

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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)**

### **CONNECTED TRANSACTION — DISPOSAL OF MINORITY INTERESTS IN THE INDUSTRIAL DEVELOPMENT FUND**

#### **THE DEED OF TRANSFER**

The Board is pleased to announce that on 14 April 2020, East Converge, an indirect wholly-owned subsidiary of the Company, entered into the Deed of Transfer with the Fund and the Industrial Development Fund, pursuant to which the Fund has conditionally agreed to purchase 11.74% limited partnership interests in the Industrial Development Fund from East Converge for a consideration of HK\$50,470,000. The Industrial Development Fund primarily invests in the redevelopment project of Yau Tong Marine Lot No. 58 & 59 and their extensions thereto in Hong Kong.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, (i) certain Directors, and (ii) certain other directors of subsidiaries of the Company, collectively hold more than 30% limited partnership interests in the Fund. As such, the Fund is deemed to be a connected person of the Company and the transactions contemplated under the Deed of Transfer constitutes connected transaction pursuant to Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) in respect of the transaction contemplated under the Deed of Transfer are more than 0.1% but less than 5%, the transaction contemplated under the Deed of Transfer is subject to the reporting and announcement requirement but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board is pleased to announce that on 14 April 2020, East Converge, an indirect wholly-owned subsidiary of the Company, entered into the Deed of Transfer with the Fund and the Industrial Development Fund.

## **DEED OF TRANSFER**

The principal terms of the Deed of Transfer are as follow:

Date: 14 April 2020

### **Parties:**

- (i) East Converge, an indirect wholly-owned subsidiary of the Company (as the vendor);
- (ii) the Fund (as the purchaser); and
- (iii) the Industrial Development Fund.

### **Subject matter**

Pursuant to the Deed of Transfer, the Fund conditionally agreed to acquire 11.74% limited partnership interests in the Industrial Development Fund from East Converge.

### **Consideration**

The aggregate consideration payable to East Converge by the Fund at completion in cash is HK\$50,470,000.

### **Basis of Consideration**

The consideration was arrived at after arm's length negotiations between East Converge and the Fund with reference to the underlying capital contribution amount made by East Converge corresponding to the 11.74% limited partnership interests in the Industrial Development Fund.

### **Completion**

Completion will take place within three (3) Business Days from the date of the Deed of Transfer. Upon Completion, the Industrial Development Fund will continue to be a subsidiary of the Company and consolidated into the accounts of the Company.

## **INFORMATION ON 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.

## **INFORMATION ON THE INDUSTRIAL DEVELOPMENT FUND**

The Industrial Development Fund is an exempted limited partnership established in the Cayman Islands. It primarily invests in the redevelopment project of Yau Tong Marine Lot No. 58 & 59 and their extensions thereto in Hong Kong to achieve long-term capital

appreciation. As at the date of this announcement, the Company indirectly holds 99.75% limited partnership interests in the Industrial Development Fund and owns 100% interests in the Sole General Partner of the Industrial Development Fund.

The unaudited consolidated net asset value of the Industrial Development Fund as at 31 December 2019, prepared in accordance with generally accepted accounting principles in Hong Kong, amounted to approximately HK\$424 million. The Industrial Development Fund recorded a loss (before and after taxation) of HK\$2,163,417 and HK\$3,699,314 for the year ended 31 December 2018 and 2019 respectively.

### **INFORMATION ON EAST CONVERGE**

East Converge is a company incorporated under the laws of British Virgin Islands with limited liability, and as at the date of this announcement, an indirect wholly-owned subsidiary of the Company. It is an investment holding company for investing indirectly in the Industrial Development Fund.

### **INFORMATION ON THE FUND**

The Fund is an exempted limited partnership established in the Cayman Islands. It primarily invests in real estate development and redevelopment projects for the achievement of long-term capital appreciation. As at the date of this announcement, certain Directors, eight directors of subsidiaries of the Company, one spouse of a director of subsidiaries of the Company and seven independent third parties are limited partners of the Fund. None of the limited partners hold more than 30% interests in the Fund. The Fund is managed by the Sole General Partner of the Fund, an indirect wholly-owned subsidiary of the Company.

### **FINANCIAL IMPACT OF AND USE OF PROCEEDS FROM THE DISPOSALS**

It is estimated that there will be no material gain or loss arising from the Disposal, being calculated by reference to the considerations attributable to the Group under the Deed of Transfer.

It is intended that the net proceeds from the Disposals (after deducting the transaction costs and expenses attributable to the Group), which is estimated to be approximately HK\$50,400,000, will be used by the Group to fund the real estate development projects held by the Industrial Development Fund and for the Group's other general working capital purposes.

### **REASONS FOR AND BENEFITS OF THE DISPOSALS**

The Group is principally engaged in property development and construction businesses. The Disposal will allow the Company to leverage external capital resources, so as to fund the upcoming real estate development projects to be carried out by the Industrial Development Fund and supplement the general working capital. Furthermore, through the Disposal, the Group will be able to unlock a significant amount of capital which it can reallocate to invest in other projects of the Group or other new business opportunities.

In addition, the property development and redevelopment business highly depends on the contributions, management and expertise of the Company's management. Through the acquisition of 11.74% limited partnership interests in CNQC Industrial Development Fund, a number of the management of the Group will be able to participate in the development and redevelopment projects of the Company which will further incentivise them to contribute to the success of the development and redevelopment projects under the Industrial Development Fund.

The Directors (including the independent non-executive Directors but excluding certain Directors who abstained from the relevant Board resolutions) are of the view that the terms of the Disposals are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Certain Directors have abstained from voting on the Board resolutions approving the transactions contemplated by the Deed of Transfer and the Share Purchase Agreement due to the fact that certain Directors hold limited partnership interests in the Fund. Save as disclosed above, none of the other Directors has a material interest in the Disposals.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, (i) certain Directors, and (ii) certain other directors of subsidiaries of the Company, collectively hold more than 30% limited partnership interests in the Fund. As such, the Fund is deemed to be a connected person of the Company and the transactions contemplated under the Deed of Transfer and the Share Purchase Agreement constitute connected transactions pursuant to Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) in respect of the transactions contemplated under the Deed of Transfer and the Share Purchase Agreement on an aggregated basis are more than 0.1% but less than 5%, the transactions contemplated under the Deed of Transfer and the Share Purchase Agreement are subject to the reporting and announcement requirement but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

“Board”	the board of Directors
“Business Day”	any day except a Saturday, Sunday or other day on which commercial banks in the PRC, Hong Kong or Cayman Islands are required or authorized by law to close
“BVI”	the British Virgin Islands
“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

“certain Directors”	namely Mr. Cheng Wing On, Michael, Mr. Wang Congyuan, Mr. Zhang Yuqiang and Dr. Du Bo
“Deed of Transfer”	the deed of transfer dated 14 April 2020, entered into between East Converge, the Fund (acting through the Sole General Partner of the Fund) and the Industrial Development Fund (acting through the Sole General Partner of the Industrial Development Fund)
“Director(s)”	director(s) of the Company
“Disposal”	the disposal as contemplated under the Deed of Transfer
“East Converge”	East Converge Limited, a company incorporated under the laws of British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company
“Fund”	CNQC International Development Fund LP, an exempted limited partnership established in the Cayman Islands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Industrial Development Fund”	CNQC International (Hong Kong) Industrial Development Fund LP (青建國際(香港)產業發展基金有限合夥), an exempted limited partnership established in the Cayman Islands
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Partnership Agreement”	the Amended and Restated Exempted Limited Partnership Agreement of the Industrial Development Fund dated 6 October 2018, as amended, supplemented or restated from time to time
“percentage ratios”	any of the five ratios set out in Rule 14.07 of the Listing Rules
“PRC”	The People’s Republic of China, which shall, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	shares(s) of the Company of HK\$0.01 each

“Sole General Partner of the Fund”	CNQC International Development Fund Management Limited (青建國際發展基金管理有限公司), a company incorporated under the laws of Cayman Islands with limited liability, the sole general partner of the Fund
“Sole General Partner of the Industrial Development Fund”	CNQC International (Hong Kong) Industrial Development Fund Management Limited (青建國際(香港)產業發展基金管理有限公司), a company incorporated under the laws of Cayman Islands with limited liability, the sole general partner of the Industrial Development Fund
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 14 April 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*