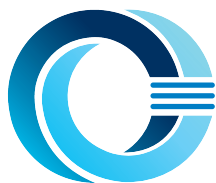


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中國城市基礎設施集團有限公司
China City Infrastructure Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2349)

**DISCLOSEABLE TRANSACTION:
AMENDMENTS TO ACQUISITION TRANSACTION IN
FIVE PRC NATURAL GAS COMPANIES IN GUANGXI, THE PRC**

Reference is made to the announcement of the Company dated 4 May 2015 in relation to, among others, the discloseable transaction on the part of the Company relating to the Acquisition of the Five Target Companies in the PRC, among these Five Target Companies, three of them did not satisfy the precedent conditions set out by the Purchaser, the Vendors and the Purchaser entered into arms' length negotiations to amend the terms of Acquisition, from acquisition of 70% equity interests in Five Target Companies, amended to (1) termination of acquisition of 70% equity interests in three companies, (2) to acquire 100% equity interests in remaining Two Target Companies with the consideration remains the same proportionally and (3) the deposit of RMB23,625,700 paid by the Purchaser to the Vendors in accordance with the terms of the Acquisition Agreement, such deposit shall be applied towards as part of the consideration payable for the New Acquisition. Despite the above amendments, the Framework Agreement between the Group and Huaran Natural Gas is not affected.

The Vendors and the Purchaser entered into arms' length negotiations, the amendments are carried out as follows:

On 31 July 2015, the Purchaser entered into the Termination Agreement with the Vendors and Huaran Natural Gas to terminate the Acquisition. On the same day, the Purchaser entered into the New Acquisition Agreements with the Vendors and Huaran Natural Gas respectively to acquire the Equity Interest for a total consideration of RMB78,507,400, which shall be settled in cash in accordance with the terms of the New Acquisition Agreements.

As the applicable percentage ratios as calculated under Chapter 14 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 Agreements constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 4 May 2015 (the “**Previous Announcement**”) in relation to, among others, the discloseable transaction on the part of the Company relating to the Acquisition of 70% equity interests in Five Target Companies in the PRC principally engaged in natural gas related business with concession rights for a total consideration of RMB94,502,800, which shall be settled in cash and by way of issue of the Convertible Notes to the Vendors (or their nominees). Unless otherwise defined, capitalised terms used herein shall bear the same meanings as defined in the Previous Announcement.

As at the date of this announcement, the Purchaser has paid the deposit of a total of RMB23,625,700 to the Vendors in accordance with the terms of the Acquisition Agreement.

Since three out of Five Target Companies did not satisfy the precedent conditions set out by the Purchaser, the Vendors and the Purchaser entered into arms’ length negotiations to amend and vary the terms of the Acquisition. On 31 July 2015, the Vendors and the Purchaser entered into of the Termination Agreement to terminate the Acquisition and to agree the New Acquisition involving the acquisition of 100% equity interests of Xiangzhou Target Company and Rongshui Target Company. The principal terms of the Termination Agreement and the New Acquisition Agreements are set out below.

TERMINATION OF ACQUISITION OF 70% EQUITY INTERESTS IN FIVE PRC NATURAL GAS COMPANIES

The Termination Agreement

- Date** : 31 July 2015 (after trading hours)
- Parties** : (i) the Purchaser, a wholly-owned subsidiary of the Company;
- (ii) the Vendors, being two companies established in Guangxi, the PRC; and
- (iii) Huaran Natural Gas, a company established in Zigong City, Sichuan Province, the PRC

Principal terms of the Termination Agreement

Pursuant to the Termination Agreement, subject to the entering into of the New Acquisition Agreements, the Acquisition Agreement shall be ceased and terminated with effect from the date of the Termination Agreement.

In respect of the deposit of RMB23,625,700 paid by the Purchaser to the Vendors in accordance with the terms of the Acquisition Agreement, the parties to the Termination Agreement agree that such deposit shall be applied towards as part of the consideration payable for the New Acquisition subject to the terms set out in the New Acquisition Agreements.

For the avoidance of doubts, as a result of the termination of the Acquisition Agreement as contemplated under the Termination Agreement, the Convertible Notes will not be issued to the Vendors (or their nominees).

ACQUISITION OF 100% EQUITY INTERESTS IN TWO PRC NATURAL GAS COMPANIES

The Board is pleased to announce that on 31 July 2015 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the New Acquisition Agreements with the Vendors and Huaran Natural Gas respectively to acquire the Equity Interests, representing an aggregate of 100% registered capital of the Two Target Companies, for a consideration of RMB78,507,400. The principal terms of the New Acquisition Agreements are set out below.

1. The New Acquisition Agreements (70%)

- Date** : 31 July 2015 (after trading hours)
- Parties** : (i) the Purchaser, a wholly-owned subsidiary of the Company; and
(ii) the Vendors respectively, being two companies established in Guangxi, the PRC

The Vendors are two companies established in Guangxi, the PRC with limited liability and are principally engaged in natural gas pipeline and facilities investment holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendors and their ultimate beneficial owner(s) is Independent Third Party. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Huaran Natural Gas is the holding company of the Vendors.

Assets to be acquired

Pursuant to the New Acquisition Agreement (70%), the Purchaser agreed to purchase and the Vendors agreed to sell the Equity Interests (70%) subject to and upon the terms and conditions of the New Acquisition Agreement (70%).

The Equity Interests (70%) comprises 70% registered capital of each of Rongshui Target Company and Xiangzhou Target Company.

2. The New Acquisition Agreements (30%)

- Date** : 31 July 2015 (after trading hours)
- Parties** : (i) the Purchaser, a wholly-owned subsidiary of the Company; and
(ii) Huaran Natural Gas

Huaran Natural Gas is a company established in Zigong City, Sichuan Province, the PRC and is principally engaged in development of the PRC pipelined natural gas business, including such as natural gas pipeline construction and operation of exclusive concession right.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Huaran Natural Gas and its ultimate beneficial owner(s) are Independent Third Parties.

Assets to be acquired

Pursuant to the New Acquisition Agreement (30%), the Purchaser agreed to purchase and Huaran Natural Gas agreed to sell the Equity Interests (30%) subject to and upon the terms and conditions of the New Acquisition Agreement (30%).

The Equity Interests (30%) comprises 30% registered capital of each of Rongshui Target Company and Xiangzhou Target Company.

Consideration

The total consideration for the New Acquisition is RMB78,507,400 and shall be settled by the Purchaser in the following manner (or such other manner as the parties thereto may agree):

- (i) as to the initial deposit and part of the consideration of a total of RMB23,625,700 has been paid by the Purchaser to the Vendors and Huaran Natural Gas in accordance with the terms of the Termination Agreement;
- (ii) as to the remaining deposit and part of the consideration of a total of RMB5,000,000 shall be payable by the Purchaser to the Vendors and Huaran Natural Gas within three working days following the signing of the New Acquisition Agreements and relevant transfer documents;
- (iii) as to RMB34,917,190 shall be payable by the Purchaser to the Vendors and Huaran Natural Gas within one month upon Completion;
- (iv) as to the remaining balance of RMB14,964,510 shall be payable by the Purchaser to the Vendors and Huaran Natural Gas within fifteen working days after payment of (iii) above.

The consideration was determined after arm's length negotiations with reference to, among others, the value of the tangible assets and land use rights of the Two Target Companies and the future business potential of the Two Target Companies. The parties to the New Acquisition Agreements will engage independent professional party(ies) to conduct audit on the values of the tangible assets and land use rights of the Two Target Companies. Adjustments to the consideration may be made in the event that the values of the tangible assets and land use rights of the Two Target Companies would be lower than the original stipulated values.

Pursuant to the New Acquisition Agreements, the Vendors and Huaran Natural Gas shall within one month from the date of the New Acquisition Agreements (or such longer period as the parties thereto may agree) transfer the total registered capital of each of the Two Target Companies to the Purchaser. In the event that such transfer could not complete within the stipulated period, the Vendor and Huaran Natural Gas shall fully refund the deposits paid to the Purchaser.

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

Completion

Completion will take place on the date of completion of registration of the transfer of Equity Interests with relevant authority.

After Completion, the Two Target Companies will become indirectly wholly owned subsidiaries of the Company.

INFORMATION OF THE TWO TARGET COMPANIES

The Two Target Companies are two companies established in Guangxi, the PRC and are respectively based in Rongshui County and Xiangzhou County of Guangxi, the PRC respectively. The principal activities of the Two Target Companies include two exclusive natural gas pipeline distribution network construction rights and piped-natural gas sales and distribution operating rights projects for residential, industrial and commercial use.

To the Directors' knowledge and information, the Two Target Companies have entered into contracts with relevant local government authorities to construct and operate natural gas pipelines, and sales and distribution of natural gas for residential, industrial and commercial use.

The unaudited combined financial information of the Two Target Companies for the two years ended 31 December 2013 and 2014 as follows:

	For the year ended 31 December	
	2013	2014
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Turnover	826	3,970
(Loss)/Profit before taxation	(388)	425
(Loss)/Profit after taxation	(388)	425
Total asset value	26,339	40,223

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION

The Group is dedicated to the infrastructure businesses, with primitive focus on infrastructure projects relating to environmental protection, clean energy, and urbanisation in PRC. The Group is expanding in above business scope, including such as natural gas distribution business, natural gas pipeline construction, solid waste treatment and waste to energy, etc. The Group is also engaged in property related businesses.

Among the Five Target Companies in the Previous Announcement, three of them cannot satisfy the precedent conditions set by Purchaser. The Termination Agreement and New Acquisition Agreements are entered to acquire 100% equity interests of the Two Target Companies. The consideration for the Two Target Companies is proportionally remaining the same. Despite the Termination Agreement and New Acquisition Agreements, the Framework Agreement between the Group and Huaran Natural Gas is not affected. The Directors, including the independent non-executive Directors, are of the view that the New Acquisition can optimise the quality of the Group's projects and is in the interests of the Company and the terms of the New Acquisition Agreements 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 Chapter 14 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 New Acquisition Agreements 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:

“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
“Directors”	directors of the Company
“Equity Interests”	together Equity Interests (30%) and Equity Interests (70%), being the entire registered capital of each of the Two Target Companies
“Equity Interests (30%)”	30% of the entire registered capital of each of the Two Target Companies
“Equity Interests (70%)”	70% of the entire registered capital of each of the Two Target Companies
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Huaran Natural Gas”	自貢市華燃天然氣有限責任公司 (Zigong City Huaran Natural Gas Co., Ltd.) [#] , a limited liability company established in 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
“New Acquisition”	the acquisition of the Equity Interests as contemplated under the New Acquisition Agreements
“New Acquisition Agreement (30%)”	the two agreements dated 31 July 2015 and entered into between the Purchaser and Huaran Natural Gas in relation to the acquisition of 30% Equity Interests
“New Acquisition Agreement (70%)”	the two agreements dated 31 July 2015 and entered into between the Purchaser and each of the Vendors respectively in relation to the acquisition of 70% Equity Interests
“New Acquisition Agreements”	together the New Acquisition Agreements (30%) and the New Acquisition Agreements (70%)
“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 a wholly owned subsidiary of the Company
“Rongshui Target Company”	融水亞能天然氣實業發展有限公司 (Rongshui Yaneng Natural Gas Enterprise Development Company Limited) [#] , a limited liability company established in the PRC
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination Agreement”	the termination agreement dated 31 July 2015 and entered into among the Purchaser, the Vendors and Huaran Natural Gas in relation to, among others, the termination of the Acquisition as contemplated in the previous Acquisition Agreement

“Two Target Companies”	together the Rongshui Target Company and the Xiangzhou Target Company
“Vendors”	廣西國立燃氣投資有限公司 (Guangxi Guoli Gas Investment Company Limited) [#] , a limited liability company established in the PRC and 廣西國立燃氣股份有限公司 (Guangxi Guoli Gas Share Company Limited) [#] , a limited liability company established in the PRC
“Xiangzhou Target Company”	象州縣森眾燃氣有限公司 (Xiangzhou County Senzhong Gas Company Limited) [#] , a limited liability company established in the PRC
“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, 31 July 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.