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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)**

## **VOLUNTARY ANNOUNCEMENT FORMATION OF A JOINT VENTURE PRIVATE EQUITY FUND MANAGEMENT COMPANY IN CHINA**

The Company is pleased to announce that, on 19 April 2018, Beijing Zhong Cheng Ji (a wholly owned subsidiary of the Company), Citic Zheng Ye and Beijing Hua Bin have entered into the Cooperation Agreement in relation to set up the FMC, a joint venture private equity fund management company, in the PRC.

The FMC will sponsor, set up and manage the Issuance Fund in accordance with all the applicable laws and regulations, and engage in various investments in the PRC and other countries and regions. It is expected that the Issuance Fund will mainly invest in property development business and infrastructure business.

### **THE LISTING RULES IMPLICATIONS**

As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Cooperation Agreement is below 5%, the entering into of the Cooperation Agreement does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules and this announcement is made by the Company on a voluntary basis for the information of the shareholders and potential investors of the Company.

## **FORMATION OF A JOINT VENTURE PRIVATE EQUITY FUND MANAGEMENT COMPANY**

The board (the “**Board**”) of directors (the “**Directors**”) of China City Infrastructure Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that, on 19 April 2018, Beijing Zhong Cheng Infrastructure Development Limited\* (北京中城基建設發展有限公司) (“**Beijing Zhong Cheng Ji**”), a wholly-owned subsidiary of the Company, Citic Zheng Ye Investment Development Limited\* (中信正業投資發展有限公司) (“**Citic Zheng Ye**”) and Beijing Hua Bin Technology Limited\* (北京華斌科技有限公司) (“**Beijing Hua Bin**”) have entered into an agreement (the “**Cooperation Agreement**”) to set up a joint venture private equity fund management company (“**FMC**”) in People’s Republic of China (“**PRC**”). The registered capital of the FMC is RMB50,000,000 (equivalent to approximately HK\$62,500,000), among which Beijing Zhong Cheng Ji, Citic Zheng Ye and Beijing Hua Bin will contribute RMB12,000,000 (equivalent to approximately HK\$15,000,000), RMB25,500,000 (equivalent to approximately HK\$31,875,000) and RMB12,500,000 (equivalent to approximately HK\$15,625,000) respectively, representing 24%, 51% and 25% of the equity interests, respectively.

To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, each of Citic Zheng Ye and Beijing Hua Bin and their respective ultimate beneficial owner(s) are independent third parties of the Company and its connected persons (as defined in the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

## **SPONSOR, SETTING UP AND MANAGEMENT OF THE ISSUANCE FUND**

Following the completion of setting up the FMC, the Company will sponsor, set up and manage an investment fund (the “**Issuance Fund**”) in accordance with all the applicable laws and regulations, and engage in various investments in the PRC and other countries and regions. It is expected that the Issuance Fund will mainly invest in property development business and infrastructure business.

It is expected that the Issuance Fund intends to operate in the form of limited partnership, with the FMC as the general partner and the Group and other qualified institutions and individual investors as limited partners. The scale of funds to be raised by the Issuance Fund is expected to be no more than RMB5 billion (equivalent to approximately HK\$6.25 billion) with the initial funds raised expected to be RMB602 million (equivalent to approximately HK\$750 million), and the second funds raised expected to be RMB4 billion (equivalent to approximately HK\$5 billion). The actual set-up terms and contribution amounts of the Issuance Fund shall be subject to further negotiations. As at the date of this announcement, no binding agreement(s) regarding the establishment of and the subscription for the Issuance Fund has been entered into yet.

The FMC will engage professional managers and team and establish a committee which will act as the ultimate decision-making body of investment of the Issuance Fund under the delegation of the FMC and will be responsible for the overall management and operation of the Issuance Fund. The annual management fee charged by the FMC will be 2% of actual contribution of all partners per annum.

## **INFORMATION ABOUT PARTNERS**

### **Citic Zheng Ye**

Citic Zheng Ye is a limited company incorporated in the PRC and it is wholly-owned subsidiary of Citic Group. It has three core competencies which are project investment, fund management, project management and operations. It is mainly engaged in four core business such as infrastructure, property development and new city construction, asset optimization, and private equity investment. It developed a professional investment service platform with cross-border resources.

### **Beijing Hua Bin**

Beijing Hua Bin is a limited company incorporated in the PRC. It have invested in some listed companies involving various business areas such as environmental protection, power security, cloud computing, flexible photovoltaic research and development, and equity investment funds, and also have achieved outstanding results. The areas in which the company invests involve a wide range of market prospects and are in line with the country's development policy.

## **REASONS AND BENEFITS OF ENTERING INTO COOPERATION AGREEMENT**

The Group is principally engaged in the property development business, property investment business, hotel business and property management business.

In line with the development strategy of the Group's principal businesses, the management of the Company from time to time seeks appropriate investment opportunities to enhance the return of its property business. The transactions contemplated under the Cooperation Agreement will allow the Group to co-invest with the influential partners and to participate in the property and infrastructure business. Moreover, the Group can exploit and identify excellent enterprises with high quality and sustainable development by professional and modern fund management modes, and hence create higher returns for the Group at lower investment risk. The Board is of the view that the terms of the Cooperation Agreement are fair and reasonable, on normal commercial terms and the entering into of the Cooperation Agreement is in the interest of the Company and its shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Cooperation Agreement is below 5%, the entering into of the Cooperation Agreement does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and this announcement is made by the Company on a voluntary basis for the information of the shareholders and potential investors of the Company.

As at the date of this announcement, the Group has not entered into any legally binding agreement in connection with the establishment of and the subscription for the Issuance Fund. As the establishment of and the subscription for the Issuance Fund is subject to further negotiation and the entering into of the formal binding agreement(s), investors and shareholders of the Company are advised to exercise caution when dealing in the securities of our Company. The establishment of and the subscription for the Issuance Fund and the transactions contemplated thereunder, if materialized, may constitute a notifiable transaction on the part of the Company under Chapter 14 of the Listing Rules. The Company will comply with the Listing Rules upon the entering into of binding agreement(s) regarding the establishment of and the subscription for the Issuance Fund.

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

Hong Kong, 19 April 2018

*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. Wang Jian, Mr. Ng Chi Ho, Dennis and Mr. Ji Yehong as independent non-executive Directors.*

\* *The English translation of Chinese names or words in this explanation is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*