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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)

TERMINATION OF THE PROPERTY PROJECT IN BEIJING QIANMEN

Pursuant to the Group's strategic direction, more resources will be devoted to meet the development of the Group's infrastructure business, with primitive focus on infrastructure projects relating to environmental protection, clean energy, and urbanisation in the PRC. The Board is pleased to announce to terminate the property project in Beijing Qianmen, and after arm's length negotiations, on 25 September 2015, the parties agree to terminate the Lease Agreement and the Group will not further proceed with the development and construction of the Land and the Premises; the Group will acquire 30% equity interests in the Joint Venture Company from Huangcheng Club (the Joint Venture Partner) at a notional consideration to end the Joint Venture relationship; and the Group will transfer of 10% equity interests in Huangcheng Club at a notional consideration to a shareholder of Huangcheng Club. After the transfers, the Group will cease to hold any interests in Huangcheng Club and the Joint Venture Company will become a wholly owned subsidiary of the Group.

BACKGROUND

Reference is made to the announcement of the Company dated 22 July 2013 (the "Announcement") in relation to the discloseable transaction on the part of the Company involving the formation of the Joint Venture Company and the entering into of the Lease Agreement. Unless the context requires otherwise, capitalised terms used herein shall bear the same meanings as defined in the Announcement.

On 25 September 2015, after arm's length negotiations, the parties agree to terminate the Lease Agreement and the Group will not further proceed with the development and construction of the Land and the Premises; the Group will acquire 30% equity interests in the Joint Venture Company from Huangcheng Club (the Joint Venture Partner) at a notional consideration to end the joint venture relationship; and the Group will transfer of 10% equity interests in Huangcheng Club at a notional consideration to a shareholder of Huangcheng Club. After the transfers, the Group will cease to hold any interests in Huangcheng Club and the Joint Venture Company will become a wholly owned subsidiary of the Group.

TERMINATION OF THE LEASE AGREEMENT

On 25 September 2015 (after trading hours), Huangcheng Club and Zhongshui Property as the Joint Venture Parties and Qianmen Tianshi Property as the Landlord entered into the termination agreement (the “**Termination Agreement**”) to terminate the Lease Agreement.

To the best of the Directors’ knowledge, information and belief, save for its 30% equity interests in the Joint Venture Company, each of Huangcheng Club and its ultimate beneficial owners (other than Zhongshui Property) are third parties independent of the Company and its connected persons (as defined under the Listing Rules) and are not connected persons (as defined under the Listing Rules) of the Company.

To the best of the Directors’ knowledge, information and belief, Qianmen Tianshi Property and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules) and are not connected persons (as defined under the Listing Rules) of the Company.

Subject Matter

Pursuant to the Termination Agreement, the parties to the Termination Agreement agree to terminate the Lease Agreement and Qianmen Tianshi Property shall return RMB35,000,000, being part of the Deposit paid by the Joint Venture Parties, to Zhongshui Property. The refund of part of the Deposit was arrived at after arm’s length negotiations between the parties after taking into consideration of the rental on pro-rata basis.

ACQUISITION OF 30% EQUITY INTERESTS OF THE JOINT VENTURE COMPANY

Pursuant to the JV Agreement as disclosed in the Announcement, the Joint Venture Company is established in 2014 and is owned as to 70% by Zhongshui Property and as to 30% by Huangcheng Club. However, the registered capital of the Joint Venture Company has not fully paid up.

As a result of the termination of the Lease Agreement, on 25 September 2015 (after trading hours), Huangcheng Club as the transferor and Zhongshui Property as the transferee entered into a transfer agreement (the “**Acquisition Agreement**”) pursuant to which Zhongshui Property will acquire the 30% equity interest of the Joint Venture Company held by Huangcheng Club (the “**Acquisition**”) for a notional consideration.

The consideration for the Acquisition of the equity interests was determined after arm’s length negotiations with reference to, among others, the registered and paid-up capital of the Joint Venture Company. Upon completion of the Acquisition, the Joint Venture Company will become a wholly owned subsidiary of the Group. The directors nominated by the transferor will resign from the position as a director of the Joint Venture Company with effect upon completion of the Acquisition.

TRANSFER OF 10% EQUITY INTERESTS IN HUANGCHENG CLUB

As disclosed in the Announcement, Zhongshui Property is interested in 10% of the registered and paid up capital of Huangcheng Club (the “**Equity Interests**”). Huangcheng Club is a company established in the PRC and is engaged in high-end club service for providing venues for business meeting, small scale exhibitions and functions.

As a result of the termination of the Lease Agreement on, 25 September 2015 (after trading hours), Zhongshui Property as the transferor and Beijing Shengshi Brothers Cultural Communication Company Limited[#] as the transferee (the “**Purchaser**”) entered into a transfer agreement (the “**Transfer Agreement**”) to transfer the Equity Interests for a notional consideration.

The Purchaser is a company established in the PRC and is principally engaged in organising cultural and art activities, conference services.

To the best of the Directors’ knowledge, information and belief, save for that the Purchaser is a shareholder of Huangcheng Club and the ultimate beneficial owner of the Purchaser is a director to the Joint Venture Company, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined under the Listing Rules) and are not connected persons (as defined under the Listing Rules) of the Company.

The consideration for the transfer of the Equity Interests was determined after arm’s length negotiations with reference to, among others, the registered and paid-up capital of Huangcheng Club. After completion of the transfer of the Equity Interests, the Group will cease to have any interests in Huangcheng Club.

GENERAL

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 the above businesses, including such as natural gas sales and distribution, natural gas pipeline construction, solid waste treatment and waste to energy, etc. The Group is also engaged in property related businesses.

Taking into consideration of the additional resources to be committed by the Group to proceed with the property project, the Directors consider that the termination of Beijing Qianmen project will allow the Group to devote more resources to infrastructure businesses, for better returns for the Company and the Shareholders. The Directors (including the independent non-executive Directors) consider that the termination of the project is in the interests of the Company and the Shareholders as a whole and has no material adverse impact on the overall business operations of the Group.

LISTING RULES IMPLICATION

As the applicable percentage ratios as calculated under Chapter 14 of the Listing Rules in respect of the Termination Agreement are less than 25%, the transactions contemplated under the Termination Agreement do not constitute a notifiable transaction on the part of the Company under Chapter 14 of the Listing Rules.

As Huangcheng Club is a 30% registered shareholder of the Joint Venture Company and the Joint Venture Company is a non-wholly owned subsidiary of the Group, Huangcheng Club is a connected person of the Company at subsidiary level and the entering into of the Acquisition Agreement constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. As the aggregate consideration in respect of the Acquisition Agreement is less than HK\$3,000,000 and the applicable percentage ratios in respect of the Acquisition Agreement are less than 5%, the entering into of the Acquisition Agreement will fall under the de minimis exemption and is fully exempt from independent shareholders' approval, annual review and all disclosure requirements

As the Purchaser is a shareholder of Huangcheng Club and the ultimate beneficial owner of the Purchaser is also a director of the Joint Venture Company, the Purchaser is a connected person of the Company at subsidiary level and the entering into of the Transfer Agreement constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. As the aggregate consideration in respect of the Transfer Agreement is less than HK\$3,000,000 and the applicable percentage ratios in respect of the Transfer Agreement are less than 5%, the entering into of the Transfer Agreement will fall under the de minimis exemption and is fully exempt from independent shareholders' approval, annual review and all disclosure requirements.

The English translation 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, 25 September 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.