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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE FORMATION OF INVESTMENT FUND**

**THE LIMITED PARTNERSHIP AGREEMENT AND THE SUBSCRIPTION
AGREEMENT**

The Board is pleased to announce that on 16 May 2017 (after trading hours), CNQC Asset Management entered into the Limited Partnership Agreement with Great Wall International Investment, Guotsing Asset Management, Initial LP and General Partner in relation to the formation of the Fund. CNQC Asset Management also entered into the Subscription Agreement in relation to the capital commitment of CNQC Asset Management to the Fund. Pursuant to the Limited Partnership Agreement and the Subscription Agreement, the Group has conditionally agreed to commit a cash contribution of US\$90 million (equivalent to approximately HK\$700.8 million) to the Fund, representing approximately 32.14% of the Committed Fund Size. The purpose of the Fund is primarily to subscribe, hold and invest in shares allotted by the Target Company.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Transaction is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Guotsing Asset Management is an indirect wholly-owned subsidiary of Guotsing Holding, a controlling Shareholder. Guotsing Asset Management is therefore a connected person of the Company by virtue of being an associate of Guotsing Holding. As one or more of the applicable percentage ratios in respect of the Transaction is more than 5%, the Transaction is subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DISPATCH OF CIRCULAR

The Company expects that a circular containing, among other things, (i) further details of the Transaction; (ii) the recommendation of the Independent Board Committee to the independent Shareholders regarding the Transaction; (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders regarding the Transaction; and (iv) the notice of the EGM and forms of proxy, will be dispatched to the Shareholders on or before 7 June 2017.

WARNING

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD BE AWARE THAT THE TRANSACTION IS SUBJECT TO CONDITIONS BEING SATISFIED, AND CONSEQUENTLY THE TRANSACTION MAY OR MAY NOT PROCEED. ACCORDINGLY, SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN THEY DEAL OR CONTEMPLATE DEALING IN THE SHARES OR OTHER SECURITIES (IF ANY) OF THE COMPANY.

INTRODUCTION

The Board is pleased to announce that on 16 May 2017 (after trading hours), CNQC Asset Management entered into the Limited Partnership Agreement with Great Wall International Investment, Guotsing Asset Management, Initial LP and General Partner in relation to the formation of the Fund. CNQC Asset Management also entered into the Subscription Agreement in relation to the capital commitment of CNQC Asset Management to the Fund. Pursuant to the Limited Partnership Agreement and the Subscription Agreement, the Group has conditionally agreed to commit a cash contribution of US\$90 million (equivalent to approximately HK\$700.8 million) to the Fund, representing approximately 32.14% of the Committed Fund Size.

THE LIMITED PARTNERSHIP AGREEMENT

The principal terms of the Limited Partnership Agreement are set out below:

Date

16 May 2017 (after trading hours)

Parties

- (1) CNQC Asset Management;
- (2) Guotsing Asset Management;
- (3) Great Wall International Investment;
- (4) General Partner; and
- (5) Initial LP.

Purpose of the Fund

The purpose of the Fund is primarily to subscribe, hold and invest in shares allotted by the Target Company.

Commencement and duration of the Fund

The Fund was established on 12 April 2017 by an initial exempted limited partnership agreement entered into between General Partner and Initial LP. Pursuant to the Limited Partnership Agreement, Initial LP shall withdraw as a limited partner of the Fund while CNQC Asset Management, Guotsing Asset Management and Great Wall International Investment shall be admitted as Limited Partners on the first date on which the General Partner, on behalf of the Funds, accepts the relevant subscription agreements (including the Subscription Agreement) upon the conditions (if any) set forth in the relevant subscription agreements being satisfied or waived by the relevant Partners (the “**Initial Closing Date**”).

Subject to winding up or dissolution of the Fund pursuant to the Limited Partnership Agreement, the Fund shall continue until the expiry of five (5) years from the Initial Closing Date, provided that the term may be extended by General Partner at its sole discretion for any longer period.

Committed Fund Size

The Committed Fund Size shall be US\$280 million (equivalent to approximately HK\$2,180.4million). The commitment of the General Partner shall be US\$1.00. The respective commitment of the Limited Partners are set out as follows:

Partners	Commitments <i>US\$ (million)</i>	Percentage <i>(%)</i>
CNQC Asset Management	90	32.14
Great Wall International Investment	184	65.72
Guotsing Asset Management	6	2.14

Each Limited Partner shall contribute capital to the Fund upon notice from the General Partner at such time as the General Partner shall deem appropriate, as specified therein. The notice shall specify the amount of such capital to be made by the respective Limited Partner and the time at which such capital to be made, which time shall not be earlier than 12:00 p.m. (PRC time) on the tenth (10th) Business Day after the giving of such notice.

Each of the Limited Partners shall contribute capital to the Fund proportionally in accordance with their respective commitment, among which the capital commitment of Great Wall International Investment shall consist of: (i) the first capital commitment in the amount of US\$27,700,000 (the “**First Round Commitment**”); and (ii) the subsequent capital commitment in the amount of no more than US\$156,300,000 (the “**Second Round Commitment**”).

The capital commitment to be made by the Company to the Fund was determined upon arm’s length negotiation among the parties under the Limited Partnership Agreement with reference to the anticipated capital requirements of the Fund and such capital commitment will be funded by internal resources and paid in cash.

Distributions

The General Partner may, in its discretion, determine to retain and use all or any portion of a Partner’s share of Investment Proceeds to pay all or part of any Capital Contribution that is required to be made by such Partner pursuant to the terms under the Limited Partnership Agreement.

Investment Proceeds shall be distributed by the General Partner as soon as practicable within 90 days after receipt of such Investment Proceeds by the Fund. Investment Proceeds shall be apportioned among and distributed to the Partners as follows:

- (a) First, 100% to Great Wall International Investment until Great Wall International Investment has received, on a cumulative basis, an aggregate amount equal to its aggregate First Round Commitment;
- (b) Second, 100% to Great Wall International Investment until the cumulative amount distributed to Great Wall International Investment would provide Great Wall International Investment a preferred return on the First Round Commitment at the rate of eight percent (8%) per annum (simple rate), which rate shall be subject to adjustment mechanism
- (c) Third, 100% to Great Wall International Investment until Great Wall International Investment has received, on a cumulative basis, an amount equal to its aggregate Second Round Commitment;
- (d) Fourth, 100% to Great Wall International Investment until the cumulative amount distributed to Great Wall International Investment would provide Great Wall International Investment a preferred return on the Second Round Commitment at the rate of seven percent (7%) per annum (simple rate), which rate shall be subject to adjustment mechanism;
- (e) Fifth, 100% to CNQC Asset Management until CNQC Asset Management has received, on a cumulative basis, an amount equal to its aggregate Capital Contributions;
- (f) Sixth, 100% to CNQC Asset Management until the cumulative amount distributed to CNQC Asset Management would provide CNQC Asset Management a preferred return at the rate of 11% per annum (simple rate); and
- (g) Thereafter, 100% to Guotsing Asset Management.

Pursuant to the Limited Partnership Agreement, Guotsing Asset Management shall upon written request by Great Wall International Investment or CNQC Asset Management contribute to the Fund an amount as set forth below, which will then be 100% distributed first to Great Wall International Investment and, subsequently to CNQC Asset Management in each of the following circumstances where the Fund suffers losses from the investment of the Target Company (the “**Investment Loss**”):

- (i) If the amount of the Investment Loss does not exceed 50% of the aggregate Capital Contributions of all Partners, Guotsing Asset Management shall upon written request by Great Wall International Investment or CNQC Asset Management, contribute an additional amount to the Fund to the extent that (1) Great Wall International Investment will receive an aggregate amount equal to the sum of the respective distribution as described under paragraphs (a) to (d) above; and (2) CNQC Asset Management will receive an aggregate amount equal to the sum of the respective distribution as described under paragraphs (e) and (f) above; and
- (ii) If the amount of the Investment Loss exceeds 50% of the aggregate Capital Contributions of all Partners, Guotsing Asset Management shall upon written request by Great Wall International Investment or CNQC Asset Management, contribute an additional amount to the Fund to the extent that (1) Great Wall International Investment will receive an aggregate amount equal to the respective distribution as described under paragraphs (a) and (c) above; and (2) CNQC Asset Management will receive an aggregate amount equal to the respective distribution as described under paragraphs (e) above.

Management of the Fund

The General Partner shall have the exclusive right to manage and control the Fund and shall have the right to perform all actions necessary, convenient or incidental to the accomplishment of the purposes and authorized acts of the Fund as stipulated under the Limited Partnership Agreement. The Limited Partners shall not have any authority or right to act for or bind the Fund.

Without the unanimous prior written consent of the board of directors of the General Partner, the Fund shall not (i) incur any indebtedness for borrowed money, (ii) guarantee the obligations of any individual or entity or (iii) otherwise become contingently liable with respect to any indebtedness of any individual or entity. In the event that the board of directors of the General Partner approves any borrowing or financial indebtedness incurred by the Fund pursuant to the Limited Partnership Agreement, (i) all Limited Partners shall, pro rata in accordance with their commitments, guarantee to the relevant lender(s) the full, prompt and complete payment when due of the obligations in connection with the foregoing borrowing or financial indebtedness, and (ii) Guotsing Asset Management shall provide counter-guarantee(s) to Great Wall International Investment with respect to its guarantee(s) made pursuant to the foregoing; provided, however, that the Limited Partners and the General Partner may consent to the other arrangement in writing from time to time.

THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are set out below:

Date

16 May 2017 (after trading hours)

Subscriber

CNQC Asset Management

Pursuant to the Subscription Agreement, CNQC Asset Management shall (a) irrevocably subscribe for and covenant to purchase from the Fund an interest as a Limited Partner in the Fund with a capital commitment of US\$90 million (equivalent to approximately HK\$700.8 million) to the Fund, representing approximately 32.14% of the Committed Fund Size; (b) covenant to become a Limited partner of the Fund upon acceptance; and (c) covenant to be bound by the terms and provisions of the Limited Partnership Agreement and the Subscription Agreement.

Conditions Precedent

The acceptance of the Subscription Agreement by the General Partner, the admission of CNQC Asset Management as a Limited Partner and any obligations of CNQC Asset Management to pay or contribute to the Fund under the Subscription Agreement and the Limited Partnership Agreement shall be conditional upon the following conditions being satisfied or waived by CNQC Asset Management:

- (a) execution and delivery of the relevant subscription agreement and the Limited Partnership Agreement by the General Partner, Great Wall International Investment and Guotsing Asset Management; and
- (b) all necessary consent and approval from the shareholders, financial institutions, competent governmental authorities or regulators required to be obtained on the part of CNQC Asset Management in respect of the Subscription Agreement, the Limited Partnership Agreement and the transactions contemplated thereunder, including the approval from the general meeting of the Company having been obtained and remain in full force and effect.

INFORMATION ON THE GROUP AND THE PARTIES TO THE LIMITED PARTNERSHIP AGREEMENT

The Group and CNQC Asset Management

The Company was incorporated in the Cayman Islands with limited liability and the Shares are listed on the Main Board of the Stock Exchange. The Company is an investment holding company and the Group is principally engaged in property development business in Singapore and the construction business both in Singapore and Hong Kong. CNQC Asset Management is an investment holding company incorporated in the Cayman Islands with limited liability and is a direct wholly-owned subsidiary of the Company.

Great Wall and Great Wall International Investment

Great Wall is an investment holding company incorporated in Hong Kong with limited liability. As at the date of this announcement, Great Wall is interested in approximately 9.93% of the number of issued Shares. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, other than the aforesaid shareholding in the Company, Great Wall and its ultimate beneficial owners are third parties independent of the Company and its connected persons. Great Wall International Investment is an investment holding company incorporated in the BVI with limited liability and is a direct wholly-owned subsidiary of Great Wall.

Guotsing Holding and Guotsing Asset Management

Guotsing Holding is an investment holding company incorporated in the BVI with limited liability. As at the date of this announcement, Guotsing Holding is interested in approximately 65.23% of the number of issued Shares and is a controlling Shareholder. Guotsing Asset Management is an investment holding company incorporated in the Cayman Islands with limited liability and is an indirect wholly-owned subsidiary of Guotsing Holding.

General Partner

General Partner is an exempted company with limited liability incorporated in the Cayman Islands, which is held as to 51%, 25% and 24% by Great Wall, CNQC Asset Management and Guotsing Asset Management, respectively. The General Partner is principally engaged in providing management services to the Fund, including investigating, structuring and negotiating the investment in the Target Company and monitoring the performance of the Target Company and advising as to exit strategies.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Fund was formed for the purpose of investing in the Target Company, which will in turn invest in the Shunfu Ville Enbloc Project in Singapore. This project consists of a collective sale of Shunfu Ville, located near the Bishan-Thomson area, which the Group concluded the relevant sale and purchase agreement in May 2016 at a consideration of approximately HK\$3.51 billion. This is the first collective sale acquired by the Group and is one of the largest collective sales in Singapore's history. The site covers an area of approximately 38,000 sq.m. with an estimated gross floor area of over 100,00 sq.m. The Company intends it to be developed as a private condominium with over 1,000 apartments. The construction of the project is expected to be completed by 2022. In view of the development potential of the Shunfu Ville Enbloc Project, the Directors (excluding the independent non-executive Directors, the opinion of whom after taking into account the advice from the Independent Financial Adviser will be included in the Circular) consider that the positive outlook of the project represents a good investment opportunity to the Company in respect of the Transaction.

Taking into consideration the reasons for and benefit of the Transaction to the Group, the Directors (excluding the independent non-executive Directors, the opinion of whom after taking into account the advice from the Independent Financial Adviser will be included in the Circular) are of the view that the Transaction is in the interests of the Company and the Shareholders as a whole. The Directors (excluding the independent non-executive Directors, the opinion of whom after taking into account the advice from the Independent Financial Adviser will be included in the Circular) are also of the view that the terms of the Limited Partnership Agreement, including the Committed Fund Size which have been reached after arm's length negotiations among the parties, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS OF UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Transaction is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Guotsing Asset Management is an indirect wholly-owned subsidiary of Guotsing Holding, a controlling Shareholder. Guotsing Asset Management is therefore a connected person of the Company by virtue of being an associate of Guotsing Holding. As one or more of the applicable percentage ratios in respect of the Transaction is more than 5%, the Transaction is subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

FORMATION OF INDEPENDENT BOARD COMMITTEE AND DISPATCH OF CIRCULAR

An Independent Board Committee comprising all independent non-executive Directors has been formed to advise the independent Shareholders as to whether the terms of the Transaction is fair and reasonable and in the interests of the Company and the independent Shareholders as a whole, and to advise the independent Shareholders on how to vote (to the extent applicable), taking into account the recommendation of the Independent Financial Adviser. The Company has appointed Altus Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the independent Shareholders in respect of the Transaction.

The Company expects that a circular containing, among other things, (i) further details of the Transaction; (ii) the recommendation of the Independent Board Committee to the independent Shareholders regarding the Transaction; (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders regarding the Transaction; and (iv) the notice of the EGM and forms of proxy, will be dispatched to the Shareholders on or before 7 June 2017.

WARNING

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD BE AWARE THAT THE TRANSACTION IS SUBJECT TO CONDITIONS BEING SATISFIED, AND CONSEQUENTLY THE TRANSACTION MAY OR MAY NOT PROCEED. ACCORDINGLY, SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN THEY DEAL OR CONTEMPLATE DEALING IN THE SHARES OR OTHER SECURITIES (IF ANY) OF THE COMPANY.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

“Board”	the board of Directors
“Business Day”	any day except a Saturday, Sunday or other day on which commercial banks in the PRC, Hong Kong or Cayman Islands are required or authorized by law to close
“BVI”	the British Virgin Islands

“Capital Contribution”	the amount of money in US\$ contributed to the Fund by such Partner, with respect to the interest held by such Partner
“Circular”	the circular to be sent to the Shareholders in relation to, among other things, the Transaction
“CNQC Asset Management”	CNQC International Asset Management Limited, a company incorporated under the laws of the Cayman Islands with limited liability and is a direct wholly-owned subsidiary of the Company
“Committed Fund Size”	US\$280 million (equivalent to approximately HK\$2,180.4 million), the aggregate amount of capital agreed to be contributed to the Fund by each of the Limited Partners
“Company”	CNQC International Holdings Limited (青建國際控股有限公司), a company incorporated under the laws of Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, among other things, the Transaction
“Fund”	The Great Wall and CNQC B&R Industrial Development Fund L.P., an exempted limited partnership established in the Cayman Islands
“General Partner”	The Great Wall and CNQC B&R Industrial Development Fund Management Limited, an exempted limited partnership established in Cayman Islands, the sole general partner of the Fund
“Great Wall”	Great Wall Pan Asia International Investment Co., Limited (長城環亞國際投資有限公司), a company incorporated in Hong Kong with limited liability

“Great Wall International Investment”	Great Wall International Investment I Limited, a company incorporated under the laws of the BVI with limited liability and is a direct wholly-owned subsidiary of Great Wall
“Group”	the Company and its subsidiaries
“Guotsing Holding”	Guotsing Holding Company Limited, a company incorporated in the BVI with limited liability
“Guotsing Asset Management”	Guotsing Asset Management Limited, a company incorporated under the laws of the Cayman Islands with limited liability and is an indirect wholly-owned subsidiary of Guotsing Holding
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, formed for the purpose of advising the independent Shareholders in respect of the Transaction
“Independent Financial Adviser”	Altus Capital Limited, a corporation licensed to conduct type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the Securities and Futures Ordinance (Cap. 571 of Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the independent Shareholders in respect of the Transaction
“Initial LP”	Mr. Li Jun
“Investment Proceeds”	all cash proceeds or other cash receipts received by the Fund (other than the capital contributions from the Limited Partners and the General Partner)

“Limited Partner(s)”	CNQC Asset Management, Great Wall International Investment and Guotsing Asset Management
“Limited Partnership Agreement”	the limited partnership agreement dated 16 May 2017 entered into between the Limited Partners, the General Partner and the Initial LP in relation to the Transaction
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	any of the five ratios set out in Rule 14.07 of the Listing Rules
“Partner(s)”	collectively, the General Partner and the Limited Partners, and “Partner” means, individually, either the General Partner or any Limited Partner
“PRC”	The People’s Republic of China, which shall, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	shares(s) of the Company of HK\$0.01 each
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 16 May 2017 entered by CNQC Asset Management pursuant to which CNQC Asset Management has agreed to commit a cash contribution of US\$90 million (equivalent to approximately HK\$700.8 million) to the Fund
“Target Company”	Qingjian Realty (Marymount) Pte. Ltd., a company duly incorporated and validly existing under the laws of Singapore

“Transaction”	the formation of the Fund pursuant to the terms of the Limited Partnership Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

In this announcement, unless the context otherwise requires, the terms “associate(s)”, “connected person(s)”, “connected transaction(s)”, “controlling shareholder(s)”, “subsidiary(ies)” and “substantial shareholder(s)” shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.

For the purpose of this announcement, unless the context otherwise requires, conversion of US\$ into HK\$ is based on the approximate exchange rate of US\$1.00 to HK\$7.787. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ or US\$ have been, could have been or may be converted at such or any other rate or at all.

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

Hong Kong, 16 May 2017

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. Sun Huiye and Mr. Wang Xianmao; 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