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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your securities in CNQC International Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)**

### **PROPOSED REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES AND NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**

**ALTUS CAPITAL LIMITED**

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A letter from the Independent Board Committee is set out on page 11 of this circular and a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 20 of this circular.

A notice convening the extraordinary general meeting of the Company (the “EGM”) to be held at 9:30 a.m. on 23 December 2016 at Room 601, 6/F, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Hong Kong is set out on pages 21 to 23 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited at [www.hkex.com.hk](http://www.hkex.com.hk) and the Company at [www.cnqc.com.hk/en/](http://www.cnqc.com.hk/en/).

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish. Delivery of an instrument appointing a proxy shall not preclude you from attending and voting in person at the EGM and in such event, the instrument appointing a proxy shall be deemed revoked.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

|                               |   |
|-------------------------------|---|
| “AGM”                         | the annual general meeting of the Company held on 29 April 2016   |
| “Article(s)”                  | the articles of association of the Company (as amended from time to time)   |
| “Board”                       | the board of Directors  |
| “Company”                     | CNQC International Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued shares are listed on the main board of the Stock Exchange   |
| “Director(s)”                 | the director(s) of the Company  |
| “EGM”                         | the extraordinary general meeting of the Company to be held at 9:30 a.m. on 23 December 2016 at Room 601, 6/F, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Hong Kong for the Independent Shareholders to consider and, if thought fit, approve the grant of the New General Mandate |
| “Existing General Mandate”    | the general mandate granted to the Directors to allot, issue and deal with Shares up to 20% of the issued Shares as at the date of the AGM (i.e. up to a maximum of 132,040,500 new Shares)   |
| “First Subscription”          | the subscription of 110,000,000 new Shares at the subscription price of HK\$2.45 per Share under the Existing General Mandate (as detailed in the announcements of the Company dated 19 and 28 June 2016)   |
| “Group”                       | the Company and its subsidiaries  |
| “Hong Kong”                   | Hong Kong Special Administrative Region of the PRC  |
| “Independent Board Committee” | the independent board committee of the Board comprising all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders in relation to the New General Mandate  |

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## DEFINITIONS

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|---------------------------------|---|
| “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 under the Securities and Futures Ordinance (Cap. 571 of Laws of Hong Kong), is the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the granting of the New General Mandate |
| “Independent Shareholders”      | Shareholders other than any controlling Shareholders and their associates or where there are no controlling Shareholders, any Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates who shall hold Shares as at the date of the EGM  |
| “Latest Practicable Date”       | 6 December 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular  |
| “Listing Rules”                 | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “New General Mandate”           | the general and unconditional mandate proposed to be granted to the Directors at the EGM to exercise the power of the Company to allot, issue or otherwise deal with Shares up to a maximum of 20% of the issued Shares as at the date of the EGM passing of the relevant resolution  |
| “PRC”                           | the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan   |
| “Second Subscription”           | the subscription of 22,000,000 new Shares at the subscription price of HK\$2.53 per Share under the Existing General Mandate (as detailed in the announcements of the Company dated 8 and 20 September 2016)  |
| “Share(s)”                      | ordinary share(s) of HK\$0.01 each in the share capital of the Company  |
| “Shareholder(s)”                | holder(s) of the Share(s)   |
| “Stock Exchange”                | The Stock Exchange of Hong Kong Limited   |
| “HK\$”                          | Hong Kong dollars   |
| “%”                             | per cent  |

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Cheng Wing On, Michael (*Chairman*)  
Mr. Wang Congyuan (*Chief Executive*)  
Mr. Zhang Yuqiang  
Mr. Ho Chi Ling  
Mr. Wang Linxuan

*Registered Office:*

Clifton House  
75 Fort Street  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

*Non-executive Directors:*

Mr. Zhang Zhihua  
Dr. Ding Hongbin  
Dr. Sun Huiye

*Headquarters, Head Office and  
Principal Place of Business  
in Hong Kong:*

Unit 601, 6/F, Exchange Tower  
33 Wang Chiu Road  
Kowloon Bay  
Hong Kong

*Independent non-executive Directors:*

Mr. Chuck Winston Calptor  
Mr. Ching Kwok Hoo, Pedro  
Mr. Tam Tak Kei, Raymond  
Mr. Chan Kok Chung, Johnny

7 December 2016

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with, among other things, (i) information in respect of the resolutions to be proposed at the EGM regarding the proposed grant of the New General Mandate; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the New General Mandate; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the New General Mandate; and (iv) a notice of the EGM.

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## LETTER FROM THE BOARD

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### REFRESHMENT OF EXISTING GENERAL MANDATE

#### Existing General Mandate

At the AGM, the Shareholders approved, among other things, an ordinary resolution for granting to the Directors the Existing General Mandate to allot and issue not more than 132,040,500 new Shares, being 20% of the number of Shares in issue as at the date of passing of the relevant resolution. As at the Latest Practicable Date, the Existing General Mandate had almost been fully utilised as a result of completion of the First Subscription and the Second Subscription, with only 40,500 new Shares may be issued and allotted under the Existing General Mandate.

There had not been any refreshment of the general mandate of the Company to issue new Shares since the AGM up to the Latest Practicable Date.

#### Proposed refreshment of the Existing General Mandate

The Company will convene the EGM at which an ordinary resolution will be proposed to the Independent Shareholders that the Directors be granted the New General Mandate to allot and issue Shares not exceeding 20% of the number of issued Shares of the Company as at the date of passing the relevant ordinary resolution at the EGM.

As at the Latest Practicable Date, the Company had 1,330,395,806 Shares in issue. Subject to the passing of the ordinary resolution for the approval of the New General Mandate and assuming that no further Shares will be issued and/or repurchased by the Company between the Latest Practicable Date and the date of the EGM, the Company would be allowed to allot and issue up to 266,079,161 new Shares under the New General Mandate, being 20% of the total number of Shares in issue as at the Latest Practicable Date.

The New General Mandate will expire at the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or (iii) the date on which such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

#### Reasons for the New General Mandate

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.

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## LETTER FROM THE BOARD

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As explained above, the Existing General Mandate has been almost fully utilised as at the Latest Practicable Date. The Group expects there will be funding needs for the Group's potential future development projects, which include: capital requirement of approximately HK\$395.6 million for the Group's mixed commercial and residential property development project at Bukit Batok West Avenue 6 in Singapore (the "**Bukit Batok West Avenue 6 project**") which was announced on 15 July 2016, and capital requirement of approximately HK\$2.39 billion for the Group's potential residential property redevelopment project of Shun Fu Ville at Bishan-Thomson area in Singapore (the "**Shun Fu Ville project**") which was announced on 22 May 2016.

The Group is also in the course of expanding its property development and construction businesses through seizing appropriate investment opportunities. The Group will explore the possibility of tendering new land parcel in Singapore for property development, tendering new construction projects in Hong Kong and Singapore and also potentially expand its property development and construction business through mergers and acquisitions in Singapore and other South East Asian markets. As the Company will from time to time search for land parcel to tender and some of the abovementioned business opportunities may arise within six months, depending on the progress of the aforesaid business opportunities and the emerge of any other potential business opportunities from time to time, the Group may necessarily need to conduct fund raising activities in order to promptly respond to these opportunities.

Although the Company's current cash position, without taking into account other sources of cash flow and income, is approximately HK\$2.0 billion, and the Group's other sources of cash flow and income generated from its ordinary course of business is sufficient to sustain its daily operations and would be sufficient to meet the capital needs of HK\$395.6 million for the Bukit Batok West Avenue 6 project, nevertheless, the Board considers that it would be in the interests of the Company and the Shareholders as a whole for the Company to maintain flexibility in the ability to issue new Shares during the period between the EGM and the next annual general meeting of the Company as the New General Mandate would provide the Company with the flexibility in financing in order to facilitate future business development, investments and acquisition opportunities.

The Board has considered other financing alternatives apart from equity financing such as debt financing, taking into consideration of the current financial position, capital structure and cost of funding of the Group. However, debt financing may be subject to lengthy due diligence and negotiations as compared to the equity financing available to the Directors if the refreshment of the New General Mandate is granted. Debt financing may also incur interest burden to the Group, but fund raising exercise pursuant to general mandate provides the Company with a more direct and efficient alternative to other types of fund raising exercise and avoids the uncertainties in such circumstances that specific mandate may not be obtained in a timely manner.

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## LETTER FROM THE BOARD

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The Board believes that equity financing will enable the Company to respond to the market promptly as fund raising exercise pursuant to a general mandate provides the Company with a simpler and less lead time process than other types of fund raising exercises as well as to avoid the uncertainties in such circumstances that specific mandate may not be obtained in a timely manner, especially in the context of the tendering of land parcel which initial consideration needs to be paid pursuant to the land tender document. As such, the Directors believe that the New General Mandate will give the Company the flexibility to raise funds and to expand and develop the business of the Company and therefore, is in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company has not resolved or formulated any concrete plan for raising capital by issuing new Shares under the New General Mandate. The Board noted that the utilisation of the New General Mandate will dilute the shareholding interest of the Shareholders, which the maximum dilution effect on the shareholding is limited to 20% of the existing issued share capital of the Company as at the date of EGM and approximately 16.67% of the enlarged issued share capital of the Company immediately upon full utilization of the New General Mandate. However, given the above and having considered that (a) almost all of the Existing General Mandate had been utilized by the Company as at the Latest Practicable Date; (b) the New General Mandate will empower the Directors to issue new Shares under the refreshed limit and provide the Company with the flexibility and ability to seize any appropriate business or fund raising opportunities timely; and (c) the New General Mandate will allow the Company to have an additional option of financing in order to facilitate the Group's abovementioned business development, investments and acquisition opportunities which may arise within the next six months, the Directors consider that the grant of the New General Mandate is in the interests of the Company and the Shareholders as a whole.



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## LETTER FROM THE BOARD

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### FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Set out below is a summary of the Company's equity fund raising exercises in the past twelve months immediately preceding the Latest Practicable Date:

| Date of announcement | Event   | Net proceeds raised<br>(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 short term bank loans that will mature in early 2016;<br><br>(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<br><br>(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        |

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## LETTER FROM THE BOARD

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| Date of announcement | Event               | Net proceeds raised<br>(approximately) | Intended use of proceeds  | Actual use of proceeds  |
|----------------------|---------------------|--|---|---|
| 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.  |
| 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. |

Save as disclosed above, the Company had not conducted any equity fund raising exercises in the past twelve months immediately preceding the Latest Practicable Date.

### INDEPENDENT BOARD COMMITTEE

The Independent Board Committee has been established to advise the Independent Shareholders on the proposed grant of the New General Mandate. Altus Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of the New General Mandate.

### EGM

The EGM will be held at 9:30 a.m., on 23 December 2016 at Room 601, 6/F, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Hong Kong for the Independent Shareholders to consider and approve the proposed grant of the New General Mandate, by way of a poll. The notice of the EGM is set out on pages 21 to 23 to this circular.

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## LETTER FROM THE BOARD

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As the proposed grant of the New General Mandate is to be proposed to the Shareholders before the Company's next annual general meeting, pursuant to the Listing Rules, the proposed grant of the New General Mandate is subject to the approval of the Independent Shareholders by way of a poll at the EGM. According to Rule 13.36(4) of the Listing Rules, any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution to approve the proposed grant of the New General Mandate.

As at the Latest Practicable Date, to the best of the knowledge, belief and information of the Directors, having made all reasonable enquiries, Guotsing Holding Company Limited holds 708,193,306 Shares, representing approximately 53.23% of the issued number of Shares. As such, Guotsing Holding Company Limited, together with its associates, including CNQC Development Limited, which holds 224,145,000 Shares, representing approximately 16.85% of the issued number of Shares, who as at the date of the EGM shall hold any Shares, are required to abstain from voting in favour of the resolution approving the proposed grant of the New General Mandate at the EGM.

A proxy form for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Investors Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournments thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjournments thereof should you so wish. Delivery of an instrument appointing a proxy shall not preclude you from attending and voting in person at the EGM and in such event, the instrument appointing a proxy shall be deemed revoked.

### RECOMMENDATION

Your attention is drawn to the letter of recommendation from the Independent Board Committee set out on page 11 of this circular and the letter of advice from the Independent Financial Adviser set out on pages 12 to 20 of this circular, which contains, among other matters, its advice to the Independent Board Committee and the Independent Shareholders in relation to the proposed grant of the New General Mandate.

The Board considers that the proposed grant of the New General Mandate is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Therefore, the Board recommends the Independent Shareholders to vote in favour of the proposed resolution in relation to the above at the EGM.

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## LETTER FROM THE BOARD

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### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the issuer. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)**

7 December 2016

*To the Independent Shareholders*

Dear Sir/Madam

### **PROPOSED REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES**

We have been appointed as the Independent Board Committee to advise the Independent Shareholders in connection with the proposed grant of the New General Mandate, details of which are set out in the circular of the Company to the Shareholders dated 7 December 2016 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the advice of Independent Financial Adviser in relation thereto as set out in the Circular, we are of the view that the proposed grant of the New General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and that the proposed grant of the New General Mandate is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the proposed grant of the New General Mandate.

Yours faithfully

For and on behalf of the Independent Board Committee

**Mr. Chuck Winston Calptor**

**Mr. Ching Kwok Hoo, Pedro**

**Mr. Tam Tak Kei, Raymond**

**Mr. Chan Kok Chung, Johnny**

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice from, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the refreshment of the Existing General Mandate, which has been prepared for the purpose of incorporation in this circular.*

**ALTUS.**

21 Wing Wo Street  
Central, Hong Kong

7 December 2016

*To the Independent Board Committee and the Independent Shareholders*

CNQC International Holdings Limited  
Unit 601, 6/F  
Exchange Tower  
33 Wang Chiu Road  
Kowloon Bay  
Hong Kong

Dear Sir or Madam,

### **PROPOSED REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed refreshment of the Existing General Mandate. Details of the refreshment of the Existing General Mandate are set out in the “Letter from the Board” contained in the circular of the Company dated 7 December 2016 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

At the AGM, the Shareholders approved, among other things, an ordinary resolution for granting to the Directors the Existing General Mandate to allot and issue not more than 132,040,500 new Shares, being 20% of the number of Shares in issue as at the date of passing of the relevant resolution. As at the Latest Practicable Date, the Existing General Mandate had almost been fully utilised as a result of completion of the First Subscription and the Second Subscription, with only 40,500 new Shares may be issued and allotted under the Existing General Mandate. There had not been any refreshment of the general mandate of the Company to issue new Shares since the AGM up to the Latest Practicable Date.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Company will convene the EGM at which an ordinary resolution will be proposed to the Independent Shareholders that the Directors be granted the New General Mandate to allot and issue Shares not exceeding 20% of the number of issued Shares as at the date of passing the relevant ordinary resolution at the EGM.

### LISTING RULES IMPLICATION

As the proposed grant of the New General Mandate is to be proposed to the Shareholders before the Company's next annual general meeting, pursuant to Rule 13.36(4) of the Listing Rules, the proposed grant of the New General Mandate is subject to Independent Shareholders' approval at the EGM, at which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution in relation to the proposed grant of the New General Mandate at the EGM.

As at the Latest Practicable Date, to the best of the knowledge, belief and information of the Directors, having made all reasonable enquiries, Guotsing Holding Company Limited held 708,193,306 Shares, representing approximately 53.23% of the issued number of Shares, together with its associates, including CNQC Development Limited which held 224,145,000 Shares, representing approximately 16.85% of the issued number of Shares. As such, Guotsing Holding Company Limited and CNQC Development Limited, together with their associates are required to abstain from voting in favour of the resolution in relation to the proposed grant of the New General Mandate at the EGM.

### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all 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, has been established to consider, and give advice and recommendation to the Independent Shareholders on the proposed grant of the New General Mandate as to (i) whether the refreshment of the Existing General Mandate is fair and reasonable; (ii) whether the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution relating thereto to be proposed at the EGM, taking into account the recommendation of the Independent Financial Adviser.

### INDEPENDENT FINANCIAL ADVISER

As the independent financial adviser to the Independent Board Committee, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the refreshment of the Existing General Mandate is fair and reasonable; (ii) whether the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution relating thereto to be proposed at the EGM.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We acted as the independent financial adviser to the Company with regards to (i) a very substantial acquisition and connected transaction; an issue of convertible preference shares and connected transaction; proposed grant of specific mandate; non-exempt continuing connected transactions; and whitewash waiver; and (ii) a major and connected transaction in relation to the acquisition of a target company. Details of these transactions are set out in the circulars of the Company dated 25 September 2015 and 23 June 2016 respectively. Save for the aforesaid engagements, we have not acted as independent financial adviser for the Company's other transactions in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the refreshment of the Existing General Mandate is at market level and not conditional upon successful passing of the resolution, and that our engagement is on normal commercial terms, we are independent of the Company.

### **BASIS OF OUR ADVICE**

In formulating our opinion, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company and the Management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED IN RELATION TO THE REFRESHMENT OF THE EXISTING GENERAL MANDATE**

In arriving at our opinion and recommendation, we have considered the principal factors and reasons set out below:

#### **1. Background to the refreshment of the Existing General Mandate**

The Group is principally engaged in (i) property development business in Singapore; and (ii) the construction business both in Singapore and Hong Kong.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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At the AGM, the Shareholders approved, among other things, an ordinary resolution for granting to the Directors the Existing General Mandate to allot and issue not more than 132,040,500 new shares, being 20% of the number of Shares in issue as at the date of passing of the relevant resolution. As at the Latest Practicable Date, the Existing General Mandate had been utilised as to 132,000,000 Shares, representing approximately 99.97% of the total number of Shares permissible to allot and issue under the Existing General Mandate, as a result of completion of the First Subscription and the Second Subscription. Details of the First Subscription and the Second Subscription are set out in the section headed “Fund raising activities of the Company in the past twelve months” in the “Letter from the Board”.

### 2. Reasons for the New General Mandate

As described above, the Existing General Mandate has been almost fully utilised as a result of the First Subscription and the Second Subscription, and there had not been any refreshment of the general mandate of the Company to issue new Shares since the AGM up to the Latest Practicable Date. It is also noted in the section headed “Fund raising activities of the Company in the past twelve months” in the “Letter from the Board”, the capital raised by the Company in the past twelve months, being the placing in December 2015, the First Subscription and the Second Subscription, had either been used or earmarked for (i) the repayment of portion of the short term bank loans that was due in early 2016 and loans for property development business in Singapore; (ii) the payment for development costs of five property projects of the Group in Singapore that was due between January 2016 and March 2016; (iii) the general working capital and activities of the Group; (iv) the future development of the Group’s property development and construction business in Singapore; and (v) investment in the Group’s property development and construction business in Singapore.

In addition, it is noted that there will be funding needs for the next twelve months for the Group’s potential future development projects, which include: (i) capital requirement of approximately HK\$395.6 million for the Group’s mixed commercial and residential property development project at Bukit Batok West Avenue 6 in Singapore (the “**Bukit Batok West Avenue 6 project**”) which was announced on 15 July 2016, and (ii) capital requirement of approximately HK\$2.39 billion for the Group’s potential residential property redevelopment project of Shun Fu Ville at Bishan-Thomson area in Singapore (the “**Shun Fu Ville project**”) which was announced on 22 May 2016. It is also noted from the Management that the Group is in the course of expanding its property development and construction business through exploring (i) the possibility of tendering new land parcel in Singapore for property development; (ii) the possibility of tendering new construction projects in Hong Kong and Singapore; and (iii) the opportunity of expanding its property development and construction business through potential mergers and acquisitions in Singapore and other South East Asian markets. In view of the abovementioned potential business opportunities which may arise from time to time and require the Group to react promptly to capture such opportunities, the Management believes that it is important for the Board to be provided with the flexibility to conduct fund raising activities within a short period of time as and when required.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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According to the Management, we noted that (i) the Company's current cash position, before taking into account other sources of cash flow and income, was approximately HK\$2.0 billion, and (ii) the Group's other sources of cash flow and income generated from its ordinary course of business (the net cash inflow generated from operating activities for the six months ended 30 June 2016 was approximately HK\$1.0 billion), is sufficient to sustain its daily operations and would be sufficient to meet the capital needs of HK\$395.6 million for the Bukit Batok West Avenue 6 project.

Notwithstanding the above, we also noted that (i) as at 30 June 2016, the Group's total borrowings amounted to approximately HK\$7.3 billion, of which approximately HK\$2.2 billion were due within one year from 30 June 2016 and approximately HK\$3.5 billion were due within one and two years from 30 June 2016; (ii) about 10.6% of the aforesaid cash are funds held in the project accounts and maintenance accounts of the Group for specific usage; and (iii) according to our discussion with the Management, the Company may be required to preserve the Group's available cash for repayment/refinancing of the loans as they fall due.

Through our discussions with the Management, while the Company has not resolved or formulated any other concrete fund raising plan with any financial institutions and has not contemplated any further fund raising exercise using the New General Mandate, taking into account that (i) the current available cash will be used for funding the aforesaid two future development projects and repayment of loans which will fall due within one year from 30 June 2016; (ii) the unutilised/remaining proceeds of approximately HK\$26.4 million raised from the Second Subscription will be used for investment in the Group's property development and construction business in Singapore during the period ending 30 June 2017; and (iii) the next annual general meeting will only be held within six months from the Latest Practicable Date, the Management is of the view that the refreshment of the Existing General Mandate will give the Directors the required flexibility for any future allotment and issue of Shares on behalf of the Company as and when considered necessary and appropriate. When there are any further funding needs to finance and facilitate the abovementioned business development, investments and acquisition opportunities which may arise within the next six months or if attractive offer for investment in the Shares is received from potential investors before the next annual general meeting, the Directors will be able to react to such fund raising opportunities promptly, in particular during periods when prices of Shares are undergoing rapid movement, by considering the issue of new Shares at the maximum of 20% of the number of Shares in issue as at the date of the EGM. The Directors believe that fund raising exercise pursuant to a general mandate is simpler and faster than other types of fund raising exercises and removes uncertainties in circumstances when specific mandate may not be obtained in a timely manner.

In consideration of the above, the Management believes and we concur that the refreshment of the Existing General Mandate is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As advised by the Directors, they have also considered other financing alternatives such as debt financing to fund future business development and expansion and/or investment opportunities. In comparison, the Directors are of the view that equity financing under general mandates (i) will not incur interest obligations on the Group as compared with bank financing; (ii) will enable the Company to respond to the market promptly as the equity financing under general mandates is considered to be simpler, less costly and less time-consuming than raising funds by way of rights issue or open offer; and (iii) will enable the Company to seize any capital raising or prospective investment opportunities in a timely manner, especially in the context of the tendering of land parcel for the Company's property development businesses which initial consideration needs to be paid pursuant to the land tender documents.

In addition, we noted that as at 30 June 2016 the Group's gearing amount to approximately 69.9% (i.e. being the net debt divided by total equity plus net debt, where net debt is defined as borrowings less cash equivalents and pledged bank deposits) (as at 31 December 2015: approximately 80.3%) was quite substantial. Hence, the Directors are of the view that even if debt financing is available, the terms of which may not be at acceptable or affordable level to the Group.

### **3. The New General Mandate**

As at the Latest Practicable Date, the Company had an aggregate of 1,330,395,806 Shares in issue. Subject to the passing of the ordinary resolution for the approval of the New General Mandate and assuming that no further Shares will be issued and/or repurchased by the Company between the Latest Practicable Date and the date of the EGM, the Company would be allowed to allot and issue up to 266,079,161 new Shares under the New General Mandate, being 20% of the total number of Shares in issue as at the Latest Practicable Date.

The New General Mandate will expire at the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or (iii) the date on which such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 4. Potential dilution to the shareholding of the Shareholders

Set out below is a table showing the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) for illustrative purposes, immediately after full utilisation of the New General Mandate (assuming no new Shares will be allotted and issued and/or repurchased by the Company from the Latest Practicable Date and up to the date of the EGM):

| Shareholders   | As at the Latest<br>Practicable Date |                                       | Immediately after the full<br>utilisation of the New<br>General Mandate |                                       |
|--|--------------------------------------|---------------------------------------|---|---------------------------------------|
|  | <i>No. of Shares</i>                 | <i>Approximate<br/>percentage (%)</i> | <i>No. of Shares</i>  | <i>Approximate<br/>percentage (%)</i> |
| Guotsing Holding<br>Company Limited                                | 708,193,306                          | 53.23                                 | 708,193,306   | 44.36                                 |
| CNQC Development<br>Limited  | 224,145,000                          | 16.85                                 | 224,145,000   | 14.04                                 |
| Public Shareholders  | 398,057,500                          | 29.92                                 | 398,057,500   | 24.93                                 |
| New Shares which may<br>be issued under<br>the New General Mandate | —                                    | —                                     | 266,079,161   | 16.67                                 |
| <b>Total</b>   | <b>1,330,395,806</b>                 | <b>100.00</b>                         | <b>1,596,474,967</b>  | <b>100.00</b>                         |

Upon full utilisation of the New General Mandate, 266,079,161 new Shares will be issued, representing 20% of the number of Shares in issue as at the Latest Practicable Date and approximately 16.67% of the number of Shares in issue as enlarged by the new Shares issued under the New General Mandate. Assuming that no new Shares will be issued and/or repurchased by the Company between the Latest Practicable Date and the date of the EGM, the shareholding of the existing public Shareholders will decrease from approximately 29.92% to approximately 24.93% upon full utilisation of the New General Mandate. The existing public Shareholders will have a potential maximum dilution in shareholding of approximately 16.67% following the full utilisation of the New General Mandate.

Notwithstanding the fact that the aggregate shareholding dilution impact to the public Shareholders arising from the fund raising activities in the past twelve months is significant, the net asset value per Share had been continuously enhanced as a result of those fund raising activities, which in turn, implied the net asset value attributable to the shareholding interest in the Company of the respective public Shareholders had been persevered and/or further enhanced. In view of the above, the Management believes and we concur that the aggregate dilution impact to the shareholding interests of the public Shareholders as a result of the fund raising activities carried out by the Company in the past twelve months is acceptable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Although the existing public Shareholders will have a potential maximum dilution in shareholding of approximately 16.67% assuming the full utilisation of the New General Mandate, we note that (i) the shareholding of all Shareholders will not be diluted if the New General Mandate is not utilised; (ii) the shareholdings of all Shareholders (i.e. not just the existing public Shareholders) will be diluted proportionately to their respective shareholding upon any utilisation of the New General Mandate; and (iii) the reasons for and benefits to the refreshment of the Existing General Mandate as described above, namely (1) it will provide more flexibility of funding the Group's future business developments opportunities and investments opportunities in a timely manner for the benefit of the Company and its Shareholders as a whole; and (2) it will strengthen the capital base of the Company in a less costly manner. Accordingly, we concur with the view of the Management that such potential dilution to the shareholding of the existing Shareholders (including the public Shareholders) will not take effect unless the New General Mandate is utilised, whilst such potential dilution as a result of the full utilisation of the New General Mandate is acceptable as explained above.

Taking into account the reasons for and benefits to the refreshment of the Existing General Mandate as described above, we are of the view that and the financial flexibility provided by the granting of the New General Mandate is in the interests of the Company and its Shareholders as a whole. The potential dilution to shareholding of the Shareholders depends on whether the New General Mandate will be utilised before the next annual general meeting, and having considered the potential maximum dilution in shareholding of the existing public Shareholders as described above, we are of the view that it is generally acceptable and shall not override the benefits of the refreshment of the Existing General Mandate.

### RECOMMENDATION

Having considered the above principal factors and reasons regarding the refreshment of the Existing General Mandate, we are of the view that the refreshment of the Existing General Mandate (i) is fair and reasonable so far as the Independent Shareholders are concerned and (ii) is in the interests of the Company and the Shareholders as a whole. Shareholders are, however, reminded to pay attention to the potential dilution effect upon full utilisation of the New General Mandate on their shareholding in the Company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution to be proposed at the EGM to approve the proposed grant of the New General Mandate.

Yours faithfully,  
For and on behalf of  
**Altus Capital Limited**  
**Jeanny Leung**  
*Executive Director*

*Ms. Jeanny Leung (“**Ms. Leung**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 25 years of experience in corporate finance advisory and commercial field in Greater China. In particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent adviser in various corporate finance advisory transactions.*

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## NOTICE OF EGM

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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)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of CNQC International Holdings Limited (the “**Company**”) will be held at 9:30 a.m. on 23 December 2016 at Room 601, 6/F, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Hong Kong, for the purpose of considering and, if thought fit, passing the following ordinary resolution (with or without modifications):

#### ORDINARY RESOLUTION

1. “**THAT:**

- (a) the general mandate granted to the directors of the Company (the “**Directors**”) to allot, issue and deal with the unissued shares of the Company pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 29 April 2016 be and is hereby revoked (without prejudice to any valid exercise of such general mandate prior to the passing of this resolution);
- (b) subject to the following provisions of this resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares of the Company (the “**Shares**”), and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares) which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (c) the approval in paragraph (b) of this resolution shall authorise the Directors during the Relevant Period (as defined below) to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares) which would or might require the exercise of such powers after the end of the Relevant Period (as defined below);



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## NOTICE OF EGM

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(d) the aggregate number of shares of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (b) of this resolution, otherwise than pursuant to (i) a Rights Issue (as defined below); (ii) the exercise of the conversion rights attaching to any convertible securities issued by the Company; (iii) the exercise of warrants to subscribe for Shares; (iv) the exercise of options granted under any share option scheme or similar arrangement for the time being adopted by the Company; or (v) an issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company (the “**Articles**”), shall not exceed 20% of the number of the Shares in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and

(e) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or
- (iii) the date on which such mandate is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of Shares open for a period fixed by the Directors to the holders of Shares or any class of Shares whose names appear on the registers of members of the Company on a fixed record date in proportion to their then holdings of such Shares as at that date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

For and on behalf of  
the board of directors of  
**CNQC International Holdings Limited**  
**Mr. Ng Yiu Fai**  
*Company Secretary*

Hong Kong, 7 December 2016



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## NOTICE OF EGM

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*Registered office:*

Clifton House  
75 Fort Street  
PO Box 1350  
Grand Cayman  
KY1-1108 Cayman Islands

*Notes:*

- (i) A member entitled to attend and vote at the above meeting is entitled to appoint one proxy or, if he/she/it is a holder of more than one share, more proxies to attend and vote instead of him/her/it. A proxy needs not be a member of the Company.
- (ii) Where there are joint holders of any share of the Company, any one of such joint holders may vote at the meeting, either personally or by proxy, in respect of such share as if he/she/it was solely entitled thereto, but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the Register of Members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (iii) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be lodged with the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Investors Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not less than 48 hours before the time appointed for holding the meeting.
- (iv) Completion and return of the form of proxy will not preclude a member from attending the meeting and voting in person at the meeting or any adjournment thereof if he/she/it so desires. If a member attends the meeting after having deposited the form of proxy, his/her/its form of proxy will be deemed to have been revoked.