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## **CNQC INTERNATIONAL HOLDINGS LIMITED**

### **青建國際控股有限公司**

*(formerly known as Sunley Holdings Limited 新利控股有限公司)*

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

**(Stock code: 1240)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014**

The board (the “Board”) of directors (the “Directors”) of CNQC International Holdings Limited (the “Company”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2014 (the “Reporting Period”), together with the comparative figures for the corresponding period in 2013 as follows:

### **CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 30 September 2014*

		<b>Six months ended 30 September</b>	
	<i>Note</i>	<b>2014</b>	<b>2013</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>Unaudited</b>	<b>Unaudited</b>
Revenue	4	<b>612,496</b>	638,266
Cost of sales		<b>(510,669)</b>	(556,698)
Gross profit		<b>101,827</b>	81,568
Other income and net gains		<b>419</b>	1,568
General and administrative expenses		<b>(25,408)</b>	(15,337)
Operating profit	5	<b>76,838</b>	67,799
Finance income		<b>298</b>	—
Finance costs		<b>(3,121)</b>	(2,454)
Finance costs, net	6	<b>(2,823)</b>	(2,454)
Profit before income tax		<b>74,015</b>	65,345
Income tax expense	7	<b>(10,887)</b>	(8,874)
Profit and total comprehensive income for the period attributable to owners of the Company		<b>63,128</b>	56,471
Earnings per share attributable to owners of the Company during the period	8		
— basic ( <i>HK cents</i> )		<b>21.0</b>	18.8
— diluted ( <i>HK cents</i> )		<b>21.0</b>	18.8

Details of the interim dividend are disclosed in note 9 to this announcement.

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

	Note	30 September 2014 HK\$'000 Unaudited	31 March 2014 HK\$'000 Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		347,172	315,959
Deferred taxation		–	43
Goodwill		13,022	13,022
		<u>360,194</u>	<u>329,024</u>
<b>Current assets</b>			
Trade and other receivables	10	329,296	177,392
Amounts due from customers for contract work		39,354	40,672
Cash and cash equivalents		70,988	188,885
Tax recoverable		–	480
		<u>439,638</u>	<u>407,429</u>
<b>Total assets</b>		<u><u>799,832</u></u>	<u><u>736,453</u></u>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	12	3,000	3,000
Share premium		57,320	57,320
Other reserves		100,660	97,897
Retained earnings		160,649	97,521
<b>Total equity</b>		<u>321,629</u>	<u>255,738</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		89,951	78,445
Deferred taxation		33,115	30,098
		<u>123,066</u>	<u>108,543</u>
<b>Current liabilities</b>			
Trade and other payables	11	183,383	89,374
Borrowings		155,907	118,570
Tax payable		15,847	14,228
Dividend payable		–	150,000
		<u>355,137</u>	<u>372,172</u>
<b>Total liabilities</b>		<u><u>478,203</u></u>	<u><u>480,715</u></u>
<b>Total equity and liabilities</b>		<u><u>799,832</u></u>	<u><u>736,453</u></u>
<b>Net current assets</b>		<u><u>84,501</u></u>	<u><u>35,257</u></u>
<b>Total assets less current liabilities</b>		<u><u>444,695</u></u>	<u><u>364,281</u></u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1. GENERAL INFORMATION

CNQC International Holdings Limited (formerly known as Sunley Holdings Limited) is an investment holding company. The Group is principally engaged in the foundation business and machinery rental business in Hong Kong and Macau. The ultimate holding company is Guotsing Holding Group Company Limited (“Guotsing”) which is incorporated in the People’s Republic of China (“the PRC”).

The Company is a limited liability company incorporated in the Cayman Islands. The address of the Company’s registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in thousands of Hong Kong Dollar (“HK\$’000”), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 24 November 2014.

## 2. BASIS OF PRESENTATION

This unaudited condensed interim financial information for the six months ended 30 September 2014 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting”. The unaudited condensed interim financial information should be read in conjunction with the consolidated financial statements for the year ended 31 March 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

## 3. ACCOUNTING POLICIES AND APPLICATION OF NEW ACCOUNTING STANDARDS

Except as described below, the accounting policies applied to prepare this unaudited condensed interim financial information for the Reporting Period are consistent with those of the annual financial statements for the year ended 31 March 2014.

The Group has adopted the following amendments to standards and interpretation for accounting periods beginning on or after 1 April 2014:

HKFRS 10, HKFRS 12 and HKAS 27 (2011) (amendment)	Investment entities
HKAS 32 (amendment)	Financial instruments: presentation — offsetting financial assets and financial liabilities
HKAS 36 (amendment)	Recoverable amount disclosures for non-financial assets
HKAS 39 (amendment)	Novation of derivatives and continuation of hedge accounting
HK(IFRIC)-Int 21	Leases

The Group has assessed the impact of the adoption of these amendments to standards and interpretation and considered that there was no significant impact on the Group’s results and financial position nor any substantial changes in the Group’s accounting policies.

#### 4. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the amounts that can be recognised in accordance with the respective stage of completion of construction contracts and rental income on machinery in the ordinary course of business. Revenue recognised during the respective periods is as follows:

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	Unaudited	Unaudited
<b>Revenue</b>		
Construction contracts income	610,832	638,255
Rental income on machinery	1,664	11
	<u>612,496</u>	<u>638,266</u>

The chief operating decision-maker has been identified as the Board of Directors of the Company. The Board of Directors regards the Group's business as a single operating segment and reviews financial statements accordingly. Therefore, no segment information is presented.

#### 5. OPERATING PROFIT

Operating profit is stated after charging the following:

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Cost of sales		
Construction material costs	237,713	251,829
Subcontracting charges	179,599	224,719
Staff costs, including directors' emoluments	77,026	65,146
Share-based payment	2,763	–
Depreciation of owned assets	15,980	12,002
Depreciation of assets under finance leases	11,772	11,211
Legal and professional fees	2,250	386
Operating lease rental on land and buildings	1,787	1,039
Insurance	1,497	1,192
Repair and maintenance	2,011	1,331

## 6. FINANCE COSTS, NET

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Interest expense on bank borrowings	981	258
Interest expense on finance lease liabilities	2,140	2,196
Interest income	(298)	—
	<u>2,823</u>	<u>2,454</u>

## 7. INCOME TAX EXPENSE

Hong Kong and Macau profits tax have been provided at the rate of 16.5% and 12% respectively for the six months ended 30 September 2014 and 2013 on the estimated assessable profit for the period.

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Current income tax		
— Hong Kong profits tax	1,719	4,732
— Macau profits tax	6,108	4,545
Deferred income tax	3,060	(403)
	<u>10,887</u>	<u>8,874</u>

## 8. EARNINGS PER SHARE

### Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares of HK\$0.01 each of the Company (the “Share”) in issue during the respective periods.

	Six months ended 30 September	
	2014	2013
	Unaudited	Unaudited
Profit attributable to owners of the Company (HK\$'000)	63,128	56,471
Weighted average number of Shares for the purpose of calculating basic earnings per Share ( <i>in thousand</i> )	300,000	300,000
Basic earnings per Share (HK cents)	21.0	18.8

## Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Shares issuable under the share option scheme is the only category of dilutive potential ordinary shares. A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Shares in the relevant periods) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2014</b>	2013
	<b>Unaudited</b>	Unaudited
Diluted earnings per Share ( <i>HK cents</i> )	<b>21.0</b>	18.8

Diluted earnings per Share for the six months ended 30 September 2014 equal basic earnings per Share as the exercise of the outstanding share options would be anti-dilutive. Diluted earnings per Share for the six months ended 30 September 2013 equal basic earnings per Share as there were no potential dilutive Shares outstanding during the period.

## 9. INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend for the Reporting Period (six months ended 30 September 2013: Nil).

## 10. TRADE AND OTHER RECEIVABLES

	<b>30 September</b>	31 March
	<b>2014</b>	2014
	<b>HK\$'000</b>	HK\$'000
	<b>Unaudited</b>	Audited
Contract receivables	<b>218,709</b>	87,011
Retention receivables	<b>100,439</b>	84,630
Total trade receivables	<b>319,148</b>	171,641
Other receivables, deposits and prepayments ( <i>Note (d)</i> )	<b>10,148</b>	5,751
	<b>329,296</b>	177,392

*Notes:*

- (a) Trade receivables are past due when a counterparty has failed to make a payment when contractually due. The credit period granted to customers is 14 to 60 days.

- (b) The ageing analysis of the contract receivables based on invoice date is as follows:

	<b>30 September 2014 HK\$'000 Unaudited</b>	31 March 2014 HK\$'000 Audited
0–30 days	<b>187,469</b>	86,991
31–60 days	<b>30,843</b>	–
61–90 days	–	–
Over 90 days	<b>397</b>	20
	<b><u>218,709</u></b>	<b><u>87,011</u></b>

Contract receivables of HK\$218,312,000 and HK\$86,991,000 as at 30 September 2014 and 31 March 2014 respectively were not yet past due and HK\$397,000 and HK\$20,000 as at 30 September 2014 and 31 March 2014 respectively were past due but not impaired. These relate to contract receivables from a number of independent customers of whom there is no recent history of default and no provision has therefore been made.

Retention receivables were not yet past due as at 30 September 2014 and were settled in accordance with the terms of respective contracts.

- (c) The other classes of assets within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.
- (d) The amount mainly represents site deposits and prepayment for purchase of materials.
- (e) The carrying amounts of trade and other receivables approximate their fair values and are denominated in the following currencies:

	<b>30 September 2014 HK\$'000 Unaudited</b>	31 March 2014 HK\$'000 Audited
Hong Kong dollar	<b>295,175</b>	160,351
Macau Pataca	<b>34,121</b>	17,041
	<b><u>329,296</u></b>	<b><u>177,392</u></b>

## 11. TRADE AND OTHER PAYABLES

	30 September 2014 HK\$'000 Unaudited	31 March 2014 HK\$'000 Audited
Trade payables	148,613	82,674
Accruals for construction costs	27,652	–
Other accruals ( <i>Note (c)</i> )	7,118	6,700
	<u>183,383</u>	<u>89,374</u>

*Notes:*

- (a) The carrying amounts of trade and other payables approximate their fair values and are mainly denominated in Hong Kong dollars.
- (b) Payment terms granted by suppliers are 14 to 60 days from the invoice date of the relevant purchases.

The ageing analysis of trade payables based on the invoice date is as follows:

	30 September 2014 HK\$'000 Unaudited	31 March 2014 HK\$'000 Audited
0–30 days	122,137	74,778
31–60 days	23,648	7,748
61–90 days	1,516	2
Over 90 days	1,312	146
	<u>148,613</u>	<u>82,674</u>

- (c) Other accruals mainly related to the accrued staff benefits and accrued legal and professional expenses.

## 12. SHARE CAPITAL

	Number of ordinary shares	Nominal amount HK\$'000
<b>Authorised:</b>		
Shares of HK\$0.01 each as at 30 September 2014 and 31 March 2014	<u>2,000,000,000</u>	<u>20,000</u>
<b>Issued and fully paid:</b>		
Shares of HK\$0.01 each as at 30 September 2014 and 31 March 2014	<u>300,000,000</u>	<u>3,000</u>



### 13. COMMITMENTS

#### Operating lease commitments — Group as lessee

As at each statement of financial position date, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	<b>30 September 2014 HK\$'000 Unaudited</b>	<b>31 March 2014 HK\$'000 Audited</b>
Not later than 1 year	<b>6,389</b>	2,929
1–5 years	<b>10,292</b>	208
	<b>16,681</b>	3,137

The Group is the lessee in respect of a number of properties under operating leases. The leases typically run for an initial period of two to three years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

### 14. CONTINGENT LIABILITIES

(a) As at each statement of financial position date, the Group had the following contingent liabilities:

	<b>30 September 2014 HK\$'000 Unaudited</b>	<b>31 March 2014 HK\$'000 Audited</b>
Guarantees on performance bonds in respect of contracts	<b>52,428</b>	27,231

#### (b) Pending litigation

In the ordinary course of the Group's contract works business, the Group has been subject to a number of claims due to personal injuries or casualty suffered by employees of the Group or the Group's subcontractors in accidents arising out of and in the course of their employment. The directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group. No provision has been made in respect of these claims in the financial information.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

During the Reporting Period, the Group had two major source of incomes, namely, construction business and machinery leasing.

#### *Construction business*

The construction projects undertaken by the Group can be broadly divided into foundation works and ancillary services with particular specialisation in piling works. The Group undertakes foundation work related projects in both the public sector, including building and infrastructure related projects, and the private sector in Hong Kong and Macau.

Revenue from the construction contracts for the Reporting Period was approximately HK\$610.8 million (six months ended 30 September 2013: approximately HK\$638.3 million). The slight decrease was mainly attributable to the substantial completion of a significant project in Macau during the last corresponding financial period. During the Reporting Period, the Group has commenced work of a sizable project in Tseung Kwan O at the second half of the Reporting Period. The revenue contribution of this project together with other ongoing significant projects, including Wing Shun Street in Tsuen Wan, Yuen Long Town Lot and Cotai in Macau accounts for approximately HK\$312.9 million (six months ended 30 September 2013: HK\$353.3 million).

#### *Machinery leasing*

The Group leased certain unutilized machinery to third party machinery companies and contractors. Revenue from the machinery leasing was approximately HK\$1.66 million during the Reporting Period (six months ended 30 September 2013: approximately HK\$11,000). The increase was mainly due to completion of some projects and there was a short period of time that new projects were yet to begin.

## **Financial Review**

### *Revenue*

The Group's total revenue for the Reporting Period was approximately HK\$612.5 million (2013: approximately HK\$638.3 million), representing an decrease of approximately 4.0% compared to the corresponding period in 2013. The slight decrease was mainly due to the completion of a significant project in Cotai Macau whereas sizeable projects undertaken were not yet to contribute full period revenue during the Reporting Period.

### *Gross Profit Margin*

The Group's gross profit margin during the Reporting Period was approximately 16.6% (2013: approximately 12.8%). Despite the continuing increase in labour cost, construction material cost and subcontractor charges during the Reporting Period as compared with last year, the Group had adjusted the tender price of the construction projects correspondingly in order to reflect the increase in costs and to maintain the gross profit margin.

### *General and Administrative Expenses*

The Group's general and administrative expenses for the Reporting Period were approximately HK\$25.4 million (2013: approximately HK\$15.3 million), representing an increase of approximately 66.0% over the figure for 2013. This was mainly attributable to the increase in staff costs including Directors' emoluments incurred and the grant of share options to employees during the Reporting Period.

### *Net Profit*

For the Reporting Period, the Group recorded a net profit of approximately HK\$63.1 million, representing an increase of approximately 11.7% as compared to the net profit of approximately HK\$56.5 million for the corresponding period in 2013. The increase was mainly attributable to the increase in gross profit contributed by a number of newly undertaken construction projects.

## **Prospects**

The Group has just contracted a sizable public foundation project in Shek Kip Mei and private foundation projects in Ma On Shan and in Tsing Yi with a total contract sum of approximately HK\$1.0 billion. With the continual demand of construction work both in Hong Kong and in Macau, the management expects that there will be a lots tendering opportunities ahead.

The change in company name as disclosed in the announcement dated 9 July 2014 and 16 September 2014 paves the way for the Group to make use of the new corporate image and the reputation of the parent CNQC Development Limited ("CNQC", which is indirectly wholly-owned by Guotsing) and its related group members to potentially expand foundation construction business to other Asia Pacific region in the future.

## **Debts and Charge on Assets**

The total interest bearing bank borrowings of the Group, including bank loans and finance leases, increased from approximately HK\$197.0 million as at 31 March 2014 to approximately HK\$245.9 million as at 30 September 2014. All borrowings were denominated in Hong Kong dollar. Interests on bank borrowings are mainly charged at floating rates. The Group currently does not have an interest rate hedging policy and the Group monitors interest risks continuously and considers hedging any excessive risk when necessary.

These banking facilities are secured by the Group's property, plant and equipment with an aggregate net book value of approximately HK\$222.9 million and approximately HK\$172.4 million as at 30 September 2014 and 31 March 2014 respectively.

## **Liquidity, Financial Resources and Capital Structure**

The Group has funded the liquidity and capital requirements primarily through capital contributions from shareholders, bank borrowings and cash inflows from the operating activities.

As at 30 September 2014, the Group had cash and bank balances of approximately HK\$71.0 million (31 March 2013: approximately HK\$188.9 million) of which approximately 90.4% was held in Hong Kong dollar and the remaining was mainly held in Macau Pataca. The decrease was mainly due to a special dividend in cash of HK\$0.50 per share with an aggregate amount of HK\$150.0 million on 30 June 2014. The gearing ratio of the Group as at 30 September 2014 (defined as total interest-bearing debts divided by shareholder's equity) was approximately 76% (31 March 2014: approximately 77%).

During the Reporting Period, the Group did not employ any financial instrument for hedging purposes.

## **Foreign Exchange**

Since the Group mainly operates in Hong Kong and Macau and most of the revenue and transactions arising from its operations were settled in Hong Kong dollar and Macau Pataca, and the Group's assets and liabilities are primarily denominated in Hong Kong dollar and Macau Pataca, the Board believes that the Group will have sufficient foreign exchange to meet its foreign exchange requirements. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates and has not adopted any currency hedging policy or other hedging instruments during the Reporting Period.

## **Significant Investment, Material Acquisitions and Disposal of Subsidiaries and Associated Companies**

During the Reporting Period, there was no significant investment, material acquisitions and disposal of subsidiaries and associated companies by the Company.

## **Capital Commitments**

The Group had no capital commitments as at 30 September 2014 and 31 March 2014.

## **Contingent Liabilities**

Save as disclosed in note 14 to the unaudited condensed consolidated interim financial information, the Group had no other contingent liabilities as at 30 September 2014 and 31 March 2014.

## **Event after the Reporting Period**

There are no significant events after the reporting period.

## **Employees and Remuneration Policy**

As at 30 September 2014, the Group had 298 full-time employees (31 March 2014: 285 full-time employees). Most of the Group's employees were based in Hong Kong.

The remuneration policy and package of the Group's employees are periodically reviewed. Apart from mandatory provident fund and in-house training programmes, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance.

The total remuneration cost incurred by the Group for Reporting Period was approximately HK\$77.0 million compared to approximately HK\$65.1 million of the corresponding period in 2013.

## **Share Options**

On 27 June 2014, the Company offered to grant an aggregate of 19,500,000 share options (the "Share Options") to certain Directors, employees and consultants of the Group (collectively, the "Grantees"), subject to acceptance of the Grantees, under its share option scheme adopted on 11 September 2012 (the "Share Option Scheme"). The Share Options will enable the Grantees to subscribe for an aggregate of 19,500,000 new Shares, representing 6.5% of the issued share capital of the Company as at the date of grant subject to certain vesting periods. For further details, please refer to the announcement of the Company dated 27 June 2014.

## **Interim Dividend**

The Board did not recommend the declaration of any interim dividend for the Reporting Period (six months ended 30 September 2013: HK\$Nil).

## **Purchase, Sale and Redemption of the Company's Securities**

During the Reporting Period, neither the Company nor any of the subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **Corporate Governance**

### *Corporate Governance Code*

The Company had complied with all the applicable code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the Reporting Period.

## **Appointment of Chief Financial Officer, Change of Company Secretary and Authorised Representative**

Mr. Tai Man Hin, Tony resigned as the financial controller, the company secretary, and an authorised representative of the Company with effect from 12 May 2014 due to the pursuance of his own business.

Mr. Ng Yiu Fai was appointed as the chief financial officer. Mr. Ng was also appointed as the company secretary and an authorised representative of the Company in place of Mr. Tai with effect from 12 May 2014.

## **Restoration of Public Float**

On 11 February 2014, Leading Win Management Limited ("Leading Win") entered into an agreement (the "Share Sale Agreement") with CNQC pursuant to which Leading Win conditionally agreed to sell and CNQC conditionally agreed to purchase 225,000,000 Shares (representing 75% of the then entire issued capital of the Company) at a cash consideration of HK\$2.40 per share.

Completion of the Share Sale Agreement took place on 17 March 2014. As a result, CNQC became the shareholder of 225,000,000 shares of the Company and was required to make an unconditional mandatory cash offer (the "Cash Offer") to acquire all the shares of the Company not already owned by it or parties acting in concert with it at a price of HK\$2.40 per share. Upon the close of the Cash Offer on 11 April 2014, CNQC became interested in 265,790,000 shares of the Company, representing approximately 88.6% of the then issued share capital of the Company.

Upon the close of the Cash Offer on 11 April 2014, there were 34,210,000 shares, representing approximately 11.4% of the issued share capital of the Company, held by the public (as defined in the Listing Rules). Accordingly, the Company could not fulfill the minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules. A waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules for the period of three months commencing from 11 April 2014 up to and including 10 July 2014 has been granted by the Stock Exchange.

On 20 June 2014, CNQC as the seller entered into a placing agreement with an independent placing agent pursuant to which 41,645,000 shares of the Company were placed to independent placees at a price of HK\$2.40 per share (the “Placing”). Settlement of the Placing took place on 26 June 2014. After the settlement of the Placing, CNQC holds 224,145,000 shares of the Company, representing approximately 74.7% of the issued share capital of the Company, and the public float of the Company had been restored. Please also refer to the announcement of the Company dated 23 June 2014.

### **Code of Conduct Regarding Directors’ Securities Transactions**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the Reporting Period.

### **Audit Committee and Review of Financial Information**

The audit committee of the Company has reviewed with the Company’s management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim financial statements for the Reporting Period.

By order of the Board  
**CNQC International Holdings Limited**  
**DU BO**  
*Chairman*

Hong Kong, 24 November 2014

*As at the date of this announcement, the Board comprises (i) four executive Directors, namely Dr. Du Bo (Chairman), Mr. Cheng Wing On, Michael, Mr. Ho Chi Ling and Mr. Zhang Yuqiang; (ii) two non-executive Directors, namely Mr. Zhang Zhihua and Dr. Ding Hongbin; and (iii) three independent non-executive Directors, namely Mr. Chuck Winston Calptor, Mr. Ching Kwok Hoo, Pedro and Mr. Tam Tak Kei, Raymond.*