

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 60% EQUITY INTEREST  
IN THE TARGET**

**THE DISPOSAL**

The Board is pleased to announce that on 11 September 2018, after trading hours, the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser entered into the SP Agreement with the Other Vendors pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Capital at the Consideration of approximately RMB43,200,000 (equivalent to approximately HK\$49,655,000).

**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 11 September 2018, after trading hours, the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser entered into the SP Agreement with the Other Vendors pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Capital at the Consideration of approximately RMB43,200,000 (equivalent to approximately HK\$49,655,000), 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**

11 September 2018

### **Parties**

- (a) Vendor: China Water Real Property Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company.
- (b) Purchaser: Chunan County Transportation Investment and Development Group Limited\*, a company established in the PRC with limited liability.
- (c) Other Vendors: the other two shareholders of the Target, holding 24% and 16% equity interests in the Target and companies established in the PRC with limited liability.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties. The Purchaser is principally engaged in investment holdings.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for their interests in the Target, the Other Vendors and their respective ultimate beneficial owner(s) are Independent Third Parties.

## **Conditions**

The Disposal is not subject to any conditions precedent.

## **Effective Date**

The Sale and Purchase Agreement shall be effective from the date of the SP Agreement in compliance with the relevant laws and regulations.

## **Assets to be disposed of by the Vendor under the SP Agreement**

Pursuant to the SP Agreement, the Vendor shall dispose of the Sale Capital, representing 60% equity interest of the Target, to the Purchaser at the consideration of RMB43,200,000.

Pursuant to the SP Agreement, the Other Vendors shall dispose of their 40% equity interest in the Target to the Purchaser at the consideration of RMB28,800,000.

## **Consideration**

The total Consideration payable by the Purchaser for the acquisition of the Sale Capital is RMB43,200,000 in cash, which shall be satisfied by the Purchaser in the following manner:

- (1) the Purchaser shall pay to the Vendor of RMB21,600,000 upon signing of the SP Agreement within five days as initial deposit; and
- (2) within five days upon Completion, the Purchaser shall pay to the Vendor (or other person as designated by the Vendor) the remaining balance of the Consideration.

The Vendor shall prepare the relevant documents for registration of the transfer of the Sale Capital after payment of the initial deposit.

The consideration for the Sale Capital 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; and (ii) the net asset value of the Target.

The Directors (including the independent non-executive Directors) consider the terms of the Disposal (including but not limited to the Consideration) to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

The Consideration for the Disposal shall be subject to downward adjustments in the event that there would be any undisclosed liabilities or reduction of assets (excluding those changes as a result of ordinary business operations of the Target Group) on the part of the Target Group.

### **Completion**

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

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 and the financial results of the Target will no longer be consolidated into the financial statements of the Group.

### **INFORMATION ABOUT THE TARGET GROUP**

The Target is a company established in the PRC on 15 October 2002 which is owned as to 60% by the Vendor as at the date of this announcement. The Target is engaged in the property development business and sales of properties.

The Target Company holds a property development project which has a site area of approximately 44,016 sq.m in Qiandao Lake in Hangzhou City, the PRC. It is a low-density lakefront precinct with 26 detached villas featuring luxurious settings, inclusive of lift, garage, swimming pool, yards and complemented by a full-facility clubhouse. The total planned gross floor area is approximately 33,493 sq.m. The location enjoys spectacular unobstructed lake view and conveniently accessible to Hangzhou City, Shanghai and Mount Huang by either high-speed railway or expressway.

The unaudited consolidated total asset value of the Target Group and the net asset value attributable to the Sale Capital as at 31 August 2018 were approximately HK\$838,450,000 and approximately HK\$44,240,000 respectively. The audited financial information of the Target Group for the year ended 31 December 2017 and 31 December 2016 of the Target Group are as follows:

	<b>Year ended 31 December 2016 (audited) <i>HK\$'000</i></b>	<b>Year ended 31 December 2017 (audited) <i>HK\$'000</i></b>
Net loss before and after taxation	3,788	4,142

## **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\$5,185,000 from the Disposal, being the difference between (i) the consideration for the Sale Capital and (ii) the aggregate of the estimated unaudited net asset value attributable to the Sale Capital 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.

The Board is of the view that the Disposal provides a good opportunity for the Group to realise its investment in the Target and focus its resources to develop the other projects. The Disposal is in line with the strategy of the Group as resources will be used to develop those project(s) of the Group with better prospects and results.

The Directors expect that the net proceeds from the Disposal, after deducting the expenses directly attributable thereto, will be approximately RMB43,000,000 (equivalent to approximately HK\$49,425,000), which will be used as general working capital of the Group.

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
“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 in accordance with the terms and conditions of the SP Agreement
“Completion Date”	the date of Completion
“Connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB43,200,000, being the consideration for the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Capital by the Vendor to the Purchaser as contemplated under the SP Agreement
“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
“Other Vendors”	the other two shareholders of the Target
“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”	Chunan County Transportation Investment and Development Group Limited*, a company incorporated in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Capital”	the 60% equity interest of the Target
“Shareholder(s)”	holder(s) of the issued share(s) in the share capital of the Company
“SP Agreement”	the agreement dated 11 September 2018 entered into among the Other Vendors, the Vendor and the Purchaser in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Hangzhou Pu Tian Property Development Company Limited*, a company incorporated in the PRC with limited liability and owned as to 60% by the Vendor and as to 40% by the Other Vendors

“Target Group”	the Target and its subsidiaries
“Vendor”	China Water Real Property Limited, a company incorporated in Hong Kong 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, 11 September 2018

\* *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.*

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