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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)**

### **DISCLOSEABLE TRANSACTION SUBSCRIPTION OF INTEREST IN A FUND**

#### **THE SUBSCRIPTION AGREEMENT**

The Board is pleased to announce that on 21 May 2020, CNQC AM, a wholly-owned subsidiary of the Company, has entered into the Subscription Agreement pursuant to which CNQC AM agreed to subscribe for the limited partnership interests of the Fund at an aggregate subscription amount of up to USD19,230,000 (equivalent to approximately HKD150,000,000). The Fund is primarily engaged in the investment in healthcare and biotechnology related business.

#### **LISTING RULES IMPLICATIONS**

As all of the applicable percentage ratios in respect of the Initial Subscription are less than 5%, it did not constitute a discloseable transaction under Chapter 14 of the Listing Rules at the time. As certain applicable percentage ratios in respect of the Subscription under the Subscription Agreement, on a stand-alone basis or after aggregation with the Initial Subscription, exceed 5% but are less than 25%, the Subscription constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

#### **BACKGROUND**

The Board is pleased to announce that on 21 May 2020, CNQC AM, a wholly-owned subsidiary of the Company, has entered into the Subscription Agreement pursuant to which CNQC AM agreed to subscribe for the limited partnership interests of the Fund at an aggregate subscription amount of up to USD19,230,000 (equivalent to approximately HKD150,000,000).

## **THE SUBSCRIPTION AGREEMENT**

The principal terms of the Subscription Agreement are summarised below:

Date	:	21 May 2020
Parties	:	(i) CNQC AM, a wholly-owned subsidiary of the Company, as the subscriber; and (ii) the General Partner.
Interests acquired	:	All of the limited partnership interests under the second tranche of the Fund
Subscription amount for the interests acquired	:	Up to USD19,230,000 (equivalent to approximately HKD150,000,000), which will be payable to the Fund upon receipt of the funding notices by instalments from the General Partner with reference to the progressive capital needs of the Fund for its investments

The aggregate subscription amount was determined after arm's length negotiations between the General Partner and CNQC AM. The aggregate subscription amount will be funded by cash from the Group's internal resources. The financial results of the Fund will not be consolidated into the financial results of the Group.

Simultaneously with the entering into of the Subscription Agreement, CNQC AM, as limited partner, and the General Partner entered into the Limited Partnership Agreement to govern their relationship and provide for, among others, the manner of operation and management of the Fund.

### **The Limited Partnership Agreement and Information on the Fund**

The principal terms of the Limited Partnership Agreement is summarised below:

The Fund	:	The Fund is an exempted limited partnership established in accordance with the Exempted Limited Partnership Law of the Cayman Islands on 26 November 2019, and the financial statements of the Fund are not yet available as at the date of this announcement.
Name of the Fund	:	Blissful Jade Medicine Fund LP

- Purpose and scope of the Fund : The purpose of the Fund is to primarily achieve long-term capital appreciation, principally through directly or indirectly investing in a wide range of securities, instruments and assets (including, among others, equity and equity-related investments in private companies, venture capital investment, pre-IPO transactions, private bonds, convertible securities and/or loans). The scope of the investment portfolio of the Fund will be primarily in healthcare and biotechnology related business.
- Term of the Fund : The Fund commenced operations from its establishment on 26 November 2019 and shall continue until the commencement of winding up of the Fund, which is on or around the eighth anniversary of the initial acceptance of subscriptions by the General Partner on 20 February 2020. The term of the Fund may be extended as determined by the General Partner upon unanimous consent of all the limited partners of the Fund.
- Limited partners of the Fund : To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Fund has one limited partner as at the date of this announcement, namely CNQC AM, by virtue of the Subscriptions. The General Partner may admit additional limited partner(s) to the Fund during the term of the Fund at its discretion.
- Transferability of the interests : The limited partnership interests in the Fund may not be directly or indirectly sell, transfer or pledge, whether voluntarily or involuntarily and in whole or in part, without the prior written consent of the General Partner.
- Management of the Fund : The General Partner has the exclusive right to manage and control the partnership.
- Management expenses : The General Partner will be reimbursed for expenses, costs and liability incurred by it in the conduct of the business of the General Partner and the Fund, to be paid from the capital in the Fund or borne by the limited partner(s) on a pro-rata basis to their respective capital commitments.

- Distributions : The investment proceeds received by the Fund may be distributed to the limited partners of the Fund, after deducting the appropriate reserves for anticipated expenses, obligations and commitments of the Fund as reasonably determined and established by the General Partner, on a pro-rata basis to their respective capital commitments in the Fund as soon as practicable, in any event not later than ninety days after the receipt by the Fund.
- Dissolution of the Fund : The Fund shall be wound up and terminated upon, among others, the expiration of the term of the Fund; or at the decision of the General Partner with the consent from majority of the limited partner(s) of the Fund; or there are no limited partners remaining in the Fund.

### **THE INVESTMENT COMMITTEE OF THE GENERAL PARTNER**

The investments and the operations of the Fund will be managed by the General Partner and in particular, the investment decisions will be made by its investment committee. The General Partner's investment committee comprises of experienced professionals, such as: (a) an investment committee member holding a PhD in securities at the Fudan University (復旦大學金融博士) and a PhD in management at the Tongji University (同濟大學管理學博士) who has attained the Project Management Professional, Fund Qualification (基金從業資格) in the PRC and Advanced Securities Qualification (證券從業人員高級業務資格) in the PRC with more than 10 years of experience in fund management, securities investments, mergers and acquisitions and private equity acquisitions; (b) an investment committee member holding a MSc in Economics at the Hong Kong University of Science and Technology who is an executive director of a biotechnology investment platform of a large scale enterprise in the PRC with 5 years of experience in biotechnology securities and secondary market transactions and 8 years of experience in investment and financing in the biotechnology industry; and (c) an investment committee member holding a masters degree in microbial genetics at the Sun Yat-sen University (中山大學微生物遺傳學碩士) with over 20 years experience in the operation and management of the medical equipment business including the procurement, manufacturing and storage processes as well as cell therapy and medical laboratory operations.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE SUBSCRIPTION AGREEMENT**

The Subscriptions in the Fund by the Group aim to enhance the investment portfolio of the Group and to leverage on the expertise of the General Partner to exploit potential investment opportunities in the healthcare and biotechnology industries, thereby to achieve returns from such investments whilst diversifying the Group's investment portfolio and related risks in light of the present uncertain and challenging economic environment. Further, the Company believes that the healthcare and biotechnology industry in the PRC has a great potential for development and rapid growth. In addition, the industry in the PRC has attracted much investment from the capital markets as it is perceived to be a booming industry of the future,

particularly in light of the current awareness to health issues. Therefore, the Subscriptions are expected to provide an opportunity to the Group to enhance the return of its capital by utilising the idle cash of the Group.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the Subscriptions was entered into on normal commercial terms, and the terms and conditions therein are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **INFORMATION ON THE PARTIES**

### **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 and the construction business both in Singapore and Hong Kong.

### **CNQC AM**

CNQC AM is a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding and management.

### **General Partner**

The General Partner is incorporated in the Cayman Islands as an exempted company with limited liability. It is principally engaged in investment management and asset management.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the General Partner and its ultimate beneficial owner is a third party independent of the Company and not a connected person of the Company.

## **LISTING RULES IMPLICATIONS**

As all of the applicable percentage ratios in respect of the Initial Subscription are less than 5%, it did not constitute a discloseable transaction under Chapter 14 of the Listing Rules at the time. As certain applicable percentage ratios in respect of the Subscription under the Subscription Agreement, on a stand-alone basis or after aggregation with the Initial Subscription, exceed 5% but are less than 25%, the Subscription constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Board”	the board of directors of the Company
“CNQC AM”	CNQC International Asset Management Limited, an indirect wholly-owned subsidiary of the Company, the subscriber to the Fund under the Subscriptions
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Fund”	Blissful Jade Medicine Fund LP, a Cayman Islands exempted limited partnership
“General Partner”	Blissful Jade Asset Management Limited, a Cayman Islands exempted company incorporated with limited liability
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Initial Subscription”	the initial subscription of the limited partnership interest under the first tranche of the Fund by CNQC AM at an aggregate subscription amount of up to USD6,410,000 in accordance with the initial subscription agreement dated 20 February 2020 entered into between CNQC AM as limited partner and the General Partner
“Limited Partnership Agreement”	the exempted limited partnership agreement dated 20 February 2020 entered into among, <i>inter alia</i> , the General Partner and CNQC AM in relation to the operation and management of the Fund, as amended and restated from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the limited partnership interest under the second tranche of the Fund by CNQC AM in accordance with the terms of the Subscription Agreement
“Subscriptions”	the Initial Subscription as supplemented by the Subscription
“Subscription Agreement”	the subscription agreement dated 21 May 2020 entered into between CNQC AM as limited partner and the General Partner in relation to the Subscription
“USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

*For the purpose of this announcement, conversion of US dollars into HK dollars is based on the approximate exchange rate of USD1.0 to HKD7.8. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK dollars or US dollars have been, could have been or may be converted at such or any other rate or at all.*

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

Hong Kong, 21 May 2020

*As at the date of this announcement, the Board comprises (i) four executive Directors, namely Mr. Cheng Wing On, Michael (Chairman), Mr. Wang Congyuan, Dr. Du Bo, and Mr. Zhang Yuqiang; (ii) one non-executive Director, namely Mr. Chen Anhua; and (iii) three independent non-executive Directors, namely Mr. Ching Kwok Hoo, Pedro, Mr. Tam Tak Kei, Raymond and Mr. Chan Kok Chung, Johnny.*