendors shall procure completion of registration of the transfer of Sale Capital from the Vendors to the Purchaser with relevant authority within one month (or such longer period as the parties thereto may agree) from the date of the Acquisition Agreement. In the event that the registration of the transfer of the Sale Capital from the Vendors to the Purchaser would not complete within the stipulated period, the Vendors shall fully refund the Deposit to the Purchaser.

The consideration was determined after arm's length negotiations with reference to the preliminary valuation of the tangible assets and land use rights of the Target Company and the future business potential of the Target Company. If there shall be any deviation between the assessed tangible assets and land use rights of the Target Company and the actual figures, the consideration will be adjusted downward accordingly.

The Vendors shall be responsible for all liabilities of the Target Company (other than the bank loans owed by the target company amount to approximately RMB20,000,000) immediately prior to the signing of the Acquisition Agreement and shall be responsible for completion of the remaining construction works of the natural gas projects and the obtaining relevant government documents.

The Directors are of the view that the consideration payable by the Purchaser under the Acquisition Agreement is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Effective Date

The Acquisition Agreement shall be effective from the date of the Acquisition Agreement subject to compliance with relevant laws and regulations.

Completion

Completion will take place on the date of completion of registration of the transfer of Sale Capital with relevant authority.

After Completion, the Target Company will become an indirectly and non-wholly owned subsidiary of the Company.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company established in Tonggu County, Jiangxi Province, the PRC. The Target Company is in the course of development and expansion. The principal activities of the Target Company include the exclusive thirty-years natural gas pipeline network construction and operating rights projects for urban residential use (including industrial and commercial use) in Tonggu County, Jiangxi Province, the PRC.

To the Directors' knowledge and information, the Target Company have obtained approvals to construct and operate natural gas pipelines.

The unaudited financial information of Target Company for the two years ended 31 December 2013 and 2014 are as follows:

The Target Company

	For the year ended	
	31 December	
	2013	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	–	400
Loss before taxation	1,197	1,445
Loss after taxation	1,197	1,445
Net asset value	10,503	40,317

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION

Environmental protection, clean energy, and infrastructure-related businesses for urbanisation development in PRC is currently one of the Group's principal activities.

The Directors consider that the entering into of the Acquisition Agreement and the transactions contemplated thereunder be able to expand and increase business opportunities and market shares for the Group's development and infrastructure-related natural gas pipeline construction and operating concession right. In addition, it is in line with national development priorities in PRC and the Group's existing business strategy.

It is expected that there will be significant room for the Target Company's future business development. Taking into account of the above, the Directors are of the view that the Acquisition is in the interests of the Company and the terms of the Acquisition Agreement are fair and reasonable and on normal commercial terms and in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATION

As the applicable percentage ratios as calculated under Rule 14.06 of the Listing Rules in respect of the Acquisition and the transactions contemplated thereunder are more than 5% but less than 25%, the transactions contemplated under the Acquisition Agreement constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Capital under the Acquisition Agreement
“Acquisition Agreement”	the agreement dated 6 February 2015 and entered into between the Purchaser and the Vendors in relation to the Acquisition
“Board”	the board of Directors
“Company”	China City Infrastructure Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares are listed on the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company from time to time
“First Vendor”	熊斯松 (Xiong Sisong) [#] , a PRC citizen and an Independent Third Party
“Group”	the Company and its subsidiaries
“Hong Kong”	the 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), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	深圳中水置業有限公司 (Shenzhen Zhongshui Property Company Limited) [#] , a limited liability company established in the PRC and an indirect wholly owned subsidiary of the Company
“Sale Capital”	90% of the entire registered capital of the Target Company
“Second Vendor”	熊璋 (Xiong Wei) [#] , a PRC citizen and an Independent Third Party

“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	銅鼓縣銅城天燃氣有限公司 (Tonggu County Tongcheng Natural Gas Company Limited) [#] , a limited liability company established in the PRC
“Vendors”	together the First Vendor and the Second Vendor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

[#] The English translations of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words

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

Hong Kong, 6 February 2015

As at the date of this announcement, the Directors of the Company are 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.