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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)

SUBSCRIPTION OF NEW SHARES

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On 27 April 2017 (after trading hours of the Stock Exchange), the Company entered into three Subscription Agreements with each of the Subscribers respectively pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 460,000,000 Shares at the Subscription Price of HK\$0.5 per Subscription Share.

The Subscription Price of HK\$0.5 per Subscription Share represents (i) a discount of approximately 10.71% to the closing price of HK\$0.560 per Share as quoted on the Stock Exchange on 27 April 2017, being the date of the Subscription Agreements; and (ii) a discount of approximately 9.42% to the average of the closing prices of HK\$0.552 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including 27 April 2017. The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers 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 Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Since completion of the Subscription is subject to the fulfillment of the conditions as set out in the Subscription Agreements, the Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

SUBSCRIPTION OF NEW SHARES

The Subscription Agreements

Date: 27 April 2017 (after trading hours of the Stock Exchange)

- Parties involved:
- (i) the Company;
 - (ii) the Subscriber – Gold Wealth International Holdings Limited (“GWIHL”) which and its ultimate beneficial owner(s) are Independent Third Party;
 - (iii) the Subscriber – Trikey Investments Limited (“TIL”) which and its ultimate beneficial owner(s) are Independent Third Party; and
 - (iv) the Subscriber – Century Forum Development Limited (“CFDL”) 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, GWIHL is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. TIL and CFDL are both incorporated in the British Virgin Islands with limited liability and are principally engaged in investment holding. As the date of this announcement, the Subscribers do not hold any Shares. Upon completion of all Subscription Agreements, GWIHL, TIL and CFDL will hold approximately 3.61%, 5.78% and 7.24% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares respectively.

Number of Subscription Shares

Pursuant to the Subscription Agreements, the Company has conditionally agreed to allot and issue and the Subscribers have conditionally agreed to subscribe in cash of HK\$230,000,000 (or an equivalent amount of RMB) for a total of 460,000,000 Subscription Shares at the Subscription Price of HK\$0.50 per Subscription Share. The 460,000,000 Subscription Shares represent approximately 19.94% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.63% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

PRINCIPAL TERMS OF SUBSCRIPTION AGREEMENTS

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

Subscription Price

The Subscription Price of HK\$0.5 per Subscription Share represents:

- (i) a discount of approximately 10.71% to the closing price of HK\$0.560 per Share as quoted on the Stock Exchange on 27 April 2017, being the closing price on the date of the Subscription Agreements; and

- (ii) a discount of approximately 9.42% to the average of the closing prices of HK\$0.552 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Subscription Agreements.

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 Subscribers 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 Agreements 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 Agreements remaining true and accurate in all respects.

In the event that the condition of the Subscription is not fulfilled on or before 17 May 2017 or such other date as may be agreed between the parties to the Subscription Agreements, the relevant Subscription Agreements shall cease and terminate and neither the Company nor the Subscribers shall have any obligations and liabilities under the Subscription Agreements. The Subscription Agreements are not inter-conditional upon each other.

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 Agreements).

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 Agreements, each of the Subscribers respectively 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 461,318,972 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 99.7% 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.

REASONS FOR THE SUBSCRIPTION AGREEMENTS 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 development related businesses.

The Directors consider that the Subscription Agreements are entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscribers and that the terms of the Subscription Agreements 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 Agreements while broadening the Shareholder and capital base of the Company.

The gross proceeds of the Subscription are approximately HK\$230,000,000. The net proceeds of the Subscription of approximately HK\$229,700,000 will be applied for general working capital for daily operation, repayment of loans and future development 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, the changes of the shareholding structure of the Company as a result of the Subscription are as follows:

	<i>Notes</i>	As at the date of this announcement and immediately before completion of the Subscription		Immediately after completion of the Subscription	
		<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
China Water Affairs Group Limited, its concert parties and its associates	(1)	212,683,063	9.22	212,683,063	7.69
Mr. Li Chao Bo, Linkway Investment Holdings Limited, Asia Unite Limited and its concert parties	(2)	678,592,000	29.41	678,592,000	24.53
Ms. Wang Wenxia	(3)	1,231,440	0.05	1,231,440	0.04
The Subscribers	(4)	–	–	460,000,000	16.63
China Financial International Investments Limited and its concert parties	(5)	458,735,429	19.89	458,735,429	16.58
Other public Shareholders		955,352,929	41.43	955,352,929	34.53
Total		<u>2,306,594,861</u>	<u>100.00</u>	<u>2,766,594,861</u>	<u>100.00</u>

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 0.18% 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 Linkway Investment Holdings Limited and Asia Unite Limited which in turn owns 668,912,000 Shares and 9,680,000 Shares of the Company respectively. Mr. Li Chao Bo is a Director of the Company.
- (3) Ms. Wang Wenxia is a Director of the Company.
- (4) The Subscribers are the companies incorporated in Hong Kong and the British Virgin Islands respectively with limited liability.
- (5) China Financial International Investments Limited 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.

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.

Date of announcement	Event	Net proceeds and intended use	Actual use of proceeds
31 May 2016 and 21 June 2016	Subscription of 262,000,000 new Shares at the subscription price of HK\$0.5 per Share and subscription of the three-year 5% coupon unlisted convertible bonds in principal amount of HK\$73,000,000 convertible at the conversion price of HK\$0.5 per conversion Share by China Financial Investments Limited pursuant to the conditional subscription agreements dated 21 June 2016	The net proceeds of the subscription of approximately HK\$203 million will be applied for general working capital for daily operation, repayment of loans and future development of the Group	The net proceeds of the subscription have been used as intended

DEFINITIONS

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

“ 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
“ 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
“Director(s)”	Director(s) of the Company
“EGM”	the extraordinary general meeting of the Company held on 18 November 2016
“General Mandate”	the general mandate granted to the Directors at the EGM to allot, issue or deal with up to 20% of the then issued share capital of the Company as at the date of the EGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“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
“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
“Subscribers”	(1) Gold Wealth International Holdings Limited, a company incorporated in Hong Kong with limited liability; (2) Trikey Investments Limited, a company incorporated in the British Virgin Islands with limited liability; and (3) Century Forum Development Limited, a company incorporated in the British Virgin Islands with limited liability
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreements”	the three conditional agreements dated 27 April 2017 and entered into between the Company and each of the Subscribers respectively in respect of the Subscription
“Subscription Price”	the subscription price of HK\$0.5 per Subscription Share
“Subscription Shares”	an aggregate of 460,000,000 Shares to be subscribed by the Subscribers pursuant to the Subscription Agreements

“**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, 27 April 2017

As at the date of this announcement, the Directors of the Company are Mr. Li Chao Bo (Chairman) and Ms. Wang Wenxia (Vice Chairman and Chief Executive Officer) as Executive Directors; and Mr. Chan Pok Hiu, Mr. Wang Jian and Mr. Ng Chi Ho, Dennis as Independent Non-executive Directors.