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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 23 December 2016 (after trading hours), 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 99,000,000 Subscription Shares at the Subscription Price of HK\$2.55 per Subscription Share.

The Subscription Shares represent 7.44% of the existing issued share capital of the Company as at the date of this announcement and approximately 6.93% of the issued share capital of the Company as enlarged by the Subscription Shares. The Subscription Shares will be issued under the New General Mandate and will rank *pari passu* in all respects among themselves and with the existing Shares.

The Subscription Price of HK\$2.55 per Subscription Share represents (i) a discount of approximately 15.00% to the closing price of HK\$3.000 per Share as quoted on the Stock Exchange on 23 December 2016, being the date of the Subscription Agreements; (ii) a discount of approximately 14.89% to the average closing price of approximately HK\$2.996 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including 22 December 2016, being the trading day immediately preceding the date of the Subscription Agreements; and (iii) a discount of approximately 12.52% to the average closing price of approximately HK\$2.915 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including 22 December 2016, being the trading day immediately preceding the date of the Subscription Agreements.

The aggregate gross proceeds of the Subscriptions will be approximately HK\$252.45 million. The aggregate net proceeds of the Subscriptions, after the deduction of the related expenses, will be approximately HK\$252.15 million, representing a net issue price of approximately HK\$2.547 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 23 December 2016 (after trading hours), 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 99,000,000 Subscription Shares at the Subscription Price of HK\$2.55 per Subscription Share.

PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENTS

Date

23 December 2016 (after trading hours)

Parties to the Great Wall Subscription Agreement

- (i) The Company; and
- (ii) Great Wall.

Great Wall is a company incorporated in Hong Kong with limited liability. The principal businesses of Great Wall are distressed asset management, investment and asset management and comprehensive financial services.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, save for Great Wall's shareholding interest of approximately 4.13% in the Company as at the date of this announcement, Great Wall and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Parties to the Cinda International Subscription Agreement

- (i) The Company; and
- (ii) Cinda International

Cinda International is a company incorporated in Bermuda with limited liability the shares of which are listed on the Stock Exchange and is principally engaged in corporate financing, corporate financial advisory, securities trading, commodity and futures trading, asset management and wealth management.

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

The Subscription Shares

Great Wall has agreed to subscribe for, and the Company has agreed to allot and issue, 87,000,000 Subscription Shares pursuant to the terms and conditions of the Great Wall Subscription Agreement.

Cinda International has agreed to (or through its nominee 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 Cinda International Subscription Agreement.

The total 99,000,000 Subscription Shares represent 7.44% of the existing issued share capital of the Company as at the date of this announcement and approximately 6.93% of the issued share capital of the Company as enlarged by the Subscription Shares

Subscription Price

The Subscription Price is HK\$2.55 per Subscription Share. The aggregate nominal value of the 99,000,000 Subscription Shares is HK\$990,000.

The Subscription Price represents:

- (i) A discount of approximately 15.00% to the closing price of HK\$3.000 per Share as quoted on the Stock Exchange on 23 December 2016, being the date of the Subscription Agreements;
- (ii) a discount of approximately 14.89% to the average closing price of approximately HK\$2.996 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including 22 December 2016, being the trading day immediately preceding the date of the Subscription Agreements; and
- (iii) a discount of approximately 12.52% to the average closing price of approximately HK\$2.915 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including 22 December 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\$2.547 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 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; and
- (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.

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

In the event that any of the abovementioned conditions not being fulfilled or waived by 31 January 2017 (or such other time and date as may be agreed between the Company and the relevant Subscriber in writing) under any of the Subscription Agreements, 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.

Lock-up undertaking

Great Wall undertakes to the Company that it shall not dispose of its Subscription Shares within 12 months from the Completion Date unless having obtained the prior written consent from the Company.

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.

New General Mandate

The Subscription Shares will be issued under the New General Mandate. As at the date of this announcement, no Shares have been issued by the Company under the New General Mandate, thus the maximum number of new Shares which could be issued by the Company under the New General Mandate is 266,079,161 Shares (not exceeding 20% of the aggregate nominal amount of the total issued share capital of the Company of 1,330,395,806 Shares as at the date of the Extraordinary General Meeting on 23 December 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 90,202,500 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 shortterm 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	First Subscription	HK\$268.50 million	Future development of the Group's property development and construction business in Singapore	Approximately HK\$263.7 million has been utilised as intended for the development of construction business in Singapore by acquiring a construction group and approximately HK\$4.8 million was used for the general working capital of the Group, including directors' emolument and other professional fees.

Date of announcement	Event	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
8 September 2016	Second Subscription	HK\$55.26 million	Investment in the Group's property development and construction business in Singapore	Approximately HK\$23.6 million had been utilized for repayment of loans for property development business in Singapore and approximately HK\$5.3 million was used for general working capital of the Group, including legal and professional fees. The remaining balance of HK\$26.36 million will be utilized as intended during the period ending 30 June 2017.

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, are summarised as follows:

	As at the date of this announcement			Upon completion of Subscriptions		
	Number of Shares held	Approximate percentage of total issued Shares	Number of CPS held (note 1)	Number of Shares held	Approximate percentage of total issued Shares	Number of CPS held (note 1)
Substantial Shareholder(s)						
Guotsing Holding Company Limited (Note 2)	932,338,306	70.08%	—	932,338,306	65.23%	—
Trustee	—	—	243,679,421	—	—	243,679,421
<i>Sub total</i>	<u>932,338,306</u>	<u>70.08%</u>	<u>243,679,421</u>	<u>932,338,306</u>	<u>65.23%</u>	<u>243,679,421</u>
Public						
Great Wall	55,000,000	4.13%	—	142,000,000	9.93%	—
Cinda International	—	—	—	12,000,000	0.84%	—
Other Public Shareholders	<u>343,057,500</u>	<u>25.79%</u>	<u>—</u>	<u>343,057,500</u>	<u>24.00%</u>	<u>—</u>
Total	<u>1,330,395,806</u>	<u>100%</u>	<u>243,679,421</u>	<u>1,429,395,806</u>	<u>100%</u>	<u>243,679,421</u>

Notes:

1. The CPS is convertible into Shares on a conversion ratio of 1:1.
2. As at the date of this announcement, Guotsing Holding Company Limited together with its wholly-owned subsidiary, CNQC Development Limited, held an aggregate of 932,338,306 Shares.

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. Great Wall is a company incorporated in Hong Kong with limited liability. The principal businesses of Great Wall are distressed asset management, investment and asset management and comprehensive financial services. Cinda International is a company incorporated in Bermuda with limited liability the shares of which are listed on the Stock Exchange and is principally engaged in corporate financing, corporate financial advisory, securities trading, commodity and futures trading, asset management and wealth management.

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\$252.45 million and the aggregate net proceeds of the Subscriptions, after the deduction of the related expenses, are estimated to be approximately HK\$252.15 million, representing a net issue price of approximately HK\$2.547 per Subscription Share. The Company intends to use the net proceeds from the Subscriptions for the purpose of expanding its property development and construction businesses through seizing appropriate investment opportunities, exploring the possibility of tendering new land parcel in Singapore for property development, tendering new construction projects in Hong Kong and Singapore and also potentially expanding its property development and construction business through mergers and acquisitions in Singapore and other South East Asian markets and for general working capital of the Group.

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:

“Board”	the board of Directors
“Business Day(s)”	the day(s) on which the Stock Exchange is open for the transaction of business
“Cinda International”	Cinda International Holdings Limited, a company incorporated in Bermuda with limited liability the shares of which are listed on the Stock Exchange (stock code: 111)

“Cinda International Subscription”	the subscription of the 12,000,000 Subscription Shares by Cinda International in accordance with the terms and conditions of the Cinda International Subscription Agreement
“Cinda International Subscription Agreement”	the subscription agreement dated 23 December 2016 entered into between the Company and Cinda International
“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
“Directors”	the directors of the Company
“Extraordinary General Meeting”	the extraordinary general meeting of the Company held on 23 December 2016
“Great Wall”	Great Wall Pan Asia International Investment Company Limited, a company incorporated in Hong Kong with limited liability
“Great Wall Subscription”	the subscription of the 87,000,000 Subscription Shares by Great Wall in accordance with the terms and conditions of the Great Wall Subscription Agreement
“Great Wall Subscription Agreement”	the subscription agreement dated 23 December 2016 entered into between the Company and Great Wall
“Group”	the Company and its subsidiaries
“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

“New General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Extraordinary General Meeting to issue and allot up to 266,079,161 new Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the Extraordinary General Meeting
“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)”	Great Wall and/or Cinda International, as the case may be
“Subscription(s)”	the Great Wall Subscription and/or the Cinda International Subscription, as the case may be
“Subscription Agreement(s)”	the Great Wall Subscription Agreement and/or the Cinda International Subscription Agreement, as the case may be
“Subscription Price”	HK\$2.55 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(ies)”	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, 23 December 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