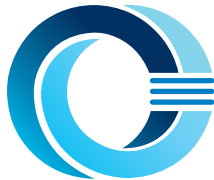


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**中國城市基礎設施集團有限公司**  
China City Infrastructure Group Limited

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

**DISCLOSEABLE TRANSACTION:  
DISPOSAL OF A WHOLLY-OWNED SUBSIDIARY  
TOGETHER WITH ITS SHAREHOLDER'S LOAN**

**THE DISPOSAL**

The Board is pleased to announce that on 23 November 2017, after trading hours, the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser entered into the SP Agreement pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Share and the Sale Loan at the Consideration of approximately HK\$65,000,000.

**IMPLICATIONS UNDER THE LISTING RULES**

As the relevant percentage ratios (as defined under the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 23 November 2017, after trading hours, the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser entered into the SP Agreement pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Share and the Sale Loan at the Consideration of approximately HK\$65,000,000, upon and subject to the terms and conditions of the SP Agreement.

Set out below are the major terms of the SP Agreement:

## **THE DISPOSAL**

### **Date**

23 November 2017

### **Parties**

- (a) Vendor: China Water Property Investment Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company.
- (b) Purchaser: Genview International Limited, a company incorporated in the BVI with limited liability.

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

### **Assets to be disposed of**

- (1) The Sale Share, representing the entire issued share capital of the Target; and
- (2) The Sale Loan

### **Condition Precedent**

Completion shall be conditional upon all necessary consents and approvals (including but not limited to the requirements stipulated under all laws, regulations and the Listing Rules) required to be obtained on the part of the Vendor and the Purchaser in respect of the sale and purchase of the Sale Share and the Sale Loan having been obtained.

If the Condition Precedent set out above has not been satisfied on or before the Long Stop Date, the SP Agreement shall cease and terminate (save for certain miscellaneous provisions), and no party shall have any obligations and liabilities towards each other save for any prior breaches of the terms of the SP Agreement.

### **Consideration**

The total Consideration payable by the Purchaser for the acquisition of the Sale Share and the Sale Loan is HK\$65,000,000, which shall be satisfied by the Purchaser in the following manner:

- (1) the Purchaser shall pay to the Vendor of HK\$25,000,000 (or an equivalent amount in RMB) upon signing of the SP Agreement within ten days as initial deposit; and
- (2) within ninety days upon Completion, the Purchaser shall pay to the Vendor (or other person as designated by the Vendor) the remaining balance of the Consideration in cash.

## **Basis of the Consideration**

The consideration for the Sale Share was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms by taking into consideration of various factors, including but not limited to (i) the factors stated in the section headed "Reasons for and Benefits of the Disposal" set out below; (ii) the net asset value of the Target Company; and (iii) the amount of the Sale Loan.

## **Completion**

Subject to fulfilment of the Condition Precedent, Completion shall take place on the Completion Date.

Immediately after Completion, each member of the Target Group will cease to be subsidiary of the Company and the Company will cease to have any interest in the Target Group.

## **INFORMATION ABOUT THE TARGET GROUP**

The Target is a company incorporated in the BVI on 6 January 2010 which is owned as to 100% by the Vendor as at the date of this announcement. The Target is an investment holding company and it held four natural gas project companies in Hunan Province and Guangxi.

Two of the natural gas project companies are incorporated in the PRC which are indirectly wholly owned by the Target as at the date of this announcement. The remaining two natural gas project companies are incorporated in the PRC which are indirectly owned as to 70% by the Target at the date of this announcement

The unaudited consolidated total asset value and the net liability value of the Target Group as at 31 October 2017 were approximately HK\$438,190,000 and approximately HK\$12,450,000 respectively. The audited financial information of the Target Group for the year ended 31 December 2016 and 31 December 2015 of the Target Group are as follows:

	<b>Year ended 31 December 2015 (audited) HK\$'000</b>	<b>Year ended 31 December 2016 (audited) HK\$'000</b>
Net profit/(loss) before taxation	5,391	(40,842)
Net profit/(loss) after taxation	6,432	(39,431)

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Group is principally engaged in the property development and investment business, hotel business, property management business and infrastructure business.

The Group expects to recognise an unaudited accounting gain of approximately HK\$62,560,000 from the Disposal, being the difference between (i) the consideration for the Sale Share and (ii) the aggregate of the estimated unaudited total net asset value of the Target Group as recorded in the Group's accounts at Completion and the estimated expenses and tax to be incurred for the Disposal. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to final audit to be performed by the Company's auditors.

Due to the Purchaser shall assume all the liabilities and contingent liabilities of the Target Group of approximately HK\$450,000,000 upon Completion, the Disposal could help to reduce the Group's debt and be able to recover the Sale Loan which due by the Target Group of approximately HK\$14,890,000, in order to enhance the cashflow.

The Directors expect that the net proceeds from the Disposal, after deducting the expenses directly attributable thereto, will be approximately HK\$64,500,000, which will be used as general working capital of the Group. The Directors consider that the Disposal represents an opportunity for the Group to realise its investment in the Target Group, which holds the infrastructure business.

The Directors (including the independent non-executive Directors) are of the view that the terms of the SP Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the relevant percentage ratios (as defined under the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Business Day”	means a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
“BVI”	British Virgin Islands
“Company”	China City Infrastructure Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal

“Completion Date”	the date of Completion, which means a day within five Business Days after the Condition Precedent under the paragraph headed “Condition Precedent” shall have been fulfilled, or such other date as the Vendor and the Purchaser may agree in writing
“Condition Precedent”	condition precedent to the Completion as set out in the paragraph headed “Condition Precedent” of this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	HK\$65,000,000, being the consideration for the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share and the Sale Loan by the Vendor to the Purchaser
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third party(ies) independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	4:00 p.m on 19 February 2018 (or such date as the Vendor and the Purchaser may agree in writing)
“PRC”	the People’s Republic of China, for the purposes of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Genview International Limited, a company incorporated in the BVI with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	the entire issued share capital of the Target
“Sale Loan”	the shareholder’s loan of the Target
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company
“SP Agreement”	the conditional agreement dated 23 November 2017 entered into between the Vendor and the Purchaser in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target”	Create Capital Development Limited, a company incorporated in the BVI with limited liability and owned as to 100% by the Vendor
“Target Group”	The Target and its subsidiaries
“Vendor”	China Water Property Investment Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board  
**China City Infrastructure Group Limited**  
**Li Chao Bo**  
*Chairman*

Hong Kong, 23 November 2017

*As at the date of this announcement, the Board comprises Mr. Li Chao Bo (Chairman), Ms. Wang Wenxia (Vice Chairman and Chief Executive Officer) and Mr. Ji Jiaming as executive Directors; Mr. Zhang Guiqing as non-executive Director; and Mr. Wong Jian, Mr. Ng Chi Ho, Dennis and Mr. Ji Yehong as independent non-executive Directors.*