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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)**

**(Stock Code: 5998)**

**(1) TERMINATION OF ORIGINAL SUBSCRIPTION AGREEMENT;  
(2) SUBSCRIPTION OF NEW SHARES;  
AND  
(3) SUBSCRIPTION OF CONVERTIBLE BONDS**

**TERMINATION OF ORIGINAL SUBSCRIPTION AGREEMENT**

Further to the announcement of the Company dated 31 May 2016, the Board announced that on 21 June 2016, the Company and the Subscriber have agreed to terminate the Original Subscription Agreement and have on 21 June 2016 entered into the Deed of Termination to terminate the Original Subscription Agreement with immediate effect. As at the date of this announcement, no securities have been issued by the Company under the Original Subscription Agreement yet.

The Directors believe that it is in the interests of the Company and the Shareholders as a whole to terminate the Original Subscription Agreement and the termination of the Original Subscription Agreement has no material adverse impact of the existing business and financial position of the Group.

**SUBSCRIPTION OF NEW SHARES**

On 21 June 2016 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 262,000,000 Shares at the Subscription Price of HK\$0.50 per Subscription Share.

The Subscription Price of HK\$0.50 per Subscription Share represents (i) a premium of approximately 1.01% over the closing price of HK\$0.495 per Share as quoted on the Stock Exchange on 21 June 2016, being the date of the Subscription Agreement; and (ii) a discount of approximately 0.79% to the average of the closing prices of HK\$0.504 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including 21 June 2016. The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the liquidity and the recent trading performance of the Shares.

The Directors consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **SUBSCRIPTION OF CONVERTIBLE BONDS**

On 21 June 2016 (after trading hours), the Company entered into the conditional CB Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds.

The initial Conversion Price of HK\$0.50 per Conversion Shares represents (i) a premium of approximately 1.01% over the closing price of HK\$0.495 per Share as quoted on the Stock Exchange on 21 June 2016, being the date of the CB Subscription Agreement; and (ii) a discount of approximately 0.79% to the average of the closing prices of HK\$0.504 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including 21 June 2016.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscriber, taking into account of, among others, the liquidity and the recent trading performance of the Shares. The Directors consider that the Conversion Price and the terms and conditions of the CB Subscription Agreement and the Convertible Bonds are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

On the assumption that the Convertible Bonds would be converted into Conversion Shares in full at the initial Conversion Price, the 146,000,000 Conversion Shares represent approximately 7.14% of the existing issued share capital of the Company and approximately 6.67% of the issued share capital of the Company as to be enlarged by the allotment and issue of the Conversion Shares.

**Since completion of the Subscription and the CB Subscription is subject to the fulfillment of the condition as set out in the Subscription Agreement and the CB Subscription Agreement respectively, the Subscription and/or the CB Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

## **TERMINATION OF ORIGINAL SUBSCRIPTION AGREEMENT**

Reference is made to the announcement of the Company dated 31 May 2016 in relation to the Original Subscription Agreement.

Further to the announcement of the Company dated 31 May 2016, the Board announced that on 21 June 2016, the Company and the Subscriber have agreed to terminate the Original Subscription Agreement and have on 21 June 2016 entered into the Deed of Termination to terminate the Original Subscription Agreement with immediate effect. As at the date of this announcement, no securities have been issued by the Company under the Original Subscription Agreement yet.

As it is contemplated that additional time would be required for satisfying all conditions as contemplated under the Original Subscription Agreement, including but not limited to obtaining all necessary information and confirmations, and in light of the funding needs of the Group including but not limited to the payment of the remaining consideration of acquisition announced by the Company in the announcement dated 5 January 2016 with expected due date for payment by the end of 2016, settlement of relevant construction and engineering fees and repayment of indebtedness of the Group, the Company considers that the Alternative Proposal will be a viable alternative as the total amount to be raised under the new Subscription Agreement and the CB Subscription Agreement would be the same as the Original Subscription Agreement. Since the Company expects additional time would be required to obtain all necessary confirmations and to provide all necessary information, the Company has then considered alternative proposals. The Subscriber also considers that the CB Subscription on one hand enables the Subscriber to have guaranteed return by way of the interest payment and on the other enables the Subscriber to have the right to convert into additional Shares should the price of the Shares appreciate in future. As such, the parties then initiated negotiations themselves since 6 June 2016 and resulting in the entering into of the Subscription Agreement and the CB Subscription Agreement.

As such, the Directors believe that it is in the interests of the Company and the Shareholders as a whole to terminate the Original Subscription Agreement and the termination of the Original Subscription Agreement has no material adverse impact of the existing business and financial position of the Group.

## **SUBSCRIPTION OF NEW SHARES**

### **The Subscription Agreement**

Date: 21 June 2016 (after trading hours of the Stock Exchange)

Parties involved: (i) the Company; and  
(ii) the Subscriber — China Financial International Investments Limited which and its ultimate beneficial owner(s) are Independent Third Party

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Subscriber is a company incorporated in the Cayman Islands and continued in Bermuda with limited liabilities and is principally engaged in investment holding. As at the date of this announcement, the Subscriber, its concert parties and its associates hold 196,735,429 Shares, representing approximately 9.62% of the entire issued share capital of the Company. Upon completion of the Subscription Agreement, the Subscriber and its concert parties will become a substantial Shareholder holding in aggregated approximately 19.9% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

### **Number of Subscription Shares**

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe in cash of HK\$131,000,000 for a total of 262,000,000 Subscription Shares at the Subscription Price of HK\$0.50 per Subscription Share. The 262,000,000 Subscription Shares represent approximately 12.82% of the existing issued share capital of the Company as at the date of this announcement and approximately 11.36% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

### **PRINCIPAL TERMS OF SUBSCRIPTION AGREEMENT**

Apart from the Subscription Shares to be subscribed by the Subscriber set out above, set out below are the key terms of the Subscription Agreement.

#### **Subscription Price**

The Subscription Price of HK\$0.50 per Subscription Share represents:

- (i) a premium of approximately 1.01% over the closing price of HK\$0.495 per Share as quoted on the Stock Exchange on 21 June 2016, being the closing price on the date of the Subscription Agreement; and
- (ii) a discount of approximately 0.79% to the average of the closing prices of HK\$0.504 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Subscription Agreement.

The net Subscription Price, after deduction of relevant expenses (including but not limited to legal expenses and disbursements), is estimated to be approximately HK\$0.50 per Subscription Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the liquidity and the recent trading performance of the Shares. The Directors consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **Conditions of the Subscription**

The Subscription is conditional upon completion of the following conditions:

- (a) the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Subscription Shares; and
- (b) the warranties made by the Company in the Subscription Agreement remaining true and accurate in all respects.

In the event that the condition of the Subscription is not fulfilled on or before 26 August 2016 or such other date as may be agreed between the parties to the Subscription Agreement, the Subscription Agreement shall cease and determine and neither the Company nor the Subscriber shall have any obligations and liabilities under the Subscription Agreement.

## **Completion of the Subscription**

Completion of the Subscription will take place on the tenth Business Days after the condition of the Subscription is fulfilled (or such other date as may be agreed by the parties to the Subscription Agreement).

## **Ranking of the Subscription Shares**

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

## **Lock-up Undertaking**

Pursuant to the terms of the Subscription Agreement, the Subscriber undertakes that it will not dispose of the Subscription Shares in secondary market for a period of one year immediately after the allotment and issue of the Subscription Shares.

## **General Mandate to issue the Subscription Shares**

The Subscription Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 408,918,972 Shares. As at the date of this announcement, the General Mandate is sufficient for the issue and allotment of the Subscription Shares. As such, the issue of the Subscription Shares is not subject to further Shareholders' approval. The Subscription Shares will utilise approximately 64.07% of General Mandate.

## **Application for listing**

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## **SUBSCRIPTION OF CONVERTIBLE BONDS**

### **CB SUBSCRIPTION AGREEMENT**

On 21 June 2016 (after trading hours), the Company entered into the conditional CB Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds.

Date: 21 June 2016 (after trading hours)

Parties: (i) The Company as issuer  
(ii) The Subscriber as subscriber

#### **The Subscriber**

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Subscriber is a company incorporated in the Cayman Islands and continued in Bermuda with limited liabilities and is principally engaged in investment holding. As at the date of this announcement, the Subscriber, its concert parties and its associates hold 196,735,429 Shares, representing approximately 9.62% of the entire issued share capital of the Company.

#### **Principal Terms of the Convertible Bonds**

Issuer: The Company

Principal amount: HK\$73,000,000

Maturity Date: The third anniversary of the date of issue of the Convertible Bonds

Redemption: With mutual agreement between the Company and the Bondholder, the Company may at any time before the maturity date by written notices to relevant holder(s) of the Convertible Bonds, redeem the Convertible Bonds (in whole or in part) at 100% to the principal amount of the part of the Convertible Bonds to be redeemed.

Any amount of the Convertible Bonds which remains outstanding on the maturity date shall be redeemed at 100% of its then outstanding principal amount.

Any amount of the Convertible Bonds which is redeemed by the Company will be forthwith cancelled.

Interest: 5% per annum, payable annually in arrears

**Transferability:** The Convertible Bonds may be assigned or transferred to any transferee subject to prior notification to the Company. The Convertible Bonds may not be assigned or transferred to any connected person of the Company (as defined under the Listing Rules) without prior written consent of the Company.

**Conversion:** Provided that (i) any conversion of the Convertible Bonds does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder which exercised the conversion rights; and (ii) the public float of the Shares shall not be less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares at any one time in compliance with the Listing Rules and subject to the General Mandate Threshold, the holder of the Convertible Bonds shall have the right at any time from the date of issue of the Convertible Bonds up to 3 days prior to the maturity date to convert the whole or part of the outstanding principal amount of the Convertible Bonds registered in its name into Shares.

**Conversion Price:** The Convertible Bonds shall be converted at the Conversion Price. Upon issue of the Convertible Bonds, the initial Conversion Price will be HK\$0.50 per Conversion Share (subject to adjustments).

The initial Conversion Price of HK\$0.50 represents:

- (i) a premium of approximately 1.01% over the closing price of HK\$0.495 per Share as quoted on the Stock Exchange on 21 June 2016, being the date of the CB Subscription Agreement; and
- (ii) a discount of approximately 0.79% to the average of the closing prices of HK\$0.504 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including 21 June 2016.

The Conversion Price shall be adjusted as provided in the Convertible Bonds instrument in each of the following cases:

- (i) an alteration of the number of the Shares by reason of any consolidation or subdivision;
- (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account, contributed surplus account or capital redemption reserve fund);

- (iii) a capital distribution (as defined in the Convertible Bonds instrument) being made by the Company, whether on a reduction of capital or otherwise, to holders of the Shares in their capacity as such;
- (iv) an offer or grant being made by the Company to holders of Shares by way of rights or of options or warrants to subscribe for new Shares at a price which is less than 80 per cent. of the market price;
- (v) an issue wholly for cash or for reduction of liabilities being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per Share (as defined in the Convertible Bonds instrument) initially receivable (or in the case of reduction in liabilities, the amount of liabilities to be reduced) for such securities is less than 80 per cent. of the market price, or the terms of any such rights of conversion or exchange or subscription attached to any such securities being modified so that the said total effective consideration per Share initially receivable for such securities is less than 80 per cent. of the market price;
- (vi) an issue being made by the Company wholly for cash or for reduction of liabilities of Shares at a price per Share less than 80 per cent. of the market price;
- (vii) an issue being made by the Company of Shares for the acquisition of asset at a total effective consideration per Share (as defined in the Convertible Bonds instrument) less than 80 per cent. of the market price; and
- (viii) an issue wholly made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares for the acquisition of asset, if in any case the total effective consideration per Share (as defined in the Convertible Bonds instrument) initially receivable for such securities is less than 80 per cent. of the market price.



The maximum number of Conversion Shares issuable upon conversion of the Convertible Bonds shall be subject to such number of Shares which may be permissible to be issued under the General Mandate (the “**General Mandate Threshold**”). If there is any adjustment event occurred which leads to the number of Conversion Shares issuable under the Convertible Bonds to exceed the General Mandate Threshold, then the Bondholder(s) shall be entitled to convert the Convertible Bonds into such number of Conversion Shares subject to the General Mandate Threshold based on the adjusted Conversion Price and any outstanding remaining principal amount of the Convertible Bonds shall be redeemed by the Company on the maturity date in accordance with the terms therein.

**Voting Rights**                      The holder of the Convertible Bonds will not be entitled to attend or vote at any general meetings of the Company by reason only of it being the holder of the Convertible Bonds.

**Ranking:**                              The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank equally with all its other present and future unsecured and unsubordinated obligations.

The Conversion Shares issued upon conversion of the Convertible Bonds will in all respects rank pari passu with the Shares in issue on the date of allotment and issue of such Conversion Shares and accordingly shall entitle the holders to participate in all dividends or other distributions declared, paid or made on or after the relevant conversion date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant conversion date.

**Listing:**                                The Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

**Lock-up:**                                There is no lock-up restriction on subsequent transfer of the Conversion Shares.

Based on the initial Conversion Price of HK\$0.50 per Conversion Share, a maximum number of 146,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent: (i) approximately 7.14% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.67% of the issued share capital of the Company as to be enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds in full.

The Conversion Shares will rank pari passu in all respects with the Shares in issue as at the date of allotment and issue of the Conversion Shares.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscriber, taking into account of, among others, the liquidity and the recent trading performance of the Shares. The Directors consider that the Conversion Price and the terms and conditions of the CB Subscription Agreement and the Convertible Bonds are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The aggregate subscription price of HK\$73,000,000 for the Convertible Bonds shall be settled by the Subscriber in cash upon completion.

### **Mandate to issue the Conversion Shares**

The Conversion Shares will be allotted and issued pursuant to the General Mandate at the annual general meeting of the Company held on 3 June 2016 subject to the threshold of 408,918,972 Shares (representing approximately 20% of the number of Shares of the Company in issue as at 3 June 2016) (the "**General Mandate Threshold**"). Immediately before the date of the CB Subscription Agreement, the General Mandate has not been utilized except for the Subscription Agreement. On the initial conversion price of HK\$0.50 per Conversion Shares, 146,000,000 Conversion Shares will be allotted and issued upon full exercise of the conversion rights attaching to the Convertible Bonds, which will utilise about 35.7% of the General Mandate.

### **Conditions of the CB Subscription**

The CB Subscription is conditional upon:

- (i) the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Conversion Shares; and
- (ii) the warranties made by the Company in the CB Subscription Agreement remaining true and accurate in all respects.

In the event that the condition of the CB Subscription is not fulfilled on or before 26 August 2016 or such other date as may be agreed between the parties to the CB Subscription Agreement, the CB Subscription Agreement shall cease and determine and neither the Company nor the Subscriber shall have any obligations and liabilities under the CB Subscription Agreement.

The Subscription Agreement and the CB Subscription Agreement are not inter-conditional upon each other.

### **Completion of the CB Subscription**

Completion of the CB Subscription will take place on the tenth Business Days after the conditions of the CB Subscription are fulfilled (or such other date as may be agreed between the parties).

## **Application for listing**

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No application will be made for listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange.

## **REASONS FOR THE SUBSCRIPTION AGREEMENT AND THE CB SUBSCRIPTION AGREEMENT AND THE USE OF PROCEEDS**

The Group is dedicated to the infrastructure businesses, with primitive focus on infrastructure projects relating to environmental protection, clean energy, and urbanization 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.

The Directors consider that the Subscription Agreement and the CB Subscription Agreement are entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber and that the terms of the Subscription Agreement and the CB Subscription Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned. The Directors consider that it is in the interest of the Company and its Shareholders as a whole to enhance the cashflow of the Company by entering into the Subscription Agreement and the CB Subscription Agreement while broadening the Shareholder and capital base of the Company.

The Directors consider that the issue of the Convertible Bonds is an appropriate means of raising additional capital for the Company since it will not have an immediate dilution effect on the shareholding of the existing Shareholders. The terms of the Convertible Bonds, including the coupon rate, are normal or better commercial terms in comparison with those offered in the financial market. Moreover, it is noted that the Company may early redeem the Convertible Bonds upon agreement with the Subscriber which allow further flexibility.

The gross proceeds of the Subscription and the CB Subscription are approximately HK\$204 million. The net proceeds of the Subscription and the CB Subscription of approximately HK\$203 million will be applied for general working capital for payment of the remaining consideration of acquisition, settlement of relevant construction and engineering fees and repayment of indebtedness of the Group.

## CHANGES IN SHAREHOLDING STRUCTURE

As at the date of this announcement, on the assumption that there will be no change in share capital of the Company from the date of this announcement until completion of the Subscription and the exercise of the conversion rights attaching to the Convertible Bonds, the changes of the shareholding structure of the Company as a result of the Subscription and the CB Subscription are as follows:

	As at the date of this announcement and immediately before completion of the Subscription		Immediately after completion of the Subscription but before conversion of the Convertible Bonds		Immediately after completion of the Subscription and upon full conversion of the Convertible Bonds (Note 5)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
China Water Affairs Group Limited, its concert parties and its associates	(1) 881,595,063	43.12	881,595,063	38.22	881,595,063	35.95
Asia Unite Limited and its concert parties	(2) 9,680,000	0.47	9,680,000	0.42	9,680,000	0.39
Ms. Wang Wenxia	(3) 1,231,440	0.06	1,231,440	0.05	1,231,440	0.05
Mr. Ren Qian	(3) 680,400	0.03	680,400	0.03	680,400	0.03
China Financial International Investments Limited and its concert parties	(4) 196,735,429	9.62	458,735,429	19.89	604,735,429	24.66
Other public Shareholders	954,672,529	46.70	954,672,529	41.39	954,672,529	38.92
<b>Total</b>	<b>2,044,594,861</b>	<b>100.00</b>	<b>2,306,594,861</b>	<b>100.00</b>	<b>2,452,594,861</b>	<b>100.00</b>

Notes:

- (1) These Shares held by China Water Affairs Group Limited (“**China Water Affairs**”), Sharp Profit Investments Limited (“**Sharp Profit**”) and Good Outlook Investments Limited (“**Good Outlook**”) which are wholly owned subsidiaries of China Water Affairs, and Mr. Duan Chuan Liang who is a director and substantial shareholder of China Water Affairs. As at the date of this announcement, Mr. Duan Chuan Liang personally holds 4,207,928 Shares, representing approximately 0.21% of the issued share capital of the Company. 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 Securities and Futures Ordinance (“**SFO**”).
- (2) Mr. Li Chao Bo is the sole beneficial owner of Asia Unite Limited which in turn owns 9,680,000 Shares of the Company. Mr. Li Chao Bo is a Director of the Company. Reference is made to the announcement of the Company dated 30 March 2016, Linkway Investment Holdings Limited, a company solely and beneficially owned by Mr. Li Chao Bo, as purchaser entered into a conditional sale and purchase agreement with China Water Affairs to acquire 592,932,500 Shares of the Company, representing approximately 29% of the issued share capital of the Company as at the date of this announcement. It is expected that the transfer will be completed on or after 30 January 2017, subject to the conditions of the agreement having been fulfilled. Details are also set out in the Company’s announcement dated 30 March 2016.
- (3) Ms. Wang Wenxia and Mr. Ren Qian are Directors of the Company.
- (4) The Subscriber is a company incorporated in the Cayman Islands and continued in Bermuda, the issued shares of which are listed on the main board of the Stock Exchange.

- (5) As the exercise of the conversion right attaching to the Convertible Bonds is subject to that any conversion of the Convertible Bonds does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder which exercised the conversion rights, this scenario is for illustration purpose only.

(These figures of Shares are based upon the notifications given by the Shareholders under SFO)

Mr. Li Chao Bo was a non-executive director of the Subscriber from December 2010 to March 2011, and was retained as vice president of the Subscriber until 2012. Mr. Li Chao Bo was also a substantial shareholder of the Subscriber during December 2010 to March 2011. Mr. Li Chao Bo ceased to hold any positions in the Subscriber since 2012.

China Water Affairs and its concert parties was a substantial shareholder of the Subscriber during June 2007 to November 2010.

Save as disclosed above, (1) there is no relationship between the Subscriber and its concert parties on one hand and China Water Affairs and its concert parties on the other hand. They do not fall within any of the 9 classes of presumptions of acting in concert under the Takeovers Code; and (2) there is no relationship between the Subscriber and its concert parties on one hand and Asia Unite Limited and Mr. Li Chao Bo and their respective concert parties on the other hand. They do not fall within any of the 9 classes of presumptions of acting in concert under the Takeovers Code.

As disclosed in the announcement of the Company dated 16 September 2013, in lieu of holding a general meeting to approve a major disposal of the Company, written approvals on the major disposal have been obtained from various Shareholders respectively, namely China Water Affairs and the Subscriber pursuant to Rule 14.44 of the Listing Rules. Save as disclosed, the Company (having sought confirmations from relevant parties) is not aware of any understanding, agreements, arrangements between (i) the Subscriber and its concert parties on one hand, and (ii) China Water Affairs and its concert parties on the other hand, in relation to the voting rights of the Company, including their acquisition or disposal.

The Company (having sought confirmations from relevant parties) is not aware of any understanding, agreements, arrangements between (i) the Subscriber and its concert parties on one hand, and (ii) Asia Unite Limited, Mr. Li Chao Bo and their respective concert parties on the other hand, in relation to the voting rights of the Company, including their acquisition or disposal.

As at the date of this announcement, each of (i) China Water Affairs, its controlling shareholder(s) and/or their respective concert parties on one hand, and (ii) the Subscriber, its controlling shareholder(s) and/or their respective concert parties on the other hand does not hold any shareholdings in each other.

## **EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS**

Save as disclosed below, the Company had not conducted any equity fund raising activity in the past 12 months immediately preceding the date of this announcement.

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds and intended use</b>	<b>Actual use of proceeds</b>
31 May 2016	Subscription of 408,000,000 new Shares at the subscription price of HK\$0.5 per Share by the Subscriber pursuant to the conditional subscription agreement dated 30 May 2016	The net proceeds of the subscription of approximately HK\$203.9 million will be applied for general working capital for daily operation, repayment of loans and future development of the Group	The subscription was terminated as disclosed herein

## **DEFINITIONS**

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

“AGM”	the annual general meeting of the Company held on 3 June 2016
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (not being a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CB Subscription”	the subscription of the Convertible Bonds as contemplated under the CB Subscription Agreement
“CB Subscription Agreement”	the conditional agreement dated 21 June 2016 and entered into between the Company and the Subscriber in respect of the CB Subscription
“Company”	China City Infrastructure Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on Main Board of the Stock Exchange

“connected person”	has the meaning ascribed to this term under the Listing Rules
“Conversion Price”	the conversion price per Conversion Share and initially at HK\$0.50 per Conversion Share (subject to adjustments)
“Conversion Shares”	the Shares to be allotted and issued upon conversion of the Convertible Bonds
“Convertible Bonds”	the three-year 5% coupon unlisted convertible bonds in principal amount of HK\$73,000,000 to be issued by the Company in accordance with the terms of the CB Subscription Agreement
“Director(s)”	Director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the AGM to allot, issue or deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons and is not acting in concert (as defined in the Codes on Takeovers and Mergers and Share Buy-backs) with any of the connected persons of the Company or any of their respective associates (as defined under the Listing Rules)
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Original Subscription Agreement”	the conditional agreement dated 30 May 2016 and entered into between the Company and the Subscriber in respect of the subscription of 408,000,000 new Shares at the subscription price of HK\$0.50 per Share
“PRC”	The People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber”	China Financial International Investments Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional agreement dated 21 June 2016 and entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Price”	the subscription price of HK\$0.50 per Subscription Share
“Subscription Shares”	an aggregate of 262,000,000 Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 21 June 2016

*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. Ren Qian as executive Directors, Mr. Zhou Kun as non-executive Director and Mr. Chan Pok Hiu, Mr. Wong Chi Ming and Mr. Wang Jian as independent non-executive Directors.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*