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CHINA CITY CONSTRUCTION GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00711)

AGREEMENT REGARDING THE MAJOR TRANSACTION IN RELATION TO ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF CCCC DEVELOPMENT LIMITED

INTRODUCTION

References are made to the Announcements and the Circular in relation to, among other things, the major transaction in respect of the Acquisition. As disclosed in the Announcements and the Circular, the Purchaser (a wholly-owned subsidiary of the Company), the Vendor and the Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Share, which represents the entire issued share capital of the Target Company, at the total Consideration of HK\$660,000,000. The Sale Share was transferred to the Purchaser on 27 January 2016 and the Completion took place on 25 April 2016 (the “**Original Completion Date**”). As at the date of this announcement, the Purchaser has paid the First Part Consideration of HK\$198,000,000 to the Vendor in accordance with the terms of the Sale and Purchase Agreement.

Reference is also made to the announcement of the Company dated 25 July 2016 (the “**Clarification and Inside Information Announcement**”) in relation to, among other things, the intention of the Board to re-negotiate with the Vendor in respect of the Acquisition. The Board announces that on 25 August 2016 (after trading hours of the Stock Exchange), the Purchaser and the Vendor entered into the Agreement.

THE AGREEMENT

Date: 25 August 2016

The Vendor: China Chengjian Investment Limited

The Purchaser: China City Construction Investments Holdings Limited (formerly known as Leading Top Investments Limited)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as disclosed in the section headed "INFORMATION ON CCCC GROUP, THE VENDOR AND THE TARGET GROUP" in the Circular and this announcement, the Vendor and its ultimate beneficial owner are Independent Third Parties.

Principal terms of the Agreement

Pursuant to the Agreement, the parties agree that:

- (1) the Completion shall be treated as having not yet taken place, as if the Acquisition had never been completed on the Original Completion Date and the Purchaser had never been beneficially interested in or responsible for any liability in respect of the Target Shares;
- (2) before the Final Agreement is entered into or the date on which the Vendor's Cash Repayment Obligation is triggered pursuant to the terms of the Agreement (if applicable), the Target Shares shall be regarded being held by the Purchaser and its wholly-owned subsidiaries on trust for the Vendor; and
- (3) the First Part Consideration shall be regarded as being held by the Vendor on trust for the Purchaser (the "**Funds**").

Long Stop Date

The parties to the Agreement agree that by the Long Stop Date:

- (A) the Vendor shall procure that the Target Group will maintain their normal operations and establish a sound and effective decision-making mechanism so that the corporate control and the decision-making power over each member of the Target Group are capable of being effectively transferred to the Purchaser;
- (B) the Purchaser has right to conduct further due diligence on the Target Group, including the financial, legal, regulatory, taxation and commercial aspects in respect of the Target Group's businesses, assets, liabilities, operations, contracts and other matters (the "**Due Diligence**");
- (C) the parties will discuss and determine the matters in relation to the Acquisition, including (i) whether the result of the Due Diligence is satisfactory to the Purchaser and whether the Other Conditions contained in the Sale and Purchase Agreement can be satisfied or waived by the Purchaser (as the case may be); (ii) whether the Consideration shall be adjusted; and (iii) whether the 2015 Guaranteed Profit and the 2016 Guaranteed Profit can be achieved as set out in the Sale and Purchase Agreement; and
- (D) if the parties to the Sale and Purchase Agreement agree on the terms referred to above and enter into an agreement in relation to the Acquisition (the "**Final Agreement**"), the Funds will be applied as the Consideration or part of the Consideration (as the case may be). If there is any surplus of the Consideration after the application of the Funds, the Vendor shall repay such surplus (without

any interest) in cash to the Purchaser within five (5) Business Days after the signing of the Final Agreement. For the avoidance of doubt, the First Part Consideration shall be regarded as being held by the Vendor on trust for the Purchaser before the Final Agreement is entered into.

In the event that by the Long Stop Date, (i) the parties fail to enter into the Final Agreement; or (ii) the Purchaser has by written notice notified the Vendor that (a) it reasonably believes that the Target Group does not meet the standard as described in paragraph (A) above; (b) the Target Group's businesses, assets, liabilities, operations, contracts and other matters are not in line with the Purchaser's expectation or the requirements of Hong Kong regulatory authorities in respect of the quality of the target company to be acquired by a listed company, the Vendor shall within ten (10) days (or such later date as agreed by the Purchaser) repay the Purchaser the First Part Consideration in cash (or in such other manner as agreed by the Purchaser) without any interest thereon (the "**Vendor's Cash Repayment Obligation**"), after which the Purchaser and/or its wholly-owned subsidiaries shall immediately transfer the Target Shares back to the Vendor.

If the Vendor fails to fulfill its obligations to repay the First Part Consideration to the Purchaser under the Vendor's Cash Repayment Obligation, the Purchaser is entitled to take steps to protect its interest, including (i) selling or procuring its wholly-owned subsidiaries to sell the Target Shares in part or in whole to a third party and claiming any shortfall directly against the Vendor and the Guarantor pursuant to the Sale and Purchase Agreement; and/or (ii) claiming any loss or damages directly against the Vendor and the Guarantor pursuant to the Sale and Purchase Agreement.

INFORMATION OF THE PURCHASER AND THE GROUP

The Purchaser is a direct wholly-owned subsidiary of the Company incorporated in BVI with limited liability and its principal activity is investment holding.

The Group is principally engaged in civil engineering, electrical and mechanical engineering, foundation and building construction work, property development and investment, professional services (including provision of security and property management services) and other activities.

INFORMATION ON CCCC GROUP, THE VENDOR AND THE TARGET GROUP

The Vendor is a company incorporated in BVI with limited liability and a direct wholly-owned subsidiary of CCCC. Its principal business activity is investment holding. CCCC is a company incorporated in the PRC with limited liability and an urban development and construction enterprise in the PRC. The CCCC Group is primarily engaged in municipal construction, building construction, and construction of build-transfer, build-operate-transfer, public-private partnership projects, property development and investment in the PRC.

The CCCC Group has the following relationship with the Group:

- (1) as at the date of this announcement, CCCC International holds (i) 130,000,000 Shares, representing approximately 8.74% of the total issued share capital of the Company; and (ii) the Convertible Bonds. As at the date of this announcement, none of the Convertible Bonds has been converted into any Shares; and
- (2) the Group has business collaboration with the CCCC Group in respect of certain projects, the details of which have been disclosed in the prior announcement dated 2 October 2015, the Circular and 2015/16 annual report of the Company.

The Target Group is principally engaged in building construction, public-private partnership projects construction, urban infrastructure construction, government and public facility construction and primary land development, and the two main groups of companies in the Target Group are headed by CCCC Fourth and CCCC Thirteenth, the details of which have been disclosed in the paragraph headed “The Target Group” under “INFORMATION ON CCCC GROUP, THE VENDOR AND THE TARGET GROUP” in the Circular.

REASONS FOR ENTERING INTO THE AGREEMENT

Since the Original Completion Date, both the Purchaser and the Vendor and the management of the Target Group have worked hard regarding an effective transition of decision-making mechanism and control over account and finances of the Target Group, but significant differences remain and such transition has not been successful to date. The Vendor and the Purchaser had different opinion on (i) whether all the Vendor’s representations and warranties as set out in the Sale and Purchase Agreement had remained true and accurate as at the Original Completion Date; and (ii) whether the Vendor and the Guarantor had complied with all their obligations under the Sale and Purchase Agreement.

In addition, as disclosed in the Clarification and Inside Information Announcement, the Company learned from media reporting that CCCC International had difficulties in fulfilling its redemption obligation in respect of the bonds issued by it. Such difficulties reported by the media have caused adverse impact not only on the CCCC Group, but also on the operation and finance of CCCC Fourth and CCCC Thirteenth.

Under such circumstances, the Purchaser further negotiated with the Vendor and the parties agreed to unwind the Acquisition pursuant to the terms and conditions of the Agreement.

On the basis of the foregoing, the Directors are of the view that the terms of the Agreement and the transactions contemplated thereunder, which have been agreed after arm’s length negotiations, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.36 of the Listing Rules, where a transaction previously announced pursuant to Chapter 14 of the Listing Rules is terminated or there is any material variation of its terms or material delay in the completion of the agreement, the listed issuer must as soon as practicable announce this fact by means of an announcement published in accordance with Rule 2.07C of the Listing Rules. Also, as the Acquisition constitutes a major transaction under Chapter 14 of the Listing Rules and the Sale and Purchase Agreement was previously approved by the Shareholders in general meeting, for good corporate governance practice, the Board will seek Shareholders' approval for the Agreement and the transactions contemplated thereunder.

In the event that the terms of the Final Agreement are agreed and the Final Agreement is entered into by the parties, the Company will comply with the applicable requirements of the Listing Rules for the transactions under the Final Agreement.

GENERAL

The SGM

The SGM will be convened for the Shareholders to consider and, if thought fit, to approve the Agreement and the transactions contemplated thereunder.

The Vendor is a subsidiary of CCCC. CCCC Group and their respective close associates (including CCCC International) will abstain from voting at the SGM in respect of the resolutions to consider the Agreement as a result of having a material interest therein. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save as disclosed in this announcement, no other Shareholder is required to abstain from voting at the SGM to approve the Agreement and the transactions contemplated thereunder.

As at the date of this announcement, China New Way, being a controlling shareholder of the Company, directly holds 737,008,830 Shares, and through its wholly-owned subsidiary New Way Strategic, indirectly holds 100,000,000 Shares. Such 837,008,830 Shares held by China New Way and New Way Strategic represent approximately 56.30% of the total issued share capital in the Company as at the date of this announcement. Each of China New Way and New Way Strategic has irrevocably and unconditionally undertaken to vote in favour of the relevant resolutions in relation to the Agreement at the SGM pursuant to an undertaking dated 25 August 2016 given by China New Way and New Way Strategic respectively in favour of the Company.

A circular containing, among other things, (i) details of the Agreement and the transactions contemplated thereunder; and (ii) a notice of the SGM, is expected to be dispatched to the Shareholders on or before 30 September 2016 as more time is required for the Company to prepare and finalise certain information for inclusion in the circular.

Shareholders and potential investors of the Company should note that the Acquisition and the Final Agreement are subject to further due diligence and negotiation pursuant to the terms of the Agreement which are set out in the paragraph headed “THE AGREEMENT” of this announcement. The Acquisition may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions shall (unless the context otherwise requires) have the following meanings:

“2015 Guaranteed Profit”	has the meaning ascribed to it under the paragraph headed “Profit guarantee and Consideration adjustment” under “THE SALE AND PURCHASE AGREEMENT” in the Circular
“2016 Guaranteed Profit”	has the meaning ascribed to it under the paragraph headed “Profit guarantee and Consideration adjustment” under “THE SALE AND PURCHASE AGREEMENT” in the Circular
“Acquisition”	the sale and purchase of the Sale Share pursuant to the Sale and Purchase Agreement
“Agreement”	the agreement dated 25 August 2016 entered into between the Vendor and the Purchaser in respect of, among other things, certain terms in relation to the Acquisition
“Announcements”	the announcements of the Company dated 4 November 2015, 22 January 2016, 27 January 2016 and 25 April 2016 in relation to, among other things, the major transaction in respect of the Acquisition
“Board”	the board of Directors from time to time
“Business Day(s)”	any day other than a Saturday or Sunday on which banks are generally open for business in Hong Kong
“BVI”	the British Virgin Islands
“CCCC” or “Guarantor”	中國城市建設控股集團有限公司, transliterated as China City Construction Holding Group Company*, a company incorporated in the PRC with limited liability

“CCCC Fourth”	中城建第四工程局集團有限公司, transliterated as China City Construction Fourth Engineering Bureau Group Co., Limited (formerly known as 中城建第四工程局有限公司, transliterated as China City Construction Fourth Engineering Bureau Co., Ltd.*), a company incorporated in the PRC with limited liability
“CCCC Group”	CCCC and its subsidiaries
“CCCC International”	China City Construction (International) Co., Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of CCCC
“CCCC Thirteenth”	中城建第十三工程局有限公司, transliterated as China City Construction Thirteenth Engineering Bureau Co., Ltd.*, a company incorporated in the PRC with limited liability
“China New Way”	China New Way Investment Limited, a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company directly and indirectly through New Way Strategic holding 837,008,830 Shares, representing approximately 56.30% of the total issued share capital in the Company as at the date of this announcement
“Circular”	the circular of the Company dated 25 December 2015 in relation to, among other things, the Acquisition
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	China City Construction Group Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00711)
“Completion”	completion of the sale and purchase of the Sale Share in accordance with the terms and conditions under the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	consideration for the Acquisition, being HK\$660,000,000, subject to adjustment in accordance with the terms of the Sale and Purchase Agreement

“Convertible Bonds”	the convertible bonds held by CCCC International, which consist of (i) the convertible bonds due 2018 issued by the Company in the aggregate outstanding principal amount of HK\$94,924,500 and (ii) the convertible bonds due 2017 issued by the Company in the outstanding principal amount of HK\$42,133,000
“Director(s)”	the director(s) of the Company
“Final Agreement”	has the meaning ascribed to it under the paragraph headed “Long Stop Date” under “THE AGREEMENT” in this announcement
“First Part Consideration”	the payment of HK\$198,000,000 in cash made by the Purchaser to the Vendor as part of the Consideration in accordance with the terms of the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) who is(are) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2017 (or such other date as the Purchaser may agree)
“New Way Strategic”	New Way Strategic Investment Ltd., a company incorporated in BVI with limited liability and a wholly-owned subsidiary of China New Way directly holding 100,000,000 Shares, representing approximately 6.73% of the total issued share capital in the Company as at the date of this announcement

“Other Conditions”

the following conditions precedent to the Completion as set out in the Sale and Purchase Agreement:

- (i) the Vendor and the Target Group having obtained all necessary approvals, authorizations and consents from the relevant governmental and regulatory authorities for the Sale and Purchase Agreement and the transactions contemplated thereunder and having completed all necessary application for approvals, valuations, registrations and filings (if applicable) to the relevant governmental or regulatory authorities (including but not limited to the governmental or regulatory authorities of the PRC); and there have been no laws, regulations and decisions proposed, enacted or adopted by any government or regulatory authorities which prohibit, restrict or substantially delay the sale and purchase of the Sale Share or the operation of the Target Group after the Completion;
- (ii) all the Vendor’s representations and warranties as set out in the Sale and Purchase Agreement having remained true and accurate in all material respects as at the date of Completion, as if repeated on the date of Completion;
- (iii) the Target Group and the Vendor having notified any creditors (including financial institutions) or any third parties, who have the rights to be informed, about the transactions contemplated under the Sale and Purchase Agreement and obtained their approval if necessary; or, after having notified such creditors (including financial institutions) or third parties, there has been no objection from them on the transactions contemplated under the Sale and Purchase Agreement and no actions to terminate the cooperation with the Target Group (including but not limited to, the revocation for loans granted to the Target Group); and
- (iv) the Purchaser being satisfied that there are no circumstances, facts or situation which constitutes or may constitute any breach of Vendor’s warranties under the Sale and Purchase Agreement, and the Vendor has complied with all of its obligations under the Sale and Purchase Agreement.

“PRC”

the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)

“Purchaser”	China City Construction Investments Holdings Limited (formerly known as Leading Top Investments Limited), a company incorporated in BVI with limited liability and a direct wholly-owned subsidiary of the Company
“Sale Share”	the one ordinary share of the Target Company, representing 100% of issued share capital of the Target Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 4 November 2015 entered into among the Vendor, the Purchaser and the Guarantor in respect of, among other things, the Acquisition
“SGM”	the special general meeting of the Company to be convened for, among others, considering and if thought fit, approving the Agreement and the transaction contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Company”	CCCC Development Limited, a company incorporated in BVI with limited liability
“Target Group”	the Target Company, CCCC Fourth, CCCC Thirteenth and their respective subsidiaries
“Target Shares”	the Sales Share, the 50% equity interest in CCCC Fourth and the 50% equity interest in CCCC Thirteenth
“Vendor”	China Chengjian Investment Limited, a company incorporated in BVI with limited liability
“Vendor’s Cash Repayment Obligation”	has the meaning ascribed to it under the paragraph headed “Long Stop Date” under “THE AGREEMENT” in this announcement

“0%” per cent.

* *The English translation of the Chinese name is for identification purposes only, and should not be regarded as the official English translation of such name.*

By Order of the Board
**CHINA CITY CONSTRUCTION
GROUP HOLDINGS LIMITED**

Xu Jianhua **Pang Yat Ting, Dominic**
Co-Chairman *Co-Chairman*

Hong Kong, 25 August 2016

As at the date of this announcement, the executive directors of the Company are Mr. Xu Jianhua, Ir Dr. Pang Yat Bond, Derrick and Mr. Kwok Yuk Chiu, Clement, the non-executive directors of the Company are Mr. Pang Yat Ting, Dominic, Mr. Zhang Xiaoliang and Mr. Chow Wing Kin, Anthony SBS, JP, and the independent non-executive directors of the Company are Mr. Chan Stephen Yin Wai, Mr. Kwan Ringo Cheukkai and Mr. Wu William Wai Leung.