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CNQC INTERNATIONAL HOLDINGS LIMITED

青建國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1240)

SUBSCRIPTION OF NEW SHARES UNDER A GENERAL MANDATE

SUBSCRIPTION OF NEW SHARES UNDER A GENERAL MANDATE

On 8 September 2016, the Company entered into the Subscription Agreements with each of the Subscribers respectively, pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 22,000,000 Subscription Shares at the Subscription Price of HK\$2.53 per Subscription Share.

The Subscription Shares represent 1.76% of the existing issued share capital of the Company as at the date of this announcement and approximately 1.73% of the issued share capital of the Company as enlarged by the Subscription Shares (assuming there are no other changes in the share capital of the Company between the date of the Subscription Agreements and the date of completion of the Subscriptions). The Subscription Shares will be issued under the General Mandate and will rank *pari passu* in all respects among themselves and with the existing Shares.

The Subscription Price of HK\$2.53 per Subscription Share represents (i) a discount of approximately 18.91% to the closing price of HK\$3.12 per Share as quoted on the Stock Exchange on 8 September 2016, being the last full trading day for the Shares before the date of the Subscription Agreements; (ii) a discount of approximately 19.43% to the average closing price of approximately HK\$3.14 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including 7 September 2016, being the trading day immediately preceding the date of the Subscription Agreements; and (iii) a discount of approximately 17.32% to the average closing price of approximately HK\$3.06 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including 7 September 2016, being the trading day immediately preceding the date of the Subscription Agreements.

The aggregate gross proceeds of the Subscriptions will be HK\$55.66 million. The aggregate net proceeds of the Subscriptions, after the deduction of the related expenses, will be approximately HK\$55.26 million, representing a net issue price of approximately HK\$2.51 per Subscription Share. The Company intends to apply the net proceeds of the Subscriptions in the manner set out in the paragraph headed “Reasons for the Subscriptions and use of proceeds” of this announcement.

Application will be made to the Listing Committee for listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

Since completion of each of the Subscriptions is subject to the fulfilment of the condition(s) as set out in the relevant Subscription Agreements, the Subscriptions may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

On 8 September 2016, the Company entered into the Subscription Agreements with each of the Subscribers respectively, pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 22,000,000 Subscription Shares at the Subscription Price of HK\$2.53 per Subscription Share.

PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENTS

Date

8 September 2016

Parties to the Subscription Agreement A

- (i) The Company; and
- (ii) Hai Tong Asset Management.

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, Hai Tong Asset Management, its ultimate beneficial owners and its client managed on a discretionary basis are third parties independent of the Company and its connected persons.

Parties to the Subscription Agreement B

- (i) The Company; and
- (ii) Bloom Right.

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, Bloom Right and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

The Subscription Shares

Hai Tong Asset Management has agreed to subscribe for, and the Company has agreed to allot and issue, 10,000,000 Subscription Shares pursuant to the terms and conditions of the Subscription Agreement A.

Bloom Right has agreed to subscribe for, and the Company has agreed to allot and issue, 12,000,000 Subscription Shares pursuant to the terms and conditions of the Subscription Agreement B.

The total 22,000,000 Subscription Shares represent 1.76% of the existing issued share capital of the Company as at the date of this announcement and approximately 1.73% of the issued share capital of the Company as enlarged by the Subscription Shares (assuming there are no other changes in the share capital of the Company between the date of the Subscription Agreements and the date of completion of the Subscriptions).

Subscription Price

The Subscription Price is HK\$2.53 per Subscription Share. The aggregate nominal value of the 22,000,000 Subscription Shares is HK\$220,000.

The Subscription Price represents:

- (i) A discount of approximately 18.91% to the closing price of HK\$3.12 per Share as quoted on the Stock Exchange on 8 September 2016, being the last full trading day for the Shares before the date of the Subscription Agreements;
- (ii) a discount of approximately 19.43% to the average closing price of approximately HK\$3.14 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including 7 September 2016, being the trading day immediately preceding the date of the Subscription Agreements; and
- (iii) a discount of approximately 17.32% to the average closing price of approximately HK\$3.06 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including 7 September 2016, being the trading day immediately preceding the date of the Subscription Agreements.

The net Subscription Price, after deduction of relevant expenses, is estimated to be approximately HK\$2.51 per Subscription Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and each of the Subscribers with reference to the recent trading price and trading volume of the Shares. The Directors consider that the terms and conditions of the Subscription Agreements (including the Subscription Price) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The aggregate Subscription Price will be payable by each of the Subscribers in cash at Completion.

Ranking of Subscription Shares

The Subscription Shares, when fully paid and allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Conditions of the Subscriptions

Completion of the respective Subscription is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the respective Subscription Shares;
- (b) trading in the Shares on the Stock Exchange not being revoked or withdrawn at any time prior to Completion;
- (c) there being no indication being received from the Stock Exchange that the listing of the Shares on the Stock Exchange will be suspended, revoked or withdrawn at any time after Completion, whether in connection with any of the transactions contemplated by the respective Subscription Agreements or otherwise;
- (d) the representation, warranties and undertakings given by the Company and the Subscribers in the respective Subscription Agreement remained true and accurate in all material respects;
- (e) having obtained all necessary consents and approvals as may be required to be obtained on the part of the Company in respect of the respective Subscription and the transactions contemplated under the respective Subscription Agreement by the Company;
- (f) having obtained all necessary consents and approvals as may be required to be obtained on the part of the respective Subscriber in respect of the respective Subscription and the transactions contemplated under the respective Subscription Agreement by the relevant Subscriber;
- (g) the respective Subscriber being satisfied with the results of the due diligence exercise (whether legal, accounting, financial, operational, assets or other aspects that the respective Subscriber considers relevant) on the Group;
- (h) for the Subscription Agreement A only, there shall not, since the date of the Subscription Agreement A, have been any adverse change to the condition (financial or otherwise), results of operations, assets, regulatory status, business and prospects of the Company or its subsidiary or the financial markets or economic conditions in general that has had a Material Adverse Effect; and
- (i) for the Subscription Agreement A only, there shall not have occurred (i) any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions or currency exchange rates or foreign exchange controls, (ii) a general moratorium on commercial banking activities in Hong Kong, the Cayman Islands or Singapore by any governmental authority, or (iii) an outbreak or escalation of hostilities or act of terrorism that has had a Material Adverse Effect.

The relevant Subscriber may at any time by notice in writing to the Company waive the condition(s) set out in paragraphs (d) and/or (g), as the case may be, above under the respective Subscription Agreement. The conditions set out in paragraphs (a), (b), (c), (e), (f), (h) and (i) are incapable of being waived by the Company and the respective Subscribers under the respective Subscription Agreements.

In the event that any of the abovementioned conditions not being fulfilled or waived by the respective Long Stop Date under the respective Subscription Agreement, the relevant Subscription Agreement shall cease and terminate and neither parties in the relevant Subscription Agreement shall have any obligations and liabilities save for any antecedent breaches of the provisions thereof.

Completion of the Subscriptions

Completion of the respective Subscription of the Subscription Shares will take place on the Completion Date.

The allotment and issue of the Subscription Shares is not subject to any further Shareholders' approval.

General Mandate

The Subscription Shares will be issued under the General Mandate. As at the date of this announcement, 110,000,000 Shares have been issued by the Company under the General Mandate, thus the maximum number of new Shares which could be issued by the Company under the General Mandate is 22,040,500 Shares (not exceeding 20% of the aggregate nominal amount of the total issued share capital of the Company of 660,202,500 Shares as at the date of the Annual General Meeting on 29 April 2016). As such, no Shareholders' approval is required for the allotment and issue of the Subscription Shares.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following fund-raising activity in the 12 months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
17 December 2015	Placing of new Shares under the Specific Placing Mandate	HK\$214.9 million	(i) approximately HK\$42.1 million, representing 19.6% of the net placing proceeds, be applied in and towards the repayment of portion of the short-term bank loans that will mature in early 2016; (ii) approximately HK\$159.0 million, representing 74.0% of the net placing proceeds, be applied in and towards the payment for development costs of the five property projects of the Group in Singapore that would be due between January 2016 to March 2016; and (iii) approximately HK\$13.8 million, representing 6.4% of the net placing proceeds, for the general working capital and activities of the Group.	Use as intended
19 June 2016	Subscription of new Shares under the General Mandate	HK\$268.50 million	future development of the Group's property development and construction businesses in Singapore	Approximately HK\$226.3 million has been utilised as intended for the development of construction business in Singapore by acquiring a construction group and approximately HK\$1.8 million was used for the general working capital of the Group, including directors' emolument and other professional fees. The remaining net proceeds are expected to be utilized as intended during the year ending 31 December 2016.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY FOLLOWING COMPLETION OF THE SUBSCRIPTIONS

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon the issue of all of the Subscription Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the date of completion of the Subscriptions (other than as a result of the allotment and issue of the Subscription Shares on the completion of the Subscriptions)), are summarised as follows:

	As at the date of this announcement			Upon completion of Subscriptions		
	<i>Number of Shares held</i>	<i>Approximate percentage of total issued Shares</i>	<i>Number of CPS held (note 1)</i>	<i>Number of Shares held</i>	<i>Approximate percentage of total issued Shares</i>	<i>Number of CPS held (note 1)</i>
Substantial Shareholders						
CNQC Development	224,145,000	17.96%	—	224,145,000	17.65%	—
New Guotsing Holdco	647,273,454	51.89%	—	647,273,454	50.99%	—
Trustee	—	—	304,599,273	—	—	304,599,273
<i>Sub total</i>	<u>871,418,454</u>	<u>69.85%</u>	<u>304,599,273</u>	<u>871,418,454</u>	<u>68.64%</u>	<u>304,599,273</u>
Public						
Public Shareholders as at the date of this announcement	376,057,500	30.15%	—	376,057,500	29.62%	—
Hai Tong Asset Management	—	—	—	10,000,000	0.79%	—
Bloom Right	—	—	—	12,000,000	0.95%	—
Total	<u>1,247,475,954</u>	<u>100%</u>	<u>304,599,273</u>	<u>1,269,475,954</u>	<u>100%</u>	<u>304,599,273</u>

Note:

- The CPS is convertible into Shares on a conversion ratio of 1:1.

REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS

The Group is principally engaged in property development business in Singapore and the construction business both in Singapore and Hong Kong. Hai Tong Asset Management is a company incorporated in Hong Kong and is principally engaged in asset management. Bloom Right is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding.

The Directors consider that the Subscriptions will enlarge the shareholder and capital base of the Company and also increase the overall liquidity of the Shares and strengthen the financial position of the Group. The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Subscription Agreements are fair and reasonable, on normal commercial terms and are in the interests of the Company and its shareholders as a whole.

The aggregate gross proceeds of the Subscriptions will be HK\$55.66 million and the aggregate net proceeds of the Subscriptions, after the deduction of the related expenses, are estimated to be approximately HK\$55.26 million, representing a net issue price of approximately HK\$2.51 per Subscription Share. The Company intends to use the net proceeds from the Subscriptions for the purpose of the investment in the Group's property development and construction businesses in Singapore.

Since completion of each of the Subscriptions is subject to the fulfilment of the condition(s) as set out in the relevant Subscription Agreements, the Subscriptions may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITION

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Annual General Meeting”	the annual general meeting of the Company held on 29 April 2016
“associate(s)”	has the meaning as ascribed thereto in the Listing Rules
“Bloom Right”	Bloom Right Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of Chun Sing Engineering Holdings Limited, a company listed on the Main Board of the Stock Exchange
“Board”	the board of Directors
“Business Day(s)”	the day(s) on which the Stock Exchange is open for the transaction of business
“Company”	CNQC International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscriptions in accordance with the terms and conditions of the relevant Subscription Agreement
“Completion Date”	the third Business Day following the day on which the last item of the conditions of the relevant Subscription Agreement shall have been satisfied or such other date as agreed in writing by the parties in the respective Subscription Agreement
“connected person(s)”	has the meaning as ascribed thereto in the Listing Rules
“CPS”	the non-redeemable convertible preference share(s) of HK\$0.01 each in the share capital of the Company

“Directors”	the directors of the Company
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Annual General Meeting on 29 April 2016 to issue and allot up to 132,040,500 new Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the Annual General Meeting
“Group”	the Company and its subsidiaries
“Hai Tong Asset Management”	Hai Tong Asset Management (HK) Limited, a company incorporated in Hong Kong with limited liability, in the capacity of Investment Manager of Discretionary Client Account
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date(s)”	Long Stop Date A and/or Long Stop Date B, as the case may be
“Long Stop Date A”	22 September 2016 (or such other time and date as may be agreed between the Company and Hai Tong Asset Management in writing)
“Long Stop Date B”	22 September 2016 (or such other time and date as may be agreed between the Company and Bloom Right in writing)
“Material Adverse Change”	any change which has a material and adverse effect on the financial or trading position, business or property, results of operations or prospects of the Group as a whole
“New Guotsing Holdco”	Guotsing Holding Company Limited, a company incorporated in the BVI with limited liability
“PRC”	the People’s Republic of China, which for the purposes of this announcement, shall not include Hong Kong, Macau and Taiwan
“Shareholders”	persons whose names appear on the register of members of the Company as registered holders of the Shares
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber(s)”	Hai Tong Asset Management and/or Bloom Right, as the case may be
“Subscription(s)”	the Subscription A and/or the Subscription B, as the case may be
“Subscription A”	the subscription of the 10,000,000 Subscription Shares by Hai Tong Asset Management in accordance with the terms and conditions of the Subscription Agreement A
“Subscription Agreement(s)”	the Subscription Agreement A and/or the Subscription Agreement B, as the case may be
“Subscription Agreement A”	the subscription agreement dated 8 September 2016 entered into between the Company and Hai Tong Asset Management
“Subscription Agreement B”	the subscription agreement dated 8 September 2016 entered into between the Company and Bloom Right
“Subscription B”	the subscription of the 12,000,000 Subscription Shares by Bloom Right in accordance with the terms and conditions of the Bloom Right Subscription Agreement B
“Subscription Price”	HK\$2.53 per Subscription Share
“Subscription Shares”	new Shares to be subscribed for by the Subscribers in accordance with the terms and conditions of the Subscription Agreements
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

By Order of the Board
CNQC International Holdings Limited
Mr. Cheng Wing On, Michael
Chairman

Hong Kong, 8 September 2016

As at the date of this announcement, the Board comprises (i) five executive Directors, namely Mr. Cheng Wing On, Michael (Chairman), Mr. Wang Congyuan, Mr. Ho Chi Ling, Mr. Zhang Yuqiang and Mr. Wang Linxuan; (ii) three non-executive Directors, namely Mr. Zhang Zhihua, Dr. Ding Hongbin and Dr. Sun Huiye; and (iii) four independent non-executive Directors, namely Mr. Chuck Winston Calptor, Mr. Ching Kwok Hoo, Pedro, Mr. Tam Tak Kei, Raymond and Mr. Chan Kok Chung, Johnny