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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)**

**(1) CONNECTED TRANSACTION — JOINT VENTURE ARRANGEMENT  
IN RESPECT OF SHUNFU VILLE ENBLOC PROJECT**

**AND**

**(2) ANNOUNCEMENT PURSUANT TO RULE 13.16 OF THE LISTING RULES**

**CONNECTED TRANSACTION — JOINT VENTURE ARRANGEMENT IN RESPECT  
OF SHUNFU VILLE ENBLOC PROJECT**

Reference is made to the Circular in relation to the establishment of the Fund, which was established for investing indirectly in the Target Company through Qingjian Realty (SF) Holding, both of which were incorporated for the single purpose of carrying out the development of the Shunfu Ville Enbloc Project in Singapore.

As disclosed in the Circular, ZACD Shunfu, ZACD Shunfu2 (both are connected persons of the Company), the Fund and Qingjian Realty (Residential) (an indirect wholly-owned subsidiary of the Company) have formed a joint venture, Qingjian Realty (SF) Holding by subscription of new shares at nominal value. As at the date of this announcement, the Target Company is indirectly held as to 5% by Qingjian Realty (Residential) (an indirect wholly-owned subsidiary of the Company) and 95% by Qingjian Realty (SF) Holding. Qingjian Realty (SF) Holding is, in turn, held directly by Qingjian Realty (Residential) as to 42.11%, directly by ZACD Shunfu2 as to 16.84%, directly by ZACD Shunfu as to 4.21% and indirectly by the Fund as to 36.84%.

The Board wishes to announce that, for the purpose of satisfying the funding needs of the development of the Shunfu Ville Enbloc Project, the Company (through Qingjian Realty (Residential)) has agreed to provide a shareholder's loan of approximately S\$167 million (equivalent to approximately HK\$937 million) and a corporate guarantee of approximately S\$433 million (equivalent to approximately HK\$2,425 million) in support of a bank loan extended to the Target Company, in proportion to its effective interest in the Target Company.

#### **IMPLICATION UNDER THE LISTING RULES**

Each of ZACD Shunfu and ZACD Shunfu2 is a connected person of the Company at the subsidiary level by virtue of being an associate of Mr. Yeo Choon Guan and Ms. Sim Kain Kain, directors of certain non-wholly-owned subsidiaries of the Company. The initial formation of the joint venture, Qingjian Realty (SF) Holding, by way of subscription of new shares by each of ZACD Shunfu and ZACD Shunfu2 and the Fund constituted a connected transaction of the Company but was fully exempt from the reporting, announcement and independent shareholders' approval under Chapter 14A of the Listing Rules as all applicable percentage ratios were less than 1%.

As the Shareholders' Loans and the Guarantee are provided within 12 months from the initial formation of the joint venture, these additional capital commitments when aggregated with the initial capital contributions, would result in one or more of the applicable percentage ratios being higher than 5%. Hence, the provision of Financial Assistance arrangements is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but are exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

Further, as the Shareholder's Loan and the Guarantee provided by the Company exceeds 8% of the total assets of the Company, the Company is required to disclose details regarding the Financial Assistance under Rule 13.16 of the Listing Rules.

Reference is made to the circular dated 28 July 2017 (the "**Circular**") issued by CNQC International Holdings Limited (the "**Company**") in relation to, among others, the establishment and the investment in the Fund for jointly investing in the Shunfu Ville Enbloc Project in Singapore. Unless otherwise defined in this announcement, capitalised terms defined in the Circular shall have the same meanings when used herein.

## JOINT VENTURE ARRANGEMENT IN RESPECT OF SHUNFU VILLE ENBLOC PROJECT

As announced by the Company on 17 August 2017, the Group (through CNQC Asset Management) and other Limited Partners have subscribed limited partnership interests in the Fund which was established for jointly investing in Qingjian Realty(SF) Holding which, together with the Target Company, was incorporated for the single purpose of carrying out the property development of the Shunfu Ville Enbloc Project in Singapore.

As disclosed in the Circular, ZACD Shunfu, ZACD Shunfu2 (both are connected persons of the Company), the Fund and Qingjian Realty (Residential) (an indirect wholly-owned subsidiary of the Company) have formed a joint venture, Qingjian Realty (SF) Holding by subscription of new shares at nominal value. As at the date of this announcement, the Target Company is indirectly held as to 5% by Qingjian Realty (Residential) (an indirect wholly-owned subsidiary of the Company) and 95% by Qingjian Realty (SF) Holding. Qingjian Realty (SF) Holding is, in turn, held directly by Qingjian Realty (Residential) as to 42.11%, directly by ZACD Shunfu2 as to 16.84%, directly by ZACD Shunfu as to 4.21% (ZACD Shunfu and ZACD Shunfu 2 are collectively referred to as the “**ZACD Group**”) and indirectly by the Fund as to 36.84%. Qingjian Realty (SF) Holding and the Target Company are affiliated companies (as defined under Rule 13.11(2)(a) of the Listing Rules) of the Company.

The Board wishes to announce that, for the purpose of satisfying the funding needs of the development of the Shunfu Ville Enbloc Project, the Company (through Qingjian Realty (Residential)) has agreed to provide a shareholder’s loan of approximately S\$167 million (equivalent to approximately HK\$937 million) (“**Shareholders’ Loan**”) in proportion to its interest in the Target Company and a corporate guarantee of approximately S\$433 million (equivalent to approximately HK\$2,425 million) (“**Guarantee**”, collectively, the “**Financial Assistance**”) in support of a bank loan extended to the Target Company, in proportion to its effective interest in the Target Company. Each of the Fund (or the limited partners of the Fund) and the ZACD Group has also agreed to provide shareholder’s loans to the Target Company in the amount of approximately S\$130 million (equivalent to approximately HK\$729 million) and approximately S\$74 million (equivalent to approximately HK\$417 million) respectively, in proportion to their respective interest in the Target Company and corporate guarantees of approximately S\$178 million (equivalent to approximately HK\$997 million) and approximately S\$153 million (equivalent to approximately HK\$856 million) respectively, in proportion to their respective effective interest in the Target Company.

## **DETAILS REGARDING THE FINANCIAL ASSISTANCE**

The Shareholder's Loan provided to the Target Company by Qingjian Realty (Residential) is for an initial term of 5 years with an interest of 5% per annum. It is expected that the Shareholder's Loan will be repayable by the Target Company after completion of sale of the units to be developed under the Shunfu Ville Enbloc Project, which is expected to take place in or around April 2021. No security has been provided to Qingjian Realty (Residential) in respect of such Shareholder's Loan. The Shareholder's Loan provided by the Group was funded by internal resources.

The Guarantee provided by the Company is for up to approximately S\$433 million in support of a bank facility granted to the Target Company of a principal amount of S\$764 million. As at the date of this announcement, S\$446.6 million has been drawn down by the Target Company.

The amounts of shareholders' loans provided to the Target Company were determined by arm's length negotiation between the parties with reference to the anticipated capital requirements of the Shunfu Ville Enbloc Project including land costs, construction costs and other development costs including marketing expenses, sales commission and property tax.

## **INFORMATION ON THE GROUP, THE FUND, ZACD AND THE TARGET COMPANY**

### **The Group and Qingjian Realty (Residential)**

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. Qingjian Realty (Residential) is an investment holding company incorporated in Singapore with limited liability and is an indirect wholly-owned subsidiary of the Company.

### **The Fund**

The Fund is an exempted limited partnership established in the Cayman Islands. The purpose of the Fund is primarily to achieve capital appreciation, through directly or indirectly investing in equity, equity-related securities, fixed income securities, debt securities or convertible bonds issued by the Target Company or loans directly or indirectly borrowed by the Target Company.

The Group has committed to contribute US\$90 million, representing 32.14% of the Committed Fund Size.

## **ZACD**

Each of ZACD Shunfu and ZACD Shunfu2 is a fund holding company incorporated in Singapore and is a connected person of the Company at subsidiary level by virtue of being an associate of Mr. Yeo Choon Guan and Ms. Sim Kain Kain, directors of certain subsidiaries of the Company.

### **Target Company and Qingjian Realty (SF) Holding**

The Target Company is a property development company incorporated in Singapore with limited liability. The Target Company was incorporated on 17 May 2016. Qingjian Realty (SF) Holding is an investment holding company.

Based on the unaudited management accounts of the Target Company, the net loss before and after taxation for the year ended 31 December 2016 were approximately S\$20,000 and S\$17,000 respectively. Based on the unaudited management accounts of the Target Company, the net liabilities and the total assets of the Target Company as at 31 December 2016 were approximately S\$17,000 and S\$33 million respectively.

### **REASONS FOR AND BENEFITS OF THE PROVISION OF LOAN**

The Target Company was formed for the single purpose of carrying out the property development of 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 with 81% owners of Shunfu Ville at a consideration of approximately HK\$3.51 billion. This is the first collective sale of 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 117,000 sq.m. The Company intends it to be developed as a private condominium with about 1,200 apartments. The construction of the project is expected to be completed by 2021.

The capital requirement of the Shunfu Ville Enbloc Project comprises different types of development costs including land costs, construction costs, marketing expenses, sales commission and property tax. The introduction of the Fund and ZACD Group as strategic investors in the Target Company is intended to help the Group to finance the Shunfu Ville Enbloc Project and enable the Group to preserve its cash position in anticipation of other potential development opportunities in the future. In view of the above and the development potential of the Shunfu Ville Enbloc Project, the Directors (including the independent non-executive Directors) consider

that the provision of Financial Assistance by the Group is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. As no Director has material interest in the transaction regarding the provision of the Financial Assistance by the Group, none of the Directors was required to be abstained from voting on the resolutions regarding the Provision of Financial Assistance by the Group.

## **IMPLICATIONS UNDER THE LISTING RULES**

Each of ZACD Shunfu and ZACD Shunfu2 is a connected person of the Company at the subsidiary level by virtue of being an associate of Mr. Yeo Choon Guan and Ms. Sim Kain Kain, directors of certain non-wholly-owned subsidiaries of the Company. The initial formation of Qingjian Realty (SF) Holding and the Target Company amongst Qingjian Realty (Residential), ZACD Group and the Fund constituted a connected transaction but was exempt from the reporting, announcement and independent shareholders' approval under Chapter 14A of the Listing Rules as all applicable percentage ratios were less than 1%.

As the Shareholders' Loans and the Guarantee are provided within 12 months from the initial formation of the joint venture, these additional capital commitments when aggregated with the initial capital contributions, would result in one or more of the applicable percentage ratios being higher than 5%. Hence, the provision of Financial Assistance arrangements is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but are exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

Further, as the Shareholder's Loan and the Guarantee provided by the Company exceeds 8% of the total assets of the Company, the Company is required to disclose details regarding the Financial Assistance under Rule 13.16 of the Listing Rules.

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

Hong Kong, 1 November 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) two non-executive Directors, namely 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*

*For the purpose of this announcement, unless the context otherwise requires, conversion of S\$ into HK\$ is based on the approximate exchange rate of S\$1.00 to HK\$5.6. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ or S\$ have been, could have been or may be converted at such or any other rate or at all.*