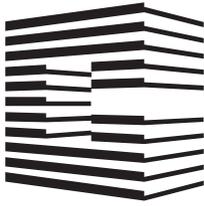


*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**中國基建投資有限公司**  
**China Infrastructure Investment Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 600)**

**DISCLOSEABLE TRANSACTION  
IN RELATION TO THE ACQUISITION OF THE ENTIRE INTEREST  
IN FINEST GAIN INVESTMENTS LIMITED;**

**PRICE SENSITIVE INFORMATION  
AND  
RESUMPTION OF TRADING**

The Board is pleased to announce that on 13 June 2008, the Agreement was entered into between the Vendor and the Purchaser after trading hours, pursuant to which the Vendor conditionally agreed to dispose of and the Purchaser conditionally agreed to acquire the entire interest in Finest Gain for a total consideration of HK\$200 million.

As the applicable percentage ratios in relation to the Acquisition represent more than 5% and less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules. This announcement is also made under Rule 13.09(1) of the Listing Rules.

A circular containing, among other things, further information on the Acquisition and the transactions contemplated thereunder will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

Taking into account that Pan-China Construction is a connected person of the Company, should (i) the events under the section headed “(vii) Other terms” below occur; (ii) the Company elect to request Pan-China Construction to acquire the Sale Share; and (iii) Pan-China Construction remain as a connected person of the Company, the disposal of the Sale Share to Pan-China Construction, if materialises, may constitute a connected transaction for the Company under the Listing Rules. The Company shall comply with the relevant disclosures and/or shareholders’ approval requirements of the Listing Rules where appropriate.

**RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares and warrants on the Main Board of the Stock Exchange were suspended with effect from 9:30 a.m. on Monday, 16 June 2008 pending the release of this announcement. Application for the resumption of trading in the Shares and warrants on the Main Board of the Stock Exchange with effect from 9:30 a.m. on, Thursday, 19 June 2008 has been made by the Company.

Reference is made to the announcement of the Company dated 10 June 2008 in relation to the cooperation with Pan-China Construction in new energy infrastructure projects in the PRC.

The Board is pleased to announce that on 13 June 2008, the Agreement was entered into between the Vendor and the Purchaser after trading hours, pursuant to which the Vendor conditionally agreed to dispose of and the Purchaser conditionally agreed to acquire the entire interest in Finest Gain for a total consideration of HK\$200 million.

Summarised below are the principal terms of the Agreement.

## **THE AGREEMENT**

### **(i) Date**

13 June 2008

### **(ii) Parties**

Vendor: 紀紅斌 (Madam Ji Hong Bin\*)

Purchaser: the Company

Other party: 泛華建設集團有限公司 (“Pan-China Construction Group Limited”\*)

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, 紀紅斌 (Madam Ji Hong Bin\*) is a third party independent of the Company and connected persons of the Company.

To the best knowledge of the Directors, information and belief having made all reasonable enquiries, as at the date of this announcement, Pan-China Construction owns 30% interest in 泛華房地產開發(瀋陽)有限公司 (Pan-China (Shenyang) R.E. Development Limited\*), a 70% indirect subsidiary of the Company.

As at the date of this announcement, the Company has not entered into any prior transactions with the Vendor.

### **(iii) Subject matter of the Acquisition**

Pursuant to the Agreement, the Purchaser has agreed to acquire one share of Finest Gain, representing 100% of the existing issued share capital of Finest Gain from the Vendor.

Finest Gain is a company incorporated in the BVI with limited liability and currently directly wholly-owned by the Vendor. Finest Gain, through its directly wholly-owned subsidiary, Rise Luck International, which in turn, owns 100% in Project Company.

Project Company is a company incorporated in the PRC with limited liability with a registered capital of RMB278 million.

The principal business of the Project Company is production and supply of heat and electricity by recycling approximately 270,000 tonnes of agricultural wastes per annum in Yanchang City, Jiangsu Province. The power plant will be equipped with two 15 million-watt extraction/condensing steam turbines, three 75 tonnes/hour straw fuel boilers and other associated equipment and is designed to supply approximately 148 million kilowatt-hour of electricity and approximately 1 million gigajoule of heat generation per annum.

As at the date of this announcement, the power plant under the Project Company is still under construction with the completion of cooling tower, chimney (28.5 metres), water treatment workshop (first level) and raw material warehouse piling and foundation. The total site area is approximately 70,125 square metres.

According to the unaudited financial information of the Project Company prepared in accordance with PRC generally accepted accounting principles, as at 31 December 2007, the unaudited net assets were approximately RMB40 million. Based on the unaudited management accounts of the Project Company, the unaudited net assets of the Project Company amounted to approximately RMB86.3 million as at 31 May 2008, with “prepayments” amounted to approximately RMB31.4 million and “work in progress” amounted to approximately RMB41.4 million. According to the unaudited financial information of the Project Company, it has not recorded any profit or loss before and after taxation for the two years ended 31 December 2007 as it has not commenced business yet.

#### **(iv) Consideration**

The consideration for the Acquisition was determined after arm’s length negotiations between the Purchaser and the Vendor with reference to, amongst other things, the following factors:

(i) an internal estimate of the management of the Company on the future business potential of Project Company, in particular, the estimated timing for the commencement of the production of the power plant; and (ii) a preliminary valuation by an independent valuer of HK\$255 million, based on market approach as at 31 May 2008 (in which the valuer selected several listed companies that had similar business operation and determined their “enterprise value to sales” multiples, and by applying those multiples to the related financial data of the Project Company and determined the valuation of the Project Company).

The consideration for the Acquisition will be paid under the following schedule:

- (a) HK\$50 million will be payable within seven days from the date of the Agreement;
- (b) HK\$50 million will be payable within three days after the completion of the relevant foreign exchange registration in the PRC;
- (c) HK\$50 million will be payable within seven days after the signing of the respective construction and operation agreements between Pan-China Construction and Project Company (with the assistance from the Vendor); and
- (d) the remaining balance of HK\$50 million will be payable within seven days upon (i) the fulfillment (or where applicable, waiver) of the conditions as set out below within three months from the date of the Agreement; (ii) the Company being satisfied the results of the financial and legal due diligence; and (iii) the issue of an amended business license, reflecting the changes.

The consideration will be financed by cash of the Group.

**(v) Conditions precedent**

Completion of the Agreement is conditional on, amongst other things, the satisfaction (or where applicable, waiver) of the following conditions:

- (a) the conclusions of a legal opinion to be issued by a firm of PRC lawyers upon the satisfaction and/or waiver of all other conditions in respect of, including but not limited to, the legal status of Project Company, the legality, validity and enforceability of the respective construction and operation agreements between Pan-China Construction and Project Company, and the contents of paragraphs (g), (h) and (i) below being reasonably satisfactory to the Company;
- (b) the results of a legal due diligence review to be carried out by the legal advisers of the Company on the validity and legality of establishment and current legal status of Finest Gain Group being reasonably satisfactory to the Company;
- (c) the results of a financial due diligence exercise to be carried out by the Company's auditors on the assets, liabilities, business and prospects of Finest Gain Group being reasonably satisfactory to the Company;
- (d) (where required) according to the Listing Rules, the passing by the Shareholders who are entitled to vote at the extraordinary general meeting of the Company of resolution approving the transactions contemplated under the Agreement, and the approval of the transactions contemplated under the Agreement by the Stock Exchange and other regulatory authorities;
- (e) updated (such date shall fall on a day which is within three business days prior to the date of completion of the Acquisition) certificate of good standing issued by the BVI Companies Registry in respect of Finest Gain showing it is in good standing and a certificate of incumbency issued by the registered agent of Finest Gain showing its directors, secretary (if any) and shareholders (together with their respective shareholdings therein) having been received by the Company;
- (f) the Company being satisfied that the representations, warranties and undertakings given by the Vendor under the Agreement remaining completely true and accurate and not materially omitted or misleading in any respect at completion of the Acquisition as if repeated at completion of the Acquisition and at all times between the date of the Agreement and completion of the Acquisition;
- (g) all necessary approvals, consents and waivers for the sale of the Sale Share in accordance with the Agreement having been obtained from the regulatory authorities and other relevant third parties and are continuing in force;
- (h) all necessary permits, approvals, licences, certificates for Project Company having obtained from the relevant regulatory authorities;
- (i) the land use rights and the permit for commencement of work for the development by Project Company being obtained with related expenses, including but not limited to, land premium for the land use rights, demolition and settlement fee, fully settled; and
- (j) the signing of the (i) construction agreement; and (ii) operation agreement between Pan-China Construction and Project Company.

**(vi) Completion**

Completion of the Acquisition is to take place upon the conditions are fulfilled or waived by the relevant parties, but in any event, no later than 31 October 2008 or such other date as extended by the parties.

There will not be any change in the board of Directors as a result of the Acquisition.

**(vii) Other terms**

Pursuant to the Agreement, upon the occurrence of the following events, Pan-China Construction irrevocably agreed the following arrangements:

- (a) unless occurrence of the following outcomes is due to reasons described under (b) below:
  - (i) in the event that within 24 months after the completion of the Acquisition, Project Company fails to complete the underlying project (with a total construction cost of not more than RMB287,712,500 and with the quality of construction and technical specifications in compliance with the relevant standards of the state) and obtaining all the relevant approvals/licences; or
  - (ii) in the event that within 24 months, the project is unable to become a registered project under Clean Development Mechanism so as to sell Certified Emission Reductions not less than 175,000 tonnes of carbon dioxide equivalent per annum.

The Purchaser has the right to require Pan-China Construction to purchase the Sale Share.

- (b) the reasons referred in (a) above are:
  - (i) upon completion of the Acquisition, the Purchaser fails to procure Rise Luck International, the immediate holding company of Project Company, to contribute the equity portion into the Project Company which is a wholly foreign-owned enterprise; or
  - (ii) force majeure.
- (c) in the event that the Purchaser requests Pan-China Construction to purchase the Sale Share, Pan-China Construction agrees to pay to the Company the following aggregate amounts as consideration:
  - (i) the consideration payable under the Acquisition together with any construction costs which have actually been paid to the Vendor by the Company;
  - (ii) any amounts paid to Project Company, directly or indirectly, in any form (including equity or debt etc.) after completion of the Acquisition;
  - (iii) any money, expenses, debt and undertaking paid or borne by the Purchaser in relation to the project; and

- (iv) Pan-China Construction shall pay to the Company the aggregation of (i), (ii) and (iii) above together with interest at the simple interest rate of 8 per cent. per annum from the date of the relevant payments made to the Project Company up to the date of repayment by Pan-China Construction.

## **REASONS FOR ENTERING INTO THE AGREEMENT**

The Company is primarily an investment holding company and its investment portfolio includes (i) hotel investments; (ii) property development and investments; and (iii) trading of leather products.

Pursuant to the memorandum of understanding entered into between the Company and Pan-China Construction as announced on 10 June 2008 in relation to the cooperation with Pan-China Construction in new energy infrastructure projects in the PRC, the Acquisition represents the first step for the Group towards materialising such strategy in new energy projects.

The Directors consider that the Acquisition will enable the Group to seize business opportunities in new energy market in the PRC. Encouraged by the policy to promote the use of new energy in the PRC, the Directors further consider that the success in the development of the power plant project under the Project Company will generate steady revenue and good investment returns to the Shareholders.

The Directors (including the independent non-executive Directors) consider the terms of the Agreement are fair and reasonable and the entering into the Agreement is in the interests of the Company and Shareholders as a whole.

## **IMPLICATION OF THE LISTING RULES**

As the applicable percentage ratios in relation to the Acquisition represent more than 5% and less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules. This announcement is also made under Rule 13.09(1) of the Listing Rules.

A circular containing, among other things, further information on the Acquisition and the transactions contemplated thereunder will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

Taking into account that Pan-China Construction owns 30% interest in 泛華房地產開發(瀋陽)有限公司 (Pan-China (Shenyang) R.E. Development Limited\*), a 70% indirect subsidiary of the Company, Pan-China Construction is a substantial shareholder of an indirect subsidiary of the Company, hence, a connected person of the Company.

Should (i) the events under the section headed “(vii) Other terms” occur; (ii) the Company elect to request Pan-China Construction to purchase the Sale Share; and (iii) Pan-China Construction remain as a connected person of the Company, the disposal of the Sale Share to Pan-China Construction, if materialises, may constitute a connected transaction for the Company under the Listing Rules. The Company shall comply with the relevant disclosures and/or shareholders’ approval requirements of the Listing Rules where appropriate.

## RESUMPTION OF TRADING OF THE SHARES AND WARRANTS

At the request of the Company, trading in the Shares and warrants on the Main Board of the Stock Exchange were suspended with effect from 9:30 a.m. on Monday, 16 June 2008 pending the release of this announcement. Application for the resumption of trading in the Shares and warrants on the Main Board of the Stock Exchange with effect from 9:30 a.m. on, Thursday, 19 June 2008 has been made by the Company.

## DEFINITIONS

Unless the context otherwise require, the following expressions have the following meanings in this announcement:

“Acquisition”	the acquisition of the Sale Share by the Company
“Agreement”	the sale and purchase agreement dated 13 June 2008 entered into by the Company and the Vendor in respect of the Acquisition
“associate(s)”	has the same meaning as defined in the Listing Rules
“Board”	the Board of Directors
“BVI”	British Virgin Islands
“Company”	China Infrastructure Investment Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Consideration”	HK\$200 million, being the consideration payable by the Company to the Vendor for the Sale Share
“Director(s)”	the director(s) of the Company
“Finest Gain”	Finest Gain Investments Limited, an investment holding company incorporated in the BVI with limited liability and currently directly wholly-owned by the Vendor
“Finest Gain Group”	Finest Gain and its subsidiaries
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pan-China Construction”	泛華建設集團有限公司 (“Pan-China Construction Group Limited”*) is a company incorporated in the PRC with limited liability
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong

“Project Company”	鹽城豐基新能源電力有限公司 (“Yan Chang Feng Ji New Energy Limited”*) is a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of Rise Luck International
“Rise Luck International”	Rise Luck International Investment Limited (振裕國際投資有限公司), an investment holding company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of Finest Gain
“Sale Share”	100% of the entire issued share capital of Finest Gain
“Shares(s)”	ordinary share(s), currently with par value of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	紀紅斌 (Madam Ji Hong Bin*)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	Percentage

By Order of the Board  
**China Infrastructure Investment Limited**  
**Lee Siu Yuk Eliza**  
*Executive Director*

Hong Kong, 18 June 2008

*As at the date of this announcement, the Board comprises Mr. Law Kar Po, Mr. Hoi Man Pak, Mr. Choy Wang Kong, Mr. Gao Feng, Mr. Yong Wing Tai, William, Mr. Chiang Kin Tong, Ms. Law Wing Yee, Wendy and Ms. Lee Siu Yuk, Eliza as executive Directors; and Mr. Lau Wai Ming, Mr. Kwok Hong Yee, Jesse and Mr. Li Kam Fai, Dominic as independent non-executive Directors.*

\* for identification purposes only