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China City Infrastructure Group Limited

中國城市基礎設施集團有限公司

(formerly known as China Water Property Group Limited)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2349)

VOLUNTARY ANNOUNCEMENT NON-BINDING LETTER OF INTENT RELATING TO A PROPOSED COOPERATION IN A NATURAL GAS PROJECT IN SHANXI

This is a voluntary announcement made by China City Infrastructure Group Limited (formerly known as “China Water Property Group Limited”) (the “**Company**”).

The board of directors (the “**Board**”) of the Company is pleased to announce that on 23 December 2014, Shenzhen Zhongshui Property Company Limited* (深圳中水置業有限公司) (“**Zhongshui Property**”), an indirect wholly owned subsidiary of the Company, entered into a letter of intent (the “**Letter of Intent**”) with Wenshui County Wangjia Natural Gas Company Limited* (文水縣旺家燃氣有限公司) (“**Wenshui Wangjia**”), an independent third party in relation to a proposed cooperation between Zhongshui Property and Wenshui Wangjia with respect to an exclusive natural gas pipeline operating rights project in Wenshui county of Shanxi Province, the People’s Republic of China (the “**Shanxi Natural Gas Project**”).

To the best knowledge of the directors of the Company, having made all reasonable enquiries, Wenshui Wangjia is a third party that is independent from the Company and from the connected persons of the Company.

As stipulated in the Letter of Intent, the budgeted annual volume of natural gas supply by Wenshui Wangjia is 200,000,000 m³. Pursuant to the Letter of Intent, it is contemplated that Zhongshui Property will hold 80% interest in, and will become the controlling shareholder of, the project company that will operate the Shanxi Natural Gas Project (the “**Project Company**”). Zhongshui Property will appoint the director(s), the chairman and the financial controller of the Project Company and nominate the general manager of the Project Company; while Wenshui Wangjia will nominate the executive general manager of the Project Company. Subject to the due diligence process of Zhongshui Property, the parties to the Letter of Intent (the “**Parties**”) will procure the entering into of binding and definitive agreement(s) to set out the specific details in respect of the cooperation as soon as possible but within 30 days from the date of the Letter of Intent or any other day as agreed by the Parties.

The Letter of Intent is intended to record certain understanding in principle agreed between the Parties in relation to the strategic cooperation and the Project Company and is not legally binding.

The Board wishes to emphasise that the Letter of Intent is not legally binding and the transactions contemplated thereunder may or may not proceed. If the transactions contemplated under the Letter of Intent is materialised, it may constitute a notifiable transaction on the part of the Company pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

Further announcement will be made by the Company as and when appropriate in accordance with the Listing Rules.

* 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
Duan Chuan Liang
Chairman

Hong Kong, 23 December 2014

As at the date of this announcement, the Board comprises 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.