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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)

PLACING OF NEW SHARES UNDER SPECIFIC PLACING MANDATE AND CPS CONVERSION

Placing Agents

BM INTELLIGENCE
邦盟滙駿證券有限公司
BMI Securities Limited
BMI Securities Limited



Guotai Junan Securities (Hong Kong) Limited

THE PLACING AGREEMENT

On 17 December 2015 (after trading hours), the Company and the Placing Agents entered into the Placing Agreement pursuant to which the Company has conditionally agreed to offer for subscription, and the Placing Agents have conditionally agreed to procure, as Placing Agents of the Company, not less than six Placees, on a best effort basis, to subscribe for up to 215,000,000 Placing Shares, at the Placing Price of HK\$2.40 per Placing Share. The Placees and their ultimate beneficial owners shall be Independent Third Parties.

The Placing Shares will be allotted and issued pursuant to the Specific Placing Mandate granted to the Directors in the EGM held on 14 October 2015 and therefore are not subject to further Shareholders' approval. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

The Placing is subject to termination by the Placing Agents under certain circumstances as set out in the sub-paragraphs headed "The Placing Agreement — Force majeure" in this announcement. In the event that the Placing Agents exercise their rights to terminate the Placing Agreement in accordance with the terms therein, the Placing will not proceed.

Since the completion of the Placing is subject to fulfilment of condition as set out in the sub-paragraphs headed “The Placing Agreement — Condition of the Placing” in this announcement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

CPS CONVERSION

On 17 December 2015, the Company received a conversion notice from New Guotsing Holdco in respect of the conversion of up to an aggregate of 647,273,454 CPS held by it, subject to the completion of the Placing and the Company meeting the minimum public float requirement under Rule 8.08 of the Listing Rules.

Assuming the Placing Shares are placed in full pursuant to the Placing, the Company will allot and issue a total of 647,273,454 Conversion Shares to New Guotsing Holdco and all the CPS held by New Guotsing Holdco will be cancelled. The final number of the Conversion Shares allotted pursuant to the CPS Conversion is subject to further adjustment depending on the number of Placing Shares placed pursuant to the Placing. 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 647,273,454 Conversion Shares represent approximately 55.7% of the issued Shares as enlarged by the Placing (assuming the Placing Shares are placed in full) and the CPS Conversion (assuming all 647,273,454 CPS are fully converted).

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.

Reference is made to the Circular of the Company dated 25 September 2015 and the Poll Result Announcement of the Company dated 14 October 2015. Unless otherwise defined in this announcement, defined terms used herein should have the same meaning as those ascribed to in the Circular and the Poll Result Announcement.

THE PLACING AGREEMENT

Date

17 December 2015 (after trading hours)

Issuer

The Company

Placing Agents:

- (a) BMI Securities Limited; and
- (b) Guotai Junan Securities (Hong Kong) Limited.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Placing Agents and its ultimate beneficial owners are Independent Third Parties.

Placees

Pursuant to the Placing Agreement, the Placing Agents have conditionally agreed to place, on a best effort basis, up to 215,000,000 Placing Shares to not less than six Placees. The Placing Agents have undertaken to the Company that the Placees and their ultimate beneficial owners shall be Independent Third Parties and that except with the consent of the Company, none of the Placees would, immediately upon completion of the Placing and the CPS Conversion, become a substantial shareholder (within the meaning of the Listing Rules) of the Company.

Placing Shares

The Placing Shares (if placed in full) represent (i) approximately 71.67% of the total existing issued Shares as at the date of this announcement and (ii) 18.50% of the then total issued Shares as enlarged by the Placing and the CPS Conversion (assuming (i) there will not be other changes in the number of issued Shares of the Company from the date of this announcement to the date of completion of the Placing and the CPS Conversion, other than as a result of the Placing and the CPS Conversion); (ii) the Placing Shares are placed in full; and (iii) all 647,273,454 CPS are fully converted into Conversion Shares).

The Placing Shares will rank, upon issue, pari passu in all respects with the Shares in issue at the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$2.40 represents:

- (i) a discount of approximately 9.8% to the closing price of HK\$2.66 per Share as quoted on the Stock Exchange on 17 December 2015, being the date of the Placing Agreement; and
- (ii) a discount of approximately 1.2% to the average closing price of HK\$2.43 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Placing Agreement.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agents and was determined with the recent trading price and trading volume of the Shares. The Directors consider that the Placing Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole under the current market conditions.

The aggregate nominal value of the 215,000,000 Placing Shares (with a nominal value of HK\$0.01 each) will be approximately HK\$2,150,000.

Condition of the Placing

The completion of the Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares to be placed pursuant to the Placing Agreement.

In the event the above condition to the Placing is not fulfilled on or before 14 January 2016, the obligations of the Placing Agents and of the Company under the Placing Agreement shall cease and determine and no party to the Placing Agreement shall have any claim against the other party save for any antecedent breach of any rights or obligations under the Placing Agreement.

Application for listing

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Completion of the Placing

Completion of the Placing is expected to take place on or before the seventh (7th) Business Days after and not including the date of the fulfillment of the above condition or such later date as the Company and the Placing Agents may agree in writing (the “**Closing Date**”).

Force majeure

The Placing Agents reserve their rights to terminate the Placing Agreement by notice in writing to the Company at any time up to 10:00 a.m. on the Closing Date if there occurs:

- (a) any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which render the Placing unable to proceed; or
- (b) any moratorium, suspension or material restriction on trading in shares or securities in general on the Stock Exchange occurs after the date of the Placing Agreement which render the Company or the Placing Agents unable to proceed with the Placing; or
- (c) the Company commits any material breach of or omits to observe any of its obligations or undertakings under the Placing Agreement which will render the Placing unable to proceed; or
- (d) the Placing Agents shall become aware of the fact that any of the representations contained in the Placing Agreement was, when given, materially untrue or inaccurate, or such untrue representation or warranty will render the Placing unable to proceed,

then the Placing Agents, after consultation with the Company, may upon giving notice to the Company terminate the Placing Agreement with immediate effect, and the Company shall not be liable to pay any commission stipulate under the Placing Agreement and no party to

the Placing Agreement shall have any claim against the other party for compensation, costs, damages or otherwise, save in respect of any antecedent breach of any obligation under the Placing Agreement.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Specific Placing Mandate

The Placing Shares will be allotted and issued pursuant to the Specific Placing Mandate granted to the Directors at the EGM. Under the Specific Placing Mandate, the Company is authorised to issue up to 215 million of new Shares at a minimum price of HK\$2.40 per Share and the Placing Price should be at a discount of not more than 20% to the higher of:

- (a) the closing price of the Shares as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (b) the average closing price of the Shares as quoted on the Stock Exchange for five trading days immediately prior to the earlier of:
 - (i) the date of this announcement;
 - (ii) the date of the Placing Agreement; and
 - (iii) the date on which the Placing Price is fixed.

The Specific Placing Mandate is granted for the period from the passing of the relevant resolution in the EGM to the earlier of (a) the date falling three months after the date of the passing of the aforesaid resolution at the EGM or (b) the revocation or variation of the authority given under the relevant resolution(s) at the EGM by ordinary resolution(s) of the Shareholders in a general meeting of the Company. The Company has not exercised the power to allot and issue any new Shares pursuant to the Specific Placing Mandate prior to the date of the Placing Agreement.

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

CPS CONVERSION

On 17 December 2015, the Company received a conversion notice from New Guotsing Holdco in respect of the conversion of up to an aggregate of 647,273,454 CPS held by it, subject to the completion of the Placing and the Company meeting the minimum public float requirement under Rule 8.08 of the Listing Rules.

Assuming the Placing Shares are placed in full pursuant to the Placing, the Company will allot and issue a total of 647,273,454 Conversion Shares to New Guotsing Holdco and all the CPS held by New Guotsing Holdco will be cancelled. The final number of the Conversion Shares allotted pursuant to the CPS Conversion is subject to further adjustment depending on the number of Placing Shares placed pursuant to the Placing. 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 647,273,454 Conversion Shares represent approximately 55.7% of the issued Shares as enlarged by the Placing (assuming the Placing Shares are placed in full) and the CPS Conversion (assuming all 647,273,454 CPS are fully converted).

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.

EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE PLACING 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 Placing and the completion of the CPS Conversion and assuming that the Placing Shares are placed in full, 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 Placing and the CPS Conversion:

	As at the date of this announcement			Upon completion of the Placing and the CPS Conversion		
	Number of Shares held	Approximate percentage of total issued Shares	Number of CPS held (note 1)	Number of Shares held	Approximate percentage of total issued Shares	Number of CPS held (note 1)
Substantial Shareholders						
CNQC Development	224,145,000	74.7%	—	224,145,000	19.3%	—
New Guotsing Holdco (Note 2)	—	—	647,273,454	647,273,454	55.7%	—
Trustee	—	—	304,599,273	—	—	304,599,273
<i>Sub total</i>	<u>224,145,000</u>	<u>74.7%</u>	<u>951,872,727</u>	<u>871,418,454</u>	<u>75.0%</u>	<u>304,599,273</u>
Public						
Public Shareholders as at the date of this announcement	75,855,000	25.3%	—	75,855,000	6.5%	—
Places upon completion of Placing	—	—	—	215,000,000	18.5%	—
Total	<u><u>300,000,000</u></u>	<u><u>100%</u></u>	<u><u>951,872,727</u></u>	<u><u>1,162,273,454</u></u>	<u><u>100%</u></u>	<u><u>304,599,273</u></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.

CAPITAL RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not conducted any capital raising activities in the past 12 months immediately prior to the date of this announcement.

REASONS FOR THE PLACING AND USE OF PROCEEDS

Assuming all the Placing Shares have been placed, the maximum gross proceeds from the Placing will be approximately HK\$516 million and the maximum net proceeds from the Placing will be approximately HK\$500 million (after deduction of commission and other expenses of the Placing). On such basis, the net issue price will be approximately HK\$2.32 per Placing Share. The Board considers that the Placing 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 net proceeds shall be applied as follows:

- (a) approximately HK\$98 million, representing approximately 19.6% of the net placing proceeds, in and towards the repayment of portion of the short-term bank loans that will mature in early 2016;
- (b) approximately HK\$370 million, representing approximately 74.0% of the net placing proceeds, in and towards the payment for development costs (including land cost, construction costs and other development costs such as marketing expenses, contingencies, professional or consultant fees, property tax and goods and services tax) of the five property projects of the Group in Singapore namely Waterbay, Ecopolitan, Bellewoods, Bellewaters and Sembawang that would be due between January 2016 to March 2016; and
- (c) approximately HK\$32 million, representing approximately 6.4% of the net placing proceeds, for the general working capital and activities of the Group.

The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

The Placing is subject to termination by the Placing Agents under certain circumstances as set out in the sub-paragraphs headed “The Placing Agreement — Force majeure” in this announcement. In the event that the Placing Agents exercise their rights to terminate the Placing Agreement in accordance with the terms therein, the Placing will not proceed.

Since the completion of the Placing is subject to fulfilment of condition as set out in the sub-paragraphs headed “The Placing Agreement — Condition of the Placing” in this announcement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“associates”	has the meaning ascribed to it in the Listing Rules
“BMI Securities”	BMI Securities Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) permitted to carry out type 1 (dealing in securities) regulated activities (as defined under the Securities and Futures Ordinance)
“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks generally are open for general banking business in Hong Kong
“Circular”	the circular of the Company dated 25 September 2015 in relation to, among others, a very substantial acquisition and connected transaction, reverse takeover involving a new listing application and proposed grant of Specific Placing Mandate
“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
“connected person(s)”	has the meaning ascribed to it 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 up to an aggregate of 647,273,454 CPS held by it
“Director(s)”	director(s) of the Company

“EGM”	the extraordinary general meeting of the Company convened on 14 October 2015 to approve, among others, the Specific Placing Mandate
“Group”	the Company and its subsidiaries
“Guotai Junan Securities”	Guotai Junan Securities (Hong Kong) Limited, a licensed corporation to carry on business in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“HK\$”	the Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a person other than a connected person (within the meaning of the Listing Rules) of the Company
“Listing Committee”	the listing committee appointed by the Stock Exchange for considering applications for listing and the grant of listing
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“New Guotsing Holdco”	Guotsing Holding Company Limited (國清控股有限公司), a limited liability company incorporated in the British Virgin Islands on 11 May 2015
“Placee(s)”	any individual, corporate, professional or institutional investors to be procured by or on behalf of the Placing Agents under the Placing
“Placing”	the placing of the Placing Shares by or on behalf of the Placing Agents for subscription by the Placee(s)
“Placing Agents”	BMI Securities and Guotai Junan Securities
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agents dated 17 December 2015 in relation to the Placing under the Specific Placing Mandate
“Placing Price”	HK2.4 per Placing Share
“Placing Shares”	up to 215,000,000 new Shares to be placed pursuant to the Placing Agreement and each a “Placing Share”

“Poll Result Announcement”	the announcement of the Company dated 14 October 2015 in relation to, among others, the poll result of the EGM
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
CNQC International Holdings Limited
Dr. Du Bo
Chairman

Hong Kong, 17 December 2015

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.