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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)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE ANNUAL REPORT OF THE COMPANY
FOR THE YEAR ENDED 31 DECEMBER 2016**

Reference is made to the annual report for China City Infrastructure Group Limited (the “**Company**”) for the financial year ended 31 December 2016 and published on the websites of the Company and The Stock Exchange of Hong Kong Limited on 26 April 2017 (the “**Annual Report**”). Capitalised terms used herein shall bear the same meanings as defined in the Annual Report unless the context requires otherwise.

In addition to the information disclosed in the Annual Report, the Company would like to provide additional information in respect of the convertible note with an aggregate principal amount of HK\$73,000,000 and due on 28 June 2019 (the “**2019 Notes**”).

Upon the full conversion of the 2019 Notes at the conversion price of HK\$0.50 per conversion share, the 2019 Notes would be converted into 146,000,000 shares, representing approximately 6.33% of the existing issued share capital of the Company as at the date of the Annual Report and approximately 5.95% of the then issued share capital of the Company as enlarged by the allotment and issue of the conversion shares. The shareholding of the substantial shareholders of the Company, namely Mr. Li Chao Bo and CFIL, would be decreased from 29.42% to 27.67% and increased from 19.89% to 24.66% respectively.

The diluted loss per share for the year ended 31 December 2016 assuming all outstanding 2019 Notes being converted was HK\$19.44 cents and is calculated by dividing the loss attribute to the shareholders of the Company by the total number of shares after all outstanding 2019 Notes being converted. The calculation method of this diluted loss is not the same as those used in the Annual Report. According to Hong Kong Accounting Standard 33 paragraphs 43, potential ordinary shares are antidilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share. The conversion of 2019 Notes would have an antidilutive effect on earnings per share and therefore the calculation of diluted earnings per share in the Annual Report does not assume such conversion.

The Company has a right to redeem the whole or part of the outstanding 2019 Notes at 100% of the principal amount and accrued interest at any time before the maturity date. On the maturity date, any of the 2019 Notes not converted or redeemed during the tenure will be redeemed at 100% of its principal amount and accrued interest. The Board has given consideration to the financial and liquidity position of the Company and believes that the Company has adequate resources, including but not limited to the cash inflows from future sales of properties and fund raising activities, to meet its redemption obligations under the 2019 Notes.

Based on the implied internal rate of returns of the 2019 Notes, the Company's share prices at the future dates at which it would be equally financially advantageous for the securities holders to convert or redeem the convertible securities were as follows:

Date	31 December 2017	31 December 2018
Share price (HK\$)	0.54 per share	0.51 per share

The above additional information does not affect other information contained in the Annual Report and, save as disclosed above, all other information in the Annual Report remains unchanged.

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

Hong Kong, 19 September 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.