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## **CNQC INTERNATIONAL HOLDINGS LIMITED**

**青建國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1240)**

### **SUBSCRIPTION OF NEW SHARES UNDER A GENERAL MANDATE AND CPS CONVERSION**

#### **SUBSCRIPTION OF NEW SHARES UNDER A GENERAL MANDATE**

On 19 June 2016, the Company entered into the Subscription Agreements with each of the Subscribers respectively, pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 110,000,000 Subscription Shares at the Subscription Price of HK\$2.45 per Subscription Share.

The Subscription Shares represent 16.662% of the existing issued share capital of the Company as at the date of this announcement and approximately 9.998% of the issued share capital of the Company as enlarged by the Subscription Shares and the Conversion Shares (assuming there are no other changes in the share capital of the Company between the date of the Subscription Agreements and the date of completion of the Subscriptions and the CPS Conversion). The Subscription Shares will be issued under the General Mandate and will rank *pari passu* in all respects among themselves and with the existing Shares.

The Subscription Price of HK\$2.45 per Subscription Share represents (i) a discount of approximately 16.10% to the closing price of HK\$2.92 per Share as quoted on the Stock Exchange on 17 June 2016, being the last full trading day for the Shares before the date of the Subscription Agreements; (ii) a discount of approximately 15.87% to the average closing price of approximately HK\$2.912 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including 17 June 2016, being the trading day immediately preceding the date of the Subscription Agreements; and (iii) a discount of approximately 16.55% to the average closing price of approximately HK\$2.936 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including 17 June 2016, being the trading day immediately preceding the date of the Subscription Agreements.

The aggregate gross proceeds of the Subscriptions will be approximately HK\$269.50 million. The aggregate net proceeds of the Subscriptions, after the deduction of the related expenses, will be approximately HK\$268.50 million, representing a net issue price of approximately HK\$2.44 per Subscription Share. The Company intends to apply the net proceeds of the Subscriptions in the manner set out in the paragraph headed “Reasons for the Subscriptions and use of proceeds” of this announcement.

Application will be made to the Listing Committee for listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

**Since completion of each of the Subscriptions is subject to the fulfilment of the condition(s) as set out in the relevant Subscription Agreements, the Subscriptions may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

### **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 Subscription Shares are allotted and issued pursuant to the Subscription Agreements, the Company will allot and issue a total of 330,000,000 Conversion Shares to New Guotsing Holdco and 330,000,000 CPS held by New Guotsing Holdco will be cancelled.

On 19 June 2016, the Company entered into the Subscription Agreements with each of the Subscribers respectively, pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 110,000,000 Subscription Shares at the Subscription Price of HK\$2.45 per Subscription Share.

### **PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENTS**

#### **Date**

19 June 2016

#### **Parties to the Great Wall Subscription Agreement**

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

Great Wall is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding.

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

### **Parties to the Suhang Subscription Agreement**

- (i) The Company; and
- (ii) Suhang.

Suhang, a wholly-owned subsidiary of China Huarong International Holdings Limited, is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding.

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

### **The Subscription Shares**

Each of the Subscribers has agreed to subscribe for, and the Company has agreed to allot and issue, 55,000,000 Subscription Shares pursuant to the terms and conditions of each of the Great Wall Subscription Agreement and the Suhang Subscription Agreement.

The total 110,000,000 Subscription Shares represent 16.662% of the existing issued share capital of the Company as at the date of this announcement and approximately 9.998% of the issued share capital of the Company as enlarged by the Subscription Shares and the Conversion Shares (assuming there are no other changes in the share capital of the Company between the date of the Subscription Agreements and the date of completion of the Subscriptions and the CPS Conversion).

### **Subscription Price**

The Subscription Price is HK\$2.45 per Subscription Share. The aggregate nominal value of the 110,000,000 Subscription Shares is HK\$1,100,000.

The Subscription Price represents:

- (i) A discount of approximately 16.10% to the closing price of HK\$2.92 per Share as quoted on the Stock Exchange on 17 June 2016, being the last full trading day for the Shares before the date of the Subscription Agreements;
- (ii) a discount of approximately 15.87% to the average closing price of approximately HK\$2.912 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including 17 June 2016, being the trading day immediately preceding the date of the Subscription Agreements; and
- (iii) a discount of approximately 16.55% to the average closing price of approximately HK\$2.936 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including 17 June 2016, being the trading day immediately preceding the date of the Subscription Agreements.

The net Subscription Price, after deduction of relevant expenses, is estimated to be approximately HK\$2.44 per Subscription Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and each of the Subscribers with reference to the recent trading price and trading volume of the Shares. The Directors consider that the terms and conditions of the Subscription Agreements (including the Subscription Price) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The aggregate Subscription Price will be payable by each of the Subscribers in cash at Completion.

### **Ranking of Subscription Shares**

The Subscription Shares, when fully paid and allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

### **Conditions of the Subscriptions**

Completion of the respective Subscription is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the respective Subscription Shares;
- (b) trading in the Shares on the Stock Exchange not being revoked or withdrawn at any time prior to Completion;
- (c) there being no indication being received from the Stock Exchange that the listing of the Shares on the Stock Exchange will be suspended, revoked or withdrawn at any time after Completion, whether in connection with any of the transactions contemplated by the respective Subscription Agreements or otherwise;
- (d) the representation, warranties and undertakings given by the Company and the Subscribers in the respective Subscription Agreement remained true and accurate in all material respects;
- (e) having obtained all necessary consents and approvals as may be required to be obtained on the part of the Company in respect of the respective Subscription and the transactions contemplated under the respective Subscription Agreement by the Company;
- (f) having obtained all necessary consents and approvals as may be required to be obtained on the part of the respective Subscriber in respect of the respective Subscription and the transactions contemplated under the respective Subscription Agreement by the relevant Subscriber; and
- (g) for the Great Wall Subscription Agreement only, Great Wall being satisfied with the results of the due diligence exercise (whether legal, accounting, financial, operational, assets or other aspects that Great Wall considers relevant) on the Group.

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

In the event that any of the abovementioned conditions not being fulfilled or waived by the respective Long Stop Date under the respective Subscription Agreement, the relevant Subscription Agreement shall cease and terminate and neither parties in the relevant Subscription Agreement shall have any obligations and liabilities save for any antecedent breaches of the provisions thereof.

### **Lock-up undertaking**

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

### **Completion of the Subscriptions**

Completion of the respective Subscription of the Subscription Shares will take place on the Completion Date.

The allotment and issue of the Subscription Shares is not subject to any further Shareholders' approval.

### **General Mandate**

The Subscription Shares will be issued under the General Mandate. As at the date of this announcement, no Shares have been issued by the Company under the General Mandate, thus the maximum number of new Shares which could be issued by the Company under the General Mandate is 132,040,500 Shares (not exceeding 20% of the aggregate nominal amount of the total issued share capital of the Company of 660,202,500 Shares as at the date of the Annual General Meeting on 29 April 2016). As such, no Shareholders' approval is required for the allotment and issue of the Subscription Shares.

### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## 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 all of the Subscription Shares are allotted and issued pursuant to the Subscription Agreements, the Company will allot and issue a total of 330,000,000 Conversion Shares to New Guotsing Holdco and 330,000,000 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 330,000,000 Conversion Shares represent approximately 29.99% of the issued Shares as enlarged by the Subscriptions 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 EGM.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following fund-raising activity in the 12 months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds raised		Actual use of proceeds
		(approximately)	Intended use of proceeds	
17 December 2015	Placing of new 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;	Use as intended
			(ii) approximately HK\$159.0 million, representing 74.0% of the net placing proceeds, be applied in and towards the payment for development costs of the five property projects of the Group in Singapore that would be due between January 2016 to March 2016; and	
			(iii) approximately HK\$13.8 million, representing 6.4% of the net placing proceeds, for the general working capital and activities of the Group.	

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

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon the issue of all of the Subscription Shares and the Conversion Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the date of completion of the Subscriptions and the CPS Conversion (other than as a result of the allotment and issue of the Subscription Shares and the Conversion Shares on the completion of the Subscriptions and the CPS Conversion respectively)), are summarised as follows:

	As at the date of this announcement			Upon completion of Subscriptions and 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>
<b>Substantial Shareholders</b>						
CNQC Development	224,145,000	33.951%	—	224,145,000	20.373%	—
New Guotsing Holdco (note 2)	270,000,000	40.897%	377,273,454	600,000,000	54.535%	47,273,454
Trustee	—	—	304,599,273	—	—	304,599,273
<i>Sub total</i>	<u>494,145,000</u>	<u>74.848%</u>	<u>681,872,727</u>	<u>824,145,000</u>	<u>74.908%</u>	<u>351,872,727</u>
<b>Public</b>						
Public Shareholders as at the date of this announcement	166,057,500	25.152%	—	166,057,500	15.093%	—
Great Wall	—	—	—	55,000,000	4.999%	—
Suhang	—	—	—	55,000,000	4.999%	—
<b>Total</b>	<u>660,202,500</u>	<u>100%</u>	<u>681,872,727</u>	<u>1,100,202,500</u>	<u>100%</u>	<u>351,872,727</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 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 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 EGM.
3. The above calculations have not taken into account the possible issuance of new Shares by the Company in connection with the proposed acquisition of the Company as disclosed in its announcement dated 26 May 2016.



## **REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS**

The Group is principally engaged in property development business in Singapore and the construction business both in Singapore and Hong Kong. Great Wall is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. Suhang is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding.

The Directors consider that the Subscriptions will enlarge the shareholder and capital base of the Company and also increase the overall liquidity of the Shares and strengthen the financial position of the Group. The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Subscription Agreements are fair and reasonable, on normal commercial terms and are in the interests of the Company and its shareholders as a whole.

The aggregate gross proceeds of the Subscriptions will be approximately HK\$269.50 million and the aggregate net proceeds of the Subscriptions, after the deduction of the related expenses, are estimated to be approximately HK\$268.50 million, representing a net issue price of approximately HK\$2.44 per Subscription Share. The Company intends to use the net proceeds from the Subscriptions for the purpose of future development of the Group's property development and construction businesses in Singapore.

**Since completion of each of the Subscriptions is subject to the fulfilment of the condition(s) as set out in the relevant Subscription Agreements, the Subscriptions may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **DEFINITION**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Annual General Meeting”	the annual general meeting of the Company held on 29 April 2016
“associate(s)”	has the meaning as ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	the day(s) on which the Stock Exchange is open for the transaction of business
“Company”	CNQC International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange



“Completion”	completion of the Subscriptions in accordance with the terms and conditions of the relevant Subscription Agreement
“Completion Date”	the third Business Day following the day on which the last item of the conditions of the relevant Subscription Agreement shall have been satisfied or such other date as agreed in writing by the parties in the respective Subscription Agreement
“connected person(s)”	has the meaning as ascribed thereto in the Listing Rules
“Conversion Shares”	the 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 in the share capital of the Company
“CPS Conversion”	the conversion of CPS into Shares by New Guotsing Holdco of 330,000,000 CPS held by it
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company convened on 14 October 2015
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Annual General Meeting on 29 April 2016 to issue and allot up to 132,040,500 new Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the Annual General Meeting
“Great Wall”	Great Wall Pan Asia International Investment Company Limited, a company incorporated in Hong Kong with limited liability
“Great Wall Long Stop Date”	30 July 2016 (or such other time and date as may be agreed between the Company and Great Wall in writing)
“Great Wall Subscription”	the subscription of the 55,000,000 Subscription Shares by Great Wall in accordance with the terms and conditions of the Great Wall Subscription Agreement
“Great Wall Subscription Agreement”	the subscription agreement dated 19 June 2016 entered into between the Company and Great Wall
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date(s)”	Great Wall Long Stop Date and/or Suhang Long Stop Date, as the case may be
“New Guotsing Holdco”	Guotsing Holding Company Limited, a company incorporated in the BVI with limited liability
“Poll Result Announcement”	the announcement of the Company dated 14 October 2015 in relation to, among others, the poll result of the EGM
“PRC”	the People’s Republic of China, which for the purposes of this announcement, shall not include Hong Kong, Macau and Taiwan
“Shareholders”	persons whose names appear on the register of members of the Company as registered holders of the Shares
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Specific Placing Mandate”	the specific mandate granted to the Directors at the EGM to issue not more than 215 million of new Shares on such conditions as set out in the circular of the Company dated 25 September 2015
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber(s)”	Great Wall and/or Suhang, as the case may be
“Subscription(s)”	the Great Wall Subscription and/or the Suhang Subscription, as the case may be
“Subscription Agreement(s)”	the Great Wall Subscription Agreement and/or the Suhang Subscription Agreement, as the case may be
“Subscription Price”	HK\$2.45 per Subscription Share
“Subscription Shares”	new Shares to be subscribed for by the Subscribers in accordance with the terms and conditions of the Subscription Agreements
“subsidiary”	has the meaning ascribed to it under the Listing Rules

“Suhang”	Suhang Investment Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of China Huarong International Holdings Limited
“Suhang Long Stop Date”	3 July 2016 (or such other time and date as may be agreed between the Company and Suhang in writing)
“Suhang Subscription”	the subscription of the 55,000,000 Subscription Shares by Suhang in accordance with the terms and conditions of the Suhang Subscription Agreement
“Suhang Subscription Agreement”	the subscription agreement dated 19 June 2016 entered into between the Company and Suhang
“%”	per cent.

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

Hong Kong, 19 June 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*