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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)**

### **ANNOUNCEMENT**

#### **(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE TARGET COMPANY AND (2) CPS CONVERSION**

##### **THE AGREEMENT**

The Board is pleased to announce that on 26 May 2016, the Company as purchaser entered into the Agreement with the Sellers as sellers, pursuant to which the Company conditionally agreed to acquire, and the Sellers conditionally agreed to sell, the entire issued share capital of the Target Company at the Consideration of SGD101,000,000 (equivalent to approximately HK\$567,620,000) in accordance with the terms and conditions of the Agreement. The Consideration shall be satisfied by: (i) the allotment and issuance at the Issue Price of 100,000,000 Consideration Shares to Sino Concord at Completion; and (ii) the payment of SGD51,000,000 (equivalent to approximately HK\$286,620,000) by the Company to the Sellers in cash within 30 days from the Completion Date.

Upon Completion, the Target Company will become a wholly owned subsidiary of the Company.

##### **CPS CONVERSION**

As disclosed in the announcement of the Company dated 17 December 2015, the Company received a conversion notice from New Guotsing Holdco in respect of the conversion of 647,273,454 CPS held by it, subject to the Company meeting the minimum public float requirement under Rule 8.08 of the Listing Rules.

Assuming the Consideration Shares are allotted and issued pursuant to the Agreement, the Company will allot and issue a total of 300,000,000 Conversion Shares to New Guotsing Holdco and 300,000,000 CPS held by New Guotsing Holdco will be cancelled.

### **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of the announcement, Rally Tech, one of the Sellers, is held as to 41.25% by Dr. Du Bo, a controlling Shareholder and a former Director. Accordingly, Rally Tech is a connected person of the Company. Further, as one or more of the applicable percentage ratios in respect of the Acquisition is more than 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and a connected transaction of the Company under Chapter 14A of the Listing Rules. Therefore, the Acquisition is subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14 and 14A of the Listing Rules.

### **DISPATCH OF CIRCULAR**

The Company expects that a circular containing, among other things, (i) further details of the Acquisition, the Agreement and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee to the independent Shareholders regarding the Acquisition; (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders regarding the Acquisition; and (iv) the notice of the EGM and forms of proxy, will be dispatched to the Shareholders on or before 15 June 2016.

### **WARNING**

**SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD BE AWARE THAT THE ACQUISITION IS SUBJECT TO A NUMBER OF CONDITIONS BEING SATISFIED, AND CONSEQUENTLY THE ACQUISITION 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.**

### **THE AGREEMENT**

On 26 May 2016, the Company entered into the Agreement with the Sellers, pursuant to which the Company conditionally agreed to acquire, and the Sellers conditionally agreed to sell, the entire issued share capital of the Target Company at the Consideration of SGD101,000,000 (equivalent to approximately HK\$567,620,000) in accordance with the terms and conditions of the Agreement.

Details of the Agreement are set out below:

## **The Agreement**

### *Date*

26 May 2016

### *Parties*

- (1) the Company as purchaser; and
- (2) Sino Concord and Rally Tech as sellers.

As at the date of this announcement:

- (a) Sino Concord is held as to 20% by Hui Long (which is controlled by Dr. Du Bo, a connected person of the Company) and 80% by Sun East (which is in turn held as to 4.88% by Mr. Wang Linxuan, an executive Director and the remaining 95.12% held by ten other shareholders who are independent third parties; and
- (b) Rally Tech is held as to 41.25% by Dr. Du Bo, a controlling Shareholder and a former Director and accordingly, Rally Tech is a connected person of the Company.

### *Subject matter*

The Company agreed to acquire, and the Sellers agreed to sell, the entire issued share capital of the Target Company, subject to the terms and conditions of the Agreement.

### *Consideration and Payment Terms*

The Consideration shall be SGD101,000,000 (equivalent to approximately HK\$567,620,000), which shall be satisfied by:

- (i) allotment and issuance by the Company at the Issue Price of 100,000,000 Consideration Shares at Completion to Sino Concord; and
- (ii) the payment of SGD51,000,000 (equivalent to approximately HK\$286,620,000) by the Company to the Sellers in cash within 30 days from the Completion Date, of which SGD26,760,000 (equivalent to approximately HK\$150,391,200) will be paid to Sino Concord and SGD24,240,000 (equivalent to approximately HK\$136,228,800) will be paid to Rally Tech.

### *Basis of the Consideration*

The Consideration was determined after arm's length negotiation between the Company and the Sellers on normal commercial terms after taking into account a number of factors including but not limited to the results and market value of comparable companies, the financial performance and prospect of the business of the Target Group and the benefits to

the Group following Completion. The Consideration represents a price-to-earnings ratio of approximately 5.5 times based on the net profit for the year ended 31 December 2015 adjusted by the non-recurring rental income, dividend income and performance bonus.

#### *The Issue Price*

The Issue Price of HK\$2.80 per Consideration Share represents:

- (a) a discount of approximately 4.11% to the closing price of the Shares of HK\$2.92 per Share as quoted on the Stock Exchange on 26 May 2016, being the date of the Agreement; and
- (b) a discount of approximately 2.57% to the average of the closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Agreement of approximately HK\$2.87 per Share.

#### *Conditions Precedent to Completion*

Completion of the Agreement is conditional upon the satisfaction (or, if applicable, the waiver) of the following conditions precedent:

- (a) approvals having been obtained from the independent Shareholders at the EGM for, *inter alia* (i) the terms and conditions of the Agreement; and (ii) the proposed grant of the Specific Mandate for the issuance of the Consideration Shares;
- (b) all necessary licences, consents, approvals, authorisations, permissions, waivers, orders, exemptions or notifications of, among others, creditors and shareholders of the Target Company, other relevant third parties and/or governmental or regulatory authorities or bodies (including the relevant Singapore, the PRC, Hong Kong, the BVI and the Cayman Islands bodies), which are required for the execution and performance of the Agreement or Completion, having been obtained and not having been revoked prior to Completion;
- (c) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that restricts or prohibits the implementation of the transactions contemplated under the Agreement;
- (d) approval having been obtained from the Listing Committee for the listing of, and permission to deal in, the Consideration Shares on the Main Board of the Stock Exchange;
- (e) the warranties given by the Company in the Agreement remaining true and accurate and not misleading in any material respect if they were repeated at any time prior to Completion by reference to the facts and circumstances then existing;
- (f) the warranties given by the Sellers in the Agreement remaining true and accurate and not misleading in any material respect if they were repeated at any time prior to Completion by reference to the facts and circumstances then existing;

- (g) no material adverse change or prospective material adverse change in the business, operations, financial condition or prospects of the Target Group having occurred since 31 December 2015;
- (h) the Sellers having performed and complied with all agreements, obligations and conditions contained in the Agreement that are required to be performed or complied with by it on or before Completion;
- (i) the acquisition of the remaining 50% shareholding of Bohai Investments (S) Group Pte Ltd, an indirect 50% owned subsidiary of the Target Company, by the Target Group being duly completed in compliance with all applicable laws and regulations, to the satisfaction of the Company;
- (j) the Company having conducted and completed due diligence on all business, legal and financial matters, and all such other matters as deemed necessary by the Company in its absolute discretion in relation to the Target Group, and the Company being satisfied with the results of such due diligence in its absolute discretion; and
- (k) the Sellers having delivered to the Company a certificate signed by one of the directors of Sino Concord and one of the directors of Rally Tech certifying that the conditions set out in paragraphs (f) to (i) above have been fulfilled.

Neither the Company nor the Sellers shall have the right to waive any of the conditions set out in paragraphs (a) to (d) above. The Company may at its discretion waive any of the conditions set out in paragraphs (f) to (k) above and the Sellers may at its discretion waive the condition set out in paragraph (e) above. The above conditions are expected to be satisfied or waived on or before 31 December 2016 (or such later date as the parties to the Agreement may agree in writing). If any of the conditions has not been satisfied or waived by then, the Agreement shall be terminated and no party shall have any claim against any of the others, except in respect of any antecedent breach of the terms thereof.

### *Completion*

Completion of the Agreement will take place on the Completion Date after all the conditions to the Agreement as set out in the section headed “Conditions precedent to Completion” above have either been fulfilled or (as the case may be) waived.

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares on the Main Board of the Stock Exchange.

Following Completion, the Target Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

### **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Target Group is principally engaged in the provision of construction service as main contractor for governmental authorities in Singapore and the investments as financial investors in property development projects in Singapore.

The Acquisition is in line with one of core businesses of the Group and would create synergy from combining the capabilities of both the Group and the Target Group in providing construction services in Singapore. It is expected that the overall competitiveness of the Group would be further enhanced through cost savings and other synergies resulting from the Acquisition, and would enable the Company to further develop its operations in the construction industry as well as benefiting from the management team and workers under the Target Group.

The Acquisition of the Target Group marks a significant milestone in realizing the Group's vertical integration of its construction business, which adds to the depth and breadth of the Group's various business segments. Leveraging on the Target Group's business network, the Acquisition will allow the Group to further develop and expand its construction business in Singapore, including, (i) the municipal infrastructure construction business in Singapore, in particular, residential construction opportunities under the Housing & Development Board of Singapore; and (ii) construction projects of a larger development scale under the PRC's "One Belt, One Road" strategy. With the injection of the Target Group's expertise, skills and experience in the property development and construction industries, the Enlarged Group will be better equipped in handling property development projects of a larger scale in Singapore and will be available to more business opportunities in the future and extend its market coverage. Upon Completion, the Group and the Target Group will integrate their resources in order to serve broader client base and strength the Enlarged Group's leading position in the construction industry in Singapore.

Taking into consideration the reasons for and benefit of the Acquisition 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 Acquisition 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 Agreement, including the Consideration 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.

## **INFORMATION ON THE COMPANY, THE SELLERS AND THE TARGET COMPANY**

### **Information on the Company**

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.

### **Information on the Sellers**

Each of Sino Concord and Rally Tech is a company incorporated in the BVI with limited liability, which is principally engaged in investment holding.



## **Information on the Target Company**

The Target Company is a company incorporated in the BVI with limited liability, which together with its subsidiaries, is primarily engaged in the provision of construction service as main contractor for governmental authorities in Singapore including the Housing & Development Board of Singapore and the investments as financial investors in property development projects in Singapore.

### *Financial Information of the Target Company*

Based on the unaudited management accounts of the Target Group, the net profit before and after taxation for the year ended 31 December 2014 were approximately SGD12.76 million and SGD10.95 million respectively; and for the year ended 31 December 2015 were approximately SGD35.87 million and SGD32.01 million respectively.

Based on the unaudited management accounts of the Target Group, the net asset value and total assets of the Target Group as at 31 December 2015 were approximately SGD36.29 million and SGD133.70 million respectively.

## **PROPOSED GRANT OF SPECIFIC MANDATE**

The Company will issue 100,000,000 Consideration Shares in consideration of the Acquisition. The Consideration Shares will be issued and allotted under the Specific Mandate proposed to be granted by the independent Shareholders at the EGM.

## **CPS CONVERSION**

As disclosed in the announcement of the Company dated 17 December 2015, the Company received a conversion notice from New Guotsing Holdco in respect of the conversion of 647,273,454 CPS held by it, subject to the Company meeting the minimum public float requirement under Rule 8.08 of the Listing Rules.

Assuming the Consideration Shares are allotted and issued pursuant to the Agreement, the Company will allot and issue a total of 300,000,000 Conversion Shares to New Guotsing Holdco and 300,000,000 CPS held by New Guotsing Holdco will be cancelled. The Conversion Shares will rank *pari passu* with all the existing Shares at the date of allotment and among themselves in all respects, and the 300,000,000 Conversion Shares represent approximately 28.3% of the issued Shares as enlarged by the Consideration Shares allotted and issued under the Agreement and the CPS Conversion.

As stated in the Poll Result Announcement, the Executive has granted the Whitewash Waiver to New Guotsing Holdco pursuant to Note 1 on dispensation from Rule 26 of the Takeovers Code and New Guotsing Holdco is not required to make a mandatory offer under the Takeovers Code which will otherwise be required as a result of the CPS Conversion. The relevant resolution in relation to the Whitewash Waiver was also duly passed by the independent Shareholders in the extraordinary general meeting of the Company convened on 14 October 2015.

## EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE AGREEMENT AND THE CPS CONVERSION

Assuming there will not be any change in the issued share capital of the Company from the date of this announcement up to the Completion of the Agreement and completion of CPS Conversion (other than changes as a result of Acquisition and CPS Conversion), set out below is the table of the shareholdings in the Company (i) as at the date of this announcement; and (ii) upon completion of the Acquisition and the CPS Conversion:

|   | As at the date of this announcement |  |                                    | Upon completion of Acquisition and the CPS Conversion |  |                                    |
|---|-------------------------------------|--|------------------------------------|---|--|------------------------------------|
|   | <i>Number of Shares held</i>        | <i>Approximate percentage of total issued Shares</i> | <i>Number of CPS held (note 1)</i> | <i>Number of Shares held</i>                          | <i>Approximate percentage of total issued Shares</i> | <i>Number of CPS held (note 1)</i> |
| CNQC Development Limited                                | 224,145,000                         | 33.95%   | —                                  | 224,145,000   | 21.14%   | —                                  |
| New Guotsing Holdco (note 2)                            | 270,000,000                         | 40.90%   | 377,273,454                        | 570,000,000   | 53.76%   | 77,273,454                         |
| Trustee   | —                                   | —  | 304,599,273                        | —   | —  | 304,599,273                        |
| Sub total   | 494,145,000                         | 74.85%   | 681,872,727                        | 794,145,000   | 74.91%   | 381,872,727                        |
| Public  |                                     |  |                                    |   |  |                                    |
| Public Shareholders as at the date of this announcement | 166,057,500                         | 25.15%   | —                                  | 166,057,500   | 15.66%   | —                                  |
| Sino Concord  | —                                   | —  | —                                  | 100,000,000   | 9.43%  | —                                  |
| Total   | <u>660,202,500</u>                  | <u>100%</u>  | <u>681,872,727</u>                 | <u>1,060,202,500</u>                                  | <u>100%</u>  | <u>381,872,727</u>                 |

Notes:

1. The CPS is convertible into Shares on a conversion ratio of 1:1.
2. As stated in the Poll Result Announcement, the Executive has granted the White was Waiver to New Guotsing Holdco pursuant to Note 1 on dispensation from Rule 26 of the Takeovers Code and New Guotsing Holdco is not required to make a mandatory offer which will otherwise be required as a result of the CPS Conversion. The relevant resolution in relation to the Whitewash Waiver was also duly passed by the independent Shareholders in the extraordinary general meeting of the Company convened on 14 October 2015.

## IMPLICATIONS OF UNDER THE LISTING RULES

As at the date of the announcement, Rally Tech, one of the Sellers is held as to 41.25% by Dr. Du Bo, a controlling Shareholder and a former Director. Accordingly, Rally Tech is a connected person of the Company. Further, as one or more of the applicable percentage ratios in respect of the Acquisition is more than 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and a connected transaction of the Company under Chapter 14A of the Listing Rules. Therefore, the Acquisition is subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14 and 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 Acquisition 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 Acquisition and the Agreement.

The Company expects that a circular containing, among other things, (i) further details of the Acquisition, the Agreement and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee to the independent Shareholders regarding the Acquisition; (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders regarding the Acquisition; and (iv) the notice of the EGM and forms of proxy, will be dispatched to the Shareholders on or before 15 June 2016.

## **WARNING**

**SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD BE AWARE THAT THE ACQUISITION IS SUBJECT TO A NUMBER OF CONDITIONS BEING SATISFIED, AND CONSEQUENTLY THE ACQUISITION 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.

|               |   |
|---------------|---|
| “Acquisition” | the acquisition of the entire issued share capital in the Target Company by the Company pursuant to the terms and conditions of the Agreement |
| “Agreement”   | the sale and purchase agreement dated 26 May 2016 entered into between the Sellers and the Company in respect of the Acquisition              |
| “Board”       | the board of Directors  |

|                        |  |
|------------------------|--|
| “Business Day”         | a day (other than a Saturday or Sunday or days on which a tropical cyclone warning number 8 or above or a “black” rain warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which Hong Kong clearing banks are open for the transaction of normal banking business |
| “BVI”                  | the British Virgin Islands   |
| “Circular”             | the circular to be sent to the Shareholders in relation to, among other things, the Acquisition and the Agreement  |
| “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   |
| “Completion”           | the completion of the Acquisition in accordance with the terms and conditions of the Agreement   |
| “Completion Date”      | the second Business Day after all the conditions precedent of the Agreement have been fulfilled or waived (or such other date as the parties to the Agreement shall agree)   |
| “Consideration”        | SGD101,000,000, being the consideration for the Acquisition  |
| “Consideration Shares” | the 100,000,000 Shares to be issued and allotted by the Company for settlement of the Consideration  |
| “Conversion Shares”    | the 300,000,000 Shares as converted from the CPS held by New Guotsing Holdco pursuant to the CPS Conversion  |
| “CPS”                  | the non-redeemable convertible preference share(s) of HK\$0.01 each the share capital of the Company   |
| “CPS Conversion”       | the conversion of CPS into Shares by New Guotsing Holdco of 300,000,000 CPS held by it   |
| “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 Acquisition, the Agreement and the transactions contemplated thereunder  |

|                                 |  |
|---------------------------------|--|
| “Executive”                     | the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegate  |
| “Group”                         | the Company and its subsidiaries   |
| “HK\$”                          | Hong Kong dollars, the lawful currency of Hong Kong  |
| “Hong Kong”                     | the Hong Kong Special Administrative Region of the PRC   |
| “Hui Long”                      | Hui Long Enterprises Limited, a company incorporated in the BVI with limited liability, which is wholly-owned by Dr. Du Bo, a controlling Shareholder and a former Director  |
| “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 Acquisition and the Agreement   |
| “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 Acquisition and the Agreement |
| “Issue Price”                   | HK\$2.80 per Consideration Share   |
| “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  |
| “New Guotsing Holdco”           | Guotsing Holding Company Limited, a company incorporated in the BVI with limited liability   |
| “percentage ratios”             | any of the five ratios set out in Rule 14.07 of the Listing Rules  |
| “Poll Result Announcement”      | the announcement of the Company dated 14 October 2015 in relation to, among others, the poll result of the extraordinary general meeting convened by the Company on 14 October 2015  |

|                    |   |
|--------------------|---|
| “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   |
| “Rally Tech”       | Rally Tech Investments Limited, a company incorporated in the BVI with limited liability, which is held, amongst others, as to 41.25% by Dr. Du Bo, a controlling Shareholder and a former Director   |
| “Sellers”          | Sino Concord and Rally Tech   |
| “SGD”              | Singapore Dollar, the lawful currency of Singapore  |
| “Share(s)”         | shares(s) of the Company of HK\$0.01 each   |
| “Shareholder(s)”   | the holder(s) of the Shares   |
| “Sino Concord”     | Sino Concord Ventures Limited, a company incorporated in the BVI with limited liability   |
| “Specific Mandate” | the specific mandate to be approved by the independent Shareholders at the EGM for the allotment and issuance of the Consideration Shares under the Agreement   |
| “Stock Exchange”   | The Stock Exchange of Hong Kong Limited   |
| “Sun East”         | Sun East Development Limited, a company incorporated in the BVI with limited liability, which is held as to 4.88% by Mr. Wang Linxuan, an executive Director and the remaining 95.12% by ten other shareholders who are independent third parties |
| “Takeovers Code”   | The Hong Kong Code on Takeovers and Mergers   |
| “Target Company”   | New Chic International Limited, a company incorporated in the BVI with limited liability, which is held as to 76% by Sino Concord and as to 24% by Rally Tech   |
| “Target Group”     | the Target Company and its subsidiaries   |
| “Welltech”         | Welltech Construction Pte. Ltd., a company incorporated in Singapore with limited liability, which is wholly-owned by the Target Company  |

“Whitewash Waiver”

a waiver in respect of the obligation of New Guotsing Holdco to make a mandatory general offer to other Shareholders in respect of the Shares not already owned or agreed to be acquired by New Guotsing Holdco as a result of the conversion of the CPS issued and allotted to New Guotsing Holdco by the Company pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, the relevant resolution of which was passed by the independent Shareholders at the extraordinary general meeting of the Company convened on 14 October 2015

“%”

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 SGD into HK\$ is based on the approximate exchange rate of SGD1.00 to HK\$5.62. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ or SGD have been, could have been or may be converted at such or any other rate or at all.*

*The English names of Chinese entities marked with “\*” are translations of their Chinese names and are included in this announcement for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.*

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

Hong Kong, 26 May 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.*