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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  
ENTERING INTO OF THE MOU  
RELATING TO A POSSIBLE TRANSFER BACK OF  
THE TARGET COMPANY**

This is a voluntary announcement made by China City Infrastructure Group Limited (the “**Company**”, together with its subsidiaries as the “**Group**”).

The board of directors (the “**Board**”) of the Company announces that on 9 March 2022, Green City Development Limited (the “**Vendor**”), a wholly owned subsidiary of the Company, as the vendor entered into a memorandum of understanding (the “**MOU**”) with Sky Climber Development Limited as the purchaser (the “**Purchaser**”), in relation to a possible transfer back (the “**Transfer**”) of 100% equity interests of Precious Palace Enterprises Limited (the “**Target Company**”). The Target Company and its subsidiaries hold certain properties (the “**Property**”) in Shenzhen City, the PRC.

The Purchaser is a company incorporated in the British Virgin Islands and is principally engaged in investment holdings. The ultimate beneficial owner(s) of the Purchaser is Yang Zhixiong. As at the date of the MOU, the Purchaser is the holder of (i) convertible bonds with outstanding principal amount of HK\$431,500,000 issued by the Company to the Purchaser (the “**Convertible Bonds**”); and (ii) the promissory note with outstanding principal amount of HK\$53,500,000 issued by the Company to the Purchaser (the “**Promissory Note**”). The Convertible Bonds and the Promissory Note will become due in July 2022. It is expected that part of the consideration of the Transfer will be set off against the Convertible Bonds and the Promissory Note.

Reference is made to the circular of the Company dated 21 June 2019 in relation to the acquisition of the Target Company by the Vendor. As disclosed in the circular, the Group had intention to redevelop the Property under the redevelopment plan. However, the global COVID-19 pandemic outbreak in these two years has inevitably delayed the approval process by the relevant authority. The disruption also caused delay in the implementation of the redevelopment plan and there is uncertainty in the future PRC property market. Together with the fact that the Convertible Bonds and the Promissory Note will become due in July 2022, the Company considers that the Transfer, if materialised, would be in the interests of the Company and its shareholders as a whole.

To the best knowledge of the directors of the Company, having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner(s) is a third party that is independent from the Company and from the connected persons of the Company.

The MOU is intended to record certain understanding in principle agreed between the parties in relation to the Transfer.

The Board wishes to emphasize that the MOU is not binding on the Transfer and the parties are in the course of negotiations and the Transfer shall be subject to the formal agreement to be entered into between the parties. If the transactions contemplated under the MOU is materialised, it may constitute a notifiable transaction on the part of the Company pursuant to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company.

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

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

Hong Kong, 9 March 2022

*As at the date of this announcement, the Board comprises Mr. Li Chao Bo (Chairman), Mr. Ji Jiaming and Mr. Ye Tianfang (Chief Executive Officer) as executive Directors; Mr. Zhang Guiqing as non-executive Director; and Mr. Ng Chi Ho, Dennis, Mr. Kwok Kin Wa and Ms. Kwong Mei Wan, Cally as independent non-executive Directors.*