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CHINA CITY CONSTRUCTION GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00711)

MEMORANDUM OF UNDERSTANDING IN RELATION TO A POTENTIAL DISPOSAL

This announcement is made by China City Construction Group Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

MEMORANDUM OF UNDERSTANDING

The board of directors of the Company (the “**Board**” or the “**Directors**”) hereby announces that on 29 September 2016 (after trading hours), Chun Wo China Construction Limited (the “**Vendor**”), an indirect wholly-owned subsidiary of the Company, entered into a non-legally binding memorandum of understanding (the “**MOU**”) with an independent third party (the “**Purchaser**”) in relation to a potential disposal of the entire issued share capital in Citytop Group Limited (the “**BVI Target Company**”) (the “**Potential Disposal**”). As at the date of this announcement, the BVI Target Company holds the entire equity interest of 石家莊俊景房地產開發有限公司 (the “**PRC Target Company**”) and the main assets of the PRC Target Company are certain unsold properties (the “**Properties**”) and a piece of land (the “**Land**”) located in Shijiazhuang City, the People’s Republic of China (the “**PRC**”). Pursuant to the MOU, the consideration for the Land shall not be less than RMB350,000,000 and the total consideration for the Potential Disposal will be subject to further negotiation with reference to (i) the selling price of the Properties; and (ii) the total of bank balance, receivables and payables in the financial statement of the PRC Target Company.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are independent third parties of the Company and its connected persons (as defined in the Listing Rules).

The terms and conditions of the Potential Disposal are subject to further negotiations between the Vendor and the Purchaser.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MOU

Taking into consideration the recent property market condition in the PRC, the Company is of the view that the Potential Disposal will provide an appropriate opportunity for the Company to realize its investment in the relevant property projects held by the PRC Target Company and will also strengthen the liquidity and overall financial position of the Group.

In view of the above, the Directors consider that the entering into the MOU and the Potential Disposal are in the interests of the Company and its shareholders (the "Shareholders") as a whole.

INFORMATION ON THE PURCHASER, THE VENDOR AND THE GROUP

The Purchaser is a company incorporated in Hong Kong with limited liability and its principal business is investment holding.

The Vendor is a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company. The Vendor is principally engaged in 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.

IMPLICATIONS UNDER THE LISTING RULES

Should the Potential Disposal materialize, it is expected that one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Potential Disposal may exceed 25% but is less than 75%, and therefore the Potential Disposal may constitute a major disposal for the Company under Chapter 14 of the Listing Rules and be subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. Further announcement(s) will be made by the Company as and when appropriate.

GENERAL

The MOU may or may not lead to the entering into a definitive and binding agreement for the Potential Disposal. Since the Potential Disposal may or may not materialize or eventually be consummated, Shareholders and potential investors of the Company are urged to exercise extreme caution when dealing in the shares and/or other securities of the Company.

By Order of the Board
**CHINA CITY CONSTRUCTION
GROUP HOLDINGS LIMITED**
Xu Jianhua Pang Yat Ting, Dominic
Co-Chairman Co-Chairman

Hong Kong, 29 September 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.